

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
☒ Preliminary Information Statement
☐ Definitive Information Statement
2. Name of Registrant as specified in its charter **8990 HOLDINGS, INC.**
3. **Makati City, Metro Manila**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS2000511816**
5. BIR Tax Identification Code **239-508-223-000**
6. **11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
Address of principal office and postal code
7. Registrant's telephone number, including area code **(632) 8478-9659**
8. **25 July 2022, to be conducted online. The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.**
Date, time and place of the meeting of security holders
9. **4 July 2022**
Approximate date on which the Information Statement is first to be sent or given to security holders
10. 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
Common Shares	5,391,399,020
Series A Preferred Shares	50,000,000
Series B Preferred Shares	37,000,000
Corporate Bonds Series A, B, and C	9,000,000,000.00

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes

The Registrant's common and preferred shares are listed on the Philippine Stock Exchange.
The Registrant's Corporate Bonds Series A, B, and C are listed on the Philippine Dealing Exchange.

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

**A copy of this Information Statement may be accessed through the Corporation's website:
<http://8990holdings.com/>**

8990 HOLDINGS, INC.
11th Floor, Liberty Center
104 HV Dela Costa Street, Salcedo Village, Makati City

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be advised that the Annual Meeting of the stockholders of **8990 HOLDINGS, INC.** (the “**Company**”) for the year 2022 will be conducted online on **25 July 2022 at 2:00 p.m.** Stockholders who wish to participate in the proceedings may do so by signing on at the following URL address: <https://registration.8990holdings.com>.

The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.

The following shall be the agenda of the meeting:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the minutes of the last stockholders’ meeting held on 27 August 2021;
4. Presentation and Adoption of the President’s Report and Annual Report and Approval of the Audited Financial Statements for the year 2021;
5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders’ meeting held on 27 August 2021;
6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;
7. Appointment of the external auditor of the Company for the fiscal year 2022;
8. Other business as may properly come before the meeting and at any adjournment thereof; and
9. Adjournment

Minutes of the 2021 Annual Meeting of Stockholders is available at the website of the Company, www.8990holdings.com, and will be appended to the Information Statement that will be distributed or disseminated to all stockholders as of the record date.

The Board of Directors has set the 25 June 2022, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders’ Meeting.

Given the current circumstances and in order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished *in absentia* through the Company’s online voting system at <https://registration.8990holdings.com> or through the Chairman of the meeting, as proxy. In compliance with Section 15 of MC 6, series 2020, the Chairman who is the presiding officer of the meeting shall call the meeting in Makati City, the city where the principal office of the Company is located.

Stockholders intending to participate by remote communication should pre-register with the Company via HOUSE’s Electronic Registration and Online-voting (HERO) System at URL address: <https://registration.8990holdings.com> during the given registration period and in any case, no later than 15 July 2022.

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via the HERO System, no later than 15 July 2022 or submit duly accomplished proxies on or before 15 July 2022 to the Office of the Corporate Secretary at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to cpalmagil@picazolaw.com or molizarondo@picazolaw.com. Validation of proxies is set on 22 July 2022 at 2:00 p.m.

The detailed rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in Annex "A" to the Information Statement.

Very truly yours,

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Call to Order

The Chairman of the Board of Directors, Mr. Mariano D. Martinez, will call the meeting to order.

2. Certification of Notice and Quorum

The Corporate Secretary, Atty. Cristina S. Palma Gil-Fernandez will certify that copies of the Notice of Meeting have been duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

- (i) Stockholders may attend the meeting remotely through HOUSE's Electronic Registration and Online-voting (HERO) System (the "HERO System"). Stockholders may send their questions or comments prior to the meeting by e-mail at corpcommunication@8990holdings.com. The HERO System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.
- (ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (iv) Voting shall only be allowed for stockholders registered in the HERO System at <https://registration.8990holdings.com> or through the Chairman of the meeting as proxy.
- (v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.
- (vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

3. Approval of the minutes of the last stockholders' meeting held on 27 August 2021

The minutes of the last Annual Meeting of Stockholders held on 27 August 2021 will be presented for approval by the stockholders, in keeping with Section 49 (a) of the Revised Corporation Code. A copy of such minutes has been uploaded on the Company's website and will also be distributed to the stockholders prior to the meeting.

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2021

The President's Report and the Annual Report of the Company for the year 2021 and the audited financial statements of the Company for the year ended 31 December 2021 (a copy of which is attached to this Information Statement) will be presented for the information, understanding, and approval of the stockholders. The President's Report and Annual Report for 2021 will provide context and details on the financial performance and results of operations of the Company for 2021. This report and presentation are in line with the Company's thrust to observe and abide by the best corporate governance practices. It will allow stockholders to understand the financial condition of the Company and they will be given the opportunity to propound questions to management on matters relating to the performance of the Company.

The comments and feedback from the stockholders and their approval or disapproval of these reports and the financial statements will provide guidance to the Board of Directors in the management of the business of the Company.

5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 27 August 2021

The ratification of all acts and resolutions of the Board of Directors and all the acts of management taken or adopted in 2021 will be sought from the stockholders during the meeting. A brief summary of these resolutions and actions are set forth in the Information Statement and the President's Report and the Annual Report for 2021. Copies of the minutes of meetings of the Board of Directors are available for inspection by any stockholder at the principal office of the Company during business hours.

The ratification of the acts and resolutions of the Board and management will also serve as an avenue for the stockholders to better understand how the Board manages the business and operations of the Company. The ratification will also serve as confirmation by the stockholders that they approve of the manner by which the Board and management of the Company have been running its business and affairs.

6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;

The Corporate Secretary will present the names of the persons who have qualified and have been duly nominated for election as directors and independent directors of the Company consistent with the Company's By-Laws and Manual on Corporate Governance and other applicable laws and regulations.

The election of the members of the Board of Directors allows the stockholders to directly participate in the selection of the individuals who will serve in the Board which exercises the corporate powers of the Company.

The procedure for voting by remote communication, in absentia or by proxy, including cumulative voting, is provided in this Information Statement.

7. Appointment of the external auditor of the Company for Fiscal Year 2021

The Audit and Risk Management Committee is endorsing to the stockholders the re-appointment of Ramon F. Garcia & Company, CPAs (Crowe Philippines) as the external auditor of the Company for the fiscal year 2022.

The approval by the stockholders of the appointment of the external auditor provides an assurance that they remain independent from management and are capable of undertaking their purpose as such external auditor of the Company. Representatives of Ramon F. Garcia & Company, CPAs (Crowe Philippines) are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

8. Other business that may properly be brought before the meeting.

Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

9. Adjournment.

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

Stockholders who will not, are unable, or do not expect to attend the meeting in person but would like to be represented thereat may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Cristina S. Palma Gil-Fernandez) at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 15 July 2022. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to cpalmagil@picazolaw.com.

PROXY

The undersigned stockholder of **8990 HOLDINGS, INC.** (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on 25 July 2022 (Monday) at 2:00 p.m., to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 27 August 2021.
☐ For ☐ Against ☐ Abstain
2. Notation of the President's Report and Approval of the 2021 Audited Financial Statements
☐ For ☐ Against ☐ Abstain
3. Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting held on 27 August 2021
☐ For ☐ Against ☐ Abstain
4. Ratification of Acts of the Board of Directors and Management
☐ For ☐ Against ☐ Abstain
5. Election of Directors for the ensuing year (Please indicate number of votes)

	FOR	AGAINST	ABSTAIN
1. Mariano D. Martinez			
2. Anthony Vincent Sotto			
3. Luis N. Yu, Jr.			
4. Richard L. Haosen			
5. Raul Fortunato R. Rocha			
6. Ian Norman E. Dato			
7. Lowell L. Yu			
8. Manuel S. Delfin, Jr.			
9. Dominic J. Picone			
10. Manuel C. Crisostomo (ID)			
11. Arlene C. Keh (ID)			
12. Han Jun Siew			
13. Roan Buenaventura-Torregaza			

6. Appointment of External Auditors for 2022
☐ For ☐ Against ☐ Abstain
7. Other Matters
☐ For ☐ Against ☐ Abstain

Printed Name of the Stockholder

**Signature of Stockholder/
Authorized Signatory**

Date

WE ARE NOT ASKING OR SOLICITING YOU FOR A PROXY.

Instructions

This proxy should be received by the Corporate Secretary on or before 15 July 2022, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy will also be considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Notarization of this proxy is not required.

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

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The Annual Meeting of the stockholders of 8990 HOLDINGS, INC. (the “**Company**”) will be held on **25 July 2022, Monday, 2:00 p.m., to be conducted via remote communication.**

The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company’s website) on or around 4 July 2022.

Item 2. Dissenters’ Right of Appraisal

Under Sections 41 and 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Company for the fair value of his shares which shall be agreed upon by the dissenting stockholder and the Company. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders’ approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

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

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders’ meeting. None of the directors of the Company

has informed the Company that he intends to oppose any action to be taken by the Company at the stockholders' meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 02 May 2022, the Company's total outstanding shares entitled to vote consist of **5,391,399,020** common shares, with each share entitled to one (1) vote. As of 31 March 2022, a total of **959,099,029** common shares or 17.38% of the outstanding capital stock of the Company are owned by foreigners.

The record date for the purpose of determining the stockholders entitled to vote is 25 June 2022.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Revised Corporation Code provides, in part, that: *"....in stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit..."*

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia*.

The following are the list of the top twenty (20) stockholders of the Company as of 31 March 2022:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	IHOLDINGS, INC.	Common	2,183,082,107	39.56%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	Common	959,099,029	17.38%
3	KWANTLEN DEVELOPMENT CORPORATION	Common	926,325,018	16.79%
4	PCD NOMINEE CORPORATION (FILIPINO)	Common	851,297,879	15.43%
5	LUIS N. YU, JR.	Common	258,099,322	04.68%
6	MARIANO D. MARTINEZ	Common	168,916,767	03.06%
7	UNIDO CAPITAL HOLDINGS INC.	Common	160,549,600	02.91%
8	WILLIBALDO MARIA J. UY OR HILDA L. UY	Common	8,000,000	00.14%
9	MARIA LINDA BENARES MARTINEZ	Common	2,000,000	00.04%
10	ANTHOLIN TAN MUNTUERTO	Common	300,000	00.01%
11	MARK WERNER JUECO ROSAL	Common	200,000	00.00%
12	NICOLAS CATALYA DIVINAGRACIA	Common	100,000	00.00%
13	MA. CHRISTMAS RENIVA NOLASCO	Common	11,500	00.00%
14	IAN NORMAN E. DATO	Common	5,001	00.00%
15	HECTOR ABLANG SANVICTORES	Common	2,000	00.00%
16	STEPHEN G. SOLIVEN	Common	1,500	00.00%
17	JESUS SAN LUIS VALENCIA	Common	300	00.00%
18	HAN JUN SIEW	Common	100	00.00%

19	SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	Common	100	00.00%
20	ALEXANDER ACE S. SOTTO	Common	100	00.00%
TOTAL ISSUED AND OUTSTANDING			5,517,990,323	99.99%

Security Ownership of Record and Beneficial Owners of at least 5% of the Company's Securities as of the Record Date

The following are the owners of record of more than five percent (5%) of the Company's outstanding shares of stock, the number of shares owned and percentage of shareholdings of each of them, as of 31 March 2022:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common	IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated. Lowell L. Yu. is expected to vote the shares of Iholdings, Inc.	Filipino	2,183,082,107 (direct) 151,746,450 (indirect)	39.56%
Common	PCD Nominee Corporation*	Public ownership	Non-Filipino	959,099,029	17.38%
Common	Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated. Mariano D. Martinez is expected to vote the shares of Kwantlen Development Corporation	Filipino	926,325,018 (direct) 153,316,360 (indirect)	16.79%
Common	PCD Nominee Corporation*	Public ownership	Filipino	851,297,879	15.43%

*PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. (PCD), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. As of 31 December 2021, Deutsche Bank Manila – Clients Acct., and The Hongkong and Shanghai Banking Corp. Ltd. – Clients Acct., participants of PCD, beneficially own 1,290,389 and 475,197,099 respectively, of the Company's total common outstanding shares.

Other than the abovementioned, the Company has no knowledge of any person who, as of the record date, was directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to, shares comprising more than five percent (5%) of the Company's outstanding common shares of stock.

Security Ownership of Management as of the Record Date

The following are the number of common shares of stock owned of record and beneficially by the directors and corporate officers of the Company, and the percentage of shareholdings of each, as of 31 March 2022:

		Amount and Nature of Beneficial Ownership			
Title of Class	Name of the Beneficial Owner	Direct	Indirect	Citizenship	% to Total Outstanding Shares
Common	Mariano D. Martinez	168,916,767	1,979,200	Filipino	3.17
Common	Luis N. Yu, Jr.	258,099,322	0	Filipino	4.79
Common	Richard L. Haosen	1	20,000	Filipino	-
Common	Raul Fortunado R. Rocha	101	500,000	Filipino	0.01
Common	Manuel C. Crisostomo	100	0	Filipino	-
Common	Arlene C. Keh	1	0	Filipino	-
Common	Ian Norman E. Dato	5,001	0	Filipino	-
Common	Manuel L. Delfin, Jr.	1	0	Filipino	-
Common	Dominic J. Picone	1	99	American	-
Common	Anthony Vincent Sotto	1	5,000,000	Filipino	0.09
Common	Muhamma d Haikal	1	0	Malaysian	-

	Bin Mohd Ali				
Common	Lowell L. Yu	1	0	Filipino	-
Common	Roan Buena Ventura-Torregoza	5,000,000	1,500	Filipino	0.09
Common	Alexander Ace Sotto	100	5,000,000	Filipino	0.09
Common	Cristina S. Palma Gil-Fernandez			Filipino	
Common	Maureen O. Lizarondo-Medina			Filipino	
Common	Teresa S. Secuya			Filipino	
Common	Patricia Victoria G. Ilagan			Filipino	
		432,021,398	12,500,799		8.24

As of 31 March 2022, the foreign ownership level of 8990 Holdings, Inc. is as follows:

Security Type	Stock Symbol (PSE)	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Voting Shares	Foreign Ownership (in%)
Common (voting)	HOUSE	959,099,029	4,432,299,991	5,391,399,020	17.38%
Preferred (non-voting)	8990P	587,160	49,412,840	50,000,000	1.17%
Preferred (non-voting)	8990B	570,100	36,429,900	37,000,000	1.54%

Changes in Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company.

There has been no change in control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Term of Office

Directors shall hold office for a period of one (1) year until their successors shall have been elected and qualified during the succeeding annual meeting of the stockholders, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of the Directors that elected or appointed them unless such officers are sooner removed for cause.

Background Information

Directors

The following are the names, ages, citizenship and periods of service of the directors/independent directors of the Company who have been nominated for election at the Annual Meeting:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Position</u>	<u>Current Term</u> ¹	<u>Period during which individual has served as such</u>
Mariano D. Martinez	67	Filipino	Chairman of the Board	2021 to 2022	Since 2012
Luis N. Yu, Jr.	66	Filipino	Chairman Emeritus and Director	2021 to 2022	Since 2012
Manuel C. Crisostomo	67	Filipino	Independent Director	2021 to 2022	Since 2016
Arlene C. Keh	54	Filipino	Independent	2021 to 2022	Since 2012
Manuel S. Delfin, Jr.	61	Filipino	Director	2021 to 2022	Since 2012
Lowell L. Yu	45	Filipino	Director	2021 to 2022	Since 2012
Raul Fortunato R. Rocha	68	Filipino	Director	2021 to 2022	Since 2012
Richard L. Haosen	59	Filipino	Director, Treasurer, and Head of Treasury	2021 to 2022	Since 2012
Ian Norman E. Dato	43	Filipino	Director	2021 to 2022	Since 2012
Muhammad Haiqal Bin Mohd	32	Malaysian	Director	2021 to 2022	Since 2021
Dominic J. Picone	43	Australian	Director	2021 to 2022	Since 2012
Anthony Vincent Sotto	46	Filipino	Director, President and CEO	2021 to 2022	Since 2021

¹ The "Current Term" commenced since election by the Stockholders in the last Annual Stockholders' Meeting held on 27 August 2021. The aforementioned directors continue to serve until their successors are elected and are qualified.

Roan B. Torregoza	36	Filipino	Director, CFO	2021 to 2022	Since 2020

Officers

The following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Company:

Name	Age	Nationality	Position
Mariano D. Martinez	67	Filipino	Chairman of the Board
Anthony Vincent Sotto	46	Filipino	President and CEO
Alexander Ace Sotto	41	Filipino	Chief Operating Officer
Roan B. Torregoza	36	Filipino	Chief Financial Officer
Richard L. Haosen	59	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	60	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	54	Filipino	Corporate Secretary
Maureen O. Lizarondo-Medina	35	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	45	Filipino	Investor Relations Officer

Business Experience and Other Directorships

Directors

The business experience of each of the nominees for director and the officers of the Company for the last five (5) years is as follows:

Mariano D. Martinez

Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008), BP Waterworks Incorporated (1997), 8990 Luzon Housing Development Corporation (until 2011) and Fog Horn, Inc. (until 2011). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.

Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Manuel C. Crisostomo
Independent Director

Mr. Crisostomo was Senior Vice President and CEO of the Home Development Mutual Fund (HDMF) from 2001 to 2002, capping a government career spanning various positions for 25 years. He was the President and CEO of Firm Builders Realty Development Corporation from 2005 to 2013 and served as National President and Chairman of SHDA from 2010 to 2011. Mr. Crisostomo has a BS Industrial Engineering degree from the University of the Philippines and passed the Career Executive Service Officer of the Civil Service Commission.

Arlene C. Keh
Independent Director

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.
Director

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice-Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Lowell L. Yu
Director

Mr. Yu, is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Raul Fortunato R. Rocha
Director

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen
Director, Treasurer, and Head of Treasury

Mr. Richard L. Haosen, assumed the position of Treasurer of the Company in 2010. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Anthony Vincent Sotto
Director, and President and CEO

Atty. Anthony Vincent S. Sotto assumed the position of Deputy Chief Executive Officer of the Company on 2020, and was elected President and CEO of the Company in 2021. Prior to his current position, he served as Assistant General Manager of Credit & Collection and General Manager of Credit & Collection for 8990 Holdings, Inc. Before joining the company in 2003, he was an Associate Lawyer at Solis and Medina Law Offices from 2001 to 2002. Atty. Anthony Vincent S. Sotto graduated from the University of the Philippines-Cebu College with a degree in Bachelor of Arts in Political Science and graduated Bachelor of Laws in 2001 in the University of the Philippines Diliman Campus.

Ian Norman E. Dato
Director

Mr. Dato is the Managing Partner of Dato Inciong & Associates. He is also an incumbent director of iKitchen, Inc. and MyMarket, Inc. and an incoming one (pending approval by the Monetary Board) of First Naga Rural Bank, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of

Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Muhammad Haiqal Bin Mohd Ali

Director

Haiqal Ali is currently a Vice President in the Investments division of Khazanah Nasional Berhad where he works on private equity investments in Southeast Asia as well as consumer and healthcare sectors globally. His involvement in current and past Khazanah investments include PSE-listed 8990 Holdings, GoTo, Carsome, Flipkart, Cenergi SEA, Aemulus Holdings, and Malaysia Airlines. He holds a Masters in Engineering (M.Eng.) in Chemical Engineering from University College London.

Dominic J. Picone

Director

Mr. Picone is a Principal and Head of Asia Financial Services (ex. India) at TPG Capital, based in Singapore. In addition to 8990, he has been involved with current and past TPG portfolio companies including BFI Finance, Masan Group, Fairmont Raffles Hotels, Bank BTPN, United Test & Assembly Center (UTAC), and CIMB. He is an alternate board member of UTAC Holdings, and serves on the audit, risk, and compensation committees of BFI Finance. Prior to joining TPG in 2005, Mr. Picone worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne, primarily focused on mergers and acquisitions in Australia and New Zealand. A native of Australia, he received a Bachelor of Commerce (Honours – Finance) and a Bachelor of Laws from the University of Melbourne.

Roan Buenaventura – Torregoza

Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company in September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

Officers

The business experience of each of the officers and executives of the Company for the last five (5) years is as follows:

Anthony Vincent Sotto

President and CEO

Please refer to the table of Directors above.

Alexander Ace S. Sotto

COO

Mr. Sotto's 17 year experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the [•] of the Company. He is currently the Advisor for the Subdivision and Housing Developers Association (SHDA) in Central Visayas. He was the former Governor of SHDA for Visayas. He holds a Bachelor of Science degree in Civil Engineering from the Univerisy of San Carlos Technological Center, Talamban, Cebu City in 2002.

Roan Buenaventura – Torregoza

Chief Financial Officer

Please refer to the table of Directors above.

Richard L. Haosen

Treasurer

Please refer to the table of Directors above.

Teresa C. Secuya

Compliance Officer

Ms. Secuya assumed the position of Compliance Officer of the Company in September 2012. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HIC Construction & Development Corp. (March to May 1996), and Proprietor of Jobs Drugs and Gifts (November 1991 to March 1996). She obtained her Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez

Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 26 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate.

Maureen O. Lizarondo-Medina

Assistant Corporate Secretary

Atty. Lizarondo-Medina assumed the position of Assistant Corporate Secretary of the Company in July 2015. She graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2003, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices.

Patricia Victoria G. Ilagan

Investor Relations Officer

Prior to joining the Company, Ms. Ilagan worked as an equities analyst at Philippine Equity Partners (a local research partner of Bank of America Merrill Lynch) from 2015 to 2017. She has a Master's Degree in Business Administration from Esade Business School and a Bachelor's Degree in Management from the Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at

Macquarie Capital Securities Philippines from 2010 to 2012 and Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels, Inc. from 2012 to 2015.

Election of Members of the Board

The qualifications of all nominated directors including the nominated independent directors, have been pre-screened in accordance with the rules of the Company. Only the nominees whose names appear on the Final List of Candidates are eligible for election as directors (independent or otherwise). No other nominations were entertained after the preparation of the Final List of Candidates and no further nominations shall be entertained or allowed during the annual stockholders' meeting. The list is made available to the Securities and Exchange Commission and to all the stockholders through the filing and distribution of the Information Statement. The name of the person or group of persons who recommended the nomination of the independent directors is identified in the Information Statement including any relationship with the nominee.

The Company has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, which was adopted in the By-Laws of the Company as amended on 9 June 2010. The two (2) independent directors, Mr. Manuel C. Crisostomo and Ms. Arlene C. Keh, were nominated by Socorro Panlilio Lim, a registered shareholder of the Company who is not a director, officer or substantial shareholder of the Company and is not related to either of the nominated independent directors. Ms. Lim signed the recommendations and Mr. Manuel C. Crisostomo and Ms. Arlene C. Keh accepted their nominations.

Meritorious Justification

SEC Memorandum Circular No. 4, Series of 2017 provides that if the Company wants to retain an independent director who has served for nine (9) consecutive years, the Board must provide meritorious justification and advise the shareholders of such justification during the annual shareholders' meeting. At present, Ms. Arlene C. Keh has been serving as the Company's Independent Director for ten (10) consecutive years since 2012. The proposed retention of Ms. Keh as an independent director of the Company must be viewed in light of, among others, the unique situation that the COVID-19 pandemic has brought on publicly listed companies, including the Company, particularly with respect to the limitations on movement and work arrangements.

Ms. Keh has also given valuable contributions in his role as the Chairperson of the Audit and Risk Committee. She has also been actively involved in discussions in the meetings of the Board and various committees of the Company, and has shown an extensive knowledge of the Company and its business. Ms. Keh's retention as an Independent Director will best serve the interest of the Company and its shareholders given her experience, integrity, and probity.

Family Relationships

Apart from the directors and officers of the Company as enumerated above, the Company has no other significant employee. Except for Mr. Lowell L. Yu who is the son of Mr. Luis N. Yu, Jr., none of the aforementioned Directors or Executive Officers or persons nominated or chosen by the Company to become Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Involvement in Certain Legal Proceedings

The Company is not aware of: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (iii) any of the directors, nominees for election as directors, and executive officers being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (iv) any of the directors and executive officers being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated, occurring during the past five (5) years up to the latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company.

Except as described below and other than those disclosed in the Company's Annual Report for 2020, and the Financial Statements as of 31 December 2020, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest.

For more discussion on Related Party Transactions, please see Note 20 of the Financial Statements as of 31 December 2020.

The members of the various committees of the Board of Directors are as follows:

Executive Committee

Mariano D. Martinez	-	Chairman
Luis N. Yu, Jr.	-	Member
Richard L. Haosen	-	Member

Audit and Risk Management Committee

Arlene C. Keh	-	Chairman (Independent Director)
Mariano D. Martinez	-	Member
Luis N. Yu, Jr.	-	Member
Dominic J. Picone	-	Member
Muhammad Haiqal Bin Mohd Ali	-	Member

Nominations and Compensation Committee

Manuel C. Crisostomo	-	Chairman (Independent Director)
Dominic J. Picone	-	Member
Mariano D. Martinez	-	Member

Corporate Governance Committee

Manuel C. Crisostomo	-	Chairman (Independent Director)
Luis N. Yu, Jr.	-	Member
Muhammad Haiqal Bin Mohd Ali	-	Member

Except as disclosed in Item 6 below, none of the aforementioned Directors and Executive Officers is covered by a special compensatory plan or arrangement, nor do any of them hold any outstanding warrants or options in respect of the Company or its shares.

Certifications of Independent Directors are attached hereto as Annexes “B” and “B-1”.

The President’s Certificate attesting to the fact that none of the directors and officers of the Company holds any position in any capacity in any government agency or instrumentality is hereto attached as Annex “C”.

Item 6. Compensation of Directors and Executive Officers

The following are the Company’s President and four most highly compensated executive officers for the year ended 31 December 2021:

Name	Position
Anthony Vincent S. Sotto	President and CEO
Alexander Ace Sotto	COO
Richard L. Haosen	Treasurer and Head of Treasury
Roan Buenvanetura-Torregoza	Chief Financial Officer

The following table identifies and summarizes the aggregate compensation of the Company’s President and the four most highly compensated executive officers of the Company in fiscal years 2020, 2021, and 2022 (projected):

Aggregate compensation of the Company’s President and the four most highly compensated executive officers as named above in fiscal years 2019, 2020, and 2021 (estimated)	Year	Salary	Bonuses	Other Compensation	Annual
	2022 (estimated)	14,688,270.00	1,224,022.50	-	
	2021	4,815,164.00	490,456.00	-	
	2020	9,200,000.00	9,000,000.00	7,800,000.00	
	2019	9,600,000.00	9,100,000.00	8,221,467.00	
Aggregate compensation paid to all other officers as a group unnamed	2022 (estimated)	13,934,010.00	1,161,167.50	-	
	2021	13,028,839.73	1,320,252.74	-	
	2020	3,201,864.36	9,005,243.52	20,011,652.27	
	2019	12,522,751.87	11,870,525.21	10,724,519.92	

The Company’s By-Laws provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. Also provided therein is the

compensation of directors which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting.

Currently, the directors are entitled to a per diem allowance of Php10,000.00 for each attendance in the Company's board meetings.

The following corporate officers of the Company hold shares in the Company as of record date:

Name	Position	No. of shares
Mariano D. Martinez	Chairman	168,916,767 shares (direct) 1,979,200 shares (indirect)
Anthony Vincent S. Sotto	President and CEO	1 share (direct) 5,000,000 (indirect)
Alexander Ace S. Sotto	Chief Operating Officer	100 shares (direct) 5,000,000 (indirect)
Richard L. Haosen	Treasurer and Head of Treasury	1 share (direct) 20,000 shares (indirect)
Roan Buenaventura-Torregoza	Chief Financial Officer	5,000,000 (direct) 1,500 (indirect)

Employment Contracts

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

There are no special employment contracts between the Company and the named executive officers. Of the key executive officers named above, only Ms. Roan Buenaventura-Torregoza has an employment contract with the Company which have standard employment terms.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2021 for any service provided as a director.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

Ramon F. Garcia & Company, CPAs (Crowe Philippines) has audited the Company's financial statements without qualification for the period ending 31 December 2021. Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. The partner-in-charge for the period indicated is Honorata L. Paguio.

For 2016 to 2019, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor. Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor.

During the Company's three most recent fiscal years or any subsequent interim periods, there was no instance where the Company's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement with its public accountants on any accounting or financial disclosure issue.

The current and previous independent auditors engaged by the Company have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company. All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auditors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2021 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

Item 8. Compensation Plans

The Corporation has no employee stock option at the moment.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Not applicable.

Item 10. Modification or Exchange of Securities

Not applicable.

Item 11. Financial and Other Information

- a. The Management's Discussion and Analysis or Plan of Operation is attached hereto as Annex "D".
- b. The Amended Audited Financial Statements of the Company as of December 31, 2021, including the Company's Statement of Management's Responsibility, are attached hereto as Annex "E".

- c. The Annual Report for the year ended December 31, 2021 is attached hereto as Annex "F".
- d. The SEC Form 17-Q for the results of operation and financial position of the Company as of March 31, 2022 (the 1st quarter 17-Q Report) is likewise attached hereto as Annex "G".
- e. The Minutes of the last Annual Stockholders' Meeting held on 27 August 2021 is attached herein as Annex "H."
- f. The Director Attendance Report for meetings held in 2021 is attached herein as Annex "I."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

Not applicable.

Item 13. Acquisition or Disposition of Property

Not applicable.

Item 14. Restatement of Accounts

Not applicable.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The President's Report and the Audited Financial Statements for the year ended 31 December 2021 will be submitted for approval and ratification by the stockholders.

Item 16. Matters Not Required to be Submitted

Not applicable.

Item 17. Other Proposed Actions

Action with Respect to Reports

The following reports/minutes of meeting will be submitted for approval/confirmation by the stockholders:

1. President's Report and the Annual Report for the year 2021.
2. Audited Financial Statements for the year 2021.
3. Minutes of the Annual Meeting of the Stockholders held on 27 August 2021, which records the approval and/or ratification by the stockholders of the following matters:
 - a. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2020;
 - b. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 14 September 2020;
 - c. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;

- d. Approval to delegate the appointment of the external auditor of the Company for the year 2021 to the Board of Directors;

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2021 as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE.
2. Election of the members of the Board of Directors, including the Independent Directors, for the fiscal year 2022.
3. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 27 August 2021 including:
 - (a) all material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C;
 - (b) all other resolutions adopted by the Board in the ordinary course of business; and
 - (c) all other acts executed by Management in the exercise of their functions in the regular and ordinary course of business of the Company.

Copies of the minutes of meetings of the Board of Directors are available for inspection by any stockholder upon written request at the principal office of the Company during business hours.

4. Appointment of external auditor for the ensuing fiscal year

Item 18. External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2021, excluding fees directly related to the Offer.

	2019	2020	2021
	(P)		
Audit and Audit-related Fees ⁽¹⁾	12,750,000	9,975,000	16,159,000
All Other Fees ⁽²⁾	1,530,000	1,197,000	770,000
Total			

(1) *Audit and audit related fees include fees for the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings.*

(2) *All other fees above include out-of-pocket expenses.*

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Item 19. Voting Procedure

Manner of Voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done *in absentia* or through the submission of a duly executed proxy.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote *in absentia*, duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal and participate and watch the online meeting of the stockholders of the Company. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

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

Voting requirements

- (a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (b) With respect to the adoption of the Amended Audited Financial Statements for the year ended 31 December 2021, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

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

Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done by remote communication, *in absentia* or by proxy.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

The detailed instructions for participation through remote communication are set forth in Annex "A" to the Information Statement.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

**8990 HOLDINGS, INC.
11th Floor, Liberty Center, 104 HV Dela Costa Street
Salcedo Village, Makati City, Philippines
Attention: PATRICIA VICTORIA G. ILAGAN**

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 20 June 2022.

8990 HOLDINGS, INC.

By:

A handwritten signature in black ink, appearing to read 'Mariano D. Martinez', with a stylized flourish at the end.

MARIANO D. MARTINEZ
Chairman of the Board

ANNEX A

VIRTUAL ANNUAL STOCKHOLDERS' MEETING AND REQUIREMENTS AND PROCEDURES FOR ELECTRONIC VOTING IN ABSENTIA

The Annual Meeting of the stockholders of 8990 HOLDINGS, INC. ("8990" or the "Company") will be held on Monday, 25th day of July 2022 at 2:00 p.m.

In order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy. Should circumstances change such that public mass gatherings will no longer pose a health risk to the public, the Company will timely notify the stockholders if physical attendance will be allowed at the meeting by 25 July 2022. If such will be the case, the guidelines therefor will be provided through a disclosure at the Philippine Stock Exchange or publication of a notice in a newspaper of general circulation.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

- (i) Stockholders may attend the meeting remotely through Zoom with links to be posted in 8990's website (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at corpcommunication@8990holdings.com. HOUSE's Electronic Registration and Online-voting (HERO) System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.
- (ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.
- (iii) Stockholders must register through the Company's HERO System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.
- (iv) Voting shall only be allowed for stockholders registered in the HERO System at <https://registration.8990holdings.com> or through the Chairman of the meeting as proxy.
- (v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.
- (vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through the HERO System at <https://registration.8990holdings.com> from 9:00 a.m. of June 25, 2022 until 5:00 p.m. of July 15, 2022. Beyond this time and date, a stockholder may no longer be allowed to personally participate in the Annual Meeting of the stockholders but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before July 15, 2022.

Registration Requirements

The following are needed for the online registration:

A. For individual Stockholders

1. The unique Stockholder ID which the Stockholder should request from Stock Transfer Service Inc., the stock transfer agent (STA) of 8990, before commencing with the online registration. Stockholders may reach the 8990 STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. Full name of the Stockholder;
3. Valid and current email address;
4. Valid and current contact number, including the area code (landline or mobile number);
5. Citizenship/Nationality; and
6. Digital copy of the Stockholder's valid and unexpired government-issued ID (in JPG format).

B. For corporate Stockholders

1. Secretary's certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the 8990 STA before commencing with the online registration. Stockholders may reach the 8990 STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. Full name of the Stockholder's Representative;
4. Valid and current email address of the Stockholder's Representative;
5. Valid and current contact number (landline or mobile number) of the Stockholder's Representative;
6. Citizenship/Nationality of the Stockholder's Representative; and
7. Digital copy of the valid and unexpired government-issued ID of the Stockholder's Representative (in JPG format).

C. For Stockholders with shares under Broker Accounts (PCD Nominees)

In addition to the requirements specified in Item A or B above:

1. A certification from the stockholder's broker on the Stockholder's shareholdings in the Company as of the Record Date (in JPG format); and
2. The unique Broker's ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before July 15, 2022.

Online Registration Procedure

1. Prior to online registration:
 - (a) For shareholders holding share certificates, contact the 8990 STA via email to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at corpcommunication@8990holdings.com as this has been set up as the primary manner for securing such ID. When contacting the 8990 STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.
 - (b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).
2. Log-in into the 8990's HERO System using your unique individual Stockholder ID/Broker's ID. Please ensure that you have prepared the necessary information and requirements.
3. Read the Data Privacy Notice in the HERO System. If you agree to its terms, please check the box signifying your consent to the processing of your personal information which shall be used solely for purposes of Annual Stockholders' Meeting of 8990.
4. Enter the information required in the respective fields and upload the digital copies of your valid government-issued photo ID. When all information and digital copies have been uploaded, please click the "Submit" button.

Reminders:

- Please take note of your Stockholder ID/Broker ID and Authentication Code (as described below) and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only Stockholders who submitted the complete requirements thru the HERO System by July 15, 2022, 5:00 P.M., are entitled to personally participate in the Annual Stockholders' Meeting of 8990.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before July 15, 2022.
- In case of any issues relating to your registration in the HERO System, or in case you lose your Stockholder ID or Authentication Code, please send an email to info@lbcexpressholdings.com.

Verification of Stockholder Registrations

The Company or the 8990 STA shall verify the information and details submitted through the Electronic Voting in Absentia System, starting on July 20, 2022.

After verification of complete submission of the required information and documents, the stockholder shall receive an e-mail confirming registration in the HERO System through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique Authentication Code (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Annual Meeting of the stockholders of the Company.

In the event that you have not received such e-mail notification by July 18, 2022 please call or contact the Company or the 8990 STA.

Annual Meeting of the Stockholders

The Annual Meeting of the stockholders of 8990 shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of Directors, shall be emailed to stockholders who successfully registered before the lapse of the RegistrationPeriod and whose registration has been verified.

Data Privacy

Each individual stockholder's (or that of the corporate stockholder's Authorized representative) data will be collected, stored, processed and used exclusively for the purposes of electronic registration in the HERO System of 8990 for Annual Meeting of the stockholders. Personal information will be processed and retained in accordance with the Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed through the Company's website

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARLENE C. KEH**, Filipino, of legal and with business address at 12th floor, Equitable Tower 8751 Paseo de Roxas, Makati City 1226, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **8990 HOLDINGS, INC.** and have been its independent director since August 2012.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATIONS	POSITION/S	PERIOD OF SERVICE
Bellefonte Properties, Inc.	President	Current
CG & E Holdings Corporation	President	Current
Chahaya Corporation	Chairman & President	Current
Cypress Grove Estates Corporation	President	Current
CGE South Hills Ventures, Incorporated	President	Current
Sun Bay Resorts Development Corporation	President	Current
Alabang Home Condotel Incorporated	Director and Treasurer	Current
C-5 Mansions & Development Corporation	Director and Treasurer	Current
Bellevue Properties Incorporated	Treasurer	Current
Subdivision and Housing Developers Association	Board Adviser	Current
Multi-Stores Corporation	Corporate Secretary	Current
World Surgical Foundation Philippines, Inc.	Co-Founder, Director and Corporate Secretary	Current
World Surgical Foundation (USA)	Board Member	Current
Foundation for Professional Training, Inc.	Board of Trustees	Current
SM Foundation Inc.	Adviser to the Board	Current
8990 Holdings Inc.	Independent Director	Current
Asian Appraisal Company Incorporated	Director	Current
Amalgamated Project Management Services Incorporated	Director	Current
Ceres Homes Incorporated	Director	Current
Canyon Hills Real Estate and Dev't Inc	Director	Current
Canyon Hills and Marina Inc	Director	Current
Country Leisure Development Corporation	Director	Current
First Fortune Venture Trading Corporation	Director	Current
First Ideal Land Incorporated	Director	Current
Fog Horn Inc.	Director	Current
Ideal Pabahay Ventures, Inc.	Director	Current
Laurel Lakeside Corp.	Director	Current
My Shopping Lane Cebu Corporation	Director	Current

Pabahay Equity Ventures Incorporated	Director	Current
Philippine College of Surgeons Surgery in the Underserved Regions and for Education Commission (PCS SURE Commission)	Commissioner	Current

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of 8990 Holdings, Inc. as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officer/substantial shareholder of 8990 Holdings, Inc. (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

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

6. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of 8990 HOLDINGS, INC. of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 20 2022 at MAKATI CITY.



ARLENE C. KEH
Independent Director

SUBSCRIBED AND SWORN, to before me this _____ day of JUN 20 2022 in Makati City, affiant exhibiting to me her Passport No. EC3268957.

Doc. No. 370;
Page No. 75;
Book No. Y;
Series of 2022.


JULIENNE ANGELA B. DEL ROSARIO
Appointment No. M-227
Notary Public for Makati City
Until December 31, 2022
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 74725
PTR No. 8855517/Makati City/01-04-2022
ISP No. 171537/Cagayan/01-03-2022
MCLE Exempted-Admitted to the bar in 2020

CERTIFICATION OF INDEPENDENT DIRECTOR

1, **MANUEL C. CRISOSTOMO**, Filipino, of legal and with address at #1411 Botong Street, Xavier Estates, Cagayan de Oro City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent director of **8990 HOLDINGS, INC.** and have been its independent director since February 2016.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATIONS	POSITION/S	PERIOD OF SERVICE
COMMONWEALTH FOODS INCORPORATED	INDEPENDENT DIRECTOR	CURRENT

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of 8990 Holdings, Inc. as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officer/substantial shareholder of 8990 Holdings, Inc. (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

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

6. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of 8990 HOLDINGS, INC. of any changes in the abovementioned information within five days from its occurrence.

(Signature page follows.)

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 20 2022 at
MAKATI CITY.


MANUEL C. CRISOSTOMO
Independent Director

SUBSCRIBED AND SWORN, to before me this JUN 20 2022 in Makati City,
affiant exhibiting to me SSS ID with ID No. 03-3777448-1.

Doc. No. 369 ;
Page No. 75 ;
Book No. Y ;
Series of 2022.


JULIENNE ANGELA B. DEL ROSARIO
Appointment No. M-227
Notary Public for Makati City
Until December 31, 2022
Liberty Center-Picazo Law
104 H.Y. Dela Costa Street, Makati City
Roll of Attorney's No. 74725
PTR No. 8855517/Makati City/01-04-2022
IBP No. 171537/Cagayan/01-03-2022
MCLE Exempted-Admitted to the bar in 2020

REPUBLIC OF THE PHILLIPPINES)
CEBU CITY, CEBU) S.S.

CERTIFICATION

I, **ATTY. ANTHONY VINCENT S. SOTTO**, Filipino, of legal age, and with office address at 8990 Corporate Center, Negros St., Cebu Business Park, Cebu city, being duly sworn in accordance with the law, hereby certify that:

1. I am the President and Chief Executive Officer of **8990 HOLDINGS, INC.** (the "Corporation") a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 11th Floor, Liberty Center, 104 H.V Dela Costa St., Salcedo Village, Makati City.
2. Based on the records of the Corporation, none of the directors and principal officers of the Corporation hold any position in any capacity with any government agency of instrumentality.
3. I am executing this certification in relation to the submission of the Information Statement of the Corporation with the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my hand this 20th of June 2022 at Cebu City.

ATTY. ANTHONY VINCENT S. SOTTO
President and Chief Executive Officer

SUBSCRIBED AND SWORN TO BEFORE ME, on 20th of June 2022 at Cebu City, affiant exhibited to me his IN: 223-227985-01 issued on _____ at _____.

Doc. No. 164
Page No. 34
Book No. 39
Series of 2022



ATTY. RILVEN CHRISTIAN A. VIRTUDAZO
COMMISSION NO. 7316; NOTARY PUBLIC-CITY OF CEBU
Roll No. 62013
To expire on June 30, 2022 by virtue of BMS795
Rtd. 302, 8990 P.O. Box, Negros St., CBP, Cebu City
LEP No. 15-17, Jan. 13, 2022, Cebu City
PTR No. 3245817, Oct. 20, 2021, Cebu City
MCLE COMPLIANCE NO. VI-0008283, May 4, 2015

PART I – BUSINESS AND GENERAL INFORMATION**Item 1. Business****Business Development**

8990 Holdings, Inc. (“8990” or the “Company”), operating through its Subsidiaries, is the leading Mass Housing developer in terms of home loan take-out by the Government’s Mass Housing agency, the Home Development Mutual Fund (“HDMF”, also known as “Pag-IBIG”). From 2017 to 2021, HDMF take-outs amounted to ₱ 18,872.8 million. In addition, 8990 is the second largest developer in the affordable housing sector based on sales revenues for the year ended 2019, according to Frost & Sullivan. The Company has been listed on the PSE since 2010 under the stock symbol “HOUSE” and is among the fastest growing publicly listed real estate companies in the Philippines with a market capitalization of ₱60,814.98 million as of December 31, 2021.

8990 is focused on socially responsible growth, providing quality and affordable housing options to low-income Filipinos for whom basic home financing has traditionally been challenging to obtain, by offering innovating financing solutions through the Company’s in-house financing program, the “CTS Financing Program” and affordable home loan financing in coordination with the HDMF. The Company believes that it has established a unique business model that is highly profitable due to its operational and financing efficiencies.

The Company has four strategic business units: (i) Low-Cost Mass Housing under the DECA Homes brand; (ii) Medium-Rise Condominiums (“MRBs”) under the Urban DECA Homes brand; (iii) High-Rise Condominiums (“HRBs”) under the Urban DECA Towers brand; and (iv) Others, which includes the sale of developed subdivision lots, hotel operations and lease of properties. The Company has completed 65 Mass Housing projects across the Philippines and has 17 ongoing Mass Housing, MRB and HRB projects as of December 31, 2021. The Company has grown its footprint significantly since 2007, delivering approximately 83,000 units across completed and ongoing projects, with an estimated 332,000 residents and approximately 90% occupancy rate, as of December 31, 2021.

Unique Business Model

The Company’s unique business model emphasizes efficient construction periods using pre-cast system manufacturing construction technology, offers an accessible and innovative financing solution through the CTS Financing Program and utilizes loan factoring options for rapid capital recycling through a combination of loan migrations to HDMF, sales of receivables to financial institutions (without recourse) and partnerships with banks for loan migration.

The CTS Financing Program is an affordable pricing and payment model designed to cater to customers who do not have the accumulated savings to pay a substantial down payment but have sufficient recurring income to support monthly amortization payments. Under the CTS Financing Program, customers can move into their chosen home after a minimal down payment ranging from 3% to 5% of the total contract price, compared to approximately 10% to 20% equity down payment generally required by other developers. The Company retains ownership of the housing unit until full payment is completed by the buyer. This innovative in-house financing program allows buyers to purchase a property with a small upfront payment, thereby providing accessible housing to demographic groups for which home ownership has traditionally been challenging to attain.

The CTS Financing Program is strengthened by the Company's strong relationship with the HDMF and its Pag-IBIG Fund, the Government's established housing financial assistance program with a statutory mandate to provide assistance for the housing requirements of its members and allot not less than 70% of its investible funds for the deployment of housing loans to qualified buyers. The Company has structured the CTS Financing Program such that the requirements to participate in such in-house financing program generally mirrors the requirements for availing of a Pag-IBIG home loan. This mirroring of requirements facilitates the take-out by Pag-IBIG of such loans when applied for by 8990 buyers, thereby converting the receivables of the Company into cash and reducing the financing and other risks relating to potential buyer defaults.

Industry Experience and Strategic Shareholder Support

The Company has been developing Mass Housing projects in high-growth areas across the Philippines since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain related companies of 8990, developed their first Mass Housing project in 1991 in Cagayan de Oro.

The Company believes that its industry experience has equipped it with the ability to understand the needs, preferences, means and circumstances of consumers in the Philippine Mass Housing market for which it has gained a reputation of providing quality and affordable homes. Awards recognizing the Company's achievements include the following: PropertyGuru 2021 Best Affordable Condo Development (Metro Manila), PropertyGuru 2021 Best Affordable Condo Development (Southern Luzon), PropertyGuru 2021 Best Affordable Housing Development (Metro Davao), Pag-IBIG Top Property Developer (Visayas and Mindanao) in the first half of 2021 in terms of take-out value from Pag-IBIG, Top Property Developer in the Philippines from 2017 to 2019 in terms of take-out value from Pag-IBIG Best Low Cost Housing Developer (National) in March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 2016 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation.

In addition, the Company enjoys the support of its strategic shareholders, TPG and Pasir Salak, a subsidiary of Khazanah Nasional Berhad. TPG and Pasir Salak have provided strategic support to the Company through their extensive experience in investing in housing and real property companies across the Asia-Pacific region and their long-term and growth-oriented investment approach. They have provided guidance and insights on strategic planning, financing and capital market planning and business optimization, among others.

Mission and Vision

The Company's mission is to be the most admired Mass Housing developer in terms of industry leadership, price and quality. In providing quality and affordable housing to the Filipino family, the Company conducts its business with integrity, fairness and competence towards its vision to maximize the value it provides to customers, suppliers, investors, shareholders and Philippine society in general.

STRENGTHS AND STRATEGIES

Competitive Strengths

The Company considers the following to be its principal competitive strengths:

Operation in a large, underserved market with significant growth potential

Robust macroeconomic fundamentals in the Philippines is expected to drive demand for the Philippine Mass Housing market. According to Frost & Sullivan, the Philippines' GDP is expected to grow at a compounded annual growth rate ("CAGR") of 5.2% from 2015 to 2025F, driven by sustained public projects, especially under the Government's "Build, Build, Build" initiative, a comprehensive infrastructure development program, private consumption and spending and innovative projects. Prior to the pandemic, the Philippines was one of the fastest-growing economies in Southeast Asia due to its strong household consumption, remittances, and government's extensive spending on infrastructure. The pandemic upended the economy as the country went into a strict lockdown. Growth stalled, and the GDP contracted by (4.1%) in 2020 per the IMF. Recovery was slow in the first three quarters of 2021 as the country continued implementing restrictions and controlling business activities. Only in the fourth quarter of 2021 did the Philippines recover and hit a 7.7% GDP quarterly growth. The Government is optimistic about hitting 6.3% GDP growth in 2022 as it moves to lift restrictions and allow more businesses to open and operate in higher capacity. In addition, a growing and increasingly urbanized population will bolster demand for housing in the long term, especially in large cities such as Metro Manila, Davao City and Cebu City. According to Frost & Sullivan, the urban population amounted to 47% of the total Philippines' population of 110 million in 2020 and is expected to grow 10% from 52 million to 57 million from 2020 to 2025F.

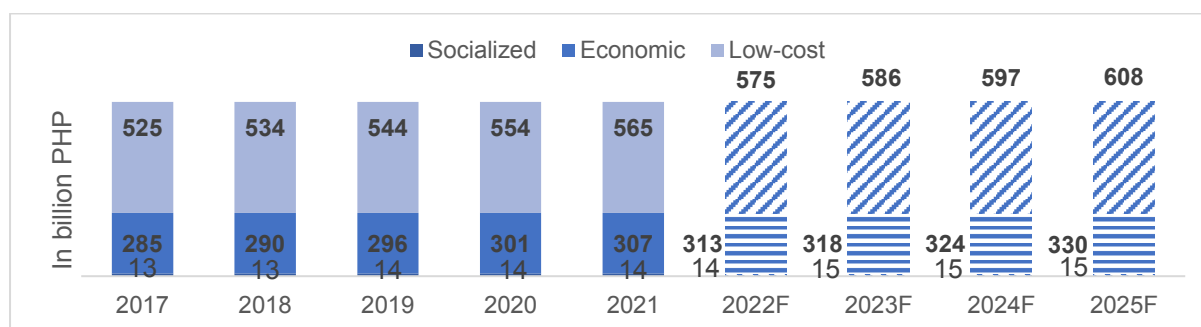
By 2022, total housing need (i.e., the supply-demand gap in the housing market) in the Philippines is expected to reach 6.8 million units, of which 80% is estimated to be within the Mass Housing segment. Frost & Sullivan estimated that, if such housing need is not addressed sooner, total housing needs may reach almost 12.3 million by 2030, of which approximately 85% are in the Mass Housing market (2.7 million are socialized, 6.2 million are economic and 1.5 million are low-cost housing units). Moreover, it was estimated by BSP's Consumer Financial Survey in 2018 that around 71% of the middle-income to low-income Filipino families are renting their houses, signifying a large underserved housing need especially in the affordable housing market.

Figure 1: Combined Housing Segmentation as defined by law and industry

Classification	DHSUD Definition (in ₱)
Socialized Tier 1	₱480,000 below
Socialized Tier 2	₱480,001 – 530,000
Socialized Tier 3	₱530,001 – 580,000
Economic	₱580,001 - 1.75 million
Low Cost	Up to ₱3 million
Mid End	Above ₱3 million to ₱4 million
High End / Open Market	₱4 million and up

Source: DHSUD, 2021; Frost & Sullivan Expert Interviews

Figure 2: Estimated Gross Value of Economic, Low-cost and Socialized Housing Segment, 2017–2025F



Source: Frost & Sullivan

Affordable housing also forms one of the key national priorities of the Government, who has rolled out various initiatives to accelerate the sector’s growth across all dimensions. According to Frost & Sullivan, the Government is expected to invest ₱8.4 trillion (US\$165 billion) across 2016 to 2022 into various infrastructure projects, benefitting the housing sector by enhancing connectivity to current projects and opening new areas for residential development. The Government has further demonstrated its unwavering commitment towards affordable housing through the rollout of the 20-year National Housing and Urban Development Sector Plan by the National Human Settlements Board (“NHSB”) set up by the Department of Human Settlements and Urban Development (“DHSUD”) in 2021 to consolidate strategies, plans and programs of the DHSUD, the key shelter agencies, partner-developers and other stakeholders to address the provision of adequate and affordable housing to all Filipinos. According to DHSUD official publication “The Shelter” in December 2020, the DHSUD will be looking into (a) policy reviews and reforms targeting to expedite financing services to the poor and low-income households, (b) exploring Public Rental Housing Policy (“PRHP”), (c) reviewing the price ceiling of socialized subdivision and condominiums, (d) reviewing loan ceiling for economic, low-cost, and medium cost housing, and (e) assessing whether to extend the Rent Control Act of 2020, all of which would likely benefit the affordable housing market.

The Government addresses the affordability of housing for homebuyers through the Pag-IBIG fund, which provides attractive and affordable loans for homebuyers with low interest rate (averaging 5% in 2020), low-income requirement and longer loan term (up to 30 years), according to Frost & Sullivan. They also incentivize private housing developers to provide socialized and economic housing projects through (a) five-year income tax holiday, (b) exemption from capital gains tax and (c) the availment of Pag-IBIG’s Developer’s Loan Program. Pag-IBIG provides credit facilities to accredited private developers to help them recover its investments and develop housing projects faster while waiting for take-outs of delivered and completed housing loan applications. In 2020, Pag-IBIG has released ₱64 billion (US\$1.3 billion) of housing loan proceeds to 63,750 members, wherein 75% were developer-assisted and 25% were retail accounts.

According to Frost & Sullivan, the ongoing COVID-19 pandemic has resulted in a slowdown in the Philippine housing industry as buyers became wary of the uncertainties. Notably, while investment purchases from the up-tier market slowed down, the demand for low-cost housing proved to be more robust. Given that low-cost housing is seen less as an investment and more as a necessity, the market tends to be less prone to market, financial and economic slowdown and more impacted by consumer preferences and trends.

The Company believes that it is well-positioned to capitalize on the growing demand and unmet need for Mass Housing, as well as supportive Government policies in the Philippines, given its

leading and differentiated market position in the Mass Housing market, the strong nationwide brand equity of its DECA Homes, Urban DECA Homes, and Urban DECA Towers lines, its working relationship with governmental agencies and its commitment to focus on environmentally sustainable and socially responsible growth.

Market leader with an established track record and well-recognized brands for the underserved Mass Housing segment

The Company is the top Mass Housing developer in the Philippines by Pag-IBIG takeout from 2017 to December 31, 2021, which amounted to ₱18.9 billion.

The Company has been developing Mass Housing Projects in high-growth areas across the Philippines since 2003 and has built a strong reputation of providing a full suite of quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, through the Company's DECA Homes, Urban DECA Homes, and Urban DECA Towers brands. The Company has also placed an extensive focus on providing affordable housing to demographic groups for which home ownership has been traditionally challenging to attain, as well as creating a sustainable community through amenities that allows residents to live in a safe, healthy and vibrant community.

In recognition of the Company's contribution to the Mass Housing market in the Philippines, the Company has also won numerous prestigious awards such as:

- Best Affordable Condo Development (Metro Manila and Southern Luzon) and Housing Development (Metro Davao) in 2021 by PropertyGuru
- Top Housing Developer in the Philippines from 2017 to 2019 and Top Property Developer in the Visayas and Mindanao regions in the first half of 2021 in terms of take-out value from the Pag-IBIG fund
- Best Low Cost Housing Developer (National) awarded in March 2017 by Q Asia's Seal of Product and Quality Service
- Outstanding Developer Low Rise Mass Housing in 2016 by the International Real Estate Federation in the Philippines ("FIABCI-Philippines")
- BCI Asia Top 10 Developers in 2015 and 2016
- Best Mid-Cap Firm in the Philippines in 2015 by Finance Asia
- Prestigious Seal Awardee for Best Developer in Low-Cost Housing in 2015 by Gawad Sulo Foundation

Driven by its strong commitment to deliver, the Company has completed 65 Mass Housing projects and has 17 ongoing Mass Housing, MRB and HRB projects as of December 2021.

Unique business model positions the Company for long-term leadership in a fragmented and under-penetrated market

The Company believes that it is one of the few scaled, nationwide developers with customer offerings uniquely dedicated to serving the housing needs of the Mass Housing segment. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an

estimated market size of ₱887 billion (US\$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The Mass Housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

Further differentiating 8990 is its ability to provide the full value chain required by the Mass Housing market:

- **Land Acquisition:** Actively evaluates attractive land acquisition opportunities nationwide. Key criteria include proximity to areas close to the Company's target customers, including Pag-IBIG members, and its sources of livelihood
- **Customer Screening:** Focus on gainfully employed customers who have significant lifetime earnings potential and are acquiring the Company's developments as their primary residence
- **Construction Technology:** Pre-cast system manufacturing construction technology that allows rapid construction of quality houses
- **In-House Financing:** Accessible in-house financing with a unique combination of attractive upfront equity and affordable monthly payments
- **Strong Pag-IBIG relationship:** Status, track-record and customer screening synchronization with Pag-IBIG allows for continuous and seamless Pag-IBIG take up
- **Credit Collection:** Emphasis on incentivizing a strong repayment behavior through required financial literacy seminars
- **Property Design and Management:** Focused on creating "communities" within each development such as through sports facilities, churches, parks and meeting areas. In addition, the Company provides comprehensive and ongoing support for properties

Pre-cast system manufacturing construction technology driving efficiencies and cost-savings

The Company has continually invested in innovation to update its building processes and minimize waste of materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers in the Philippines, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, the 2013 7.2 magnitude earthquake which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the

area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 15 days with an additional five days for single-storey houses with lofts.

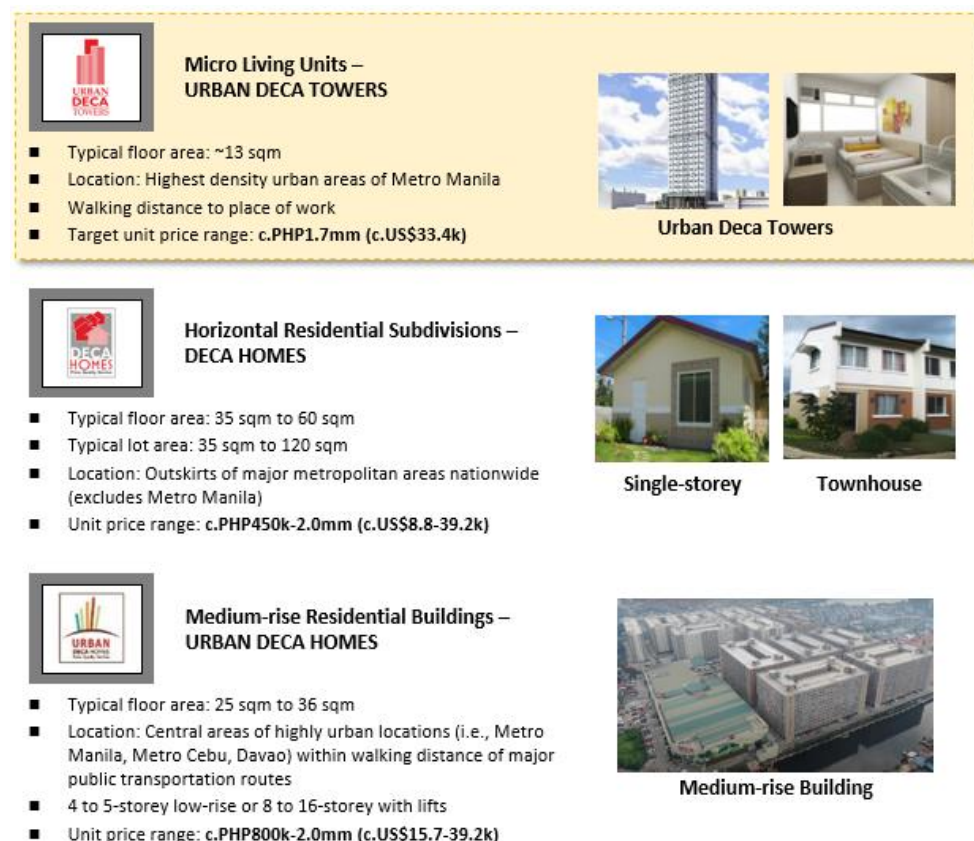
The Company continuously improves and refines this process and has mastered its efficient implementation in the field, allowing for quick turnover and re-deployment of capacity. This construction process is highly scalable leading to highly efficient use of capital and industry-leading returns.

Customer-focused product and payment scheme complemented by effective collection, risk management policies and loan factoring for a rapid capital recycling cycle

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base, which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership.

For illustration, the Company's housing portfolio includes the following products.

Figure 5: 8990's Product Portfolio



Source: Company Information

Furthermore, the Company's innovative CTS Financing Program typically requires a relatively small upfront payment (normally 3% to 5% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allows customers to purchase and move into a housing unit without material effect on their savings. Fast and efficient processing under the CTS Financing Program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To support the CTS Financing Program, the Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. The Company proactively approaches customer credit management, beginning at the point prior to actual sale by conducting in-house seminars/lectures covering key topics related to purchasing a housing unit such as documentary requirements, payment structure and credit and legal obligations connected with the housing unit purchase. The Company has also implemented a comprehensive credit verification process for all potential buyers looking to purchase housing units under the in-house CTS Financing Program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. The Company believes that its combination of industry experience, customer selection and comprehensive program to collect, educate and support its customers has resulted in the Company's estimated collection efficiency rate of 94% at the end of 2021. The estimated collection efficiency rate is the amount collected out of the current amount due from a customer. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in within a year from the time of default.

Further complementing the Company's in-house financing solutions are loan factoring options available that generate additional cash for the Company such as: Migration to Pag-IBIG, Sale of Receivables to Financial Institutions Without Recourse and Partnership with banks after accreditation for loan migration.

Strong relationships with key housing and shelter agencies

The Company, through its Subsidiaries and Principals, Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board and Founder) ("the Principals"), has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013. In addition, the accreditation of the Company's projects with the Board of Investment under the IPP allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a strong reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements

of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's takeout of the Company's contracts-to-sell under its CTS Financing Program. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

Committed to integrating ESG-aligned practices across the Company and all projects

The Company places great value on Environmental, Social and Governance ("ESG") standards, as they take pride in conducting its business responsibly. They are committed to ESG standards that help in building a sustainable future for the communities they serve and creating long-term value for all its stakeholders. Accordingly, they have undertaken several initiatives toward this including providing affordable housing and basic infrastructure, promoting gender equality and social equality, pursuing inclusive growth, and maintaining sustainable community and environment.

The Company is also committed to contributing towards achieving the Sustainable Development Goals ("SDGs") adopted by the United Nations Member States in the year 2015. The Company benchmarks and integrates these SDGs with key areas of its business operations. The efforts undertaken by the Company ensure a positive contribution to at least 6 of the 17 SDGs, including: SDG #11: Sustainable Cities and Communities, SDG #10 Reduce inequality, SDG #8 Decent work and Economic Growth, SDG #12 Responsible Consumption and Production, SDG #13 Climate Action, and SDG #15 Life on Land. They actively continue to work on further deepening its impact across these goals and expanding the scope of its influence across other goals, in the pursuit of a win-win for both its business as well as social ecosystem.

The Company provides affordable housing to demographic groups in Philippines for which home ownership is traditionally challenging to attain, by offering 3% equity versus 10 to 20% in the Mass Housing market. Monthly amortization is made more affordable by providing longer loan term that are not widely available for the majority of the population. As of September 30, 2021, an average of 63% of the 8990's home buyers have a maximum gross monthly income of ₱55,000 (US\$1,100) and below and an average of 55% are women. For vast majority of them, it would have been significantly challenging for them to own homes, if not because of the affordable housing and innovative financing offered by the Company together with its partners.

The Company's housing development are not only affordable but provides access to infrastructure, including water, sanitation, transportation, and security features for residents to live in safe, healthy, vibrant communities that allow individual to access opportunities for economic mobility through proximity to job opportunities, and stable and safe living environments.

The Company is focused on environmental sustainability in its operations through a decade long commitment to low waste, smart design and resources efficient buildings.

In addition to the efforts undertaken towards Social and Environmental goals, the Company also incorporates high standards in its Corporate Governance through standard operating procedures / manuals detailing procedures to be followed for each and every function.

Experienced management team with extensive expertise in Mass Housing development

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board), Attorney Anthony Vincent S. Sotto (President and CEO), Roan Buenventura-Torregoza (Chief

Financial Officer) and Alexander Ace S. Sotto (Chief Operating Officer), who each have extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market, and span an aggregate of over 100 years in the industry.

Through their various business ventures (including 8990), the Principals have constructed housing units across multiple regions in Philippines across Visayas, Luzon and Mindanao, including major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local government agencies and banks.

Mr. Yu carries with him over 30 years of experience in the Mass Housing business. Mr. Martinez has over three decades of experience in the Mass Housing industry and was once the National President of the SHDA, the largest national organization of subdivision and housing developers in the Philippines with over 200 members.

Attorney Anthony Vincent S. Sotto has almost 18 years of experience with the Company, and has previously served as the capacities of Deputy Chief Executive Officer, General Manager and Assistant General Manager in the Company.

Alexander Ace S. Sotto's 18 years of experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the Chief Operating Officer of the Company.

Meanwhile, Roan Buenaventura Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc.

Key Strategies

The Company was founded to address the Mass Housing problem in the Philippines. By 2030, the total housing need in the Philippines could increase to approximately 12.3 million units, of which approximately 85% will be in the Mass Housing market, according to Frost & Sullivan. However, the supply of affordable housing is unable to catch up, given that most Mass Housing developers are small regional developers, with limited geographical coverage. At the same time, certain demographic groups, including the low- to middle-income Filipinos, often face difficulties accessing home financing solutions that meets its cash flow profile.

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to address the Mass Housing problem in the Philippines by delivering affordable homes and innovative financing solutions with speed and quality to its target customers, mainly comprising low- to middle-income earners. This is achieved through:

1. Introduction of an innovative financing solution that allows Filipinos to own a housing unit by paying monthly amortization at the price equivalent to that of a monthly rental payment
2. Establishing a close partnership with the Government's Mass Housing agency to expedite the delivery of the Government's housing initiatives
3. Delivering fast, quality and affordable housing options near customers' source of livelihoods
4. Successful execution of a unique and superior business model addressing an underserved market, and is highly profitable due to the Company's operational and financing efficiencies

To further build on its competitive strengths and allow further expansion of its business, the Company plans to undertake the following:

Pursue growth by maintaining leadership with affordable and competitive pricing

The Company has a distinct leadership position in the Mass Housing segment

The Company believes that it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, uniquely positioning it vis-à-vis other major housing developers in the Philippines. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US\$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

The Company believes that its unique positioning and leadership in the underserved need-based Mass Housing market will continue to provide demand for its housing developments in the future.

The Company seeks to promote home ownership for its target customers by matching housing cost with their ability to pay

The Company seeks to promote home ownership in the Mass Housing segment in part by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers. In particular, the Company intends to seek ways to improve on and further provide flexibility through its CTS Financing Program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows customers to move into their chosen housing unit after a significantly lower down payment of 3% to 5% of purchase price and pay down their housing loan across an average term of 25 years and at a fixed interest rate of 9.5% for the first four years.

The Company's financing program hence allows customers to break down the housing unit purchase price into affordable monthly amortizations, based on the cash flow they receive on a monthly basis from their employment and other sources of income. The Company also endeavors to keep monthly amortizations affordable at approximately 35% of their monthly income, as well as approximately matching these monthly amortization with monthly rental rates that its target customer would have otherwise paid for similar Mass Housing units, thereby encouraging the low- to middle-income customers to buy a house rather than continue renting.

For example, the Company offers a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit, with 9.5% annual interest rate for the first four years and a 25-year amortization schedule) to approximately ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under its in-house CTS Financing Program, at the right price range (₱450,000 to ₱2.0 million per housing/condominium unit).

The Company believes that the attractiveness of the CTS Financing Program is likely to continue driving demand for its housing developments into the future.

Continue to innovate and invest in maintaining the Company's competitive advantage

The Company intends to further leverage and invest into its CTS Financing Program and rapid construction technology to maintain its competitive strength.

The Company believes that the key success factor of its CTS Financing Program is not just in its innovative structure, but also in its ability to complement this with comprehensive and proactive customer engagements. This is done through consistent customer engagements through financial literacy programs to guide them through the documentary requirements for the loan application process and educate them on credit management to encourage strong loan repayment behavior. This has led to a successful track record with an estimated 94% performing accounts ratio from 2015 to 2019 and 2021. The Company intends to continue its efforts to optimize its financing program and financial literacy programs to deliver a comprehensive housing solution for its target customers and maintain its industry-leading profit margins.

The Company intends to continually invest in innovation to update its construction processes and minimize waste of materials, while at the same time delivering housing units with quality and speed. The utilization of an on-site pre-cast construction process has resulted in significant cost savings and healthy profit margins. The Company believes that similar innovations into highly scalable construction processes will further enhance efficiency of capital use, rapid recycling of cash flow and its industry-leading returns. Additionally, the Company intends to explore further ways to incorporate environmental sustainability into its construction process.

Continue with monetization of its receivables through various channels

The Company rapidly recycles its capital by migrating home loans offered or selling receivables from customers (via its in-house CTS Financing Program) through three main channels:

1. Sale of receivables to financial institutions
2. Migration to Pag-IBIG
3. Partnership with banks after accreditation to migrate these loans to them

For the period between 2016 to 2021, the Company has successfully sold ₱28.9 billion of receivables to financial institutions and migrated ₱18.9 billion of loans to Pag-IBIG. From August to December 2021, the Company has also migrated ₱331 million of loans to partner banks (i.e. BPI and Security Bank). In addition to these three channels, the Company has initiated possible securitization transactions with respect to its receivables portfolio, which is expected to be completed in 2022 and targeted to generate net cash of ₱1.0 billion.

The Company's strong track record in the monetization of its receivables could be attributed to its strong relationship with financial institutions and its ability to structure its in-house CTS Financing Program to mirror the requirements of Pag-IBIG home loan. As a result, the Company believes that up to 99% of home loans offered by the Company are eligible for migration to Pag-IBIG.

The Company intends to continue to monetize its receivables in order to recycle its capital to fund future growth plans, as well as to de-risk its capital structure to maintain a net debt to equity ratio of 0.61x as of December 31, 2021, on par with the industry average.

Maintain appropriate financing, liquidity and risk management policies

The Company believes that its financing model is robust, through its ability to generate strong demand through providing attractive financing options for customers, and at the same time, preventing losses through appropriate financing, liquidity and risk management measures.

Measures undertaken include:

- financial literacy programs to maintain high collectability at an estimated 94% performing accounts ratio for the year ended December 31, 2021;
- de-risking its capital structure through monetization of receivables; and
- protecting its capital through retaining the home ownership until the loan amount is fully received from the homebuyers.

This has enabled the Company to achieve industry leading return on equity. The Company intends to continue implementing such measures to ensure adequate protection against financing risks.

Continue to grow land bank in strategic locations for development

The Company plans to continue to explore opportunities to replenish its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects. The Company aims to seek out properties located in areas with high population growth rates and rental yield, close proximity to public transportation terminals and major thoroughfares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities, where there are underserved housing needs for its target customers across the Philippines. The Company also targets to commence development of new land bank properties within two to three years of purchase.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (a) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (b) geographically expand into new cities. For example, the Company has brought to Metro Manila the Urban DECA Homes high-rise building concept in Tondo, Manila, and Mandaluyong.

Driving further ESG initiatives across its business model

The Company founded on the vision to provide quality and affordable housing to the Filipino family and maximize the value that it provides to customers, suppliers, investors, shareholders and Philippine society in general, has integrated ESG initiatives in its business model. The Company believes that its unique and superior business and financing model allows it to address an underserved housing need in the society, while at the same time, maintaining its industry-leading profitability through operational and financing efficiencies.

The Company's ability to offer a full suite of housing projects at affordable price points provide accessible housing to demographic groups for which home ownership has traditionally been challenging to attain. Based on the Company's internal data on customer demographics, an average of 62% of its customers have a gross monthly income of ₱55,000 and below, 60% are singles, 55% are females, 19% are OFWs and 15% are undergraduates, as of December 31, 2021.

The Company endeavors to go beyond providing basic housing infrastructure, but also to create sustainable communities through amenities offered in the housing developments, which includes security features to protect residents (e.g. gated entrance with security), social spaces to promote interaction (e.g. clubhouse, church) and recreational facilities to promote healthy lifestyle (e.g. swimming pool and wakeboarding park). The Company believes that these initiatives have contributed to high customer satisfaction.

The Company also actively seeks ways to be environmentally friendly. Since 2018, the Company has eliminated the use of wood products in the construction of houses. Since 2019, newly designed projects are installed with waste-water facilities and material recovery facilities to minimize wastage. At the same time, the Company also strategically locate its micro-living developments close to business districts to reduce carbon emissions from daily commute that would otherwise be necessary.

The Company believes that ESG is a crucial component of its business model and endeavors to drive and implement further ESG initiatives.

Maintain its working relationship with regulators

The Company has a track record of strict adherence to local rules, regulations and social responsibility requirements imposed on licensed housing developers.

Adherence to good corporate governance plays an integral role in the way in which the Company conduct their business. The Company has processes in place to help ensure that there is operational transparency, information sharing, accountability, and constant dialogue with all its stakeholders.

The Company has also been supportive in the national and local government initiatives in Mass Housing, including and not limited to:

- adhering to the government guidelines (e.g., loan moratorium during the COVID-19 pandemic);
- active participation with the various real estate groups (e.g., SHDA);
- active participation in community-based initiatives (e.g., shelter agencies, school, church programs)
- incorporating environmentally friendly practices into its operations such as tree planting (at a scale that is in compliance of Department of Environment and Natural Resources guidelines) and building waste water management systems; and
- facilitating the participation of middle- to low-income customers in Pag-IBIG home loan initiatives, through unique structuring of its in-house financing program to mirror the requirements of Pag-IBIG's home loan

The Company intends to continue its best practices and maintain an effective working relationship with regulators to conduct its business with integrity and competence, maximizing the value it provides to the Philippine society.

The 8990 Group

8990 Group is comprised of the parent, which is also the holding company, 8990 Holdings, Inc. and six (6) wholly-owned subsidiaries namely: [1] 8990 Housing Development Corporation (8990 Housing); [2] 8990 Luzon Housing Development Corporation (8990 Luzon); [3] 8990

Mindanao Housing Development Corporation (8990 Mindanao); [4] 8990 Davao Housing Development Corporation (8990 Davao); [5] 8990 Leisure and Resorts Corporation (8990 Leisure); and [6] Fog Horn, Inc. (Fog Horn).

8990 Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), and was listed in Philippines Stock Exchange (PSE) on July 8, 2005 and October 20, 2010, respectively.

Subsidiaries

The following table presents certain information regarding the Company's Subsidiaries as of December 31, 2021.

Subsidiary	Country of Incorporation	Company's Ownership Interest
8990 Housing	Philippines	100%
8990 Luzon	Philippines	100%
8990 Mindanao	Philippines	100%
8990 Davao	Philippines	100%
8990 Leisure	Philippines	100%
Fog Horn	Philippines	100%

8990 Housing

Established in 2003, 8990 Housing is flagship subsidiary of the Company. Its primary purpose is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. 8990 Housing registered with the Philippine SEC on March 20, 2003. Its principal office address is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

Listed below are 8990 Housing's wholly-owned subsidiaries:

- Euson Realty and Development Corporation (ERDC)
- Tondo Holding Corporation (THC)
- 8990 Coastal Estates, Inc. (8990 Coastal)
- Primex Land, Inc (PLI)
- 8990 Monterrazas Corporation (formerly Genvi Development Corporation)

Euson Realty and Development Corporation

Euson Realty & Development Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It is a wholly-owned subsidiary of 8990 Housing Development Corporation. It was registered with the Securities and Exchange Commission (SEC) on September 25, 2009 primarily to own, use, improve, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments, condominiums and other structures. The projects under this Company are UDH Manila Buildings 1 to 8.

Tondo Holdings

Tondo Holdings Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on June 23, 1999 primarily to invest in, purchase, 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. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On June 5, 2014, the Company's previous stockholders entered into a Share Purchase Agreement with 8990 Housing to sell 100% of the outstanding shares of the Company, with the intention of developing land owned by the Company into low-cost high-rise condominium or Urban Deca Homes Manila project located at Vitas St., Tondo Manila. In 2016, the Company has started the development of the project. Projects under this company are UDH Manila Buildings 9 to 13.

8990 Coastal

8990 Coastal Estates, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on April 16, 2007 primarily to acquire real estate of all kinds whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structure or whatever kind, together with their appurtenances. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On July 2, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in its corporate name from RFC Coastal Estates, Inc. to 8990 Coastal Estates, Inc. The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on January 30, 2019 and December 19, 2019, respectively. The Company has not started commercial operations and has a property located in Mactan, Cebu.

Primex Land, Inc.

Primex Land, Inc. was incorporated in the Philippines on April 16, 1994. The Company was primarily engaged in acquiring, owning, operating and maintaining real estate properties. In 2017, 8990 Housing acquired controlling interest over the Company after its acquisition of all the outstanding shares of stock from previous stockholders. The project under this company is Deca Homes

Meycauayan. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

8990 Monterrazas Corporation

8990 Monterrazas. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on September 25, 1974. The Company is established to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds; and, to construct, improve, manage, operate, lease or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. It is currently involved in high-cost land development business. The project under this company is Monterrazas de Cebu. It is a wholly-owned subsidiary of 8990 Housing Development Corporation

8990 Luzon

8990 Luzon is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on October 28, 2008. 8990 Luzon engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. The registered principal office address of 8990 Luzon is 2nd Floor PGM C Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

8990 Mindanao

8990 Mindanao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Mindanao primarily engages in developing mass housing projects. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Mindanao owns certain parcels of land used for the Company's development projects.

8990 Davao

8990 Davao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Davao primarily engages in the mass housing development business. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Davao owns certain parcels of land used for the Company's development projects.

8990 Leisure

8990 Leisure is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on November 24, 2009. 8990 Leisure engages in acquiring, purchasing, holding, managing, developing and selling land with or without buildings or improvements for such consideration and in such manner or form as the

company may determine of as the law permits, erecting, constructing, altering, managing, operating, leasing in whole or in part, buildings and tenements of the company or other persons, engages in real estate consultation and management including identifying, purchasing, conceptualizing, preparing master plans and layouts for land and building developments, managing the properties of and advising clients, developing or executing plans, undertaking project management and overseeing construction, except for management of funds, portfolios, securities and other similar assets. 8990 Leisure owns certain parcels of land used for the Company's development projects. 8990 Leisure's principal office address is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Fog Horn

Fog Horn is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on January 14, 2004. Fog Horn engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. Fog Horn's registered principal office address is located at the 3rd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Bankruptcy, Receivership and Similar Proceedings

To the best of its knowledge, the Company and its subsidiaries are not subject to any bankruptcy, receivership and/or similar proceedings.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On May 15, 2012, IHoldings, Januarius, and Kwantlen purchased 79.5% of the outstanding capital stock of the Company from certain stockholders of the Company. In compliance with the Republic Act No. 8799, also known as the Securities Regulation Code of the Philippine (SRC) and the Implementing Rules and Regulation of the SRC, as amended, (IRRs), a tender offer for all other remaining shares of the Company was conducted, the terms and conditions of which were disclosed through the Tender Offer Report dated June 19, 2012. Following the lapse of the tender offer period on July 19, 2012, during which no stockholder tendered any shares, a Final Tender Offer Report dated August 2, 2012 was filed with the Philippine SEC.

On May 29, 2012, prior to the closing of the sale referred to above, the Company transferred all of its assets to IP Converge Data Services, Inc. (IPCDSI) and subsequently transferred all of its equity interest in IPCDSI to its parent company at the time, IP Ventures, Inc. (IPVI), and consequently became a shell company.

On July 25, 2012, pursuant to the sale transaction discussed in the immediately preceding paragraph, IPVI and IPVG Employees, Inc. (IEI) transferred a total of 136,400,000 shares of the Company to IHoldings, Januarius and Kwantlen through the facilities of the PSE. As a result, IHoldings, Januarius and Kwantlen acquired ownership, and control over 61.4% of the Company's total outstanding capital stock. The remaining 40,000,000 shares of the Company acquired

pursuant to the sale were transferred through the PSE immediately upon the lapse of the lock-up period applicable to said shares.

On May 6, 2013, the Company acquired all of the outstanding shares in the Subsidiaries from their respective shareholders under a Deed of Exchange dated May 6, 2013, as amended and supplemented on June 8, 2013 and, in exchange, agreed to issue a total of 3,968,357,534 shares from the increase of the Company's authorized capital stock in favor of the Subsidiaries' majority shareholders at the time. Consequently, under a private placement transaction and to ensure continued compliance with Philippine minimum public ownership requirements of the PSE, the Company applied with the Philippine SEC to: [1] increase its authorized capital stock to accommodate the foregoing issuance; [2] change the primary purpose of the Company into a financial holding company; and [3] change its corporate name to "8990 Holdings, Inc.". The Philippine SEC approved the application for the foregoing on October 1, 2013.

On February 1, 2019, The Board approved the adoption by the Company of a share buyback program, with the following terms and conditions: [a] The buyback program shall be for a period of up to eighteen (18) months from the date of board approval (or until 1 August, 2020), unless period is otherwise shortened by the Board of Directors; [b] The Company shall be authorized to repurchase up to Php2 Billion worth of common shares; [c] The Share Buyback Program will not involve any active and widespread solicitation for stockholders of the Company to sell their shares; [d] The majority/controlling shareholders of the Company (i.e. Iholdings, Inc. and Kwantlen Development Corporation, as well as their respective controlling shareholders) will not participate in the Share Buyback Program; [e] The Share Buyback Program will be implemented in the open market through the trading facilities of the Philippine Stock Exchange; [f] the Company shall repurchase shares using cash and book them as treasury shares; [g] The share buyback program will be implemented in an orderly manner and will not (and should not) affect any of the Company's prospective and existing projects and investments; [h] any share buyback implemented shall take into account the need to maintain the liquidity of the Company's stock in the market, as well as public ownership requirements; [i] any significant development in the Share Buyback Program will be duly disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The purpose for the Share Buyback Program is to enhance and improve shareholder value and to manifest confidence in the Company's value and prospects through the repurchase of the common shares.

On March 15, 2019, 8990 Holdings, Inc., through its subsidiary 8990 Housing Development Corporation ("8990 Housing"), entered into a Subscription Agreement with Genvi Development Corporation ("Genvi"), for the subscription by 8990 Housing of a total of 2,913,128 common shares out of the existing but unissued capital stock of Genvi, at the subscription price of Two Hundred Ninety-one Million Three Hundred Twelve Thousand Eight Hundred Pesos (Php 219,312,800.00) in cash. The Subscription Transactions is intended to be the first phase of the Genvi Acquisition, which was completed through the subscription by 8990 Housing, resulting to 8990 Housing to own approximately 72.83%. 8990 Housing hopes to consolidate its ownership of Genvi by acquiring the remaining 27.17% of the resulting issued and outstanding capital stock of Genvi following completion of continuing discussions with the current shareholders of Genvi and confirmation of due diligence findings.

On June 30, 2019, the second phase of the Genvi Acquisition was completed through the acquisition of the remaining 27.17% of Genvi by 8990 Housing. The second phase of the

transaction was through a separate share purchase transaction between 8990 Housing and the shareholders of Genvi. The consideration for the second phase of the transactions was Eight Hundred Million Pesos (Php 800,000,000.00). The completion of the second phase resulted to 8990 Housing owning 100% of the total issued and outstanding capital stock of Genvi. The purpose of the acquisition was to allow 8990 Holdings Inc., to expand into other real estate segments, such as high-end developments.

Business of Issuer

Business segments of the 8990 Group are as follows:

- Construction of low-cost mass housing
- Construction of medium-rise condominium units
- Construction of high-rise condominium units
- Hotel operations

Construction of low-cost mass housing

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contribution. About forty three percent (42%) of revenues in 2020 were from low-cost mass housing business segments. Refer to Note 21 of the 2020 Audited Consolidated Financial Statements for details.

The Company constructs three (3) types of housing unit namely:

1. Single-storey detached – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building
2. Single-storey attached – a single floor residential unit built in a row of four (4) or more units joined by a common side walls
3. Townhouse – a two-storey residential unit built in a row of four (4) or more units joined by a common side walls

Floor areas typically range from 35 sq. m. to 60 sq. m. Typical unit price range from ₱450,000 to ₱2,000,000.

Developer subdivisions have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system, power system, gated entrance with security personnel and perimeter fence. In addition to the foregoing facilities standard to all subdivision, some projects feature one or more of the following leisure facilities: wakeboard park, swimming pool, basketball court, clubhouse/multi-purpose hall, church and commercial market. Certain larger projects have an are designated for commercial businesses.

As of December 31, 2021, the Company has completed 58 residential subdivisions comprising approximately 45,685 units.

Construction of medium-rise condominium units

The Company also develops low-cost residential complexes of MRBs under the Urban DECA Homes brand. An MRB is a walk-up building of four to five stories or an elevator-quipped building of eight to 12 stories. These MRBs are located in central areas of highly urban locations (i.e. Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes. The Company developed its first MRB Mass Housing project in Mandaue City in the province of Cebu. The Company has also developed MRB projects in Cavite, Sucat, and Muntinlupa. Other MRB projects to be launched in NCR are in the pipeline.

The floor area for an MRB 1 Bedroom and 2 Bedroom units typically range from 25 sq.m. to 36 sq.m. Unit prices range from ₱1,600,000 to ₱2,300,000.

MRB complexes have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system (hooked up to public utility providers), power system, cable and telephone lines, gated entrance with security personnel and perimeter fence. In addition to the foregoing, MRB complexes have on-site leisure facilities such as a swimming pool, basketball court, clubhouse/multi-purpose hall and/or a park.

As of December 31, 2021, the Company has completed 6 MRB projects and delivered an aggregate of 7,336 units. The Company currently has 2 ongoing MRB projects, with an aggregate 1,776 units for sale.

Construction of high-rise condominium units

The Company has ventured into high-rise condominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱1,000,000, which equates to initial monthly amortization payments of around ₱8,000 under the Company's CTS financing product (with typical 25-year term, 9.5% annual interest rate subject to adjustment after fifth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱8,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

In 2016, Urban Deca Homes Manila, a 13-storey condominium building, was launched. Unlike Urban Deca Tower, unit sizes are for first time residential home buyers ranging from 22 to 35 square meter. This project is the first of its kind in Tondo, Manila. Having said that, this project was positively received by the customers with six (6) buildings sold, to date. Average selling price of Urban Deca Homes Manila is ₱1,700,000.

A similar project launched in Ortigas in 2019, Urban Deca Homes Ortigas caters to first time home buyers in the Pasig and nearby cities. With 2-BR and 3-BR units, homeowners will now have more space which is conducive for starting a family. Selling price for Urban Deca Homes Ortigas ranges from ₱1,800,000 to ₱3,000,000.

Summary of Projects

The tables below summarize the status of the various new and ongoing projects the Company has under its various Subsidiaries as of December 31, 2021:

I. Completed

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988
12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,028
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990	MRB	2016		

		Housing			936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
Iloilo						
36	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
37	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
38	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
Leyte						
39	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360
Davao						
40	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
41	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
42	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
43	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
44	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
45	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
46	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
47	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
48	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
49	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
50	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		

51	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
56	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
57	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
58	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
59	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
60	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
61	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
62	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
63	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
64	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
65	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

II. On-going

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	2,004
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	1,374
Metro Manila						
3	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	9,674
4	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	1,683
Cebu						
5	Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	1,392	1,392
6	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	-
7	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						

8	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,451
9	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	144
10	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	765
11	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	1,880
12	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,902
13	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	475
Leyte						
14	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	49
Davao						
15	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	1,846
16	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	-
General Santos						
17	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,044

III. For Launching

Project Name		Company	Type	Completion Year	No. Of Units
Metro Manila					
1	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5,166
2	Urban Deca Homes Commonwealth	8990 Housing	HRB	2024	3,240

Liquidity Management

Financing Options

PAG-IBIG (HDMF) Migration

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it migrates its CTS receivables thru HDMF's housing loan program for members, typically within four (4) years of the loan commencement period, subject to the Company's requirements. The Company was able to migrate ₱1.4 billion and ₱4.1 billion worth of receivables to Pag-IBIG in 2020 and 2021, respectively. Pag-IBIG released housing loans in the said aggregate amounts to pay off the

balance of the purchase price of the housing units sold by the Company to qualified Pag-IBIG members. The acceptance or rejection of the buyer's housing loan application is based on certain guidelines such as employment, number of contributions made by the homeowner/Pag-IBIG member, and net disposable income, among other factors. As a result of the Company's CTS Program requirements mirroring those of Pag-IBIG's, the Company estimates that substantially all of its historic requests for take-outs have been accepted by Pag-IBIG. As of date, the Company is not offering the CTS Gold Convertible or the CTS Gold Straight financing options and is only offering CTS In-House Financing to homebuyers.

Nonetheless, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company's CTS receivables as a result of take-ups by Pag-IBIG also affects the Company's results of operations. As a greater amount of CTS receivables are converted pursuant to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

Bank Financing

In 2021, tie up with banks such as Bank of the Philippine Islands (BPI) and Security Bank (SBC) has been arranged. From August to December 2021, the Company was able to migrate ₱331 million worth of receivables via this channel. Salient tie up terms include: (1) loanable amount up to 90% of total contract price, including VAT and transfer cost; (2) up to 20 years term; and (3) release of loan proceeds subject to submission of Deed of Undertaking from Developer to deliver the transferred title to buyers name within at least 360 days from loan release.

Other Receivables Management Option

In addition to its receivables take-up arrangements with institutions such as Pag-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral, or enters into agreements for the sale of its receivables to banks and other financial institutions on a non-recourse basis. The Company has begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivables management measures, depending on the amount involved in terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Credit and Collection

The Company has a credit and collection team which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The Company has also developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

The Company's credit and collection team is composed of Sixty-eight (68) permanent employees organized per area of operation. Of the Sixty-eight (68), Nine (9) are supervisors in charge of North

Luzon, South Luzon, Cebu/Ormoc, Iloilo/Bacolod, and Davao/Gensan, while Fifty-Seven (59) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported contractual employee who serves as collection officer in the various projects nationwide. These collection officer ensure enforcement of the Company's credit and collection policies. In addition, the services of nine (9) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

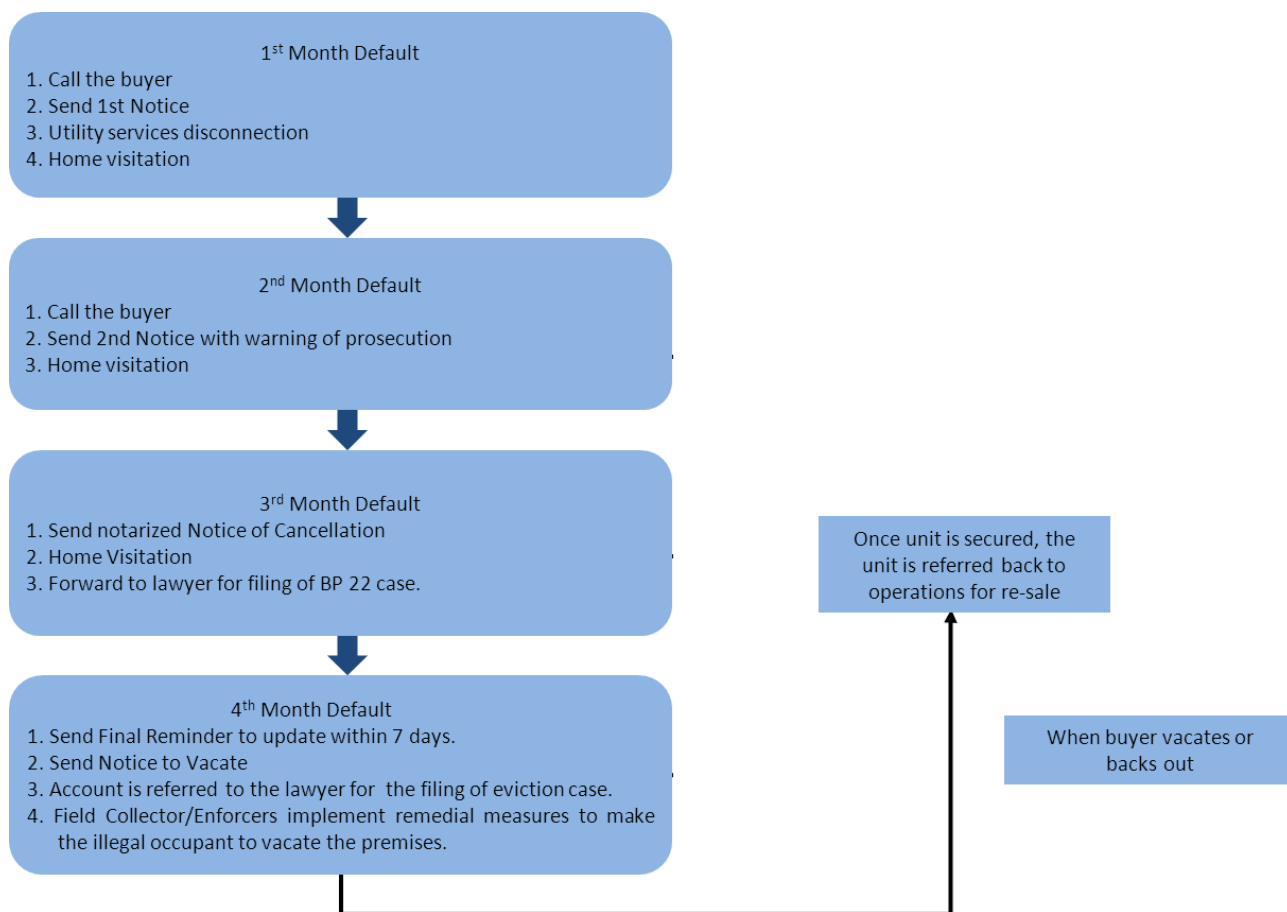
Submission of Check Payment

Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments while the 25th check represents the outstanding principal balance as of the 25th month and serves as an assurance that the borrower will again submit another twenty-four (24) post-dated checks (equivalent to the payments for months 25 to 48) plus another 25th check equivalent to the outstanding principal balance as of the 49th month. This cycle is repeated until the loan is fully paid at the end of the term. The excess of the twenty-four (24) checks will be deposited if the borrower fails to submit the next set of twenty-five (25) checks.

The Company imposes a ₱2,200 bank penalty fee and a ₱200 fee per bounced check as facilitation and retrieval fee. Likewise, a fee of ₱200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated performing accounts ratio are 83% in 2020 (heavily affected by Bayanihan 1 and 2) and 94% as of 2021.

In the Company's experience, through remedial measures, approximately half of the defaulting accounts usually become current again after a one- to three-month payment lag, while the other half of the defaulting accounts result in the cancellation of the CTS and remarketing of the property. The Company was able to leverage on its experience and expertise in acting as Pag-IBIG's collection agent prior to 2011 in the formulation and execution of its credit and collection policies.



Accounts are considered in default when the buyer fails to pay one (1) monthly amortization, while payments are considered late if the buyer fails to pay his amortization on the due date.

Marketing and Sales

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of fifty two (52) teams, headed by unit managers and four hundred seventy seven (477) total licensed brokers and with a combined total approximately 2,800 active agents. All of the unit managers and the agents under them are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

As a marketing strategy, the Company's sales and marketing teams regularly conduct presentations to potential clients to inform them of the Company's products. Mall exhibits have likewise provided the Company with an effective platform to introduce its product offerings and get leads on prospective buyers. Another strong source of sales relates to "repeat buyers," in the form of family members of those who already own a DECA Home unit.

Moreover, promotional discounts are also offered by the Company to attract buyers and increase their interest. These include:

- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discount as follows:

Down Payment Fully Paid Within	Cash Discount
7 Days	3%

- “LipatAgad” Buyer are allowed to move-in to the property upon full payment of the required down payment pending take-out of the loan with Pag-IBIG.

CTS Financing Program Process

The CTS Financing Program follows a rigorous process of credit verification for all potential buyers. The following diagram illustrates the process under the CTS Financing Program:



- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.
- Lot Verification – The availability of the unit is verified.
- BIS-Unit Encoding – A unit manager assigns and encodes the buyer’s identification into its system to avoid double reservation.
- Documentation Approval – A documentation manager submits the buyer’s information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re- evaluation.
- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.
- Documentation Final Review – The documents are sent to a documentation manager for final review.
- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

All of the raw materials used by the Company are sourced from domestic Philippine suppliers. Suppliers are chosen based on a number of criteria, including the quality of the raw materials supplied, stability of supply in the past, delivery time, pricing of the raw materials as well as the financial and industrial strength of the supplier. The Company's sourcing strategy is to deal with reliable suppliers at the best available price, prefer national over local suppliers and encourage on-time delivery by its suppliers.

The Company maintains relationships with over 200 suppliers. For the year ended December 31, 2021, the Company's five largest raw materials suppliers in aggregate accounted for approximately 40% of the Company's total amount of purchases for horizontal and four-storey MRBs. The Company is not dependent on any single supplier for raw materials.

Below is the list of the Company's top five (5) raw material suppliers:

Compan	Countr	Material Pruchased
Steelasia Manufacturing Corp.	Philippines	Deformed steel bars
R.G.C. de Jesus Gravel & Sand	Philippines	Backfill soil
Omniconrete Corporation	Philippines	Readymix
Readymix Concrete Davao	Philippines	Premix
AIM Global Products, Inc.	Philippines	Electrical materials

Customers

The Company mainly focuses on serving the needs of the Mass Housing market. Specifically, the Company targets (a) the upper-end of the lower-class segment of society and (b) the lower-end of the middle class of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). 75% of the horizontal unit buyers and 93% of condominium unit buyers have monthly gross income above ₱26,000. The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real estate purchases. The following table summarizes the Company's customer demographics as of December 31, 2021:

Demographic	Subdivision	Condominiu
Young:	87%	85%
20 to 35 Years Old	52%	54%
36 to 45 Years Old	35%	31%
College-Educated and Licensed	83%	88%
Gainfully Employed:	100%	100%
Office Workers	46%	67%
OFW	24%	11%
BPO	9%	10%
Minimum ₱26,000 Gross Family Income	18%	10%
Primary Residence Purpose	94%	81%

Customer Service and Warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period. Customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects.

Competition

The Company believes it does not have significant direct competition from national (i.e. Metro Manila-based) real-estate developers for low cost housing projects within its price range (i.e. PhP450,000 to PhP2.0 million per housing unit). Although competitors with nationwide scope, such as Amaia Land Corporation, a subsidiary of Ayala Land, Inc.; Century Limitless Corporation, a subsidiary of Century Properties Group, Inc.; Filinvest Land, Inc., under the "Futura Homes" brand; Suntrust Properties, Inc., a subsidiary of Megaworld Corporation; Robinsons Land Corporation, under the "Robinsons Communities" brand; Summerhills Home Development Corporation, a subsidiary of SM Prime Holdings, Inc.; and Vista Land, under the "Camella Homes" brand, do undertake affordable housing projects, they do so at a higher price range (i.e. PhP1.5 million and up), which is a different market from that of the Company's.

The Company has direct competitors at the local/regional level that sell housing units within its PhP450,000 to PhP2.0 million price range. These include: Johndorf and ProHomes in Cebu; Foothills Development Corporation and HLC Development Corporation in Davao; ProFriends, Ion Realty, Happy Homes and San Raphael Realty in Iloilo; Hausland, Fiesta Communities and El Valerio Realty in Pampanga; and ProFriends, Homemark Development, Picar Development, Rudex, Masaito and New APEC in Cavite.

Employees

As of the date of this report, the Company has a total of five hundred fifty-four (554) employees. This is broken down as follows:

Function	Number of Employees
Managers	88
Accounting/Finance Staff	96
Conversion Staff	31
Credit & Collection Staff	72
Documentation Staff	91
HR/Admin Staff	44

MIS	14
Planning/Engineering Staff	61
Audit Staff	4
Pre-Documentation Staff	19
Treasury	3
Records Management	8
Materials & Procurement	8
Condo Corp/HOA	7
Receivables management	6
Legal	2

Furthermore, to date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Propety

The Company has been granted the certificate of registration of the "DECA Homes", "Urban DECA Homes" and "Urban DECA Towers" trademarks by the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its Subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

Health, Safety and Environment

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Legal Proceedings

As of December 31, 2021, neither the Company nor any of its Subsidiaries or affiliates are involved in, or the subject of, any legal proceedings which²if determined adversely to the Company or the

relevant Subsidiary's or affiliate's interests, would have a material effect on the business or financial position of the Company or any of its Subsidiaries or affiliates.

Risks Relating to the Companies Business

The ongoing COVID-19 global pandemic has adversely affected, and is expected to continue to have an adverse effect on, the Company's business and operations.

Coronavirus disease 2019 ("COVID-19"), an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of December 31, 2021, there have been over 263 million confirmed cases worldwide. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

In response to the increasing number of COVID-19 cases in the Philippines, President Rodrigo Duterte declared the entire Luzon island under total lockdown (Enhanced Community Quarantine or "ECQ") on March 16, 2020, which restricted the movement of the population with certain exceptions. Among the lockdown measures implemented were the suspension of work or alternative working arrangements in the private sector except in establishments providing basic necessities, suspension of mass transport facilities, and travel restrictions.

ECQ was originally set to end by April 12, 2020 but was first extended to April 30, 2020 then to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("MECQ"), general community quarantine ("GCQ") or modified GCQ ("MGCQ") was implemented. The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas was downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. On July 30, 2021, the Government again placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021. On August 20, 2021, the Government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021.

In September 2021, the Interagency Task Force for the Management of Emerging Infectious Diseases ("IATF") mandated new community quarantine classifications for dealing with COVID-19 covering entire cities and/or municipalities, by issuing the Guidelines on the Pilot Implementation of Alert Levels System for COVID-19 Response in the National Capital Region ("NCR"). In order to clarify the parameters of allowed and restricted activities in the different areas where community quarantine is declared, scattered provisions of the IATF resolutions were codified into the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines and released by the IATF on April 20, 2020 through Resolution No. 30. In the new classification framework, which focuses on the imposition of granular lockdown measures, community quarantine was reduced to either ECQ or GCQ, with the latter having an Alert Level System through Levels 1 to 4, with each alert level limiting restrictions only to identified high-risk activities. The current system was adopted through Executive Order 112 (s.2020) and has been regularly updated to respond to the prevailing situation.

A new variant of the COVID-19 virus, named “Omicron,” emerged in the last week of November 2021. Considered as a highly contagious strain of COVID-19, Omicron has prompted a return to stricter quarantine measures and an increase in the IATF’s alert levels to Alert Level 3.

The Philippine government has taken various steps to address the effects of COVID-19 on Philippine business and economy. On March 25, 2020, Republic Act No. 11469 or the “Bayanihan to Heal As One Act” which took effect, which granted the President the power to provide for a minimum of 30 days grace period on the payment of residential rents falling due during the ECQ. In relation thereto, the Department of Trade and Industry (“DTI”) issued Memorandum Circular No. 20-12, which provided that residential rents and commercial rents for Micro, Small and medium Enterprises (“MSMEs”) that have stopped operating during the ECQ shall be entitled to the said grace period. The cumulative amount of rents due during this period shall be spread out or equally amortized in the six months following the end of the ECQ and shall be added to the rent due on these succeeding months, without penalties, interest, fees, and charges.

The Bayanihan to Heal as One Act also provided the President the power to direct financial institutions, including the Pag-IBIG Fund, to implement a grace period for the payment of housing loans, among others. The implementing rules provide that the mandatory grace period should be at least 30 days, which is automatically extended if the ECQ period is extended. On June 25, 2020, the Bayanihan to Heal as One Act measures, which were implemented to address the COVID-19 pandemic in the Philippines, expired.

On September 11, 2020, the President Duterte signed into law the Bayanihan to Recover as One Act or also known as the “Bayanihan II”, which extended the emergency powers of the President granted by its predecessor, the Bayanihan to Heal as One Act which lapsed on June 25, 2020. Bayanihan II aims to reduce the adverse impact of COVID-19 on the socioeconomic well-being of Filipinos and struggling businesses by providing assistance and other forms of socioeconomic and regulatory relief.

Section 4 of the Bayanihan II authorizes the President to exercise powers necessary and proper to undertake and implement the following recovery measures (among others): (a) direct banks, financing companies, lending companies, real estate developers, entities providing in-house financing, other financial institutions, private or public, among others, to implement a one-time 60-day grace period for the payment of all existing, current and outstanding loans falling due or any part thereof, on or before December 31, 2020; (b) direct institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum 30-day grace period for the payment of utilities falling due within the period of ECQ, MECQ, without incurring interests, penalties, and other charges; (c) grant a minimum 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations within the period of the community quarantine, without incurring interests, penalties, fees and other charges; and (d) prohibit increasing rents during this period.

According to Frost & Sullivan, the COVID-19 pandemic has dramatically impacted the housing industry, resulting in a slowdown as buyers became wary of the uncertainties, even though the demand for low-cost housing proved to be more robust while investment purchases from the up-tier market slowed down. For example, according to Frost & Sullivan, in terms of gross value added, the Philippine real estate industry contributed ₱1.028 trillion in 2020, which was a 17% decline from 2019. According to Frost & Sullivan, the COVID-19 pandemic halted construction and created a feeling of uncertainty amongst investors and buyers, with many putting off any big investments or expense like buying or investing in real estate. This, in turn, affected and continues

to affect the revenue targets of the Company and its Subsidiaries, particularly as a result of delays in collections as well as the construction of some of the Company's projects. The COVID-19 pandemic has also (i) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (ii) increased volatility or caused disruption of global financial markets and affected businesses' capabilities of accessing capital markets and other funding resources on favorable or acceptable terms; and (iii) resulted in social and political instability. The COVID-19 pandemic has also affected and continues to affect the employment of migrant Filipinos, who largely contribute to the demand for the Company's projects. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Company's and its subsidiaries' operation and cash flow.

The Company recognizes the risks from emerging infectious diseases such as COVID-19 and has immediately addressed critical aspects of its operations, such as workforce health and safety, and supply chain disruption. In order to minimize disruptions to its operations, the Company has adopted either work from home arrangements or provided its staff with housing and shuttle services. Further, the Company attempts to minimize supply chain disruptions by ordering its supplies well in advance. Despite these measures, the extent to which the COVID-19 pandemic impacts the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company and its subsidiaries, it may also have the effect of heightening many of the other risks described in this Prospectus and thus adversely affecting the Company's operation and capabilities of paying dividends on the Offer Shares, and also the price and value of the Offer Shares. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of overseas Filipino workers ("OFWs"). These events adversely affect demand for the Company's projects from OFWs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

All of the Company's business activities are conducted in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the amount of remittances received from OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in

the global market;

- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political or economic developments in or affecting the Philippines.

There is a degree of uncertainty regarding the economic and political situation in the Philippines. This uncertainty could have adverse effects on the revenues from the Company's business.

Servicing the mass housing segment of the real estate industry allows the Company to mitigate the risk of demand fluctuation brought about by country-specific risks, being it a needs market and not investment nor speculative in nature. The huge housing backlog as projected by HLURB is a strong indicator that the demand for mass housing unit will continue to be underserved in the short to medium term. Further, the expertise of the management team in dealing with the mass market segment enables them to create an overall package, "build-sell-finance" scheme, to assure that their target market will be able to afford the housing units and realize the projected demand.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company provides a substantial amount of in-house financing to its customers via its CTS program. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilize the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

In addition, in instances where various customer receivables have been given as collateral for the Company's financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either

pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

Moreover, other cheaper financing options may become available and if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company makes it a point to turn over the housing unit to the buyer as soon as the unit is finished and the minimal required equity is paid in order to create a sense of ownership. This has been proven effective in avoiding defaults.

The Company will be in a better position in cases where cheap financing options would be available to the buyers as this will immediately result to cash payments rather than long term receivables, hence, will be able to have readily available funds to build new inventories for sale, and would not need to avail of any external financing be it from creditors or equity holders.

The Company's liquidity and financial results are affected by the willingness of various financial institutions, including Pag-IBIG, to process loan take-ups and the expediency by which such financial institutions process these take-ups.

Under its business and operating model, the Company, through its subsidiaries including 8990 Housing, 8990 Luzon, 8990 Davao, 8990 Mindanao, and Foghorn, typically provides in-house financing to its customers via its CTS Gold financing team upon the initial purchase of a potential home. From time to time, the Company requires the prospective purchaser to apply with Pag-IBIG for take-up of the loan obligation. The Company may also transfer loan portfolios directly to Pag-IBIG on behalf of its customers. Should Pag-IBIG grant the prospective buyer's application, it would then grant a home loan to the prospective buyer (to pay for the purchase price of the Mass Housing unit) and remit the loan proceeds to the Company or the subsequent owner of the relevant receivable. However, due to the number of applications pending with Pag-IBIG at any one time, there are often delays in the processing of these loan take-ups. Furthermore, Pag-IBIG may also deny loans for various reasons, such as incomplete documents and insufficient equity ownership (through prior payment of principal), among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Furthermore, if the loans are held as collateral by banks, then the banks need time to pass the titles, which could cause delays. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow. Moreover, in the event that Pag-IBIG completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to 42 other financial institutions. Any of these events may have a material adverse effect on the Company's financial condition and results of operations. See "– The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house

financing program.”

In addition to having its CTS loans taken up by Pag-IBIG and borrowing from banks using the CTS loans as collateral, the Company also from time to time transfers its CTS loans to banks, typically going through a similar procedure as described above for Pag-IBIG. Similarly, there may be delays in the efficient and timely processing of these loans take-ups and the banks may also deny these loans for various reasons. Depending on the degree of any such delays or denials, and amounts of the loans and number of customers involved, these could have a material adverse effect on the Company’s liquidity because the home buyer loans would be retained on the Company’s books as receivables and delay its cashflow.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies.

The Company’s liquidity and financial results are dependent on the implementation and success of various measures to manage its liquidity risk.

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the migration of payment delinquency. Also, the Company enters into migration via housing loan with institutions such as Pag-IBIG and banks to monetize its receivables. From time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral for an interest rate ranging from 5.05% to 5.5%. The Company sells its receivables to certain banks with recourse. Typically, under such arrangements, if take-up by Pag-IBIG does not occur within one (1) to five (5) years of the sale of the receivables, the Company is required to either extend the term or repurchase the receivables. For the full year ending December 31, 2021, the Company has migrated to Pag-IBIG, equivalent to approximately ₱4.1 billion worth of receivables.

In 2018, 2019, certain subsidiaries of the Company entered into various CTS Receivables Sale and Purchase Agreements (“RSPAs”) with Dearborn Resources and Holdings, Inc. (“Dearborn”) for the sale of CTS Receivables at face value (outstanding principal balance at the time of sale) by such subsidiaries to Dearborn in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱15 billion which the 8990 subsidiaries have assigned to Dearborn, and which receivables constituted 14.49% and 8.38% of the consolidated assets of the Company in 2018 and 2019, respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱23.89 billion. Similarly, in 2019, 2020 and 2021, certain subsidiaries of the Company entered into various RSPAs with Filmore Resources Holdings, Inc. (“Filmore”) for the sale of CTS Receivables at face value by such subsidiaries to Filmore in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱12.6 billion which the 8990 subsidiaries have assigned to Filmore, and which receivables constituted 16.11 and 14.% of the consolidated assets of the Company in 2020 and 2021 (as of the date of the last sale), respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱20.59 billion. As of the date hereof, except for the loan facilities extended by the Company in favor of Dearborn, none of the Company, its directors, officers, or principal shareholders, have any interest, directly or indirectly, in Dearborn or Filmore.

In addition, since 2016, the Company has engaged in the sale of its receivables to banks on a non-

recourse basis. Failure to meet the obligations backed by receivables on a non-recourse basis will lead to the transfer of rights of the receivables to the banks. Furthermore, the Company has begun to explore possible securitization transactions with respect to a portion of its receivables portfolio. In a letter dated 16 October 2020, the SEC advised the Company that the SEC En Banc has conditionally approved the securitization plan of the Company covering approximately ₱2.13 billion in CTS receivables, subject to the submission of the final credit rating report. Under the securitization plan, the Company and certain subsidiaries (namely, 8990 Housing, 8990 Luzon, 8990 Davao, and Fog Horn) will sell to a special purpose corporation, CBC Assets One (SPC), Inc., CTS receivables from about 2,511 CTS accounts with an original term of up to twenty-five (25) years. Concurrent with the sale of such receivables, CBC Assets One as issuer will issue asset-backed certificates worth about ₱2.13 billion (based on the face value of the CTS receivables acquired) backed by the CTS receivables. 8990 HDC will act as servicer of the CTS Receivables under the securitization plan. The asset-backed certificates will consist of Tranche A certificates with principal value of approximately ₱1.59 billion and Tranche B certificates with principal value of approximately ₱531.3 million to be sold at face value. The SEC has likewise confirmed that the issuance of the asset-backed certificates is considered an exempt transaction (and, thus, exempt from SEC registration) as the certificates will be issued to not more than nineteen (19) investors in the Philippines. As of date, the Company has yet to complete such securitization. The Company may be left with the riskiest tranche of its receivables portfolio due to this securitization. As the Company has not completed the aforementioned securitization transactions, there can be no guarantee that such transaction will materialize. The Company might not always successfully manage its receivables. The inability to manage its receivables portfolio could lead to a situation where the Company does not have sufficient cash to pay its obligations as they come due or have insufficient cash to meet its expansion strategy. If any of the Company's means of managing its liquidation risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its experience management team with extensive expertise in Mass Housing development.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditure to acquire land for development, complete existing projects and commence construction on new developments. For the years 2019, 2020 and 2021, the Company spent, ₱1,691,923,456, ₱1,516,407,909, and ₱1,045,960,507, respectively, for land banking expenditures for its real estate development projects, which are 11%, 11% and 5%, respectively, of revenues.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing; however, it may also fund such requirements through other means, such as equity sales, among others, in the future. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will not issue Common Shares that may cause dilution, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent acquisition of land for or completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies. It may also obtain financing from capital markets.

A portion of demand for the Company's products is from OFs, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to OFs, including overseas Filipino workers (“OFWs”) and Filipino expatriates, generate a portion of the demand for the Company’s housing and land development projects. In addition, unnamed OFWs may provide financial support to named buyers who are located in the Philippines. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFs or a reduction in the purchasing power of OFs. These include:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located, such as the United States, the Middle East, Italy, the United Kingdom, Singapore, Hong Kong and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and restrictions imposed by other countries on the entry or the continued employment of foreign workers.

As an example, the Company believes that the global economic downturn of 2008 resulted in OFW remittances tending to be used for basic family expense or savings and bank deposits rather than for investing in or purchasing real estate. In addition, turmoil in the Middle East and North Africa have resulted in OFs being repatriated from these regions and losing their steady sources of income. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of OFWs. These events adversely affected demand for the Company’s projects from OFs, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

To mitigate this risk, the Company relies on Management’s extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market. The Company has also adopted strategies, among others, to increase its existing coverage and grow geographically.

The Company’s focus on residential housing and land development exposes it to sector-specific risks, including competition in the Philippine residential real estate industry.

The housing market involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company’s results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of its residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's income from, and market values of, its real estate projects are largely dependent on these projects' popularity when compared to similar types of projects in their areas, as well as on the ability of the Company to correctly gauge the market for its projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, the quality of the housing and related facilities offered by the Company, price and payment terms of the project, available financing for the project and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that it is one of the few developers dedicated to serve the housing needs of the mass housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

Historically low interest rates, expansion in overall liquidity, extensive construction of housing units and other factors could lead to the risk of formation of asset bubbles in real estate.

For the past several years, central banks globally, including the BSP, have kept overall interest rates at historically low levels for an extended period of time. This has occurred in conjunction with high levels of liquidity in the Philippines owing to strong and growing remittances from OFWs, the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts and strong inflows of foreign investments, among other factors. In addition, before the COVID-19 pandemic, the pace of real estate construction, particularly for housing in and surrounding Metro Manila and other urban areas, has likewise been strong by historical standards. All these have increased the risk that rising prices may not be sustainable, particularly in the real estate sector. If rising prices are not sustained, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. The country also has a very young demographic profile benefitting from rising disposable income. The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. The Company also has an experienced management team to mitigate this risk.

Competition for the acquisition of land for new projects and risks relating to the management of its landbank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of

suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing and condominium units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on management's extensive experience and a strategy of replenishing its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects.

There can be no assurance that the Company will not suffer from substantial sales cancellations. The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivision, MRB unit or high-rise unit sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund. While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. As a result, the Company's historical income statements are not necessarily accurate indicators of the Company's future revenue or profits.

To mitigate this risk, the Company relies on its customer-focused product and payment scheme that is best suited for the Mass Housing market, coupled with effective collection and risk management policies. The Company has also adopted a strategy to promote home ownership in the Mass Housing segment by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers.

The Company may not be able to successfully manage its growth or expansion strategies.

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has 17 ongoing projects, as of December 31, 2021, and is expecting to launch two (2) new ones in 2022. License to Sell of the one out of two projects for launching are secured, to date. The Company's growth strategy for its housing and land development business may require the Company to manage additional relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditure, which may entail taking on additional debt or equity to financing housing and land development projects.

There can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, delays in obtaining relevant licenses and permits, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. The Company may also experience delays resulting from its current strategy of engaging a limited number of contractors for its construction operations. See "- Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget." Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, results of operations or financial condition.

Similarly, the Company intends to further pursue its strategy of expanding its MRB residential developments and high-rise building developments. To this end, the Company intends to construct more MRB developments and complete its first high-rise building development. The Company's strategy to expand these businesses will require the Company to manage additional relationships with third parties such as potential retailers, suppliers and contractors. Moreover, high-rise building development will be a new line of business to the Company. As a result, the Company could encounter various issues that it does not have extensive experience dealing with associated with this business, such as applicable laws relating to commercial rental/tenancy laws and condominium construction and different construction, operational and marketing requirements, among others. There can be no assurance that the Company's continued expansion into MRB

developments and new expansion into high-rise building developments will be successful. There can also be no assurance that there will be a market for the Company's high-rise building developments. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company also has an experienced management team to mitigate this risk.

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.
- Because the Company believes that a substantial portion of its customers procure financing (either using the Company's in-house financing program or through banks) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.
- If Pag-IBIG increases the rates at which it lends to customers, the Company would also need to increase the rates of its in-house financing program due to the in-house financing program's mirroring of Pag-IBIG requirements as part of the Company's strategy for easier off-take by Pag-IBIG.
- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.
- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty-obtaining financing on the same or similar commercial terms from other banks.
- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its Competitive Strengths and Key Strategies.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company undertakes due diligence in the acquisition of parcels of land.

The Company faces risks relating to project cost and completion.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in laws or in Government priorities;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;

- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to sell its housing and land development projects. This would impair the Company's ability to reduce its inventory and working capital requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company relies mainly on AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Should any of the contractors mentioned above become unable to perform with respect to their contracted scope of work, or are unable to expand at a sufficiently quick pace needed to meet the Company's demands, there can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule, which could result in costs increases or project delays.

Furthermore, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and

timing. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labor may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company trains its contractors on the processes used in the construction of its projects. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

The Company uses exclusive external third-party brokers to sell a significant portion of its residential housing and land development projects.

The Company uses exclusive external third-party brokers to market and sell all of its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Also, negative publicity on the Company's exclusive third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules, more stringent requirements are now being imposed in respect of the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate this risk, all of the unit managers and the agents who constitute the marketing and distribution network of the Company are exclusively contracted by the Company. Furthermore, all unit managers are accredited licensed realtors. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative

agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationship with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

Environmental laws applicable to the Company's projects could have a material adverse effect on

its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationships with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of ₱1.5 million or less and sales of residential houses and lots with a gross selling price of ₱2.5 million or less from the VAT of 12.0%. However, under the TRAIN Law which amended certain provisions of the Tax Code, beginning January 1, 2021, the VAT exemption shall only apply to (i) sale of real estate property not primarily held for sale to customers or held for lease in the ordinary course of business; (ii) sale of real property utilized for socialized housing as defined by Republic Act No. 7279; and (iii) sale of house and lot, and other residential dwellings with selling price of not more than ₱2 million.

There is no assurance that laws and regulations removing the VAT exemption for socialized housing will be passed and enacted in the future. If the VAT exemptions are removed, the selling prices for the Company's subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Under R.A. 7279 the Company is required to construct a certain number of Socialized Housing units for each project that intends to receive BOI accreditation. This requirement is measured in the form of a ratio test between the number of Socialized Housing units for the project and the number of Economic Housing units for that same project. The Company does not have the same

experience with developing Socialized Housing units as it does with developing Economic Housing units and may incur greater costs and/or not achieve comparable levels of success in its development of Socialized Housing units. Furthermore, Socialized Housing units have lower profit margins for the Company than Economic Housing units. If, due to regulatory changes, the Company is required to increase its ratio of Socialized Housing unit construction, then the Company's business, financial condition and results of operations may be adversely affected.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the year, including typhoons, droughts, volcanic eruptions and earthquakes. Recently, on January 12, 2020, Taal Volcano erupted causing ash falls and earthquakes in Metro Manila, Southern Luzon, some parts of Central Luzon and Pangasinan in the Ilocos region. The PHILVOCS issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

While the Company carries all-risks insurance during the project construction stage and requires all of its purchasers to carry fire insurance, the Company does not carry any insurance for certain catastrophic events, and there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property; as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and result of operations.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of

buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate this risk, the Company endeavors to have foreseeable risks covered by the Company's insurance, to the extent possible and practicable. The Company's engineers also monitor its general contractors to ensure that all construction work is according to the project specifications and work inspection is conducted before any progress billing is approved. Furthermore, the Company also retains 10% of the project cost for a specified period to cover for any construction defect or other liability on the part of the contractor.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the principal owners have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development.

The transactions referred to above are described in Note 29 of the 2021 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and its Subsidiaries;
- Plans to develop the respective businesses of the Company and its Subsidiaries; and
- Business opportunities that may be attractive to the Selling Shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

All related-party transactions are executed with caution and guided judgement, and are properly documented.

To mitigate this risk, the related-party transactions are made on arms-length basis.

8990 is a holdings company that depends on dividends and distributions from the Subsidiaries.

8990 is a holding company and conducts no independent business operations other than providing certain corporate and other support service to the Subsidiaries. 8990 conducts substantially all of its operations through the Subsidiaries. Substantially all of its assets are held by, and substantially all of its earnings and cash flows are attributable to, the Subsidiaries. 8990's liquidity, ability to pay interest and expense, meet obligations, provide funds to its Subsidiaries and distribute dividends are dependent upon the flow of funds from the Subsidiaries. There can be no assurance that the Subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to 8990 to enable it to meet its own financial obligations.

The ability of the Subsidiaries to pay dividends is subject to applicable laws and restrictions contained in debt instruments of such Subsidiaries and may also be subject to deduction of taxes. No assurance can be given that 8990 will have sufficient cash flow from dividends to satisfy its own financial obligations. Any shortfall would have to be made up from other sources of revenue, such as a sale of investments, or financing available to the Company, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Luis N. Yu, Jr., and Mariano D. Martinez, Jr. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company believes it maintains a positive relationship with its directors, members of senior management and other key officers.

The Company may be unable to attract and retain skilled professionals, such as architects, engineers and third-party contractors.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and third-party contractors. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

The Company believes it maintains a positive relationship with its architects, engineers and third party contractors. To attract and retain skilled professionals, the Company also provides a

competitive compensation and benefits package.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

The Company believes it maintains a positive relationship with its employees through established organizational and employee policies and procedures that promote a good working environment and company culture.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company may, from time to time, be involved in disputes with various parties involved in the construction and operation of its properties, including contractual disputes with contractors, suppliers, construction workers, and homeowners or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable discussions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate this risk, the Company shall endeavor to amicably settle the legal proceedings and exhaust all legal remedies available.

Disruptions in the financial markets could adversely affect the Company's ability to refinance existing obligation or raise additional financing, including equity financing.

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increase and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. If due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its projects could be lost, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The incurrence of additional debt to finance the Company's planned development projects could impair the Company's financial condition, results of operations and cash flows. The Company may need to incur additional debt to finance its expansion projects and future development projects.

This indebtedness could have important consequences for the Company. For example, it could:

- Make it more difficult for the Company to satisfy its debt obligations as they become due;
- Increase the Company's vulnerability to general adverse economic and industry conditions;
- Impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisition or general corporate purposes;

- Require the Company to dedicate a significant portion of its cash flow from operations to the payment of the principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;

Item 2. Properties

Project Development and Construction

Land Acquisition

Land acquisition offer to the Company and/or joint ventures begins with the Company making a marketability determination of the location of the property, based on the intended development. The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorizations, as well as adding necessary improvements and infrastructure including sewage, roads and electricity.

If the property passes the initial procedure, the Company then conducts due diligence on the property. The evaluation process focuses on the following major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- geographic location (i.e. proximity to public transportation);
- technical characteristics of the property (e.g., location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land, it conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title. The Company also conducts its own

valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property. The Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

After the second stage is passed, the Company then determines the fair price and terms for the acquisition and then negotiates with the land owner for the purchase.

Site Development and Construction.

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects is contracted out to qualified and accredited independent contractors. The Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company primarily contracts with AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Typically, these contractors are paid approximately 20% to 25% initially as down payments, with 65% to 70% paid on a turnkey basis and the remaining 10% paid after three months, retained as coverage for any faults.

The Company builds its horizontal subdivision units in five steps: (1) casting, (2) foundation preparation, (3) assembly, (4) roofing and retouching, and (5) finishing and detailing:

- (1) Construction begins with the casting process, which comprises setting molds and pre-casting the walls and ceiling slabs near the actual project site. The Company's pre-casting process utilizes the proprietary concrete mix developed by the Company internally, which produces concrete slabs that are approximately four times stronger than typical concrete slabs used in the Philippines and dry in approximately 22 hours (compared to 21 days for standard casting).
- (2) Simultaneously, the foundation at the site is prepared and laid, comprising laying down reinforcing bars and allocations for wiring and pipes, setting hooks for the assembly stage and pouring the concrete mixture. This phase is completed in one day.
- (3) At the assembly stage, cranes are used to lift the pre-cast components and erect the components in the foundation that is prepared while casting is still in progress. The ends of the components are welded together. This process also takes one day.
- (4) Roofing and retouching involves the addition of steel beams to support the roof, installation of the roof, and the retouching of rough edges in the concrete structure. This stage takes two to three days to complete.
- (5) Lastly, finishing and detailing takes four to five days to complete and involves smoothing out the walls, floors and ceilings of the unit, applying paint, and installing doors, windows, and electrical and plumbing fixtures.

The Company currently has capacity to develop up to 15,000 units annually. The Company can further expand its capacity by increasing the number of its pre-fabrication molds, without requiring significant additional investments in time or resources.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

Land Bank

As an integral part of its strategy, the Company believes that if maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has investment in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four (4) to five (5) years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven (7) to eight (8) years. As of December 31, 2021, the Company had a land bank of approximately 554.26 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of December 31, 2021 are set out in the table below:

Region	LOCATION	Rawland (HA)
Luzon	Alabang Zapote, Las Pinas	4.80
Luzon	Filinvest, Alabang	0.12
Luzon	Otis, Mendiola	2.80
Luzon	Yakal Makati	0.14
Luzon	Taft, Manila	0.08
Luzon	Teachers Camp, Baguio	0.23
Luzon	Tondo, Manila	1.30
Luzon	Juan Luna, Manila	0.23
Luzon	San Mateo, Rizal	31.20
Luzon	Batasan, Quezon City	17.04
Luzon	Balara, Quezon City	17.60
Luzon	Ortigas Ext, Pasig	1.46
Luzon	Meycauayan, Bulacan	2.26
Luzon	Cutud Angeles, Pampanga	12.95
Luzon	Mexico, Pampanga	29.97
Luzon	Mabalacat, Pampanga	27.81
Luzon	Monticello, Baguio	4.27
Luzon	Teachers Camp, Baguio	0.19
Luzon	Balagtas, Batangas City	7.69
	Subtotal- Luzon	162.13
Visayas	Guadalupe, Cebu	3.20
Visayas	Cebu Business Park, Cebu	0.31
Visayas	Vistamar, Cebu	0.18
Visayas	Mactan, Cebu	50.99

Visayas	Talamban, Cebu	2.90
Visayas	Monterazzas, Cebu	125.32
Visayas	San Miguel, Iloilo	65.67
Visayas	Pavia, Iloilo	3.26
Visayas	Granada, Bacolod	63.08
Visayas	Siquijor	8.00
	Subtotal - Visayas	322.91
Mindanao	Mulig, Davao	15.30
Mindanao	Quirino, Davao	0.71
Mindanao	Tigatto, Davao	24.83
Mindanao	Talomo, Davao	28.38
	Subtotal - Mindanao	69.22
	Total Landbank - Rawland	554.26

Region	LOCATION	UNDEVELOPED W/ PERMITS
Luzon	Cubao, Quezon City	0.43
Luzon	Commonwealth, Quezon City	2.00
Luzon	Ortigas Ext, Pasig	8.45
Luzon	Meycauayan, Bulacan	23.20
	Subtotal- Luzon	34.08
Visayas	Banilad, Cebu	1.65
Visayas	Monterazzas, Cebu	30.00
Visayas	Ormoc, Leyte	6.20
Visayas	Sta. Barbara, Iloilo	46.14
Visayas	Leganes, Iloilo	22.08
	Subtotal - Visayas	106.08
Mindanao	Talomo, Davao	34.63
	Subtotal - Mindanao	34.63
	Total Landbank - Undeveloped with Permits	174.79

The Company intends to continue to look for land in various parts of the Philippines for future development.

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 2021:

Subsidiary and Property Description	Location	Present Use	Mortgages
8990 Housing Development Corp.			
8990 Corporate Center	Negros St., Cebu Business Park, Cebu City	The three-storey building sits on a property owned by L and D Realty Corp, and affiliate of the Company. It is used as the headquarters of 8990 Housing. A portion of the ground floor and some areas of the 3 rd floor are leased out.	None
8990 Corporate Center	E. Quirino Ave., Davao City	The four-storey building serves as the Company's Davao branch. Some portions of the ground floor, the 3 rd floor and the	None

			4 th floor are leased out.		
3-hectare resort with the following amenities: clubhouse, swimming pool, basketball courts, mini soccer field and fishing lake.		Tacuman, Davao City	Serves as additional amenities for the subdivision residents.		None
7-hectare Wakeboard Park		Mintal, Davao	Wakeboard park with other amenities presently leased to Session Park		None
8990 Luzon					
12-hectare Wakeboard Park		Margot, Pampanga	Wakeboard park with other amenities presently leased to Session Park		None
8990 Holdings, Inc. Adriatico Office		Malate, Manila	The two-storey building serves as the Company's Manila office. It is currently servicing buyers of UDHManila and eventually upcoming NCR projects.		None

The following table summarizes the various real estate properties leased by the Company:

	Name of Lessee	Monthly Rental (₱)	Term	Company
1	LFM Properties Corporation	80,550.40	8/1/2012-7/31/2013	HDC
		84,577.92	8/1/2013-7/31/2015	
		88,807.04	8/1/2015-7/31/2016	
		93,246.72	8/1/2016-7/31/2017	
		97,909.28	8/1/2017-7/31/2018	
		103,783.68	8/1/2018-7/31/2019	

		110,010.88	8/1/2019-7/31/2020	Holdings
		116,611.04	8/1/2020-7/31/2021	
		104,117.00	8/1/2021-7/31/2022	
		110,364.00	8/1/2022-7/31/2023	
		116,986.00	8/1/2023-7/31/2024	
2	Tri-City Properties Corporation (Units 5, 6, 7, 8, and 12)	70,029.48	4/21/2018-4/20/2019	LHDC
		70,029.48	4/21/2019-4/20/2020	
		59,400.00	3/20/2020-2/19/2021	
3	SM Arena Complex Corporation	840,000.00	6/22/2013-6/22/2014	HDC
		840,000.00	6/22/2015-6/22/2016	
		840,000.00	6/22/2016-6/22/2017	
		840,000.00	6/22/2017-6/22/2018	
		840,000.00	6/22/2018-6/22/2019	
		886,666.67	6/22/2019-6/22/2020	Genvi
4	Philippine General Merchandise Corporation (2nd Floor)	12,678.75	4/1/2005-3/31/2007	HDC/FHI
		14,212.27	4/1/2007-3/31/2008	
		51,075.92	4/1/2008-3/31/2009	
		56,183.50	4/1/2009-9/30/2009	
		118,309.68	6/1/2009-11/30/2009	
		124,225.17	6/1/2010-5/30/2011	
		136,253.04	9/1/2010-8/31/2011	
		149,878.34	9/1/2011-8/31/2012	
		164,866.18	9/1/2013-8/31/2015	
		180,320.00	9/1/2015-8/31/2017	

		198,352.00	9/1/2017-8/31/2019	
		198,352.00	9/1/2019-8/31/2021	
		198,352.00	9/1/2021-8/31/2023	
5	Philippine General Merchandise Corporation (3rd Floor)	49,580.44	7/1/2015-7/1/2016	HDC/FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
		173,040.00	7/1/2020-6/30/2022	
6	Philippine General Merchandise Corporation (5th Floor)	176,960.00	2/1/2018-3/31/2020	HDC
		176,960.00	2/1/2020-3/31/2022	
7	Philippine General Merchandise Corporation (Warehouse)	210,029.79	11/1/2018-10/31/2020	HDC
		210,029.79	11/1/2020-12/30/2021	
8	Philippine General Merchandise Corporation (Mezzanine)	77,040.00	6/1/2021-6/1/2022	HDC
9	Iloilo New Life Commercial Inc. (Mezzanine)	67,200.00	7/15/2017-01/14/2019	HDC
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
		60,000.00	1/15/2021-1/15/2022	
		60,000.00	1/16/2022-1/15/2023	
10	Iloilo New Life Commercial Inc. (Door 2)	23,520.00	8/1/2017-7/31/2018	HDC
		23,520.00	8/1/2018-7/31/2019	
		23,520.00	8/1/2019-7/31/2020	
		23,520.00	8/1/2020-7/31/2021	
		21,000.00	8/1/2021-7/31/2022	
11	Iloilo New Life Commercial Inc. (Door 3)	23,520.00	7/1/2017-6/30/2018	HDC
		23,520.00	7/1/2018-6/30/2019	

		23,520.00	7/1/2019-6/30/2020	
		23,520.00	7/1/2020-6/30/2021	
		21,000.00	7/1/2021-6/30/2022	
12	Priscilla Mae Animas	28,880.00	4/1/2019-3/31/2021	HDC
		30,208.00	4/1/2021-3/31/2023	
13	Otropunto Corp. (Ground Floor)	61,068.00	1/16/2016-1/15/2018	HDC
		67,175.02	1/16/2018-7/15/2018	
		67,175.02	7/16/2018-7/15/2019	
		67,175.02	7/16/2019-7/16/2020	
		67,175.02	7/16/2020-7/16/2021	
		64,176.12	7/16/2021-7/16/2022	
14	Otropunto Corp. (2nd Floor)	15,736.49	7/14/2021-7/16/2022	HDC
15	Calsado Enterprises	32,423.16	6/5/2016-6/4/2017	HDC
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		17,997.40	8/5/2019-8/4/2020	
		17,997.40	8/5/2020-8/4/2021	
		18,471.16	8/5/2021-8/4/2022	
16	Rosalinda M. Amit	13,000.00	11/11/2021-11/11/2022	HDC
17	Greencove Enterprise, Inc (Ground Floor)	104,500.00	3/20/2021-3/20/2026	HDC
18	Greencove Enterprise, Inc (Third Floor)	84,000.00	4/19/2021-3/20/2026	HDC
19	Simed and Company Inc. (501)	13,500.00	5/15/2021-5/14/2022	HDC
20	Simed and Company Inc. (503-504)	18,238.50	5/15/2021-5/14/2022	HDC

8990 Holdings

8990 as a lessee

8990 entered into a non-cancellable operating lease contract covering its principal office in Liberty Center Building in Makati City in 2012. The contract has a term of two (2) years, and was renewed in 2014. In 2014, 8990 also entered into a non-cancellable operating lease as a lessee

covering a corporate suite located at the SM Mall of Asia Arena for a term of one (1) year and will expire on June 22, 2015. The SM Mall of Asia lease has been renewed yearly and active, to date.

Fog Horn

For Horn as a lessee

Fog Horn recognized rent expense pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing

8990 Housing as a lessee

Rent expense pertains to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing as a lessor

A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007. This lease has been renewed yearly and active, to date.

8990 Luzon

8990 Luzon as a lessee

8990 Luzon recognized rent expense pertaining to rentals for office space, staff house, and generator set.

8990 Luzon as a lessor

8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitled to receive ten percent (10%) of monthly gross sales of riding passes in excess of PhP2 million.

Item 3. Legal Proceedings

Neither the Company nor any of its Subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the period covered by this report, except for the matters taken up during the Annual Meeting of Stockholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant’s Common Equity and Related Stockholder

Matters Market Information

The Company has outstanding 5,391,399,020 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. (“PSE”) as of December 31, 2021 The closing price as of December 31, 2021 is Php11.28 per share.

The following are the quarterly high and low prices, as well as the closing price of the company’s shares traded at the Philippines Stock Exchange, Inc. for the last five (5) years:

	2021			2020			2019			2018			2017		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	8.24	7.00	7.07	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60	7.78	6.50	6.80
2nd	7.69	7.11	7.32	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36	6.96	5.93	6.60
3rd	9.50	7.02	9.21	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28	6.60	4.99	5.00
4th	11.92	9.20	11.28	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10	6.79	6.73	6.73

The market capitalization of the Company as of December 31, 2021 was approximately Php60,814,980,945.60 based on the closing price of Php11.28 per share.

Holders

The following table sets forth the stockholders of record of the Company as of December 31, 2021:

Shareholder	Number of Shares	Subscribed and Paid-up (in Php)	% Ownersh
IHOLDINGS, INC.	2,183,082,10	2,183,082,107	39.56
PCD NOMINEE CORPORATION (NON-FILIPINO)	958,083,13	958,083,13	17.36
KWANTLEN DEVELOPMENT CORPORATION	926,325,018	926,325,018	16.79
PCD NOMINEE CORPORATION (FILIPINO)	852,313,77	852,313,77	15.45
LUIS N. YU, JR.	258,099,322	258,099,322	4.68
MARIANO D. MARTINEZ JR.	168,916,767	168,916,767	3.06
UNIDO CAPITAL HOLDINGS INC.	160,549,600	160,549,600	2.91
WILLIBALDO MARIA J. UY OR HILDA L. UY	8,000,000	8,000,000	0.14
MARIA LINDA BENARES MARTINEZ	2,000,000	2,000,000	0.04
ANTHOLIN TAN MUNTUERTO	300,000	300,000	0.01
MARK WERNER JUECO ROSAL	200,000	200,000	0.00

NICOLAS CATALYA DIVINAGRACIA	100,000	100,000	0.00
MA. CHRISTMAS RENIVA NOLASCO	11,500	11,500	0.00
IAN NORMAN E. DATO			0.00
HECTOR ABLANG SANVICTORES			0.00
STEPHEN G. SOLIVEN	1,500	1,500	0.00
JESUS SAN LUIS VALENCIA	300	300	0.00
HAN JUN SIEW	100	100	0.00
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES,	100	100	0.00
ALEXANDER ACE S. SOTTO	100	100	0.00
WEI BENG CHAN	100	100	0.00
RAUL FORTUNATO REAMICO ROCHA	100	100	0.00
MANUEL CASTILLO CRISOSTOMO	100	100	0.00
OWEN NATHANIEL SY AU ITF LI MARCUS AU	80	80	0.00
JOSELITO TANWANGCO BAUTISTA	8	8	0.00
LOWELL L. YU	1	1	0.00
ANTHONY VINCENT SOTTO	1	1	0.00
ARLENE KEH	1	1	0.00
DOMINIC JOHN PICONE	1	1	0.00
MANUEL S. DELFIN JR.	1	1	0.00
RAUL FORTUNATO R. ROCHA	1	1	0.00
RICHARD L. HAOSAN	1	1	0.00
WILLIE UY	1	1	0.00
MUHAMMAD HAIQAL BIN MOHD ALI	1	1	0.00

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the

approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

Listed below are the cash dividends declared and/or paid by the Company.

Common Shares

Declaration Date: November 3, 2021
Record date: November 17, 2021
Payment date: December 10, 2021

Preferred Shares

5.50% per share

Declaration Date: February 24, 2021
Record date: October 29, 2021
Payment date: November 10, 2021

5.50% per share

Declaration Date: February 24, 2021
Record date: July 30, 2021
Payment date: August 10, 2021

5.50% per share

Declaration Date: February 24, 2021

Record date: April 30, 2021

Payment date: May 10, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: November 18, 2021

Payment date: December 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: August 18, 2021

Payment date: September 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: May 18, 2021

Payment date: June 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: February 28, 2021

Payment date: March 1, 2021

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and existence of unrestricted retained earnings, 50% of the net income of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends.

Each of the Subsidiaries has adopted the same dividend policy whereby, subject to available cash and existence of unrestricted retained earnings, at least 50% of the net income of such Subsidiary for the preceding fiscal year will be declared as dividends.

Recent Sale of Unregistered or Exempt Securities

On October 14, 2020, the Company issued Philippine Peso-denominated fixed-rate corporate notes in the principal amount of One Billion Three Hundred Million Pesos (₱1,300,000,000.00) (“Notes”). The Notes issuance is exempt from SEC registration, as the same were issued to qualified buyers pursuant to Section 10.1(l) of the Philippine SRC. The Notes are enrolled with Philippine Dealing & Exchange Corp. (“PDEX”) and traded through the PDEX Trading System. The Notes have a fixed interest rate of 4.0500% per annum, and a maturity date of two years from Issue Date or on October 14, 2022. BDO Capital & Investment Corporation acted as Sole Issue Manager, Lead Arranger, and Bookrunner in respect of the Notes issuance.

Description of the Shares

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company’s voting securities as of December 31, 2021.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner the beneficial of the shares indicated	Filipino	2,183,082,107*	2,183,082,107*	39.56%
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner the beneficial of the shares indicated	Filipino	926,325,018*	926,325,018*	16.79%
Pasir Salak Investments Limited Brumby Center, Lot Jalan Muhibbah, 87000 Labuan FT, Malaysia	The record owner PCD Nominee Corporation	Malaysian	475,000,000*	475,000,000**	8.61%
TPG Rafter Holdings Ltd. Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands	The record owner PCD Nominee Corporation	Cayman Islands	475,000,000*	475,000,000**	8.61%

*including the shares held through PCD Nominee Corporation

**held through PCD Nominee Corporation

As of December 31, 2021, the Company’s authorized capital stock was ₱7,000,000,000.00 divided into (i) 6,850,000,000 Common Shares, each with a par value of ₱1.00, (ii) 100,000,000 non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares with

a par value of ₱1.00 per share and (iii) 5,000,000,000 voting preferred shares with a par value of ₱0.01 per share. As of December 31, 2021, there are (i) 5,391,399,020 Common Shares; (ii) 50,000,000 Series A Preferred Shares; and (iii) 37,000,000 Series B Preferred Shares issued and outstanding.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.
2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.
3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.
4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.
5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association or corporation in which the corporation is or become interested.
6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation,

or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.

7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.
8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.
9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation

themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
 - the extension of the term of corporate existence;
 - the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
 - a merger or consolidation;
- and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an

independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum. Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the

matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off- exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offer

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
 - removal of directors;
 - sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
 - investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
 - declaration or issuance of share dividends;
 - delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
 - merger or consolidation;
 - dissolution;
 - an increase or decrease in capital shares;
 - ratification of a contract of a directors or officer with the corporation;
 - extension or shortening of the corporate term;
 - creation or increase of bonded indebtedness;
- and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on their housing loans under the CTS program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging

approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and

Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2021 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

In million pesos	2021	2020	2019
Revenue	20,357.73	14,233.53	15,400.51
Cost of sales and services	10,053.81	7,410.48	6,541.95
Gross income	10,303.91	6,823.06	8,858.56
Operating expenses	2,690.52	1,821.83	2,675.81
Net operating income	7,613.40	5,001.23	6,182.75
Finance costs	1,673.03	1,692.08	1,616.72
Other income	1,723.59	1,640.64	1,593.98
Income before income tax	7,663.96	4,949.79	6,160.01
Provision for income tax	449.02	117.90	297.19
Net income	7,214.93	4,831.88	5,862.81

Revenue

The Company's revenue primarily comprises of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

Results of Operations

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenue

For the year ended December 31, 2021, the Company recorded consolidated revenue of ₱20,357.7 million, an increase of 43% from consolidated sales of ₱14,233.5 million recorded for the year ended December 31, 2019. The increase was mainly attributable to increased real estate sales. Lifting of construction restrictions allowed the Company to deliver more units in 2021. The Company's real estate sales generated ₱20,332.8 million in revenues for the year ended December 31, 2021, an increase of 44% from the ₱14,169.1 million in revenues recorded for the year ended December 31, 2020.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2021 was ₱10,053.8.5 million, an increase of 36% from consolidated cost of sales and services of ₱7,410.5 million for the year ended December 31, 2020. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2021 was ₱10,303.9 million, an increase of 51% from consolidated gross income of ₱6,823.1 for the year ended December 31, 2020. The Company's gross income margin for the year ended December 31, 2021 was 51% compared to a gross income margin of 48% recorded for the year ended December 31, 2020.

Operating Expenses

For the year ended December 31, 2021, the Company recorded consolidated operating expenses of ₱2,690.5 million, an increase of 48% from consolidated operating expenses of ₱1,821.8 million recorded for the year ended December 31, 2020.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2021 were ₱1,723.6 million, an increase from consolidated other operating income (expense) of ₱1,637.3 million recorded for the year ended December 31, 2020.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2021 were ₱1,673.0 million, a decrease from consolidated finance costs of ₱1,692.1 million recorded for the year ended December 31, 2020. The decrease was mainly attributable to lower level of loans from 2020 to 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2021 was ₱7,664.0 million, an increase from consolidated income before income tax of ₱4,949.8 million recorded for the year ended December 31, 2020.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2021 was ₱449.0 million, an increase from consolidated provision for income tax of ₱117.9 million recorded for the year ended December 31, 2020. The increase was attributed to sales from non BOI accredited projects in Metro Manila such as but not limited to Urban Deca Homes Ortigas and Urban Deca Homes Manila.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 was ₱7,214.9 million, an increase of 49% from consolidated net income of ₱4,831.9 million recorded for the year ended December 31, 2020. The Company's consolidated net income margin for the year ended December 31, 2021 and 2020 were 35% and 34% respectively.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

For the year ended December 31, 2020, the Company recorded consolidated revenue of ₱14,233.5 million, a decrease of 8% from consolidated sales of ₱15,400.5 million recorded for the year ended December 31, 2019. The decrease was mainly attributable to decreased real estate sales. The Company's real estate sales generated ₱14,169.1 million in revenues for the year ended December 31, 2020, a decrease of 6% from the ₱14,997.3 million in revenues recorded for the year ended December 31, 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2020 was ₱7,410.5 million, an increase of 13% from consolidated cost of sales and services of ₱6,542.0 million for the year ended December 31, 2019. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2020 was ₱6,823.1 million, a decrease of 23% from consolidated gross income for the year ended December 31, 2019. The Company's gross income margin for the year ended December 31, 2020 was 48% compared to a gross income margin of 58% recorded for the year ended December 31, 2019.

Operating Expenses

For the year ended December 31, 2020, the Company recorded consolidated operating expenses of ₱1,821.8 million, a decrease of 32% from consolidated operating expenses of ₱2,675.8 million recorded for the year ended December 31, 2019.⁷⁸

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2020 were ₱1,637.3 million, a decrease from consolidated other operating income (expense) of ₱1,594.0 million recorded for the year ended December 31, 2019.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2020 were ₱1,692.1 million, an increase from consolidated finance costs of ₱1,616.7 million recorded for the year ended December 31, 2019. The increase was mainly attributable to higher interest rate of the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2020 was ₱4,949.8 million, a decrease from consolidated income before income tax of ₱6,160.0 million recorded for the year ended December 31, 2019.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2020 was ₱117.9 million, a decrease from consolidated provision for income tax of ₱297.2 million recorded for the year ended December 31, 2019.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,831.9 million, a decrease of 18% from consolidated net income of ₱5,862.8 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

Financial Position

As at December 31, 2021 compared to As at December 31, 2020

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,655.7 million as at December 31, 2021, an increase of 37% from consolidated cash on hand and in banks of ₱1,209.3 million as at December 31, 2020.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,351.3 million as at December 31, 2021, a 42% increase from consolidated current portion of trade and other receivables of ₱3,064.8 million as at December 31, 2020.

Inventories

The Company's consolidated inventories were ₱41,704.8 million as at December 31, 2021, an increase of 5% from consolidated inventories of ₱39,812.0 million as at December 31, 2020. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱1,329.1 million as at December 31, 2021, an increase of 11% from consolidated due from related parties of ₱1,194.6 million as at December 31, 2020.

Other current assets

The Company's consolidated other current assets were ₱5,175.2 million as at December 31, 2021, an increase of 26% from consolidated other current assets of ₱4,117.3 million as at December 31, 2020, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱31,922.0 million as at December 31, 2021, an increase from consolidated trade and other receivables – net of current portion of ₱25,838.7 million as at December 31, 2020.

Property and equipment

The Company's consolidated property and equipment was ₱732.3 million as at December 31, 2021, a decrease of 1% from consolidated property and equipment of ₱739.3 million as at December 31, 2020.

Investment properties

The Company's consolidated investment properties were ₱341.5 million as at December 31, 2021, a decrease of 2% from consolidated investment properties of ₱348.0 million as at December 31, 2020.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱449.6 million as at December 31, 2021, an increase of 7% from consolidated other noncurrent assets of ₱419.8 million as at December 31, 2020.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,182.0 million as at December 31, 2021, an increase of 71% from consolidated current portion of trade and other payables of ₱5,362.3 million as at December 31, 2020.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱17,818.4 million as at December 31, 2021, a decrease of 10% from the consolidated current portion of loans payable of ₱19,742.4 million as at December 31, 2020.

Deposits from customers

The Company's consolidated deposits from customers were ₱875.9 million as at December 31, 2021, a slight increase from consolidated deposits from customers of ₱858.9 million as at December 31, 2020.

Due to related parties

The Company's consolidated due to related parties were ₱81.9 million as at December 31, 2021, a decrease from consolidated due to related parties of ₱233.5 million as at December 31, 2020.

Income tax payable

The Company's consolidated income tax payable was ₱50.4 million as at December 31, 2021, a decrease from consolidated income tax payable of ₱74.5 million as at December 31, 2020.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱934.1 million as at December 31, 2021, an increase from consolidated trade and other payables – net of current portion of ₱926.1 million as at December 31, 2020.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱12,050.8 million as at December 31, 2021, an increase from consolidated loans payable – net of current portion of ₱11,470.5 million as at December 31, 2020. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,112.7 million as at December 31, 2021, an increase from consolidated deferred tax liability of ₱880.5 million as at December 31, 2020. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2020 compared to As at December 31, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,209.3 million as at December 31, 2020, an increase of 16% from consolidated cash on hand and in banks of ₱1,043.4 million as at

December 31, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,064.8 million as at December 31, 2020, a 17% decrease from consolidated current portion of trade and other receivables of ₱3,685.4 million as at December 31, 2019.

Inventories

The Company's consolidated inventories were ₱39,812.0 million as at December 31, 2020, an increase of 7% from consolidated inventories of ₱37,046 million as at December 31, 2019. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land, and work in progress inventories related to high rise building project in Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Due from related parties

The Company's consolidated due from related parties were ₱1,194.6 million as at December 31, 2020, an increase of 20% from consolidated due from related parties of ₱996.5 million as at December 31, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,117.3 million as at December 31, 2020, an increase of 3% from consolidated other current assets of ₱4,014.2 million as at December 31, 2019, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱25,838.7 million as at December 31, 2020, an increase from consolidated trade and other receivables – net of current portion of ₱18,179.9 million as at December 31, 2019.

Property and equipment

The Company's consolidated property and equipment was ₱739.3 million as at December 31, 2020, a decrease of 7% from consolidated property and equipment of ₱796.5 million as at December 31, 2019.

Investment properties

The Company's consolidated investment properties were ₱348.0 million as at December 31, 2020, a decrease from consolidated investment properties of ₱353.7 million as at December 31, 2019.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱419.8 million as at December 31, 2020, an increase from consolidated other noncurrent assets of ₱368.8 million as at December 31, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,362.3 million as at December 31, 2020, a decrease of 2% from consolidated current portion of trade and other payables of ₱5,488.8 million as at December 31, 2019.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱19,742.4 million as at December 31, 2020, an increase of 72% from the consolidated current portion of loans payable of ₱11,503.3 million as at December 31, 2019.

Deposits from customers

The Company's consolidated deposits from customers were ₱858.9 million as at December 31, 2020, an increase of 27% from consolidated deposits from customers of ₱673.7 million as at December 31, 2019.

Due to related parties

The Company's consolidated due to related parties were ₱233.5 million as at December 31, 2020, an increase from consolidated due to related parties of ₱82.6 million as at December 31, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱74.5 million as at December 31, 2020, a decrease from consolidated income tax payable of ₱76.1 million as at December 31, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱926.1 million as at December 31, 2020, a decrease from consolidated trade and other payables – net of current portion of ₱990.0 million as at December 31, 2019.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱880.5 million as at December 31, 2020, a decrease from consolidated deferred tax liability of ₱919.6 million as at December 31, 2019. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund (“Pag-IBIG”), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company’s consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2021	2020	2019
	in million pesos		
Net cash from (used in) operating activities	2,367.37	(3,184.98)	800.34
Net cash provided by (used in) investing activities	(268.69)	(580.74)	(1,802.69)
Net cash provided by (used in) financing activities	(1,652.28)	3,931.62	(302.46)
Net increase (decrease) in cash on hand and in banks	446.40	165.90	(1,304.81)
Cash on hand and in banks at beginning of year	1,209.34	1,043.44	2,318.60
Cash and cash equivalents of newly acquired subsidiary	0.00	0.00	29.64
Cash on hand and in banks at end of year	1,655.74	1,209.34	1,043.43

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company’s consolidated net cash used in operating activities. The Company’s consolidated net cash from operating activities were ₱2,367.37 million for the year ended December 31, 2021, and consolidated net cash used in operating activities were ₱3,184.98 million, for the year ended December 31, 2020.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31, 2021 and 2020 were ₱268.69 million and ₱580.74 million, respectively.

For the year ended December 31, 2021, consolidated net cash flow used in investing activities reflected acquisitions of property and equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow used in financing activities for the year ended December 31, 2021 were ₱1,652.28 million while net cash flow provided by financing activities for the year ended December 31, 2020 were ₱3,931.62 million.

For the year ended December 31, 2021, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year and an issuance of bonds, as offset by certain loan repayments.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2021 and 2020.

Key Performance Indicators	As of December 31, 2021	As of December 31, 2020
	Audited	Audited
Current ratio	1.88	1.88
Book value per share	8.27	6.82
Debt to equity ratio	0.93	1.12
Asset to equity ratio	1.93	2.12
Asset to debt ratio	2.07	1.89
Gross income margin	51%	48%
Net income margin	35%	34%

Debt Obligations and Facilities

As of December 31, 2021, the Company's total outstanding indebtedness was ₱31.9 billion, comprised of various short-term and long-term loans mainly from local banks, notes and bonds payable, with interest rates ranging from 4.05% to 7.0% per annum in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS In-house financing program, land held for future development, inventories and various properties of the Company.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with HDMF where it will migrate its receivables under the CTS In-house financing program to HDMF's housing loan program for its members. For 2021, the Company has successfully migrated ₱4.1 billion worth of receivables to HDMF. Also, in 2021, the Company started the accreditation of its projects with bank for its housing loan program. Since it started in August 2021, the Company has successfully liquidated ₱331 million worth of receivables as of December 31, 2021 thru this channel.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies) or the securitization of portions of the Company's receivables portfolio.

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

Item 7. Consolidated Financial Statements

Please see accompanying 2021 Audited Consolidated Financial Statements ("2021 AFS")

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Independent Public Accountants

For 2021 and 2020, Ramon F. Garcia & Company, CPAs (RFG) has been engaged by the Board of Directors as Independent External Auditor.

For 2019, 2018 and 2017, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor.

Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Reyes Tacandong & Co., SGV & Co. and P&A have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auditors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2021 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2020, excluding fees directly related to the Offer.

	2019	2020	2021
		(₱)	
Audit and Audit-related Fees ⁽¹⁾	12,600,000	9,975,000	11,750,000
All Other Fees ⁽²⁾	1,512,000	997,500	1,175,000
Total	14,112,000	10,972,500	12,925,000



Lae Duyogan <8990holdings02@gmail.com>

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S.E.C. Registration Number

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(Company's Full Name)

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C	O	S	T	A,		S	A	L	C	E	D	O		V	I	L	L	A	G	E,		M	A	K	A	T	I		

[illegible][illegible]

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

Roan Buenaventura-Torregoza
Compliance Officer
Contact Person/s

(632) 4789659/5333915/5333917	
Company	Telephone

Number

1	2

3	1

SEC Form 17-A
December 31, 2021

0	8

2	7

Month Day
Calendar Year

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

33	

Total No. of Stockholders

29

Domestic

4

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

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Document I.D.

Cashier

STAMPS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **8990 Holdings, Inc.** is responsible for the preparation and fair presentation of financial statements, including the schedules attached therein, as of and for the years ended December 31, 2021 and 2020 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.

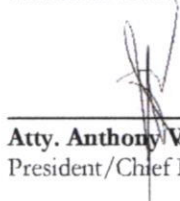
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

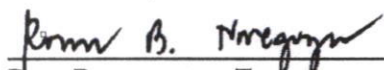
RAMON F. GARCIA AND CO., CPAs the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



Mariano D. Martinez Jr.
Chairman of the Board



Atty. Anthony Vincent S. Sotto
President/Chief Executive Officer



Roan Buenaventura-Torregoza
Chief Financial Officer

Signed this day of: May 29, 2022

Doc. No. 363

Page No. 72

Book No. 6

Series of 2022

GAUDENCIO A. BARBOZA JR.

NOTARY PUBLIC

Until December 31, 2022

PTR No. A-5063681/1A-104, 2021/TAGUIG CITY

IBP No. 131041/001, 2020 (for year 2021)

Res. No. 131041/001, 2020

MCLE Comp. No. 131041/001, 2020, 2019/Until 2022

Appointment No. 38(2021-2022)

HOUSING THE FILIPINO PEOPLE

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

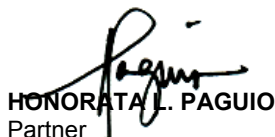
We have examined the financial statements of **8990 HOLDINGS, INC.** ("the Parent Company") for the year ended December 31, 2021, on which we have rendered the attached report dated May 29, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Parent Company has a total number of 101 shareholders owning one hundred (100) or more shares each.

Very truly yours,

RAMON F. GARCIA & COMPANY, CPAs

By:



HONORATA L. PAGUIO

Partner

CPA Certificate No. 0078850

PTR No. 8891006, January 29, 2022, Makati City

TIN 105-540-683-000

BOA/PRC Accreditation No. 0207 (November 11, 2019 – April 8, 2023)

Partner's BIR Accreditation No. 08-001759-003-2020 (February 24, 2020 to February 23, 2023)

Partner's SEC Accreditation No. 78850, Group A (Valid for the audit of 2019 to 2023 financial statements)

Firm's BIR Accreditation No. 08-001759-001-2020 (February 24, 2020 to February 23, 2023)

Firm's SEC Accreditation No. 0207-SEC-A (Valid for the audit of 2021 to 2025 financial statements)

May 29, 2022
Makati City

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the financial statements of **8990 HOLDINGS, INC.** ("the Parent Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards in Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatements, 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

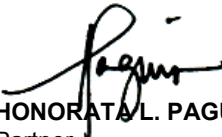
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

RAMON F. GARCIA & COMPANY, CPAs

By:



HONORABLE L. PAGUIO

Partner

CPA Certificate No. 0078850

PTR No. 8891006, January 29, 2022, Makati City

TIN 105-540-683-000

BOA/PRC Accreditation No. 0207 (November 11, 2019 – April 8, 2023)

Partner's BIR Accreditation No. 08-001759-003-2020 (February 24, 2020 to February 23, 2023)

Partner's SEC Accreditation No. 78850, Group A (Valid for the audit of 2019 to 2023 financial statements)

Firm's BIR Accreditation No. 08-001759-001-2020 (February 24, 2020 to February 23, 2023)

Firm's SEC Accreditation No. 0207-SEC-A (Valid for the audit of 2021 to 2025 financial statements)

May 29, 2022

Makati City

8990 HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY
AS AT DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

<u>ASSETS</u>	<u>Notes</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash on hand and in banks	7	40,557,428	6,292,210
Receivables	8	41,069,141	25,660,766
Loans receivables	9, 22	1,695,744,093	1,056,948,677
Due from related parties	22	1,102,160,712	-
Prepaid income tax	20	24,982,870	22,563,628
Other current assets - net	13	19,449,789	18,811,469
Total Current Assets		2,923,964,033	1,130,276,750
NON-CURRENT ASSETS			
Investments in subsidiaries	10	43,988,832,460	43,988,832,460
Investments in associates	11	93,214,510	-
Right-of-use asset, net	15	3,129,087	-
Loans receivables	9, 22	568,942,314	991,363,440
Property and equipment - net	12	15,001	23,212
Other non-current assets	13	393,891	-
Deferred tax assets	20	-	163,877
Total Non-current Assets		44,654,527,263	44,980,382,989
TOTAL ASSETS		47,578,491,296	46,110,659,739
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade and other payables	14	147,867,229	39,160,505
Bonds payable	17	375,019,694	-
Notes payable	16	500,000,000	-
Lease Liability	15	1,123,875	-
Due to related parties	22	1,175,932,157	3,772,035,272
Total Current Liabilities		2,199,942,955	3,811,195,777
NON-CURRENT LIABILITIES			
Bonds payable	17	217,612,305	591,475,044
Notes payable	16	-	1,300,000,000
Lease Liability	15	2,073,133	-
Pension liability	18	359,321	546,258
Deferred tax liabilities, net	20	3,213,797	-
Total Non-current Liabilities		223,258,556	1,892,021,302
Total Liabilities		2,423,201,511	5,703,217,079

EQUITY

Capital stock	19	5,604,990,720	5,567,990,720
Additional paid-in capital	19	36,987,009,351	33,383,901,887
Treasury shares, at cost	19	(1,806,540,154)	(1,806,540,154)
Revaluation reserve	18	(46,757)	(246,781)
Retained earnings	19	<u>4,369,876,625</u>	<u>3,262,336,988</u>
Total Equity		<u>45,155,289,785</u>	<u>40,407,442,660</u>
TOTAL LIABILITIES AND EQUITY		<u>47,578,491,296</u>	<u>46,110,659,739</u>

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020
(with comparative figures for the year ended December 31, 2019)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES				
Dividend income	10, 22	2,545,481,070	1,056,738,261	2,068,557,837
Share in net income of associate	11	13,214,510	-	-
Interest income	7, 9	279,948,574	487,356,622	560,758,421
Recovery on expected credit losses	8	1,937,581	-	-
Other income		<u>21,500</u>	<u>-</u>	<u>-</u>
		<u>2,840,603,235</u>	<u>1,544,094,883</u>	<u>2,629,316,258</u>
EXPENSES				
Professional fees		6,982,058	8,910,977	6,580,949
Subscription, dues and fees		2,471,371	5,803,575	4,980,544
Taxes and licenses		4,993,296	5,796,562	306,606
Impairment loss	8, 13	-	4,068,046	-
Salaries and wages	22	3,146,089	2,335,573	3,683,329
Representation		1,980,749	1,442,269	2,970,469
Rent	15	884,819	1,364,153	1,295,768
Communication, light and water		281,582	345,259	553,031
Depreciation and amortization	12, 15	512,902	22,901	294,849
Miscellaneous	23	<u>18,560,867</u>	<u>7,395,912</u>	<u>5,770,136</u>
		<u>(39,813,733)</u>	<u>(37,485,227)</u>	<u>(26,435,681)</u>
OPERATING INCOME		2,800,789,502	1,506,609,656	2,602,880,577
FINANCE COSTS	15, 16, 17	<u>(81,235,098)</u>	<u>(485,218,676)</u>	<u>(585,191,944)</u>
INCOME BEFORE TAX		2,719,554,404	1,021,390,980	2,017,688,633
TAX EXPENSE	20	<u>(3,601,623)</u>	<u>(1,249,480)</u>	<u>(1,078,558)</u>
NET INCOME		<u>2,715,952,781</u>	<u>1,020,141,500</u>	<u>2,016,610,075</u>
BASIC/DILUTED EARNINGS PER SHARE	26	<u>0.41</u>	<u>0.13</u>	<u>0.32</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurement of defined benefit post-employment obligation	18	290,202	(183,657)	(233,577)
Tax benefit (expense)	20	<u>(90,178)</u>	<u>55,097</u>	<u>70,073</u>
		<u>200,024</u>	<u>(128,560)</u>	<u>(163,504)</u>
TOTAL COMPREHENSIVE INCOME		<u>2,716,152,805</u>	<u>1,020,012,940</u>	<u>2,016,446,571</u>

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF CHANGES IN EQUITY OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020
(with comparative figures for the year ended December 31, 2019)
(Amounts in Philippine Pesos)

	Note	Capital Stock	Additional Paid-in Capital	Treasury Shares	Revaluation Reserve	Retained Earnings	Total Equity
Balance at January 1, 2021		5,567,990,720	33,383,901,887	(1,806,540,154)	(246,781)	3,262,336,988	40,407,442,660
Proceeds from issuance of preferred shares	19	37,000,000	3,603,107,464	-	-	-	3,640,107,464
Cash dividends	19	-	-	-	-	(1,608,413,144)	(1,608,413,144)
Comprehensive income for the year							
Net income		-	-	-	-	2,715,952,781	2,715,952,781
Other comprehensive income		-	-	-	200,024	-	200,024
Balance at December 31, 2021		<u>5,604,990,720</u>	<u>36,987,009,351</u>	<u>(1,806,540,154)</u>	<u>(46,757)</u>	<u>4,369,876,625</u>	<u>45,155,289,785</u>
Balance at January 1, 2020		5,567,990,720	33,383,901,887	(1,266,523,478)	(118,221)	2,543,510,461	40,228,761,369
Acquisition of treasury shares during the year	19	-	-	(540,016,676)	-	-	(540,016,676)
Cash dividends	19	-	-	-	-	(301,314,973)	(301,314,973)
Comprehensive income for the year							
Net income		-	-	-	-	1,020,141,500	1,020,141,500
Other comprehensive income		-	-	-	(128,560)	-	(128,560)
Balance at December 31, 2020		<u>5,567,990,720</u>	<u>33,383,901,887</u>	<u>(1,806,540,154)</u>	<u>(246,781)</u>	<u>3,262,336,988</u>	<u>40,407,442,660</u>
Balance at January 1, 2019		5,567,990,720	33,383,901,887	-	45,283	828,215,386	39,780,153,276
Acquisition of treasury shares during the year	19	-	-	(1,266,523,478)	-	-	(1,266,523,478)
Cash dividends	19	-	-	-	-	(301,315,000)	(301,315,000)
Comprehensive income for the year							
Net income		-	-	-	-	2,016,610,075	2,016,610,075
Other comprehensive income		-	-	-	(163,504)	-	(163,504)
Balance at December 31, 2019		<u>5,567,990,720</u>	<u>33,383,901,887</u>	<u>(1,266,523,478)</u>	<u>(118,221)</u>	<u>2,543,510,461</u>	<u>40,228,761,369</u>

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF CASH FLOWS OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020
(with comparative figures for the year ended December 31, 2019)
(Amounts in Philippine Pesos)

	Notes	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		2,719,554,404	1,021,390,980	2,017,688,633
Adjustments for:				
Dividend income	10, 22	(2,545,481,070)	(1,056,738,261)	(2,068,557,837)
Equity in net earnings of associate	11	(13,214,510)	-	-
Interest expense	15, 16, 17	80,161,208	464,276,980	559,872,606
Interest income	7, 9	(279,948,574)	(487,350,494)	(560,758,421)
Pension cost	18	103,265	64,344	23,109
Impairments loss (recovery of expected credit losses)	8, 13	(1,937,581)	4,068,046	-
Amortization of bond issue costs	17, 24	1,156,954	20,930,304	24,627,038
Depreciation and amortization	12, 15	512,902	22,901	294,849
Operating loss before working capital changes		(39,093,002)	(33,335,200)	(26,810,023)
(Increase) Decrease in receivables		(8,958,738)	7,242,391,925	5,021,237
(Increase) Decrease in other current assets		(81,520,039)	(4,631,957)	(3,380,515)
(Increase) Decrease in other non-current assets		(393,891)	(115,071)	310,726
Increase (Decrease) in trade and other payables		96,776,487	(100,006,394)	(15,200,376)
Increase (Decrease) in non-current liabilities		-	(9,593)	689,472
Cash provided by (used in) operations		(33,189,183)	7,104,293,710	(39,369,479)
Interest paid		(68,147,156)	(444,246,743)	(559,872,606)
Interest received	7	61,733	35,855	30,328
Income taxes paid		(1,839,302)	-	-
Final taxes paid		(12,347)	(7,170)	(6,047)
Net Cash Provided by (Used in) Operating Activities		(103,126,255)	6,660,075,652	(599,217,804)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	10, 22	2,545,481,070	1,056,738,261	2,068,557,837
Collections from (advances granted to) related parties	22	(1,102,160,712)	160,368,009	(160,368,009)
Loans granted to a third party	9	-	-	(82,947,517)
Interest received from loans to a third party	9	59,000,495	54,703,416	48,332,813
Acquisition of property and equipment		-	-	(10,893)
Net Cash Provided by Investing Activities		1,502,320,853	1,271,809,686	1,873,564,231
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from notes	16	-	1,300,000,000	-
Partial Payment of notes	16	(800,000,000)	-	-
Acquisitions of treasury shares	19	-	(540,016,676)	(1,266,523,478)
Payment of bonds	24	-	(8,405,590,000)	-
Proceeds from issuance of preferred shares	19	3,640,107,464	-	-
Payments of dividends	19	(1,608,413,144)	(301,314,973)	(301,315,000)
Advances obtained from related parties	22, 24	-	23,216,435	137,555,355
Repayment of Lease Liability	15	(520,585)	-	-
Repayment of advances obtained from related parties	22, 24	(2,596,103,115)	(3,791,273)	(3,791,273)
Net Cash Used in Financing Activities		(1,364,929,380)	(7,927,496,487)	(1,434,074,396)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS				
		34,265,218	4,388,851	(159,727,969)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR				
		6,292,210	1,903,359	161,631,328
CASH ON HAND AND IN BANKS AT END OF YEAR				
	7	40,557,428	6,292,210	1,903,359

See Notes to Financial Statements.

8990 HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(with comparative figures for the year ended December 31, 2019)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

8990 Holdings, Inc. (the Company or the Parent Company) was incorporated in the Philippines, registered with the Securities and Exchange Commission (SEC) on July 8, 2005 and was listed in the Philippine Stock Exchange (PSE) on October 20, 2010.

8990 Holdings is 39.21% owned by iHoldings, Inc., which is a holding company that was incorporated and domiciled in the Philippines.

The Company is a holding company. It is presently engaged in various activities related to personal and real property of every kind and description, including business activities of an investment holding company, without engaging in dealership in securities, in brokerage business, or in the business of an investment property.

As of December 31, 2021 and 2020, the Company has investments in the following wholly-owned subsidiaries (see Note 10):

- a) 8990 Housing Development Corporation (8990 HDC)
- b) Fog Horn, Inc. (FHI)
- c) 8990 Luzon Housing Development Corporation (8990 LHDC)
- d) 8990 Davao Housing Development Corporation (8990 DHDC)
- e) 8990 Leisure and Resorts Corporation (8990 LRC)
- f) 8990 Mindanao Housing Development Corporation (8990 MHDC)

The above subsidiaries are all incorporated and operating in the Philippines, and except for 8990 LRC and FHI, are all engaged in real estate development. 8990 LRC is engaged in hotel and resorts business while FHI is engage in both real estate development and hotels and resorts.

The Company has recently obtained 20% of shares of Scheirman Construction Consolidated Incorporated (SCCI) making it as associate of the said company.

The above associate was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 16, 2016. The Associate is primarily engaged in general building construction as contractor and builder of residential homes, commercial and industrial buildings, barracks, piers and other edifications needed and necessary in the ordinary course of business.

The registered office address of the Company, which is also its principal place of business, is at 11th Floor Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2021 (including the comparative financial statements as of and for the year ended December 31, 2020 and 2019) were authorized for issue by the Company's Board of Directors (BOD) on May 29, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Basis of Measurement

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis except for:

- i. financial instruments measured at amortized cost;
- ii. financial instruments which are valued at fair value;
- iii. inventories at lower of cost and net realizable value (NRV);
- iv. defined benefit asset or obligation recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation; and
- v. provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability,

the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense and other comprehensive income or loss in a single statement of comprehensive income.

In accordance with PAS 1 (effective 2013), the Company is required to present a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed. The Company has no retrospective adjustments during the year, thus, no third Statement of Financial Position was presented.

(d) *Functional and Presentation Currency*

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

Transactions and balances:

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the year are translated into functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

(e) *Current vs. non-current classification*

The Corporation presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- i. It is expected to be settled in the normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Net deferred tax assets and liabilities are classified as noncurrent asset and liability, respectively.

2.2 Adoption of New and Amended PFRS

Standards issued and effective for the current year

The accounting policies adopted are consistent with those of the previous financial year except for the changes in accounting policies as explained below. The Company has adopted the following new standard, amendments to standard and interpretation starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amended standards and interpretation did not have any significant impact on the Company's financial statements:

- Amendments to PFRS 16, *Leases* - COVID-19-related Rent Concessions

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The adoption of these amendments had no impact on the Company's financial statements as the Company does not have COVID-19 related rent concessions.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reforms- Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual periods beginning on or after January 1, 2021. The amendment does not have any impact on the financial statements of the Company.

Standards issued but not yet effective

The Company will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before intended use*

The standard is amended to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of fulfilling a contract*

The changes in Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

The Company is still evaluating the impact of these new amendments.

- Annual improvements to PFRS Standards 2018-2020 Cycle
 - *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

○ *Amendments to PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

○ *Amendments to PAS 41, Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

● *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The amendments are not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

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 the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the

sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company is currently assessing the impact of the above amendments and to be adopted when effective and applicable.

2.3 Separate Financial Statements and Investments in Subsidiaries

These financial statements are prepared as the Company's separate financial statements prepared in accordance with PAS 27, Separate Financial Statements. The Company also prepares and issues consolidated financial statements for the same period in accordance with PFRS.

Subsidiaries are entities over which the Company 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. Specifically, the Company controls an investee if and only if the Company has:

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

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

- i. The contractual arrangement with the other vote holders of the investee;
- ii. Rights arising from other contractual arrangements; and
- iii. The Parent Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

The Company's investments in subsidiaries are accounted for in these separate financial statements at cost, less any impairment (see Notes 2.6 and 2.16).

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments. Financial assets are recognized initially at fair value. Transaction

costs are included in the initial measurement of the financial assets, except for investments classified at FVTPL, if any. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(a) *Classification, Measurement and Reclassification of Financial Assets*

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. All of the Company's financial assets are currently classified as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost include those presented in the statement of financial position as Cash on Hand and in Banks, Receivables (with respect to interest receivables), Loans Receivables, Due from Related Parties and Other Current Assets (with respect to lease deposits) in the statement of financial position. Cash include cash on hand and demand deposits which are subject to insignificant risk of changes in value. These financial assets are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, if any, which are classified as non-current assets.

Interest income on financial assets at amortized cost is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves. The interest earned is recognized in the statement of comprehensive income under the Revenue section.

Dividend income is recognized when the Company's right to receive dividends is established, it is probable that economic benefits associated with the dividends will flow to the Company, and the amount of dividend can be measured reliably.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses and recognizes an allowance for ECL on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Company considers both quantitative and qualitative criteria.

The Company's credit exposures are concentrated on loans receivables, including those from related parties. For these financial assets, the ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). For deposits in banks, the Company applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

ECL measurement is a function of the following elements:

- *Probability of default* – it is an estimate of likelihood of a counterparty defaulting of its financial obligation over a given time horizon, either over the next 12 months or over the remaining lifetime of the obligation.
- *Loss given default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Company expects to receive discounted at an approximation of the original effective interest rate. The expected cash flows, considers recoveries from any credit enhancements that are integral to the financial instrument.
- *Exposure at default* – it represents the gross carrying amount of the financial assets in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

When the Company derecognizes a financial asset through renegotiation or modification of the contractual payment terms of the loans due to significant credit distress of the borrower, the Company assesses whether or not the new terms are substantially different to the original terms of the instrument. If the terms are substantially different, the Company derecognizes the financial asset and recognizes a new asset at fair value, and recalculates a new effective interest rate for the asset. Differences in the carrying amount between the old financial asset derecognized and the fair value of the new financial asset are recognized as gain or loss in profit or loss upon derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

2.5 Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization, and any impairment loss. The initial cost of an asset consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year in which 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 an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization is removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and office equipment	3-5 years
Transportation equipment	5 years

Leasehold improvements are amortized over the estimated useful life of the improvements of 5 years or the lease term, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

The estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fully depreciated or amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of these assets.

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

2.6 Investment in Subsidiaries

A subsidiary is an entity which the Company has control. An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls the investee when it is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if, and only if, the investor has all the following:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

Investments in subsidiaries are accounted for and presented at cost less any impairment in value. Under the cost method, the Company recognizes dividend income from the investment only to the extent that the Company receives distributions, or right to receive the dividend has been established, from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction from the cost of investment.

The carrying amount of investments in subsidiaries is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The indicators of impairment include: (a) dividends declared by the subsidiary exceeds its total comprehensive income, (b) market value of the shares of stock of the subsidiary exceeds the carrying amount of the investment, and (c) the carrying amount of the investment exceeds the Company's share in the net assets of the investee company. If any such indication exists and where the carrying amount exceed the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An investment in a subsidiary is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the net carrying amount of the investment) is included in the statement of comprehensive income in the year the investment is derecognized.

2.7 Investment in Associate

An associate is an entity over which the Company has significant influence but not control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Company's share in the net assets of the associate and any impairment losses. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss. Share in post-acquisition change in the associate's net assets not recognized in profit or loss is directly recognized in the Company's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Company discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Company has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Company will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

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

2.8 Prepayments and Other Assets

Prepaid expenses are paid in advance and recorded as asset before these are utilized. These are initially recorded as assets and measured at the amount of cash paid. These are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as non-current assets.

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.9 Financial Liabilities

Financial liabilities, which include trade and other payables (except tax-related liabilities), bonds payable and due to related parties are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the statement of comprehensive income, except for those capitalized borrowing costs (see Note 2.18).

Bonds payable are raised for support of long-term funding of operations of the Company and its subsidiaries.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized as gain or loss in profit or loss.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.11 Determination and Measurement of Fair Value

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

2.13 Revenue and Expense Recognition

The Company's revenues arise mainly from the dividends from subsidiaries, equity in net earnings of associate and interest income from loans receivables and cash in bank (see Notes 2.4, 2.6 and 2.7).

Revenue is recognized in a manner that depicts the pattern of goods and services to customers at an amount to which the Company expects to be entitled in exchange for those goods and services. The focus of revenue recognition is on the transfer of control of goods or services, which could be at a point in time or over time, following this five-step process:

- (1) identify the contract with a customer;
- (2) identify the performance obligations (distinct goods or services promised) in the contract;
- (3) determine the transaction price (including fixed amounts or variable amounts, or both; financing components; non-cash consideration; consideration payable to customer, if any);
- (4) allocate the transaction price to the performance obligations; and,
- (5) recognize revenue when (or as) performance obligations are satisfied (at a point in time or over time).

The Company determines whether a contract with customer exists by evaluating the presence of all these five gating criteria, as follows:

- (i) the parties to the contract have approved the contract and committed to perform their respective obligations;
- (ii) each party's rights in relation to the goods or services to be transferred or performed can be identified;
- (iii) the payment terms can be identified;
- (iv) the contract has commercial substance (i.e., the Company expects the risk, timing or amount of the Company's future cash flows to change as a result of the contract); and,
- (v) collection of the consideration in exchange of the goods and services is probable (i.e., more likely than not to occur).

A contract, for purposes of revenue recognition, does not exist if each party has a unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis. Currently, the Company does not have any qualifying asset that would require capitalization of borrowing costs.

2.14 Leases- Company as Lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. Under PFRS 16, a lease exists where the contract grants the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an identified asset for a period of time is conveyed when, the customer has both of the following throughout the period of use:

- i. The right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. The right to direct the use of the identified asset.

In identifying the leases, lease and some non-lease components shall be accounted separately under applicable standards.

Company as a lessee

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case, the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

In 2020, the Company did not recognize lease liability and right-of-use assets since its existing leases pertaining to its office are short-term leases and accordingly, will not be accounted under PFRS 16. The rental payments are recognized as expense in the statement of comprehensive income based on actual rent paid or payable during the year.

In 2021, the management of the Company has assessed and recognized corresponding right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments with corresponding depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income considering that the lease contract is more than a year.

2.15 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.16 Impairment of Non-financial Assets

The Company's investments in subsidiaries, property and equipment, and other non-financial assets are subject to impairment testing. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use.

In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are

determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the assets or cash generating unit's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rate of zero coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in profit or loss in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(b) *Post-employment Defined Contribution Plans*

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity (e.g. Social Security System). The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) *Short-term Benefits*

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the statement of financial position.

(d) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.18 *Borrowing costs*

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.19 *Income Taxes*

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.20 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirement of SEC Memorandum Circular 2019-10, Rules of Material Related Transaction for Publicly- Listed Companies, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revaluation reserves pertains to remeasurement of defined benefit obligation which pertains to accumulated actuarial gains or losses on remeasurements of pension plan.

Retained earnings represent all current and prior period results of operations as reported in the statement of comprehensive income, reduced by the amounts of dividends declared.

2.22 Earnings Per Share (EPS)

Basic and diluted EPS is computed by dividing net profit of the Company attributable to the weighted average number of common shares issued and outstanding during the reporting period, adjusted for any subsequent stock dividends declared. Diluted EPS amounts are calculated by dividing the net profit attributable to the Company (after deducting interest on the convertible preferred shares, if any) by the weighted average number of common shares outstanding during the reporting period plus the weighted average number of common shares that be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.23 Value – Added Tax (VAT)

Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other assets" in the statement of financial position.

2.24 Events after the End of the Reporting Period

Events after the end of the reporting period are those events, favorable or unfavorable that occur between the end of reporting period and the date when the financial statements are for issue.

Any post year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Control

The Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Company controls an entity if and only if the Company has all of the following:

- i. Power over the entity;
- ii. Exposure, or rights, to variable returns from its involvement with the entity; and,
- iii. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

The Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

(b) *Business Model Assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) *Determination of ECL on Financial Assets Measured at Amortized Cost*

When measuring allowance for ECL for financial assets at amortized cost, management applies judgment in defining the criteria in assessing whether a financial asset has experienced significant increase in credit risk since initial recognition, which involve an assessment of the counterparties' default occurring over the life of the financial asset subjected to ECL assessment. This assessment takes into consideration both the quantitative and qualitative information about the credit quality of specific counterparty, which may be affected by forward-looking factors and economic environment. This information is incorporated by the Company in its ECL assessment which may result in different measurements of ECL as those information changes.

The information on the Company's ECL measurement and the credit quality of its financial assets measured at amortized cost are presented in more detail in Note 4.1.

(d) *Determination of Lease Term of Contracts with Renewal and Termination Option*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For lease of office premises, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of land because the terms are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company

(e) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.12 and disclosures on relevant contingencies is presented in Note 21.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented in the succeeding page.

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Together with the judgment applied by management in assessing whether a financial asset has experienced significant increase in credit risk since initial recognition, management makes an estimation of the contractual cash flows due from counterparty and those that the Company would expect to receive, taking into account any cash flows from the realization of any credit enhancements or other recovery strategies that the Company may execute depending on the possible arrangement with counterparties. Depending on the contractual terms of the financial assets and the expected timing of the recoveries, the determination of ECL calculates the time value of money that may require the use of a discounting factor.

The information on the Company's ECL measurement and the credit quality of its financial assets measured at amortized cost are presented in more detail in Note 4.1.

Allowance for impairment for receivables amounted to P 1,512,419 and P 3,450,000 in 2021 and 2020, respectively. The recovery of expected credit losses in 2021 amounted to P 1,937,581 while the impairment loss recognized in 2020 amounted to P3,450,000. The carrying amounts of trade and other receivables amounted to P 41,069,141 and P 25,660,766 as of December 31, 2021 and 2020 (see Note 8).

(b) *Impairment of Non-Financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.16). Though management

believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2021, management has assessed that there were no indications of impairment on its non-financial assets as of the end of each reporting period. Accordingly, the Company did not recognize any impairment losses on its non-financial assets. The carrying values of the investments in subsidiaries, investment in associates and property and equipment, other non-financial assets and right of use of assets are disclosed in Notes 10, 11, 12, 13 and 15, respectively.

In 2020, management has assessed that there were no indications of impairment on its non-financial assets as of the end of each reporting period except for other non-financial assets as disclosed in Note 13. Accordingly, the Company did not recognize any impairment losses on investments in subsidiaries and property and equipment. Impairment loss recognized for other non-financial assets is disclosed in Note 13.

Allowance for impairment losses on other assets amounted to P 2,885,517 as of December 31, 2021 and 2020. The carrying amount of other assets amounted to P 19,843,679 and P 18,811,469 as of December 31, 2021 and 2020, respectively. (see Note 13).

(c) *Recognition of Deferred Tax Assets*

The Company reviews its deferred taxes at the end of each reporting period and reduces the carrying amount 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. As at December 31, 2021 and 2020, management is of the opinion that the Company will not be able to fully utilize its deferred tax assets as it does not expect significant future taxable income to which the deferred tax assets can be applied. Accordingly, the Company did not recognize deferred tax assets except on the remeasurement loss on retirement obligation in both periods presented, (see Notes 18 and 20).

The carrying value of net deferred tax assets as at December 31, 2021 and 2020 amounted to P 89,830 and P 163,877 (see Note 20).

(d) *Retirement and other benefits*

The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 and include among others, discount rate, expected return on plan assets and rate of compensation increase. In accordance with PFRS, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The estimated retirement benefit obligation as at December 31, 2021 and 2020 amounted to P 359,321 and P 546,258, respectively (Note 18).

4 RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial instruments comprise of cash on hand and in banks, loans receivables, interest receivables (presented as part of Receivables), due to/from related parties, lease deposits (presented as Other Non-current Assets in 2021 and Other Current Assets in 2020), trade and other payables, due to related parties and bonds payable.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing each of these risks.

4.1 Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when the obligations fall due. The Company manages credit risk by assessing the creditworthiness of its counterparties. The Company continuously monitors the receivable balances with the result that an allowance is made for doubtful accounts.

(a) Maximum Exposures to Credit Risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position summarized as follows:

	Notes	2021	2020
Cash in banks	7	P 40,547,428	P 6,282,210
Receivables	8	41,069,141	25,660,766
Loans receivables	9	2,264,686,407	2,048,312,117
Due from related parties	22	1,102,160,712	-
*Lease deposits	13	393,891	359,532
		<u>P 3,448,857,579</u>	<u>P 2,080,614,625</u>

*Deposits is presented under other non-current assets in the statements of financial position amounted to P 393,891 as of December 31, 2021.

*Deposits is presented under other current assets in the statements of financial position amounted to P 359,532 as of December 31, 2020.

(b) Credit Risk Management and Assessment

(i) Cash in banks

As part of Company's policy, bank deposits are only maintained with reputable financial institutions with low credit risk based on externally available risk ratings or from the Company's internal credit grading that takes into consideration its banking relationship and activities with its depository banks. In addition, cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(ii) Loans and interest receivables

Loans and interest receivables arising from cash advances extended by the Company to its subsidiaries are maturing within one to seven years.

Credit risk of loans receivables is managed primarily through continuing credit review analyses, which consider the age of accounts, historical collection and loss experience with a particular counterparty, and their liquidity condition.

For interest-bearing loans, the Company considers the loan in default and credit-impaired when contractual payment of interest are 90 days past due.

In the case of non-interest bearing loans to subsidiaries, the Company manages credit risk between entities within the 8990 Group consistent with how it monitor the liquidity of these entities which are managed together to ensure that their operating requirements, including maturing obligations to third parties are settled in a timely manner. Aligned with this policy, the Company may grant additional advances to its subsidiaries or extend the credit term as necessary. This policy provides the 8990 Group more leverage and strategic approach in managing cash.

As the principal amount of the Company's loans are maturing beyond one year with no historical default observed in the past years, the Company also assesses credit exposures of its loans and receivables by identifying other qualitative factors and circumstances, including adverse economic factors and entity-specific economic and operational challenges that may indicate that the counterparties may unlikely settle their obligations to the Company. This assessment may also consider the sufficiency of the counterparties' liquid assets in order to repay, including other expected manner of recovery.

(iii) Due from related parties

ECL for receivables from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. The Company does not consider any significant risks from the receivables provided to related parties since the Company's credit risks for liquid funds are considered negligible. Moreover, these related parties are operating subsidiaries that continuously generate positive results and cash flows. Hence, recognition of impairment loss is remote.

(iv) Lease deposits

Lease deposits pertains to the deposits from rental and electrical facilities. The Company considers its credit risk for lease and other deposits to be negligible considering its continuing business relationships with the counterparties and the absence of any historical experience indicating that the counterparties will unlikely settle their obligations as the deposits are refunded by the Company.

(c) Credit Quality and Expected Credit Loss

The Company's basis in grading its financial assets follows:

- High grade – Entities that are highly liquid, sustain operating trends, unlikely to be affected by external factors and have competent management that uses current business models.

- Standard grade – Entities that meet performance expectation, unlikely to be affected by external factors and have competent management that uses current business models.
- Substandard grade – Entities with marginal liquidity and have a declining trend in operations or an imbalanced position in the balance sheet, though not to the point that repayment is jeopardized.

The following tables show the credit quality per class of financial assets as at December 31:

	Neither past due nor impaired		Past due but not impaired		Impaired	Total
	High grade	Standard grade				
2021						
Cash in banks	P 40,547,428	P -	P -	P -	P 40,547,428	
Receivables	-	41,069,141	-	1,512,419	42,581,560	
Loans receivables	1,695,744,093	568,942,314	-	-	2,264,686,407	
Due from related Parties	1,102,160,712	-	-	-	1,102,160,712	
*Lease deposits	-	393,891	-	-	393,891	
	<u>P 2,838,452,233</u>	<u>P 610,405,346</u>	<u>P -</u>	<u>P 1,512,419</u>	<u>P 3,450,369,998</u>	
2020						
Cash in banks	P 6,282,210	P -	P -	P -	P 6,282,210	
Receivables	-	25,660,766	-	3,450,000	29,110,766	
Loans receivables	1,056,948,677	991,363,440	-	-	2,048,312,117	
**Lease deposits	-	359,532	-	-	359,532	
	<u>P 1,063,230,887</u>	<u>P 1,017,383,738</u>	<u>P -</u>	<u>P 3,450,000</u>	<u>P 2,084,064,625</u>	

***Deposits is presented under other non-current assets in the statement of financial position amounted to P 393,891 as of December 31, 2021.*

***Deposits is presented under other current assets in the statement of financial position amounted to P 359,532 as of December 31, 2020.*

Based on the quality of the Company's financial assets as at December 31, 2021 and 2020, which are neither past due nor impaired nor have experienced significant increase in credit risk since initial recognition, and the estimates of cash flows expected to be recovered from counterparties when these financial assets default, management has assessed that ECL as of December 31, 2021 and 2020 is insignificant.

4.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company seeks to manage its liquidity profile to be able to finance its working capital requirements. It may obtain cash advances from a related party to cover its financing requirements when such strategy will provide cost-efficient use of 8990 Group's resources.

The tables below and in the succeeding page show the maturity profile of the Company's financial instruments based on the contractual undiscounted cash flows.

		Within three months	Later than three months but not later than one year	Later than one year	Total
2021					
Financial Assets					
Cash on hand and in banks	P	40,557,428	P -	P -	P 40,557,428
Receivables		4,512,055	36,557,086	-	41,069,141
Loans receivables		-	1,695,744,093	568,942,314	2,264,686,407
Due from related parties		1,102,160,712	-	-	1,102,160,712
Lease deposits		-	-	393,891	393,891
		<u>P 1,147,230,195</u>	<u>P 1,732,301,179</u>	<u>P 569,336,205</u>	<u>P 3,448,867,579</u>
Financial Liabilities					
Trade and other payables*	P	77,652,901	P -	P -	P 77,652,901
Due to related parties		1,175,932,157	-	-	1,175,932,157
Lease liabilities		267,174	856,701	2,073,133	3,197,008
Notes payable		-	500,000,000	-	500,000,000
Bonds payable		-	375,019,694	217,612,305	592,631,999
		<u>P 1,253,852,232</u>	<u>P 875,876,395</u>	<u>P 219,685,438</u>	<u>P 2,349,414,065</u>
2020					
Financial Assets					
Cash on hand and in banks	P	6,292,210	P -	P -	P 6,292,210
Receivables		8,878,877	16,781,889	-	25,660,766
Loans receivables		-	1,056,948,677	991,363,440	2,048,312,117
Lease deposits		-	359,532	-	359,532
		<u>P 15,171,087</u>	<u>P 1,074,090,098</u>	<u>P 991,363,440</u>	<u>P 2,080,624,625</u>
Financial Liabilities					
Trade and other payables*	P	31,822,509	P -	P -	P 31,822,509
Due to related parties		3,772,035,272	-	-	3,772,035,272
Notes payable		-	-	1,300,000,000	1,300,000,000
Bonds payable		-	-	591,475,044	591,475,044
		<u>P 3,803,857,781</u>	<u>P -</u>	<u>P 1,891,475,044</u>	<u>P 5,695,332,825</u>

*Excludes withholding taxes and other government payables aggregating to P70,214,327 and P7,337,996 as of December 31, 2021 and 2020, respectively.

4.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters while optimizing the return.

As of December 31, 2021 and 2020, the Company has no financial instruments that are exposed to significant interest rate risk. The Company's cash in banks, loans receivables, and bonds payable are subject to fixed interest rates.

The Company's United States (US) dollar-denominated financial instrument pertains only to cash in banks, translated into Philippine peso at the closing rates, amounting to P0.2 million as of December 31, 2021 and 2020. The exchange rates used are P50.99: US \$1 and P48.04: US \$1 as of December 31, 2021 and 2020, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the Company's exposure to foreign exchange risk is not material.

5 CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

For the Company's financial assets and financial liabilities as of December 31, 2021 and 2020, management determined that the carrying amounts of these financial instruments are equal to or approximate their fair values, except for bonds payable. A comparison between the carrying amounts and fair values of these financial instruments is presented in Note 6.

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
December 31, 2021			
Bonds payable	<u>P 592,631,999</u>	<u>(P 40,547,428)</u>	<u>P 552,084,571</u>
December 31, 2020			
Bonds payable	<u>P 591,475,044</u>	<u>(P 6,282,210)</u>	<u>P 585,192,834</u>

For financial liabilities (i.e., interest-bearing loans and borrowings and their corresponding deposits) subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

6 FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions (i.e., an exit price) at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

6.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or financial liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity's specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.3 Fair Value Comparison and Hierarchy of Financial Instruments

The following table summarizes the carrying amounts and fair values of the Company's financial assets and financial liability that are carried at amortized cost but the fair value of which are disclosed by level of the fair value hierarchy as of December 31, 2021 and 2020:

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
2021					
Financial Assets					
Cash on hand and in banks	P 40,557,428	P 40,557,428	P -	P -	P 40,557,428
Receivables	41,069,141	-	-	41,069,141	41,069,141
Loans receivables	2,264,686,407	-	-	2,264,686,407	2,264,686,407
Due from related parties	1,102,160,712	-	-	1,102,160,712	1,102,160,712
Lease deposits	393,891	-	-	393,891	393,891
	<u>P 3,448,867,579</u>	<u>P 40,557,428</u>	<u>P -</u>	<u>P 3,408,310,151</u>	<u>P 3,448,867,579</u>
Financial Liabilities					
Trade and other payables	P 77,652,901	P -	P -	P 77,652,901	P 77,652,901
Due to related parties	1,175,932,157	-	-	1,175,932,157	1,175,932,157
Lease liabilities	3,197,008	-	-	3,197,008	3,197,008
Notes Payable	500,000,000	-	-	500,000,000	500,000,000
Bonds Payable	592,631,999	628,317,103	-	-	628,317,103
	<u>P 2,349,414,065</u>	<u>P 628,317,103</u>	<u>P -</u>	<u>P 1,756,782,066</u>	<u>P 2,385,099,169</u>
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
2020					
Financial Assets					
Cash on hand and in banks	P 6,292,210	P 6,292,210	P -	P -	P 6,292,210
Receivables	25,660,766	-	-	25,660,766	25,660,766
Loans receivables	2,048,312,117	-	-	2,048,312,117	2,048,312,117
Lease deposits	359,532	-	-	359,532	359,532
	<u>P 2,080,624,625</u>	<u>P 6,292,210</u>	<u>P -</u>	<u>P 2,074,332,415</u>	<u>P 2,080,624,625</u>
Financial Liabilities					
Trade and other Payables*	P 31,822,509	P -	P -	P 31,822,509	P 31,822,509
Due to related parties	3,772,035,272	-	-	3,772,035,272	3,772,035,272
Notes Payable	1,300,000,000	-	-	1,300,000,000	1,300,000,000
Bonds payable	591,475,044	598,246,262	-	-	598,246,262
	<u>P 5,695,332,825</u>	<u>P 598,246,262</u>	<u>P -</u>	<u>P 5,103,857,781</u>	<u>P 5,702,104,043</u>

*Excludes withholding taxes and other government payables aggregating to P70,214,327 and P7,337,996 as of December 31, 2021 and 2020, respectively.

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements in 2021 and 2020.

The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(a) *Cash on Hand and in Banks, and Trade and Other Payables*

The carrying amounts of these financial instruments approximate their fair values as these have short-term maturity.

(b) *Loans Receivables, Interest Receivables and Lease Deposits*

The estimated fair value of loans receivables, interest receivables and lease deposits represent the discounted amount of estimated future cash flows expected to be received from the instruments. Expected cash flows are discounted at current market rates to determine fair value.

(c) *Bonds Payable*

The fair value of the Company's corporate bonds categorized within Level 1 is determined based on the closing prices quoted in an active bond exchange (i.e., Bloomberg Valuation).

(d) *Due from Related Parties, and Due to Related Parties*

The carrying amounts of due from/to related parties, which are to be received or paid on demand, approximate the fair values.

7 CASH ON HAND AND IN BANKS

The breakdown of this account as of December 31 is as follows:

	2021	2020
Cash in banks	P 40,547,428	P 6,282,210
Cash on hand	10,000	10,000
	<u>P 40,557,428</u>	<u>P 6,292,210</u>

Cash in banks generally earn interest at rates based on prevailing bank deposit annual rates ranging from 0.13% to 0.25% in 2021 and 2020. Interest is presented as part of Interest Income in the statements of comprehensive income which amounts to P 61,733 and 35,855 in 2021 and 2020 respectively.

There is no cash restriction on the Company's cash in banks as of December 31, 2021 and 2020.

8 RECEIVABLES

The breakdown of this account as of December 31 is as follows:

	Note	2021	2020
Interest receivables	9	P 4,512,055	P 8,878,877
Receivables from employees		777,678	19,948,066
Other receivables		37,291,827	283,823
		<u>42,581,560</u>	<u>29,110,766</u>
Allowance for impairment		<u>(1,512,419)</u>	<u>(3,450,000)</u>
		<u>P 41,069,141</u>	<u>P 25,660,766</u>

Interest receivables pertain to the uncollected interest pertaining to loans extended to its third-party as further discussed in Note 9.

Receivables from employees refers to employee's salary advances which will be settled thru salary deductions. These loans are non-interest bearing and have no terms.

Other receivables pertain to the advances to the third party which will be settled thru cash. These advances are non-interest bearing and have no terms.

Movement of allowance for impairment is as follows:

	<u>2021</u>	<u>2020</u>
Beginning of year	P 3,450,000	P -
Provision for the year	-	3,450,000
Recovery for the year	(1,937,581)	-
Ending balance	<u>P 1,512,419</u>	<u>P 3,450,000</u>

Based on assessment made, the Company recognized a reversal of allowance for ECL amounting to P 1,937,581 in 2021 and a provision for probable loss attributed to ECL adjustment amounting to P 3,450,000 in 2020.

9 LOANS RECEIVABLES, Net

Loans receivables are composed of the following:

	Note	<u>2021</u>	<u>2020</u>
Loans to subsidiaries:	9.1, 22		
Principal		P 1,926,862,003	P 1,751,125,120
Unamortized discount		(59,129,036)	(99,766,443)
		<u>1,867,732,967</u>	<u>1,651,358,677</u>
Syndicated loan	9.2	396,953,440	396,953,440
		<u>P 2,264,686,407</u>	<u>P 2,048,312,117</u>

The amounts are presented in the statements of financial position as follows.

	<u>2021</u>	<u>2020</u>
Current	P 1,695,744,093	P 1,056,948,677
Non-current	<u>568,942,314</u>	<u>991,363,440</u>
	<u>P 2,264,686,407</u>	<u>P 2,048,312,117</u>

All of the Company's loans receivables have been reviewed for indications of impairment. Based on the management's assessment there were no impaired loans receivables as of December 31, 2021 and 2020 (see Note 4.1).

9.1 Loans to Subsidiaries

On September 1, 2015, the Company extended cash loans totaling P9.0 billion to its subsidiaries in varying terms of five, seven and 10 years as follows:

<u>Subsidiaries</u>	<u>Original Maturity Date</u>		<u>Amount</u>
8990 HDC			
Tranche 1	10/16/2020	P	6,714,748,082
Tranche 2	7/16/2022		375,500,000
Tranche 3	7/16/2025		218,910,000
8990 LHDC*	10/16/2020		697,784,788
8990 DHDC	10/16/2020		305,459,915
FHI*	10/16/2020		687,597,215
		P	<u>9,000,000,000</u>

The principal sum originally bears interest rates ranging from 12.42% to 13.73% per annum from September 1, 2015 to October 16, 2015. The principal amounts are payable at the maturity of the loans.

On October 17, 2015, the loan agreements were amended resulting in the loan becoming noninterest-bearing starting on that date. Accordingly, the said receivables were recognized at their present value using a discount rate of 6.21%, with the resulting discount amounting to P2,461.0 million representing the difference between the present value and face value recognized as an additional investment in the Company's subsidiaries (see Note 10).

*During 2020, loans extended to 8990 LHDC and FHI were extended until December 31, 2021. Subsequently in 2021, loans of 8990 LHDC and FHI were further extended until December 31, 2022.

Interest related to the accretion of discount from these loans receivables to subsidiaries amounted to P216.4 million and P423.7 million in 2021 and 2020, respectively, and is presented as part of Interest Income in the statements of comprehensive income.

9.2 Syndicated Loan

On December 29, 2017, a loan facility agreement between Dearborn Resources and Holdings, Inc. (Dearborn) and certain lenders was executed to provide a loan facility in the aggregate principal amount of P1.4 billion for the purpose of partially financing Dearborn's acquisition of certain contracts to sell of entities under the 8990 Group. Under the loan facility agreement, the Company committed to lend Dearborn the principal amount of up to but not in excess of P300.0 million which bears 16% interest per annum, payable monthly. On November 13, 2019, the Company agreed to extend the loan facility with Dearborn up to P665.0 million with no changes in the interest rate per annum. As at December 31, 2019, the Company further extended by P 82,947,517 resulting to receivables of P 396,953,400 as at December 31, 2021, 2020 and 2019.

The loan granted under the facility agreement is unsecured and has a term of five years counting from the date of initial drawdown. However, the principal amount of the loan and any related accrued interest will be due and demandable in the event of default. Interest earned from this loan receivable amounted to P63.5 million, P63.6 and P53.6 million in 2021, 2020, and 2019, respectively, and are presented as part of Interest income in the statements of comprehensive income. Interest receivable from this loan is

P4.5 million, P8.9 million and P5.3 million as at December 31, 2021, 2020 and 2019 and is presented as part of the Receivables account in the 2021 and 2020 statement of financial position.

10 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of the Company's investments in subsidiaries as of December 31, 2021 and 2020 are shown below.

Subsidiaries	Amount
8990 HDC	P 37,124,230,313
FHI	5,065,823,989
8990 LHDC	1,440,237,647
8990 DHDC	317,246,364
8990 LRC	39,227,936
8990 MHDC	2,066,211
	<u>P 43,988,832,460</u>

All of the above subsidiaries are incorporated in the Philippines.

The total carrying amount of the investments in subsidiaries includes P2,461.0 million discount on loans extended to certain subsidiaries (see Note 9).

There were no additional nor disposed investments made in 2021 and 2020.

In 2021 and 2020, the Company received cash dividends from the following subsidiaries:

<u>Subsidiaries</u>	<u>No. of Share</u>	<u>Amount</u>
<u>2021</u>		
8990 HDC	15,000,000,000	P <u>2,545,481,070</u>
		<u>P 2,545,481,070</u>
<u>2020</u>		
8990 HDC	15,000,000,000	P <u>1,056,738,261</u>
		<u>P 1,056,738,261</u>
<u>2019</u>		
8990 HDC	15,000,000,000	P 2,059,160,320
FHI	12,000,000,000	<u>9,397,517</u>
		<u>P 2,068,557,837</u>

11 INVESTMENTS IN ASSOCIATE

On March 15, 2021, 8990 Holdings Inc and Scheirman Construction Consolidated Incorporated (SCCI) entered into a Subscription agreement wherein the Company agreed to subscribed an aggregate of Forty-five thousand (45,000) common shares to be issued out of the unissued portion of the existing authorized capital stock and the increase authorized capital stock of SCCI at the aggregate issue price of Eighty Million Pesos (P80,000,000.00) or approximately One Thousand Seven Hundred Seventy-seven and 78/100 Pesos (P1,777.78) per shares. The Subscribed Shares constitutes 20% of the resulting total outstanding capital stock of SCCI.

SCCI is a Corporation registered in the Philippines is primarily engaged in general building construction as contractor and builder of residential homes, commercial and industrial buildings, barracks, piers and other edifications needed and necessary in the ordinary course of business.

As of December 31, 2021, the Company recognized the investments for the subscription and share in SCCI net income in the amount of 80,000,000 and 13,214,510, respectively.

The following summarizes the financial information of the associate:

	2021
Total assets	P 2,585,587,060
Total liabilities	2,214,967,743
Revenue	1,592,360,038
Profit for the year	83,460,064
Other comprehensive income	-

12 PROPERTY AND EQUIPMENT, Net

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are as follows:

	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
December 31, 2021				
Cost	P 1,380,881	P 1,482,692	P 1,083,050	P 3,946,623
Accumulated depreciation and amortization	(1,380,881)	(1,467,691)	(1,083,050)	(3,931,622)
Net carrying amount	P -	P 15,001	P -	P 15,001
December 31, 2020				
Cost	P 1,380,881	P 1,482,692	P 1,083,050	P 3,946,623
Accumulated depreciation and amortization	(1,380,881)	(1,459,480)	(1,083,050)	(3,923,411)
Net carrying amount	P -	P 23,212	P -	P 23,212

The reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Balance at January 1, 2021, net of accumulated depreciation	P 23,212	P -	P 23,212
Additions	-	-	-
Depreciation charges for the year	(8,211)	-	(8,211)
Balance at December 31, 2021, net of accumulated depreciation	P 15,001	P -	P 15,001

	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Balance at January 1, 2020, net of accumulated depreciation	P 46,113	P -	P 46,113
Additions	-	-	-
Depreciation charges for the year	(22,901)	-	(22,901)
Balance at December 31, 2020, net of accumulated depreciation	<u>P 23,212</u>	<u>P -</u>	<u>P 23,212</u>

As of December 31, 2021 and 2020, the total cost of the fully amortized property and equipment, which are still being used by the Company, amounts to P2.4 million in both years.

There are no assets pledged as security for the Company's liabilities as of December 31, 2021 and 2020.

No impairment loss was recognized in the current and prior year since the recoverable amount of fixed assets is higher than its carrying value.

13 OTHER ASSETS, Net

Details of this account are presented below.

	Note	2021	2020
Current:			
Input value-added tax (VAT)		P 10,595,821	P 9,634,967
Waterlines		7,621,790	7,621,790
Receivable from regulatory agencies		2,076,561	2,076,561
Lease deposits		-	359,532
Others		2,041,133	2,004,136
		22,335,305	21,696,986
Allowance for impairment		(2,885,517)	(2,885,517)
		19,449,788	18,811,469
Non- current:			
Lease deposits	15	393,891	-
		P 19,843,679	P 18,811,469

Movement of allowance for impairment is as follows:

	2021	2020
Beginning of year	P 2,885,517	P 2,267,471
Write off		
Provision for the year	-	618,046
Ending balance	P 2,885,517	P 2,885,517

In 2020, the Company identified certain other assets to be impaired. Accordingly, adequate amount of allowance for impairment was recognized. Based on the evaluation of management, an additional allowance for impairment is required to be recognized amounting to P 618,046 in 2020. In 2021, no additional impairment is recognized.

On December 29, 2016, the Company entered into a deed of assignment with 8990 HDC, 8990 MHDC, 8990 DHDC and FHI involving the sale of the said subsidiaries' waterlines to the Company.

Others refer to advances to suppliers and prepayments.

14 TRADE AND OTHER PAYABLES

This account consists of:

	Note	2021	2020
Dividends payable	19	P 50,875,000	P -
Interest payable	16, 17	11,930,237	20,030,237
Trade payables		8,106,057	5,625,663
Accrued expenses		1,950,000	1,375,000
Withholding taxes		70,209,947	7,332,170
Other payables		4,795,988	4,797,435
		<u>P 147,867,229</u>	<u>P 39,160,505</u>

Dividends payable refers to unpaid dividends relating to Preferred shares- Series B as disclosed in Note 19.

Interest payable refers to the unpaid interest relating to its notes and bonds as further discussed in Note 16 and 17.

Other payables consist of various supplier of goods and services other than the Company's suppliers.

15 LEASES

15.1 Right-of-Use asset

The carrying amounts of the Company's right-of-use assets as of December 31, 2021 and the movements during the years are shown below:

	2021
Cost	
Beginning balance	P -
New lease contract	3,633,778
Lease modifications	-
Ending balance	3,633,778
Amortization	
Beginning balance	-
Current provision	(504,691)
Ending balance	(504,691)
Carrying Values	P 3,129,087

The Company has leased for office and parking spaces on which the branch offices and extension offices are situated. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Both leases contain an option to extend the lease for a further term subject to mutual agreement. For the lease over the office premise, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Amortization charged to operations during the year amounted to P 504,691.

Based on the impairment review of the assets, the Company believes that there is no impairment loss that occurred on its right-of-use asset as at December 31, 2021.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office premise	1	2-3 years	3.5 years	1	-	-	1
Parking space	2	2-3 years	3.5 years	1	-	-	1

15.2 Lease Liabilities

	2021	2020
Beginning balance	P -	P -
Addition	3,633,778	-
Accretion of interest	83,815	-
Payments	(520,585)	-
Ending balance	P 3,197,008	P -

Lease liabilities are presented in the statements of financial position as follows:

Particulars	2021
Current	1,123,875
Non-current	2,073,133
Total	3,197,008

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	Total
At December 31, 2021				
Lease payments	1,280,639	1,357,478	818,902	3,457,019
Finance charges	(156,764)	(87,605)	(15,642)	(260,011)
Net present values	1,123,875	1,269,873	803,260	3,197,008

Lease payments not recognized as a liability

The Company has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability in 2021 and not recognize as ROUA/lease liabilities in 2020:

Particulars	2021	2020
Short-term leases	884,819	1,364,153

16 NOTES PAYABLE

On October 8, 2020, a master note certificate is issued by 8990 Holdings with a principal amount of P 1,300,000,000 dated October 14, 2020. The Note was issued at 100% issue price and will due on October 14, 2022 (two years from the issue date) with 4.0500% interest rate per annum. During the year, the Company partially paid the liability amounting to P 800,000,000. Balance of the notes payable as of December 31, 2021 amounts to P 500,000,000.

	2021	2020
Current	P 500,000,000	P -
Non-current	-	1,300,000,000
	<u>P 500,000,000</u>	<u>P 1,300,000,000</u>

Finance cost in 2021 and 2020 amounted to P 41.9 million and P 13 million, respectively. Such amount is included under the total finance cost in the statements of comprehensive income.

Accrued interest on the notes amounted to P5.0 million and P6.9 million as at December 31, 2021 and 2020 is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14)

17 BONDS PAYABLE

The breakdown of this account follows:

	<u>2021</u>	<u>2020</u>
Current	P 375,019,694	P -
Non-current	<u>217,612,305</u>	<u>591,475,044</u>
	<u>P 592,631,999</u>	<u>P 591,475,044</u>

The amount of bonds payable presented above is net of the unamortized discount amounting to P1.78 million and P2.93 million in 2021 and 2020, respectively.

On July 16, 2015, the Company offered and issued to public an unsecured fixed-rate peso bonds with an aggregate principal amount of P5.0 billion with an oversubscription option up to P4.0 billion.

The offer comprises the following series:

Bond Series	Option Date	Principal Amount
Series A - 6.2080% per annum, five-year and three months, due on October 16, 2020		P 8,405,590,000
Series B - 6.1310% per annum, seven-year fixed rate bonds, due on July 16, 2022 unless otherwise earlier redeemed by the Company	The third month after the fifth anniversary of issue date and the sixth anniversary of the issue date	375,500,000
Series C - 6.8666% per annum, ten-year, due on July 16, 2025 unless otherwise earlier redeemed by the Company	The seventh anniversary of issue date and each anniversary of the issue date thereafter	<u>218,910,000</u>
		<u>P 9,000,000,000</u>

Total transaction costs capitalized upon issuance of the bonds amounted to P122.3 million.

Interests on the bonds are payable quarterly in arrears starting on October 16, 2015 for the first interest payment date and on January 16, April 16, July 16, and October 16 of each year for each subsequent interest payment date.

The bonds shall be repaid at par, plus any outstanding interest on the relevant maturity date of each series, unless the Company exercises its early redemption option for Series B or C Bonds on the early redemption option dates.

The fair value of the bonds amounts to P 628.3 million and P598.2 million as of December 31, 2021 and 2020, respectively. Their carrying value as at December 31, 2021 and 2020 amounts to P592.6 million and P591.5 million, respectively, net of unamortized bond issue costs amounting to P1.78 million and P2.93 million as the dates, respectively. Amortization of bond issue costs amounted to P1.2 million and P20.9 million in 2021 and 2020, respectively, and are included as part of Finance Costs in the statements of comprehensive income.

Total finance costs incurred on these bonds, inclusive of the amortization of the debt issue costs, amounted to P39.2 million and P472.0 million in 2021 and 2020, respectively, and is presented as Finance cost in the statements of comprehensive income. Accrued interest on the bonds amounting to P6.9 million and P13.1 million as at December 31, 2021 and 2020 is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14).

The Company and its subsidiaries are required under the terms of the bonds to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money and other covenants. These were complied with by the Company in 2021 and 2020.

18 PENSION LIABILITY

The Company has an unfunded, non-contributory defined benefits pension plan covering its permanent employees. Retirement benefits cost and obligations are determined in accordance with an actuarial study made for the plan.

Under the existing regulatory framework, Republic Act 7641 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 employees' retirement benefits under any collective bargaining agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The amount of pension liability recognized under "retirement payable" in the statements of financial position is determined as follows:

	2021	2020	2019
Benefit obligation	P 359,321	P 546,258	P 362,947
Plan assets	-	-	-
Liability to be recognized in the statement of financial position	P 359,321	P 546,258	P 362,947

The amount recognized under "salaries, wages and employee benefits" in the profit or loss is as follows:

	2021	2020	2019
Current service cost	P 81,742	P 45,434	P 23,109
Interest cost	21,523	18,910	-
Expense recognized during the year	P 103,265	P 64,344	P 23,109

Retirement expense charged to operations in 2021, 2020 and 2019 amounted to P 103,265, P 4,344 and P 23,109, respectively.

The movements in the accrued retirement benefit cost in the statements of financial position are as follows:

	2021	2020	2019
Beginning of year	P 546,258	P 362,947	P 127,528
Total expenses charged in the statements of comprehensive income	103,265	64,344	23,109
Remeasurement on Actuarial losses recognized during the year	(290,202)	183,657	233,577
Other	-	(64,690)	(21,267)
End of year	P 359,321	P 546,258	P 362,947

The cumulative amount of actuarial loss (gain) recognized in the statements of comprehensive income follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balances at beginning of year	P 352,544	P 168,887	P (64,690)
Actuarial loss during the year	(290,202)	183,657	233,577
Balance at end of year	<u>62,342</u>	<u>352,544</u>	<u>168,887</u>
Tax effect	(15,585)	(105,763)	(50,666)
Cumulative actuarial loss, net of tax	<u>P 46,757</u>	<u>P 246,781</u>	<u>P 118,221</u>

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at December 31, 2021:

	<u>Amount</u>
1 to 5 years	14,309
6 to 10 years	27,853
11 to 15 years	49,499
16 years and up	<u><u>4,588,860</u></u>

The average duration of the defined benefit obligation at the end of the reporting period is 20 years.

The assumptions used to determine pension benefits for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Discount rate	5.08%	3.94%	5.21%
Salary increase rate	<u>2.00%</u>	<u>3.50%</u>	<u>4.00%</u>

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption of the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

	<u>2021</u>	
	<u>Increase (Decrease)</u>	
Discount rate	1%	(71,594)
	(1%)	91,123
Future salary increases	1%	93,313
	(1%)	(74,319)
Improvement in employee turnover	10%	28,446
Increase in employee turnover	(10%)	<u>(28,446)</u>

Assumptions regarding future mortality experience are set based on advice from published statistics and mortality tables.

19 EQUITY

19.1 Capital Stock

Details of the Company's capital stock as of December 31, 2021 and 2020 are as follows:

	Shares			Amount		
	2021	2020	2019	2021	2020	2019
Preferred Shares Series A – P1 par value, cumulative, non-voting, non-participating, non-convertible, redeemable 6.0263% per annum Authorized – 50 million shares Issued and outstanding	50,000,000	50,000,000	50,000,000	P 50,000,000	P 50,000,000	P 50,000,000
Preferred Shares Series B – P1 par value, cumulative, non-voting, non-participating, non-convertible, redeemable 5.50% per annum Authorized – 50 million shares Issued and outstanding	37,000,000	-	-	37,000,000	-	-
Preferred Shares- P.01 par value, voting Authorized – 5.00 billion shares Issued and outstanding	-	-	-	-	-	-
Balance at end of year	87,000,000	50,000,000	50,000,000	P 87,000,000	P 50,000,000	P 50,000,000
Common Shares – P1 par value Authorized shares – 6.850 billion shares Issued and outstanding:						
Balance at beginning of year	5,517,990,720	5,517,990,720	5,517,990,720	P 5,517,990,720	P 5,517,990,720	5,517,990,720
Treasury shares – at cost (see Note 19.3)	(126,591,700)	(126,591,700)	(89,033,300)	(1,806,540,154)	(1,806,540,154)	(1,266,523,478)
Balance at end of year	5,391,399,020	5,391,399,020	5,428,957,420	3,711,450,566	3,711,450,566	4,251,467,242
Total	5,478,399,020	5,441,399,020	5,478,957,420	P 3,798,450,566	P 3,761,450,566	P 4,301,467,242

19.2 Authorized Capital Stock

On October 20, 2010, the PSE approved the Company's application for the initial listing of 181.9 million common shares under the Second Board of the PSE.

On August 25, 2011, the Company entered into a Subscription Agreement (SA) with Intellectual Property Ventures Group (IPVG), wherein IPVG agrees to subscribe to 40.0 million shares of the common stock of the Company at a subscription price of P2.52 per share or a total subscription of P100.8 million. IPVG paid P25.0 million in cash as partial payment and agreed to pay the remaining balance of the subscription price upon call thereon by the Company's BOD.

As a result of an Asset Purchase Agreement dated September 28, 2011, the said SA and the related shares subscribed and partially paid were transferred to Intellectual Property Ventures, Inc. (IPVI).

On February 29, 2012, the stockholders approved the issuance of the 40.0 million shares in favor of IPVI. On the same date, the minority and unrelated stockholders waived the requirement to conduct a rights or public offering of the shares subscribed.

In April 2012, the Company received the remaining subscription receivable and issued the corresponding shares to IPVI. These shares were part of the shares acquired by the stockholders of the 8990 Group (former stockholders of the Company's subsidiaries). On May 6, 2013, the Company recognized deposits for future stock subscription amounting to P27.9 billion in exchange for its investments in subsidiaries through Share Swap with the stockholders of 8990 Group.

On September 23, 2013, the BOD of the Company approved the subscriptions and issuance of 465,580,467 shares at P1.00 per share to new public investors to comply with the minimum public ownership requirement of the PSE. Such issuance is subject to following conditions: (i) the approval of the SEC of the Company's application for the increase in authorized capital stock from P460.0 million to P7.0 billion and, (ii) the issuance of 3,968,357,534 shares to the stockholders of 8990 Group. The shares were issued subsequent to the approval by the SEC of the increase in authorized capital stock of the Company on October 1, 2013.

Subsequent also to the approval of the SEC of the increase in authorized capital stock, the deposits for future stock subscription of the Company was applied as payment for the issuance of shares which were recorded as part of the Company's Capital Stock and Additional Paid-in Capital accounts amounting to P4.0 billion and P23.9 billion, respectively.

On March 17, 2014, the Company's BOD approved the offering and issuance by way of a "follow-on" offering consisting of the following shares at an offer price of P6.50 per share:

Primary shares	862,186,050
Secondary shares	382,360,770
Over-all allotment shares	134,950,860

The registration by way of a follow-on offering of common shares was rendered effective by the SEC on April 15, 2014 and for which a Certificate of Permit to Offer Securities for Sale was issued by the SEC on April 30, 2014.

Total proceeds from the primary offer shares amounted to P5.6 billion and the related direct issue costs incurred in connection with the offering amounted to P341.9 million which were charged to additional paid-in capital.

As of December 31, 2021 and 2020, there are 5,441,399,020 listed shares, which are held by 33 and 34 holders (common shares), respectively. Such listed shares closed at P11.28 per share and P8.24 per share as of December 31, 2021 and 2020, respectively.

On January 31, 2017, the stockholders approved and ratified the creation of the preferred shares under the shelf registration. The SEC approved the Company's amended Articles of Incorporation creating the preferred shares on April 19, 2017.

On July 25, 2017, the BOD of the Company unanimously authorized the sale and offer of up to Ten Billion Pesos (P10,000,000,000) preferred shares, at an offer price of P100.00 per share, or 100,000,000 preferred shares with an initial tranche of 50,000,000 preferred shares, under a shelf registration to be issued within a period of three years.

The Company also applied with the PSE for the listing of the preferred shares, which the PSE approved for listing on the main board of the PSE on November 8, 2017. The PSE approval covers only the initial tranche of 50,000,000 preferred shares under the shelf registration.

The preferred shares were offered at the price of P100.00 per share resulting in an additional paid-in capital of P4.9 billion, net of direct share issuance cost. Direct issuance costs amounted to P46.5 million and listing fees paid to PSE amounted to P5.1 million.

On February 10, 2021, 37,000,000 Series B Preferred Shares were issued by the Company at P 100 per share. Said shares were listed at the Philippine Stock Exchange with ticket '8990P'. The APIC was further increased by P 3.6 billion (net of direct share issuance cost of P 59.90 million) as a result of shares offering.

The preferred shares are redeemable at redemption price at the sole option of the Company.

With this issuance, total issued preferred shares by the Company is at 87,000,000 shares with market value of P 8,737,000,000 as of December 31, 2021, breakdown as follows:

	Shares	Closing Rate	Amount
Series A	50,000,000	100.00	P 5,000,000,000
Series B	37,000,000	101.00	3,737,000,000
Total	<u>87,000,000</u>		<u>P 8,737,000,000</u>

19.3 Treasury Shares

On February 6, 2019, the Company's BOD announced its P2.0 billion share buyback program which is to be implemented for a period of 18 months or until August 1, 2020. The said buyback program excludes the participation of the majority shareholders. The Company has repurchased 126.5 million shares for P1.80 billion as of December 31, 2021 and 2020, respectively. These repurchased shares are presented as Treasury Shares in the statements of financial position and do not form part of the outstanding shares. Below is the movement of treasury shares as at December 31, 2021 and 2020:

	2021		2020	
	Shares	Amount	Shares	Amount
Balance, January 1	126,591,700	P 1,806,540,154	89,033,300	P1,266,523,478
Acquisition	-	-	37,558,400	540,016,676
Balance, December 31	<u>126,591,700</u>	<u>1,806,540,154</u>	<u>126,591,700</u>	<u>1,806,540,154</u>

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. The equivalent amount of retained earnings is considered restricted. On March 29, 2020, the Company suspended its Share Buyback Program because the COVID-19 continues to spread. Management believes that the suspension is the prudent course of action given the uncertainty and challenges that may result from this pandemic (see Note 25.2).

At this time, the Company is determined to focus its resources on supporting its employees and funding operational activities. The Company continues to closely monitor the situation and is taking appropriate actions to optimize cash flows and minimize costs.

19.4 Dividends

The Company's BOD approved the following cash dividend declarations in 2021, 2020 and 2019:

2021

Amount Per Share	Declaration	Date of Record	Payment	Amount
2021				
Preferred				
1.506575	Feb. 16, 2021	Feb. 28, 2021	Mar. 1, 2021	P 75,328,750
1.506575	Feb. 16, 2021	May 18, 2021	Jun. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Aug. 18, 2021	Sep. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Nov. 18, 2021	Dec. 1, 2021	75,328,750
1.375	Feb. 24, 2021	Apr. 30, 2021	May. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Jul. 30, 2021	Aug. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Oct. 29, 2021	Nov. 10, 2021	50,875,000
1.375	Feb. 24, 2021	January 31, 2022	Feb. 10, 2022	50,875,000
				504,815,000
Common				
P0.20	Nov. 3, 2021	Nov. 17, 2021	Dec. 10, 2021	1,103,598,144
				P 1,608,413,144

Amount Per Share	Date of			Amount	
	Declaration	Record	Payment		
<u>2020</u>					
Preferred					
1.506575	Feb. 1, 2020	Feb. 17, 2020	Mar. 2, 2020	P 75,328,750	
1.506575	Feb. 1, 2020	May 15, 2020	Jun. 1, 2020	75,328,750	
1.506575	Feb. 1, 2020	Aug. 17, 2020	Sep. 1, 2020	75,328,750	
1.506575	Feb. 1, 2020	Nov. 16, 2020	Dec. 1, 2020	<u>75,328,723</u>	
				P <u>301,314,973</u>	

Amount Per Share	Date of			Amount	
	Declaration	Record	Payment		
<u>2019</u>					
Preferred					
1.506575	Feb. 1, 2019	Feb. 18, 2019	Mar. 1, 2019	P 75,328,750	
1.506575	Feb. 1, 2019	May 15, 2019	Jun. 1, 2019	75,328,750	
1.506575	Feb. 1, 2019	Aug. 15, 2019	Sep. 1, 2019	75,328,750	
1.506575	Feb. 1, 2019	Nov. 15, 2019	Dec. 1, 2019	<u>75,328,750</u>	
				P <u>301,315,000</u>	

19.5 Capital Management

The primary objective of the Company's capital management is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Company establishes the appropriate capital structure for its business, and thus, allowing the necessary financial flexibility for its operations and providing sufficient cushion to absorb cyclical industry risks.

The Company is not subject to externally-imposed capital requirements, which considers its total liabilities and equity as its capital.

Also, the bonds require the Company to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money, and other covenants. These were complied with by the Company in 2021 and 2020.

20 INCOME TAXES

The components of tax expense (income) reported in the statements of comprehensive income are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Minimum corporate income	P 612,357	P 1,242,310	P 1,072,511
Tax MCIT) at applicable			
tax rate			
CREATE Adjustment	(310,578)		
Final tax at 20%	<u>12,347</u>	<u>7,170</u>	<u>6,047</u>
Subtotal	<u>P 314,126</u>	<u>P 1,249,480</u>	<u>P 1,078,558</u>
Deferred tax expense (benefit)			
relating to origination and			
reversal of temporary			
differences	3,277,811		
CREATE Adjustment	<u>9,686</u>	<u>-</u>	<u>-</u>
	<u>P 3,287,497</u>	<u>P -</u>	<u>P -</u>
Total	<u>P 3,601,623</u>	<u>P 1,249,480</u>	<u>P 1,078,558</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Reported in other comprehensive income :</i>			
Deferred tax expense (income)			
relating to remeasurement of			
post-retirement defined benefit			
plan	P 72,551	(P 55,097)	(P 70,073)
CREATE Adjustment	<u>17,627</u>	<u>-</u>	<u>-</u>
Total	<u>P 90,178</u>	<u>(P 55,097)</u>	<u>(P 70,073)</u>

The reconciliation of tax expense on pretax income at the applicable statutory rates to tax expense reported in the profit or loss section of statements of comprehensive income is shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income before tax at statutory tax rate	P 679,888,601	P 306,417,294	P 605,306,590
Adjustments for the income tax effects of:			
Dividend income exempt from income tax	(636,370,267)	(317,021,478)	(620,567,351)
Adjustment on CREATE	(300,892)	-	-
Unrecognized deferred tax assets	13,252,945	136,455,315	159,451,555
Nontaxable income	(54,093,573)	(127,121,362)	(152,130,770)
Nondeductible expenses	1,227,895	2,523,297	9,021,578
Interest income subject to final tax	(3,086)	(3,586)	(3,044)
Tax expense	<u>P 3,601,623</u>	<u>P 1,249,480</u>	<u>P 1,078,558</u>

On March 26, 2021, the President signed into law the Republic Act (RA) 11534, also known as “Corporate Recovery and Tax Incentives for Enterprises Act or “CREATE” Act which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time bound, targeted and performance – based. CREATE Act introduces reforms in the areas of corporate income tax, value – added tax, and tax incentives, aside from providing COVID – 19 reliefs to taxpayers.

The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, domestic corporation with total assets not exceeding P100 million and taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% income tax rate.
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. The imposition of improperly accumulated earnings is repealed.

The estimated significant effects of the changes computed without regard to the specific date when specific revenue, expenses and other transactions occur as provided for under Section 27 (A) of the CREATE Act are as follows:

	<u>As of</u> <u>December 31,</u> <u>2020</u>	<u>Under CREATE</u> <u>Act</u>	<u>Impact</u>
Income tax expense (P&L)	1,249,480	948,588	(300,892)
Income tax benefit (OCI)	(55,097)	(37,470)	17,627
Deferred tax asset	163,877	136,565	(27,312)
Prepaid income tax	22,563,628	22,874,205	310,577

Above net impact of CREATE was recognized in 2021.

Details of the Company's NOLCO are as follows:

<u>Year</u> <u>Incurred</u>	<u>Amount</u>	<u>Used/Expired</u>	<u>Balance</u>	<u>Expiry Year</u>
2021	P 50,562,351	P -	P 50,562,351	2026
2020	450,088,862	-	450,088,862	2025
2019	527,930,147	-	527,930,147	2022
2018	<u>588,025,792</u>	<u>(588,025,792)</u>		2021
	<u>P 1,616,607,152</u>	<u>(P 588,025,792)</u>	<u>P 1,028,581,360</u>	

NOLCO for 2021 and 2020 amounted to P 50,562,351 and P 450,088,862, which will expire in 2026 and 2025, respectively, can be applied for five years instead of three years, in compliance with Revenue Regulation No. 25-2020 (issued last September 28, 2020) *“Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for the taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss; Provided that this subsection shall remain in effect even after the expiration of Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act;”*.

On the other hand, the details of the Company's MCIT are as follows:

<u>Year</u> <u>Incurred</u>	<u>Amount</u>	<u>Used/Expired</u>	<u>Balance</u>	<u>Expiry Year</u>
2021	P 612,357	P -	P 612,357	2024
2020	1,242,310	-	1,242,310	2023
2019	1,072,511	-	1,072,511	2022
2018	<u>315,817</u>	<u>(315,817)</u>	-	2021
	<u>P 3,242,995</u>	<u>(P 315,817)</u>	<u>P 2,927,178</u>	

The Company did not recognize deferred tax assets on the temporary differences presented below since the Company believes that it is not probable that the related benefits will be realized in the future.

	2021		2020		2019	
	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
NOLCO	<u>P 1,028,581,360</u>	<u>P 257,145,340</u>	P1,566,044,801	P469,813,440	P1,719,417,200	P515,825,160
Accrued expenses	-	-	-	-	496,800	149,040
Impairment loss	1,512,419	378,105	3,450,000	1,035,000	-	-
Post-employment obligation	-	-	-	-	200,260	60,078
Excess of depreciation and interest expense over lease payments	67,921	16,980				
Unrecognized foreign exchange (gains) loss, net	-	-	5,872	1,761	(8,711)	(2,613)
Excess MCIT over RCIT	<u>2,927,178</u>	<u>2,927,178</u>	<u>2,630,638</u>	<u>2,630,638</u>	<u>1,388,328</u>	<u>1,388,328</u>
	<u>P 1,033,088,878</u>	<u>P 257,540,425</u>	<u>P1,572,131,311</u>	<u>P473,480,839</u>	<u>P1,712,493,877</u>	<u>P517,419,993</u>

The components of recognized net deferred income tax liabilities are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Deferred tax asset			
Remeasurement of pension liability	P 89,830	P 163,877	P 48,806
Deferred tax liability			
Share in earnings of associate	<u>(3,303,627)</u>	<u>-</u>	<u>-</u>
Net, deferred tax asset (liability)	<u>(P 3,213,797)</u>	<u>P 163,877</u>	<u>P 48,806</u>

21 COMMITMENT AND CONTINGENCIES

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements. Management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

22 RELATED PARTY TRANSACTIONS

The Company's transactions with related parties consist of granting of loans and advances and reimbursement of expenses, which can be settled in cash or through offsetting arrangement.

A summary of the Company's transactions and the related outstanding balances with its related parties is shown below.

	<u>2021</u>		
<u>Category</u>	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>	<u>Terms and Conditions</u>
Subsidiaries			
Due from related parties	P 1,102,160,712	P 1,102,160,712	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties	(2,596,103,115)	1,175,932,157	Noninterest-bearing, payable on demand, unsecured
Loans receivables (Note 9)			
Principal		1,926,862,003	Noninterest-bearing, payable on December 31, 2021, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount	216,374,291	(59,129,036)	
Dividend income (Note 10)	2,545,481,070	-	Dividend declared by 8990 HDC
Key Management Personnel	3,146,089	-	

2020			
<u>Category</u>	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>	<u>Terms and Conditions</u>
Subsidiaries			
Due from related parties	P (160,368,009)	P -	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties	19,425,162	3,772,035,272	Noninterest-bearing, payable on demand, unsecured
Loans receivables (Note 9)			
Principal	(7,248,874,880)	1,751,125,120	Noninterest-bearing, payable on October 16, 2020, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount	423,737,873	(99,766,443)	
Dividend income (Note 10)	1,056,738,261	-	Dividend declared by 8990 HDC
Key Management Personnel	2,335,573	-	
2019			
<u>Category</u>	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>	<u>Terms and Conditions</u>
Subsidiaries			
Due from related parties	P 160,386,009	P 160,386,009	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties	133,746,987	3,752,610,110	Noninterest-bearing, payable on demand, unsecured
Loans receivables			
Principal	-	9,000,000,000	Noninterest-bearing, payable on October 16, 2020, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount	507,102,567	(523,504,316)	
Dividend income (Note 10)	2,068,557,837	-	Dividend declared by 8990 HDC and FHI
Key Management Personnel	3,683,329	-	

The Company's accounting and administrative functions are being handled by the subsidiaries at no cost to the Company.

The total remuneration of the key management personnel of the Company, which is composed of short-term benefits, amounted to P3.1 million and P2.4 million in 2021 and 2020, respectively, and is presented as Salaries and wages under Expenses section in the statements of comprehensive income.

23 MISCELLANEOUS EXPENSE

This account pertains to infrequent transactions that are insignificant to have their own account, which are lumped into one general account. For 2021, transactions include purchase of Covid 19 vaccine, payment to LOA settlement covering the taxable years 2018 and 2019 and reimbursement of out-of-pocket expenses. While for 2020, expenditures incurred are for settlement of obligations to fiscal authorities relating to prior reporting period and reimbursement of out-of-pocket expenses. And during 2019, payment for issue credit rating fee – securitization transaction was incurred.

The following are the amounts recorded on this account as of December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Miscellaneous Expense	P 18,560,867	P 7,395,912	P 5,770,136

24 INFORMATION ON STATEMENTS OF CASH FLOWS

24.1 Reconciliation of Liabilities from Financing Activities

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	<u>Due to Related Parties</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance at January 1, 2021	P 3,772,035,272	P 591,475,044	P 4,363,510,316
Cash flows from a financing activities:			
Advances obtained	-	-	-
Repayment of advances obtained	(2,596,103,115)	-	(2,596,103,115)
Non-cash financing activity -			
Amortization of bond issue costs	-	1,156,954	1,156,954
Balance at December 31, 2021	<u>P 1,175,932,157</u>	<u>P 592,631,998</u>	<u>P 1,768,564,155</u>

	<u>Due to Related Parties</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance at January 1, 2020	P 3,752,610,110	P 8,976,134,740	P 12,728,744,850
Cash flows from a financing activities:			
Advances obtained	23,216,435	-	23,216,435
Repayment of advances obtained	(3,791,273)	(8,405,590,000)	(8,409,381,273)
Non-cash financing activity -			
Amortization of bond issue costs	-	20,930,304	20,930,304
Balance at December 31, 2020	<u>P 3,772,035,272</u>	<u>P 591,475,044</u>	<u>P 4,363,510,316</u>

	<u>Due to Related Parties</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance at January 1, 2019	P 3,618,846,028	P 8,951,507,702	P 12,570,353,730
Cash flows from a financing activities:			
Advances obtained	137,555,355	-	137,555,355
Repayment of advances obtained	(3,791,273)	-	(3,791,273)
Non-cash financing activity -			
Amortization of bond issue costs	-	24,627,038	24,627,038
Balance at December 31, 2019	<u>P 3,752,610,110</u>	<u>P 8,976,134,740</u>	<u>P 12,728,744,850</u>

24.2 Supplemental Information on Non-cash Financing Activities of the Company

The Company's non-cash financing activity relates to the incurred interest expense amounting to P80.2 million and P464.0 million in 2021 and 2020, respectively. Out of these interest expense, P11.9 million and P20.0 million remain unpaid in 2021 and 2020 and are presented as part of Trade and Other Payables account in the statements of financial position (see Note 14).

25 OTHER MATTERS

25.1 Dividend Declaration

The Company's BOD approved the following cash dividend declarations in 2022:

Amount Per Share	Date of			Amount
	Declaration	Record	Payment	
Preferred				
1.506575	Feb. 17, 2022	Feb. 28, 2022	Mar. 1, 2022	P 75,328,750
1.506575	Feb. 17, 2022	May 18, 2022	Jun. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Aug. 18, 2022	Sep. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Nov. 17, 2022	Dec. 1, 2022	75,328,750
1.375	Feb. 17, 2022	Apr. 26, 2022	May. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Jul. 27, 2022	Aug. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Oct. 24, 2022	Nov. 10, 2022	50,875,000
				P 453,940,000

25.2 Impact of COVID-19

As Covid-19 is continuously evolving, IATF issued new Covid-19 Alert System, which aimed to manage and minimize the risk of the disease through System Indicators, Triggers and Thresholds determined by the IATF to specify the public health and social measures to be taken in relation to the Covid-19 response, as may be updated based on new scientific knowledge, information about the effectiveness of control measures in the country and overseas, and its application.

Before end of the year, IATF places most part of the Philippines in Alert Level 1, which allowed all establishments, persons or activities to operate, work, or be undertaken at full on-site provided it is consistent with minimum public health standards. With that, the Company was able to cater and deliver the services needed for the operations. The Company's management has assessed that the economic sustainability has affected the dividend declaration of subsidiaries. 8990 Housing Development Corporation, its subsidiary, declared dividends which is 141% higher than the previous year.

While the Company must pay the Bonds that will mature on July 16, 2022 and July 16, 2025, the management was still able to generate funds through adequate cash flows from the subsidiaries. To better manage the situations, management has made a baseline assessment of the Company's ability to weather the impact of the crisis and determined that the impact on the Company is likely insignificant based on available information as at the issuance date of the financial statements for the year ended December 31, 2021.

Nevertheless, putting paramount importance to the health and welfare of its employees, customers, counterparties and stakeholders, the Company and its subsidiaries have implemented strict health and hygienic measures, including protocols mandated by the government, and business continuity initiatives for its operations to mitigate the risks involved and alleviate the impact of COVID-19 to the Company's personnel, its financial condition and status of operations.

25.3 Follow-on offering

On January 21, 2022, the BOD authorizes the public offering of the Corporation's common shares, subject to the registration requirements of the Securities and Exchange Commission ("SEC") and the requirements of the Philippine Stock Exchange ("PSE") (the Offer, the registration with the SEC, and the crossing of the shares through the facilities of the PSE, collectively the "Offer"), under the following indicative terms and conditions:

- (a) offer and sale of up to 1,250,000,000 outstanding common shares held by existing shareholders of the Corporation, with an overallotment option of up to 150,000,000 outstanding common shares (collectively, the "Offer Shares");
- (b) delegation to Management the approval of such other terms and conditions of the Offer;
- (c) subject to other terms and conditions that may be mutually agreed upon by the Corporation and the underwriters for the Offer;

As of May 24, 2022, the board- approved offering is currently being applied to SEC for approval of the Registration Statement.

26. EARNINGS PER SHARE

Basic EPS is calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the reporting period (adjusted for any stock dividends, if any).

The following table reflect the net profit and share data used in the basic/diluted EPS computations:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net profit	P 2,715,952,781	P 1,020,141,500	P 2,016,610,075
Dividends on Preferred Shares- Series A	(301,315,000)	(301,315,000)	(301,315,000)
Dividends on Preferred Shares- Series B	<u>(203,500,000)</u>	<u> </u>	<u> </u>
Net Profit available to the Parent's Company's common shareholders	<u>P 2,211,137,781</u>	<u>P 718,826,500</u>	<u>P 1,715,295,075</u>
Divided by weighted average number of common shares	<u>5,391,399,020</u>	<u>5,391,399,020</u>	<u>5,428,957,420</u>
Basic/diluted EPS	<u>P .41</u>	<u>P 0.13</u>	<u>P .32</u>

There were no potential dilutive common shares in 2021, 2020, and 2019.

27. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented as follows:

(a) Value-Added tax

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is set at 12%. The Company did not declare output VAT as it did not enter into transactions subject to output VAT during the year.

The movement in input VAT in 2021 are summarized below (see Note 13).

Balance at beginning of year	P 9,634,967
Current year's domestic purchase and payments	<u>960,854</u>
Balance at end of year	<u>P 10,595,821</u>

(b) Taxes on Importations

The Company did not have any importation in 2021.

(c) Excise Tax

The Company did not have any transactions in 2021 that are subject to excise tax.

(d) Documentary Stamp Taxes

The Company's documentary stamp tax paid in 2021 amounts to P 4,987,488.

(e) Taxes and Licenses

The Company's taxes and licenses for the year ended December 31, 2021 consist of license and permit fees amounting to P 4,993,296 and is presented as Taxes and licenses under the Expenses in the 2021 statement of comprehensive income.

Documentary stamp tax	P 4,987,488
SEC Payment Assessment	5,050
Licenses and Permit Fees	<u>758</u>
	<u>P 4,993,296</u>

**P370,000 of the documentary stamp tax is deducted on the proceeds of the preferred Series B offering charged directly to APIC.*

(f) *Withholding Taxes*

Withholding taxes paid and accrued and/or withheld by the Company for the year ended December 31, 2021 consists of:

Final withholding tax	P 109,148,527
Withholding tax on compensation	769,843
Expanded withholding taxes	<u>1,388,518</u>
	<u>P 111,306,888</u>

(g) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2021, the Company has no final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in court or bodies outside of the BIR in any of the open taxable years.

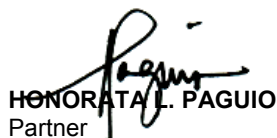
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of **8990 HOLDINGS, INC.** ("the Parent Company"), as at and for the year ended December 31, 2021 and issued our report thereon dated May 29, 2022. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The schedules listed in the Index to the separate Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's Management. These schedules are presented for purpose of complying with the Securities Regulation Code (SRC) 68, as amended, and are not part of the separate financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the separate financial statements and in our opinion, the information fairly states in all material respects the financial data required to be set forth therein in relation to the separate financial statements taken as a whole.

RAMON F. GARCIA & CO., CPAs

By:



HONORATA L. PAGUIO
Partner

CPA Certificate No. 0078850

PTR No. 8891006, January 29, 2022, Makati City

TIN 105-540-683-000

BOA/PRC Accreditation No. 0207 (November 11, 2019 – April 8, 2023)

Partner's BIR Accreditation No. 08-001759-003-2020 (February 24, 2020 to February 23, 2023)

Partner's SEC Accreditation No. 78850, Group A (Valid for the audit of 2019 to 2023 financial statements)

Firm's BIR Accreditation No. 08-001759-001-2020 (February 24, 2020 to February 23, 2023)

Firm's SEC Accreditation No. 0207-SEC-A (Valid for the audit of 2021 to 2025 financial statements)

May 29, 2022
Makati City

8990 HOLDINGS INC.
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Schedule	Description	Page No.
A	Financial Assets	
	Financial Assets at Fair Value Through Other Comprehensive Income	None
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	None
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	None
D	Intangible Assets – Other Assets	None
E	Long-Term Debt	1
F	Indebtedness to Related Parties	None
G	Guarantees of Securities of Other Issuers	None
H	Capital Stock	2

Other Required Schedules/Information

Financial Indicators	3
Reconciliation of Retained Earnings Available for Dividend Declaration	4
Map Showing the Relationship Between and Among Related Entities	5 - 7
Schedule and Use of Proceeds	8

8990 HOLDINGS, INC.
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long Term Debt" in Related Balance Sheet	Amount Shown under Caption "Long-Term Debt" in Related Balance Sheet
Bonds payable	₱592,631,999	₱375,019,694	₱ 217,612,305
Notes Payable	₱500,000,000	₱500,000,000	₱ -

8990 HOLDINGS, INC.
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		Others
				Related parties	Directors, Officers and Employees	
Common Shares at ₱1 par value	6,850,000,000	5,391,399,020	—	3,269,956,725	427,021,397	1,694,420,898
Preferred Shares Series A at ₱1 par value	50,000,000	50,000,000	—	—	—	50,000,000
Preferred Shares Series B at ₱1 par value	50,000,000	37,000,000	—	—	—	37,000,000
Preferred Shares ₱ 0.01 par value	5,000,000,000	-	-	-	-	-

8990 HOLDINGS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	Dec-21	Ratio	Formula	Dec-20
Current ratio	Total Current Assets Divided by Total Current Liabilities	2,923,964,033 2,199,942,955	Current ratio	Total Current Assets Divided by Total Current Liabilities	1,130,276,750 3,811,195,777
		1.33			0.29
Acid test ratio	Total Current Assets Less: Inventories Other Current Assets	2,923,964,033 - 19,449,789	Acid test ratio	Total Current Assets Less: Inventories Other Current Assets	1,130,276,750 - 18,811,469
	Quick Assets Divide by: Total Current Liabilities	2,904,514,244 2,199,942,955		Quick Assets Divide by: Total Current Liabilities	1,111,465,281 3,811,195,777
	Acid test ratio	1.32		Acid test ratio	0.29
Solvency ratio	Total Liabilities Divided by Total Assets	2,423,201,511 47,578,491,296	Solvency ratio	Total Liabilities Divided by Total Assets	5,703,217,079 46,110,659,739
		0.05			0.12
Debt-to-equity ratio	Total Liabilities Divided by Total Equity	2,423,201,511 45,155,289,785	Debt-to-equity ratio	Total Liabilities Divided by Total Equity	5,703,217,079 40,407,442,660
		0.05			0.14
Assets-to- equity ratio	Total Assets Divided by Total Equity	47,578,491,296 45,155,289,785	Assets-to- equity ratio	Total Assets Divided by Total Equity	46,110,659,739 40,407,442,660
		1.05			1.14
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) Divide by: Interest Expense	2,800,788,753 81,234,348	Interest rate coverage ratio	Earnings before interest and taxes (EBIT) Divide by: Interest Expense	1,506,598,264 485,207,284
		34.48			3.11
Return on equity	Net Profit Divide by: Total Equity	2,715,952,781 45,155,289,785	Return on equity	Net Profit Divide by: Total Equity	1,020,141,500 40,407,442,660
		0.06			0.03
Return on assets	Net Profit Divide by: Total Assets	2,715,952,781 47,578,491,296	Return on assets	Net Profit Divide by: Total Assets	1,020,141,500 46,110,659,739
		0.06			0.02
Net profit margin	Net Profit Divide by: Total Revenue	2,715,952,781 2,840,603,235	Net profit margin	Net Profit Divide by: Total Revenue	1,020,141,500 1,544,094,883
		0.96			0.66

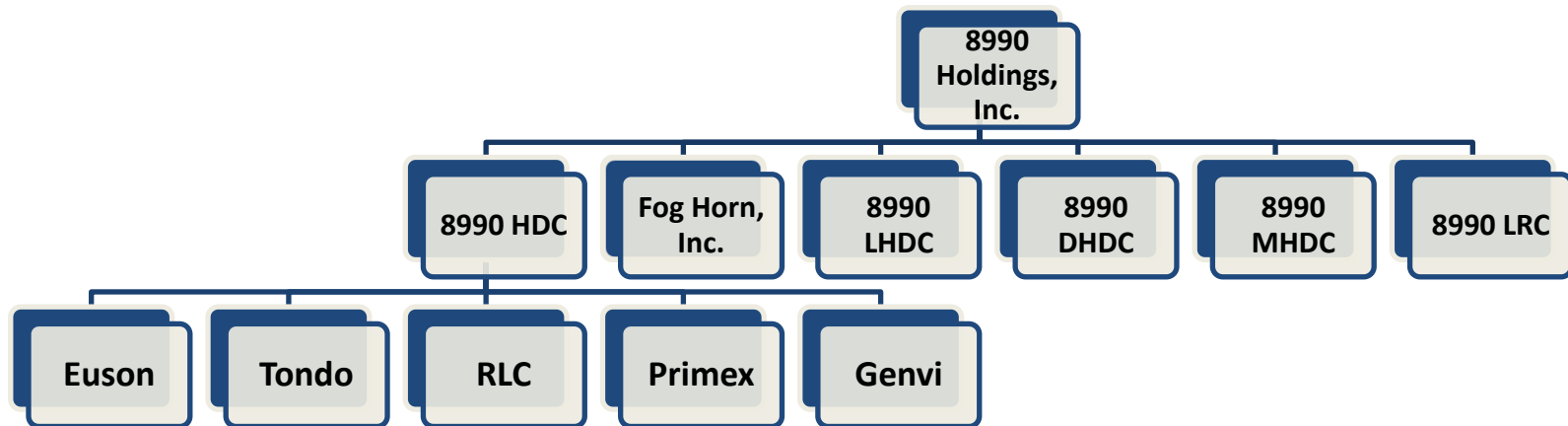
Schedule I

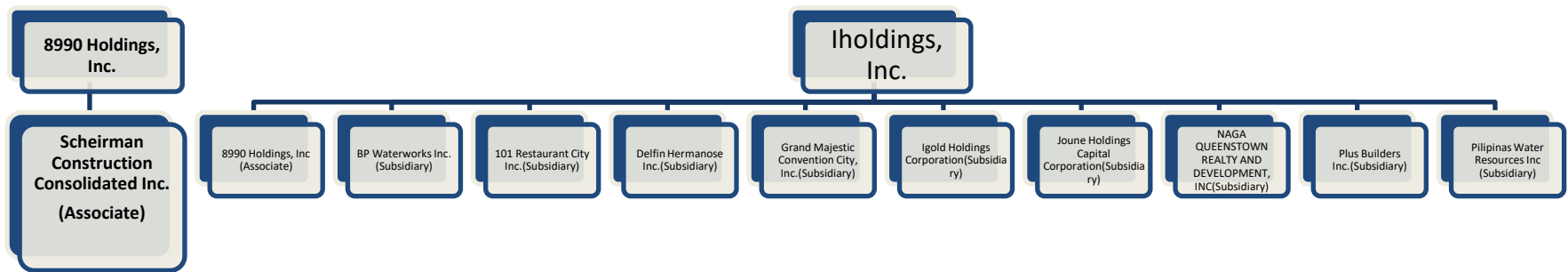
8990 HOLDINGS, INC.
11th Floor Liberty Center, 104 H.V. Dela Costa
Salcedo Village, Makati City

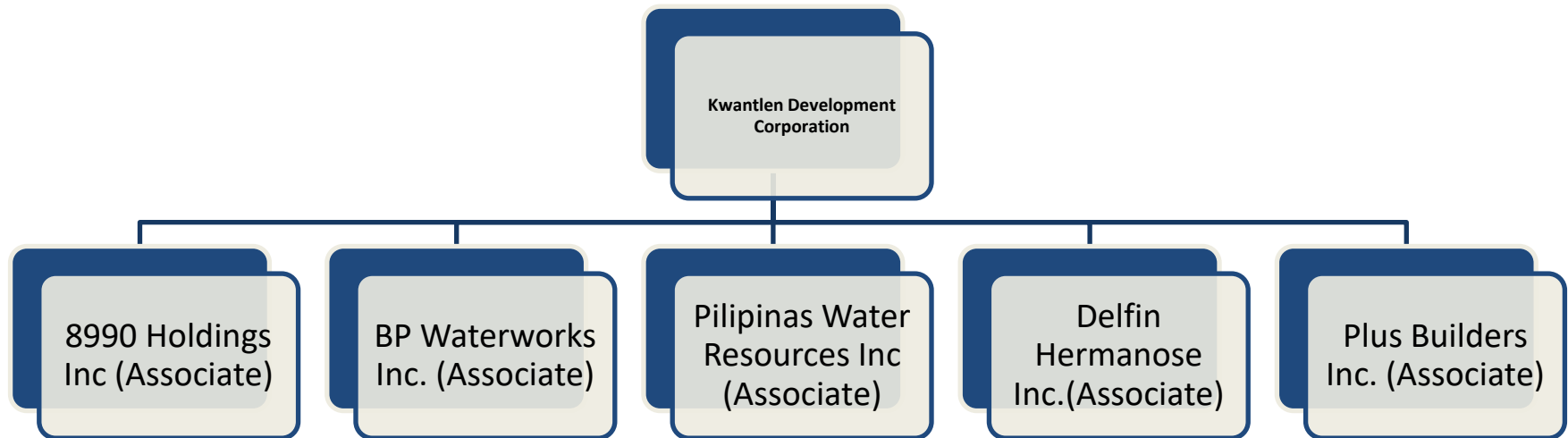
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2021

Unappropriated retained earnings at Beginning of Year		3,262,336,988
Treasury shares accounted as at January 1, 2021		(1,806,540,154)
Net Profit per Audited Financial Statements		2,715,952,781
Other Transactions During Current Year		
Acquisition of treasury shares	-	
Dividends declared	(1,608,413,144)	(1,608,413,144)
Unappropriated Retained Earnings Available for		
Dividend Declaration at End of Year		<u><u>2,563,336,471</u></u>

8990 HOLDINGS, INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG
THE PARENT COMPANY AND ITS SUBSIDIARIES
DECEMBER 31, 2021







**8990 Holdings Inc. Preferred Shares
Schedule and Use of Proceeds
As of December 31, 2021**

	PER PROSPECTUS	ACTUAL
Estimated Proceeds from the issuance of Preferred Shares	<u>3,700,000,000.00</u>	<u>3,700,000,000.00</u>
Less Expenses:		
Underwriting and selling fees	52,099,282.00	52,099,282.00
SEC Registration	1,830,655.00	1,830,655.00
PSE Registration and listing fees	5,600,000.00	2,240,000.00
Professional fees	4,000,000.00	2,724,066.00
Documentary stamp taxes	370,000.00	370,000.00
Stock transfer agency expenses	442,000.00	448,000.00
Receiving agency expenses	400,000.00	-
Advertising expenses	200,000.00	166,925.00
Other expenses	<u>20,000.00</u>	<u>13,608.00</u>
	<u>64,961,937.00</u>	<u>59,892,536.00</u>
Net Proceeds	<u><u>3,635,038,063.00</u></u>	<u><u>3,640,107,464.00</u></u>

COVER
SHEET

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8	9	9	0		H	O	L	D	I	N	G	S	,	I	N	C	S.E.C. Registration Number				

(Company's Full Name)

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C	O	S	T	A	,	S	A	L	C	E	D	O		V	I	L	L	A	G	E	,	M	A	K	A	T	I		

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

Roan Buenaventura-Torregoza Compliance Officer Contact Person/s

(632) 4789659/5333915/5333917 Company Telephone

Number

1	2
1	

3

SEC Form 17-A December 31, 2021

0	8

2	7

Month Day
Calendar Year

FORM

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

33

Total No. of Stockholders

30

Domestic

3

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

- For the fiscal year ended **December 31, 2021 (Full Year)**
- Commission identification number. **CS 2005 11 816**
- BIR Tax Identification No **239-508-223-000**
- Exact name of issuer as specified in its charter **8990 HOLDINGS, INC.**
- Province, country or other jurisdiction of in Company or organization : **Metro Manila, Philippines**
- Industry Classification Cod (SEC Use Only)
- **11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
Address of issuer's principal office Postal Code
- Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**
- Former name, former address and former fiscal year, if changed since last report **N/A**
- Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	5,391,399,020
Fixed Rate Bonds	594,410,000
Preferred Shares	87,000,000

- Are any or all of the securities listed on a Stock Exchange?

Yes [☒] No [☐]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Name of Stock Exchange: **Philippine Stock Exchange**

Class of Securities Listed:

Common Shares

Name of Stock Exchange:

Philippine Stock Exchange

Class of Securities Listed:

Preferred Shares

- Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Company Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days. Yes [☒] No [☐]

- State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 29, 2014, the last trading day for the year is Php9,964,483,980.24 (1,399,506,177 shares @ Php7.12/share).

**APPLICABLE ONLY TO ISSUER INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

- Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [☐] No [☐] (N/A)

DOCUMENTS INCORPORATED BY REFERENCE

- If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the documents is incorporated:

(a) Any annual report to security holders; (N/A)

(b) Any information statement filed pursuant to SRC Rule; (N/A)

(c) Any prospectus filed pursuant to SRC Rule 8.1. (N/A)

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

8990 Holdings, Inc. (“8990” or the “Company”), operating through its Subsidiaries, is the leading Mass Housing developer in terms of home loan take-out by the Government’s Mass Housing agency, the Home Development Mutual Fund (“HDMF”, also known as “Pag-IBIG”). From 2017 to 2021, HDMF take-outs amounted to ₱ 18,872.8 million. In addition, 8990 is the second largest developer in the affordable housing sector based on sales revenues for the year ended 2019, according to Frost & Sullivan. The Company has been listed on the PSE since 2010 under the stock symbol “HOUSE” and is among the fastest growing publicly listed real estate companies in the Philippines with a market capitalization of ₱60,814.98 million as of December 31, 2021.

8990 is focused on socially responsible growth, providing quality and affordable housing options to low-income Filipinos for whom basic home financing has traditionally been challenging to obtain, by offering innovating financing solutions through the Company’s in-house financing program, the “CTS Financing Program” and affordable home loan financing in coordination with the HDMF. The Company believes that it has established a unique business model that is highly profitable due to its operational and financing efficiencies.

The Company has four strategic business units: (i) Low-Cost Mass Housing under the DECA Homes brand; (ii) Medium-Rise Condominiums (“MRBs”) under the Urban DECA Homes brand; (iii) High-Rise Condominiums (“HRBs”) under the Urban DECA Towers brand; and (iv) Others, which includes the sale of developed subdivision lots, hotel operations and lease of properties. The Company has completed 65 Mass Housing projects across the Philippines and has 17 ongoing Mass Housing, MRB and HRB projects as of December 31, 2021. The Company has grown its footprint significantly since 2007, delivering approximately 83,000 units across completed and ongoing projects, with an estimated 332,000 residents and approximately 90% occupancy rate, as of December 31, 2021.

Unique Business Model

The Company’s unique business model emphasizes efficient construction periods using pre-cast system manufacturing construction technology, offers an accessible and innovative financing solution through the CTS Financing Program and utilizes loan factoring options for rapid capital recycling through a combination of loan migrations to HDMF, sales of receivables to financial institutions (without recourse) and partnerships with banks for loan migration.

The CTS Financing Program is an affordable pricing and payment model designed to cater to customers who do not have the accumulated savings to pay a substantial down payment but have sufficient recurring income to support monthly amortization payments. Under the CTS Financing Program, customers can move into their chosen home after a minimal down payment ranging from 3% to 5% of the total contract price, compared to approximately 10% to 20% equity down payment generally required by other developers. The Company retains ownership of the housing unit until full payment is completed by the buyer. This innovative in-house financing program allows buyers to purchase a property with a small upfront payment, thereby providing accessible housing to demographic groups for which home ownership has traditionally been challenging to attain.

The CTS Financing Program is strengthened by the Company's strong relationship with the HDMF and its Pag-IBIG Fund, the Government's established housing financial assistance program with a statutory mandate to provide assistance for the housing requirements of its members and allot not less than 70% of its investible funds for the deployment of housing loans to qualified buyers. The Company has structured the CTS Financing Program such that the requirements to participate in such in-house financing program generally mirrors the requirements for availing of a Pag-IBIG home loan. This mirroring of requirements facilitates the take-out by Pag-IBIG of such loans when applied for by 8990 buyers, thereby converting the receivables of the Company into cash and reducing the financing and other risks relating to potential buyer defaults.

Industry Experience and Strategic Shareholder Support

The Company has been developing Mass Housing projects in high-growth areas across the Philippines since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain related companies of 8990, developed their first Mass Housing project in 1991 in Cagayan de Oro.

The Company believes that its industry experience has equipped it with the ability to understand the needs, preferences, means and circumstances of consumers in the Philippine Mass Housing market for which it has gained a reputation of providing quality and affordable homes. Awards recognizing the Company's achievements include the following: PropertyGuru 2021 Best Affordable Condo Development (Metro Manila), PropertyGuru 2021 Best Affordable Condo Development (Southern Luzon), PropertyGuru 2021 Best Affordable Housing Development (Metro Davao), Pag-IBIG Top Property Developer (Visayas and Mindanao) in the first half of 2021 in terms of take-out value from Pag-IBIG, Top Property Developer in the Philippines from 2017 to 2019 in terms of take-out value from Pag-IBIG Best Low Cost Housing Developer (National) in March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 2016 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation.

In addition, the Company enjoys the support of its strategic shareholders, TPG and Pasir Salak, a subsidiary of Khazanah Nasional Berhad. TPG and Pasir Salak have provided strategic support to the Company through their extensive experience in investing in housing and real property companies across the Asia-Pacific region and their long-term and growth-oriented investment approach. They have provided guidance and insights on strategic planning, financing and capital market planning and business optimization, among others.

Mission and Vision

The Company's mission is to be the most admired Mass Housing developer in terms of industry leadership, price and quality. In providing quality and affordable housing to the Filipino family, the Company conducts its business with integrity, fairness and competence towards its vision to maximize the value it provides to customers, suppliers, investors, shareholders and Philippine society in general.

STRENGTHS AND STRATEGIES

Competitive Strengths

The Company considers the following to be its principal competitive strengths:

Operation in a large, underserved market with significant growth potential

Robust macroeconomic fundamentals in the Philippines is expected to drive demand for the Philippine Mass Housing market. According to Frost & Sullivan, the Philippines' GDP is expected to grow at a compounded annual growth rate ("CAGR") of 5.2% from 2015 to 2025F, driven by sustained public projects, especially under the Government's "Build, Build, Build" initiative, a comprehensive infrastructure development program, private consumption and spending and innovative projects. Prior to the pandemic, the Philippines was one of the fastest-growing economies in Southeast Asia due to its strong household consumption, remittances, and government's extensive spending on infrastructure. The pandemic upended the economy as the country went into a strict lockdown. Growth stalled, and the GDP contracted by (4.1%) in 2020 per the IMF. Recovery was slow in the first three quarters of 2021 as the country continued implementing restrictions and controlling business activities. Only in the fourth quarter of 2021 did the Philippines recover and hit a 7.7% GDP quarterly growth. The Government is optimistic about hitting 6.3% GDP growth in 2022 as it moves to lift restrictions and allow more businesses to open and operate in higher capacity. In addition, a growing and increasingly urbanized population will bolster demand for housing in the long term, especially in large cities such as Metro Manila, Davao City and Cebu City. According to Frost & Sullivan, the urban population amounted to 47% of the total Philippines' population of 110 million in 2020 and is expected to grow 10% from 52 million to 57 million from 2020 to 2025F.

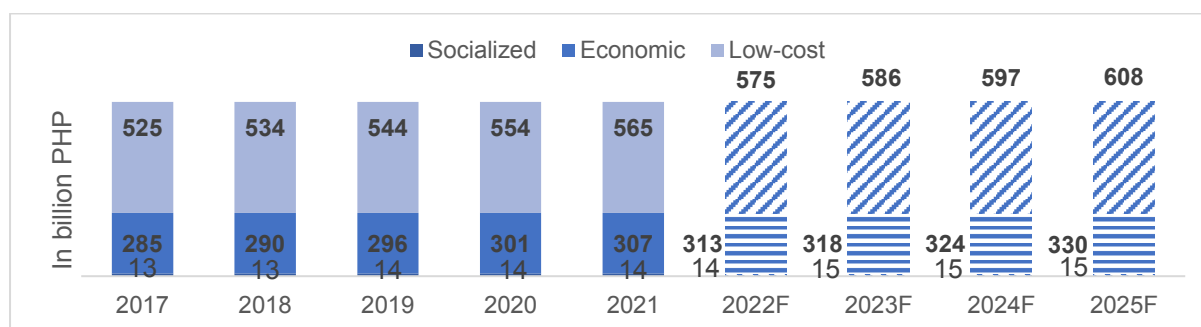
By 2022, total housing need (i.e., the supply-demand gap in the housing market) in the Philippines is expected to reach 6.8 million units, of which 80% is estimated to be within the Mass Housing segment. Frost & Sullivan estimated that, if such housing need is not addressed sooner, total housing needs may reach almost 12.3 million by 2030, of which approximately 85% are in the Mass Housing market (2.7 million are socialized, 6.2 million are economic and 1.5 million are low-cost housing units). Moreover, it was estimated by BSP's Consumer Financial Survey in 2018 that around 71% of the middle-income to low-income Filipino families are renting their houses, signifying a large underserved housing need especially in the affordable housing market.

Figure 1: Combined Housing Segmentation as defined by law and industry

Classification	DHSUD Definition (in ₱)
Socialized Tier 1	₱480,000 below
Socialized Tier 2	₱480,001 – 530,000
Socialized Tier 3	₱530,001 – 580,000
Economic	₱580,001 - 1.75 million
Low Cost	Up to ₱3 million
Mid End	Above ₱3 million to ₱4 million
High End / Open Market	₱4 million and up

Source: DHSUD, 2021; Frost & Sullivan Expert Interviews

Figure 2: Estimated Gross Value of Economic, Low-cost and Socialized Housing Segment, 2017–2025F



Source: Frost & Sullivan

Affordable housing also forms one of the key national priorities of the Government, who has rolled out various initiatives to accelerate the sector’s growth across all dimensions. According to Frost & Sullivan, the Government is expected to invest ₱8.4 trillion (US\$165 billion) across 2016 to 2022 into various infrastructure projects, benefitting the housing sector by enhancing connectivity to current projects and opening new areas for residential development. The Government has further demonstrated its unwavering commitment towards affordable housing through the rollout of the 20-year National Housing and Urban Development Sector Plan by the National Human Settlements Board (“NHSB”) set up by the Department of Human Settlements and Urban Development (“DHSUD”) in 2021 to consolidate strategies, plans and programs of the DHSUD, the key shelter agencies, partner-developers and other stakeholders to address the provision of adequate and affordable housing to all Filipinos. According to DHSUB official publication “The Shelter” in December 2020, the DHSUD will be looking into (a) policy reviews and reforms targeting to expedite financing services to the poor and low-income households, (b) exploring Public Rental Housing Policy (“PRHP”), (c) reviewing the price ceiling of socialized subdivision and condominiums, (d) reviewing loan ceiling for economic, low-cost, and medium cost housing, and (e) assessing whether to extend the Rent Control Act of 2020, all of which would likely benefit the affordable housing market.

The Government addresses the affordability of housing for homebuyers through the Pag-IBIG fund, which provides attractive and affordable loans for homebuyers with low interest rate (averaging 5% in 2020), low-income requirement and longer loan term (up to 30 years), according to Frost & Sullivan. They also incentivize private housing developers to provide socialized and economic housing projects through (a) five-year income tax holiday, (b) exemption from capital gains tax and (c) the availment of Pag-IBIG’s Developer’s Loan Program. Pag-IBIG provides credit facilities to accredited private developers to help them recover its investments and develop housing projects faster while waiting for take-outs of delivered and completed housing loan applications. In 2020, Pag-IBIG has released ₱64 billion (US\$1.3 billion) of housing loan proceeds to 63,750 members, wherein 75% were developer-assisted and 25% were retail accounts.

According to Frost & Sullivan, the ongoing COVID-19 pandemic has resulted in a slowdown in the Philippine housing industry as buyers became wary of the uncertainties. Notably, while investment purchases from the up-tier market slowed down, the demand for low-cost housing proved to be more robust. Given that low-cost housing is seen less as an investment and more as a necessity, the market tends to be less prone to market, financial and economic slowdown and more impacted by consumer preferences and trends.

The Company believes that it is well-positioned to capitalize on the growing demand and unmet need for Mass Housing, as well as supportive Government policies in the Philippines, given its

leading and differentiated market position in the Mass Housing market, the strong nationwide brand equity of its DECA Homes, Urban DECA Homes, and Urban DECA Towers lines, its working relationship with governmental agencies and its commitment to focus on environmentally sustainable and socially responsible growth.

Market leader with an established track record and well-recognized brands for the underserved Mass Housing segment

The Company is the top Mass Housing developer in the Philippines by Pag-IBIG takeout from 2017 to December 31, 2021, which amounted to ₱18.9 billion.

The Company has been developing Mass Housing Projects in high-growth areas across the Philippines since 2003 and has built a strong reputation of providing a full suite of quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, through the Company's DECA Homes, Urban DECA Homes, and Urban DECA Towers brands. The Company has also placed an extensive focus on providing affordable housing to demographic groups for which home ownership has been traditionally challenging to attain, as well as creating a sustainable community through amenities that allows residents to live in a safe, healthy and vibrant community.

In recognition of the Company's contribution to the Mass Housing market in the Philippines, the Company has also won numerous prestigious awards such as:

- Best Affordable Condo Development (Metro Manila and Southern Luzon) and Housing Development (Metro Davao) in 2021 by PropertyGuru
- Top Housing Developer in the Philippines from 2017 to 2019 and Top Property Developer in the Visayas and Mindanao regions in the first half of 2021 in terms of take-out value from the Pag-IBIG fund
- Best Low Cost Housing Developer (National) awarded in March 2017 by Q Asia's Seal of Product and Quality Service
- Outstanding Developer Low Rise Mass Housing in 2016 by the International Real Estate Federation in the Philippines ("FIABCI-Philippines")
- BCI Asia Top 10 Developers in 2015 and 2016
- Best Mid-Cap Firm in the Philippines in 2015 by Finance Asia
- Prestigious Seal Awardee for Best Developer in Low-Cost Housing in 2015 by Gawad Sulo Foundation

Driven by its strong commitment to deliver, the Company has completed 65 Mass Housing projects and has 17 ongoing Mass Housing, MRB and HRB projects as of December 2021.

Unique business model positions the Company for long-term leadership in a fragmented and under-penetrated market

The Company believes that it is one of the few scaled, nationwide developers with customer offerings uniquely dedicated to serving the housing needs of the Mass Housing segment. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an

estimated market size of ₱887 billion (US\$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The Mass Housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

Further differentiating 8990 is its ability to provide the full value chain required by the Mass Housing market:

- **Land Acquisition:** Actively evaluates attractive land acquisition opportunities nationwide. Key criteria include proximity to areas close to the Company's target customers, including Pag-IBIG members, and its sources of livelihood
- **Customer Screening:** Focus on gainfully employed customers who have significant lifetime earnings potential and are acquiring the Company's developments as their primary residence
- **Construction Technology:** Pre-cast system manufacturing construction technology that allows rapid construction of quality houses
- **In-House Financing:** Accessible in-house financing with a unique combination of attractive upfront equity and affordable monthly payments
- **Strong Pag-IBIG relationship:** Status, track-record and customer screening synchronization with Pag-IBIG allows for continuous and seamless Pag-IBIG take up
- **Credit Collection:** Emphasis on incentivizing a strong repayment behavior through required financial literacy seminars
- **Property Design and Management:** Focused on creating "communities" within each development such as through sports facilities, churches, parks and meeting areas. In addition, the Company provides comprehensive and ongoing support for properties

Pre-cast system manufacturing construction technology driving efficiencies and cost-savings

The Company has continually invested in innovation to update its building processes and minimize waste of materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers in the Philippines, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, the 2013 7.2 magnitude earthquake which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the

area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 15 days with an additional five days for single-storey houses with lofts.

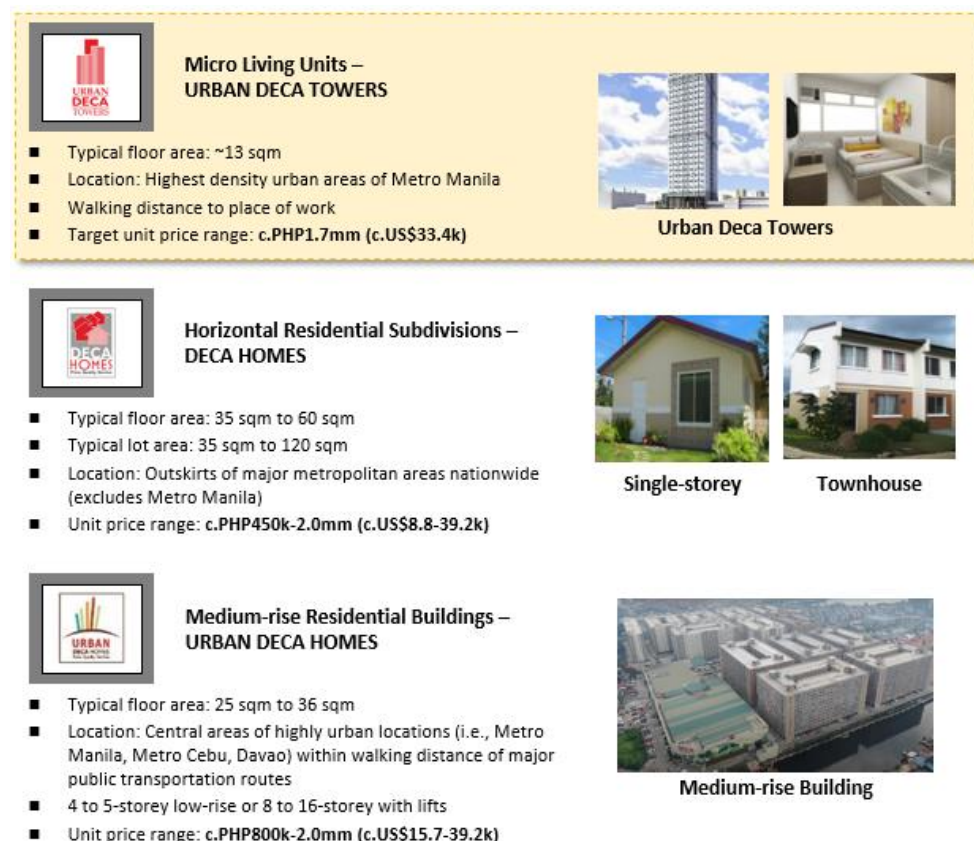
The Company continuously improves and refines this process and has mastered its efficient implementation in the field, allowing for quick turnover and re-deployment of capacity. This construction process is highly scalable leading to highly efficient use of capital and industry-leading returns.

Customer-focused product and payment scheme complemented by effective collection, risk management policies and loan factoring for a rapid capital recycling cycle

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base, which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership.

For illustration, the Company's housing portfolio includes the following products.

Figure 5: 8990's Product Portfolio



Source: Company Information

Furthermore, the Company's innovative CTS Financing Program typically requires a relatively small upfront payment (normally 3% to 5% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allows customers to purchase and move into a housing unit without material effect on their savings. Fast and efficient processing under the CTS Financing Program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To support the CTS Financing Program, the Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. The Company proactively approaches customer credit management, beginning at the point prior to actual sale by conducting in-house seminars/lectures covering key topics related to purchasing a housing unit such as documentary requirements, payment structure and credit and legal obligations connected with the housing unit purchase. The Company has also implemented a comprehensive credit verification process for all potential buyers looking to purchase housing units under the in-house CTS Financing Program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. The Company believes that its combination of industry experience, customer selection and comprehensive program to collect, educate and support its customers has resulted in the Company's estimated collection efficiency rate of 94% at the end of 2021. The estimated collection efficiency rate is the amount collected out of the current amount due from a customer. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in within a year from the time of default.

Further complementing the Company's in-house financing solutions are loan factoring options available that generate additional cash for the Company such as: Migration to Pag-IBIG, Sale of Receivables to Financial Institutions Without Recourse and Partnership with banks after accreditation for loan migration.

Strong relationships with key housing and shelter agencies

The Company, through its Subsidiaries and Principals, Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board and Founder) ("the Principals"), has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013. In addition, the accreditation of the Company's projects with the Board of Investment under the IPP allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a strong reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements

of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's takeout of the Company's contracts-to-sell under its CTS Financing Program. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

Committed to integrating ESG-aligned practices across the Company and all projects

The Company places great value on Environmental, Social and Governance ("ESG") standards, as they take pride in conducting its business responsibly. They are committed to ESG standards that help in building a sustainable future for the communities they serve and creating long-term value for all its stakeholders. Accordingly, they have undertaken several initiatives toward this including providing affordable housing and basic infrastructure, promoting gender equality and social equality, pursuing inclusive growth, and maintaining sustainable community and environment.

The Company is also committed to contributing towards achieving the Sustainable Development Goals ("SDGs") adopted by the United Nations Member States in the year 2015. The Company benchmarks and integrates these SDGs with key areas of its business operations. The efforts undertaken by the Company ensure a positive contribution to at least 6 of the 17 SDGs, including: SDG #11: Sustainable Cities and Communities, SDG #10 Reduce inequality, SDG #8 Decent work and Economic Growth, SDG #12 Responsible Consumption and Production, SDG #13 Climate Action, and SDG #15 Life on Land. They actively continue to work on further deepening its impact across these goals and expanding the scope of its influence across other goals, in the pursuit of a win-win for both its business as well as social ecosystem.

The Company provides affordable housing to demographic groups in Philippines for which home ownership is traditionally challenging to attain, by offering 3% equity versus 10 to 20% in the Mass Housing market. Monthly amortization is made more affordable by providing longer loan term that are not widely available for the majority of the population. As of September 30, 2021, an average of 63% of the 8990's home buyers have a maximum gross monthly income of ₱55,000 (US\$1,100) and below and an average of 55% are women. For vast majority of them, it would have been significantly challenging for them to own homes, if not because of the affordable housing and innovative financing offered by the Company together with its partners.

The Company's housing development are not only affordable but provides access to infrastructure, including water, sanitation, transportation, and security features for residents to live in safe, healthy, vibrant communities that allow individual to access opportunities for economic mobility through proximity to job opportunities, and stable and safe living environments.

The Company is focused on environmental sustainability in its operations through a decade long commitment to low waste, smart design and resources efficient buildings.

In addition to the efforts undertaken towards Social and Environmental goals, the Company also incorporates high standards in its Corporate Governance through standard operating procedures / manuals detailing procedures to be followed for each and every function.

Experienced management team with extensive expertise in Mass Housing development

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board), Attorney Anthony Vincent S. Sotto (President and CEO), Roan Buenventura-Torregoza (Chief

Financial Officer) and Alexander Ace S. Sotto (Chief Operating Officer), who each have extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market, and span an aggregate of over 100 years in the industry.

Through their various business ventures (including 8990), the Principals have constructed housing units across multiple regions in Philippines across Visayas, Luzon and Mindanao, including major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local government agencies and banks.

Mr. Yu carries with him over 30 years of experience in the Mass Housing business. Mr. Martinez has over three decades of experience in the Mass Housing industry and was once the National President of the SHDA, the largest national organization of subdivision and housing developers in the Philippines with over 200 members.

Attorney Anthony Vincent S. Sotto has almost 18 years of experience with the Company, and has previously served as the capacities of Deputy Chief Executive Officer, General Manager and Assistant General Manager in the Company.

Alexander Ace S. Sotto's 18 years of experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the Chief Operating Officer of the Company.

Meanwhile, Roan Buenaventura Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc.

Key Strategies

The Company was founded to address the Mass Housing problem in the Philippines. By 2030, the total housing need in the Philippines could increase to approximately 12.3 million units, of which approximately 85% will be in the Mass Housing market, according to Frost & Sullivan. However, the supply of affordable housing is unable to catch up, given that most Mass Housing developers are small regional developers, with limited geographical coverage. At the same time, certain demographic groups, including the low- to middle-income Filipinos, often face difficulties accessing home financing solutions that meets its cash flow profile.

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to address the Mass Housing problem in the Philippines by delivering affordable homes and innovative financing solutions with speed and quality to its target customers, mainly comprising low- to middle-income earners. This is achieved through:

1. Introduction of an innovative financing solution that allows Filipinos to own a housing unit by paying monthly amortization at the price equivalent to that of a monthly rental payment
2. Establishing a close partnership with the Government's Mass Housing agency to expedite the delivery of the Government's housing initiatives
3. Delivering fast, quality and affordable housing options near customers' source of livelihoods
4. Successful execution of a unique and superior business model addressing an underserved market, and is highly profitable due to the Company's operational and financing efficiencies

To further build on its competitive strengths and allow further expansion of its business, the Company plans to undertake the following:

Pursue growth by maintaining leadership with affordable and competitive pricing

The Company has a distinct leadership position in the Mass Housing segment

The Company believes that it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, uniquely positioning it vis-à-vis other major housing developers in the Philippines. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US\$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

The Company believes that its unique positioning and leadership in the underserved need-based Mass Housing market will continue to provide demand for its housing developments in the future.

The Company seeks to promote home ownership for its target customers by matching housing cost with their ability to pay

The Company seeks to promote home ownership in the Mass Housing segment in part by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers. In particular, the Company intends to seek ways to improve on and further provide flexibility through its CTS Financing Program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows customers to move into their chosen housing unit after a significantly lower down payment of 3% to 5% of purchase price and pay down their housing loan across an average term of 25 years and at a fixed interest rate of 9.5% for the first four years.

The Company's financing program hence allows customers to break down the housing unit purchase price into affordable monthly amortizations, based on the cash flow they receive on a monthly basis from their employment and other sources of income. The Company also endeavors to keep monthly amortizations affordable at approximately 35% of their monthly income, as well as approximately matching these monthly amortization with monthly rental rates that its target customer would have otherwise paid for similar Mass Housing units, thereby encouraging the low- to middle-income customers to buy a house rather than continue renting.

For example, the Company offers a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit, with 9.5% annual interest rate for the first four years and a 25-year amortization schedule) to approximately ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under its in-house CTS Financing Program, at the right price range (₱450,000 to ₱2.0 million per housing/condominium unit).

The Company believes that the attractiveness of the CTS Financing Program is likely to continue driving demand for its housing developments into the future.

Continue to innovate and invest in maintaining the Company's competitive advantage

The Company intends to further leverage and invest into its CTS Financing Program and rapid construction technology to maintain its competitive strength.

The Company believes that the key success factor of its CTS Financing Program is not just in its innovative structure, but also in its ability to complement this with comprehensive and proactive customer engagements. This is done through consistent customer engagements through financial literacy programs to guide them through the documentary requirements for the loan application process and educate them on credit management to encourage strong loan repayment behavior. This has led to a successful track record with an estimated 94% performing accounts ratio from 2015 to 2019 and 2021. The Company intends to continue its efforts to optimize its financing program and financial literacy programs to deliver a comprehensive housing solution for its target customers and maintain its industry-leading profit margins.

The Company intends to continually invest in innovation to update its construction processes and minimize waste of materials, while at the same time delivering housing units with quality and speed. The utilization of an on-site pre-cast construction process has resulted in significant cost savings and healthy profit margins. The Company believes that similar innovations into highly scalable construction processes will further enhance efficiency of capital use, rapid recycling of cash flow and its industry-leading returns. Additionally, the Company intends to explore further ways to incorporate environmental sustainability into its construction process.

Continue with monetization of its receivables through various channels

The Company rapidly recycles its capital by migrating home loans offered or selling receivables from customers (via its in-house CTS Financing Program) through three main channels:

1. Sale of receivables to financial institutions
2. Migration to Pag-IBIG
3. Partnership with banks after accreditation to migrate these loans to them

For the period between 2016 to 2021, the Company has successfully sold ₱28.9 billion of receivables to financial institutions and migrated ₱18.9 billion of loans to Pag-IBIG. From August to December 2021, the Company has also migrated ₱331 million of loans to partner banks (i.e. BPI and Security Bank). In addition to these three channels, the Company has initiated possible securitization transactions with respect to its receivables portfolio, which is expected to be completed in 2022 and targeted to generate net cash of ₱1.0 billion.

The Company's strong track record in the monetization of its receivables could be attributed to its strong relationship with financial institutions and its ability to structure its in-house CTS Financing Program to mirror the requirements of Pag-IBIG home loan. As a result, the Company believes that up to 99% of home loans offered by the Company are eligible for migration to Pag-IBIG.

The Company intends to continue to monetize its receivables in order to recycle its capital to fund future growth plans, as well as to de-risk its capital structure to maintain a net debt to equity ratio of 0.61x as of December 31, 2021, on par with the industry average.

Maintain appropriate financing, liquidity and risk management policies

The Company believes that its financing model is robust, through its ability to generate strong demand through providing attractive financing options for customers, and at the same time, preventing losses through appropriate financing, liquidity and risk management measures.

Measures undertaken include:

- financial literacy programs to maintain high collectability at an estimated 94% performing accounts ratio for the year ended December 31, 2021;
- de-risking its capital structure through monetization of receivables; and
- protecting its capital through retaining the home ownership until the loan amount is fully received from the homebuyers.

This has enabled the Company to achieve industry leading return on equity. The Company intends to continue implementing such measures to ensure adequate protection against financing risks.

Continue to grow land bank in strategic locations for development

The Company plans to continue to explore opportunities to replenish its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects. The Company aims to seek out properties located in areas with high population growth rates and rental yield, close proximity to public transportation terminals and major thoroughfares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities, where there are underserved housing needs for its target customers across the Philippines. The Company also targets to commence development of new land bank properties within two to three years of purchase.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (a) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (b) geographically expand into new cities. For example, the Company has brought to Metro Manila the Urban DECA Homes high-rise building concept in Tondo, Manila, and Mandaluyong.

Driving further ESG initiatives across its business model

The Company founded on the vision to provide quality and affordable housing to the Filipino family and maximize the value that it provides to customers, suppliers, investors, shareholders and Philippine society in general, has integrated ESG initiatives in its business model. The Company believes that its unique and superior business and financing model allows it to address an underserved housing need in the society, while at the same time, maintaining its industry-leading profitability through operational and financing efficiencies.

The Company's ability to offer a full suite of housing projects at affordable price points provide accessible housing to demographic groups for which home ownership has traditionally been challenging to attain. Based on the Company's internal data on customer demographics, an average of 62% of its customers have a gross monthly income of ₱55,000 and below, 60% are singles, 55% are females, 19% are OFWs and 15% are undergraduates, as of December 31, 2021.

The Company endeavors to go beyond providing basic housing infrastructure, but also to create sustainable communities through amenities offered in the housing developments, which includes security features to protect residents (e.g. gated entrance with security), social spaces to promote interaction (e.g. clubhouse, church) and recreational facilities to promote healthy lifestyle (e.g. swimming pool and wakeboarding park). The Company believes that these initiatives have contributed to high customer satisfaction.

The Company also actively seeks ways to be environmentally friendly. Since 2018, the Company has eliminated the use of wood products in the construction of houses. Since 2019, newly designed projects are installed with waste-water facilities and material recovery facilities to minimize wastage. At the same time, the Company also strategically locate its micro-living developments close to business districts to reduce carbon emissions from daily commute that would otherwise be necessary.

The Company believes that ESG is a crucial component of its business model and endeavors to drive and implement further ESG initiatives.

Maintain its working relationship with regulators

The Company has a track record of strict adherence to local rules, regulations and social responsibility requirements imposed on licensed housing developers.

Adherence to good corporate governance plays an integral role in the way in which the Company conduct their business. The Company has processes in place to help ensure that there is operational transparency, information sharing, accountability, and constant dialogue with all its stakeholders.

The Company has also been supportive in the national and local government initiatives in Mass Housing, including and not limited to:

- adhering to the government guidelines (e.g., loan moratorium during the COVID-19 pandemic);
- active participation with the various real estate groups (e.g., SHDA);
- active participation in community-based initiatives (e.g., shelter agencies, school, church programs)
- incorporating environmentally friendly practices into its operations such as tree planting (at a scale that is in compliance of Department of Environment and Natural Resources guidelines) and building waste water management systems; and
- facilitating the participation of middle- to low-income customers in Pag-IBIG home loan initiatives, through unique structuring of its in-house financing program to mirror the requirements of Pag-IBIG's home loan

The Company intends to continue its best practices and maintain an effective working relationship with regulators to conduct its business with integrity and competence, maximizing the value it provides to the Philippine society.

The 8990 Group

8990 Group is comprised of the parent, which is also the holding company, 8990 Holdings, Inc. and six (6) wholly-owned subsidiaries namely: [1] 8990 Housing Development Corporation (8990 Housing); [2] 8990 Luzon Housing Development Corporation (8990 Luzon); [3] 8990

Mindanao Housing Development Corporation (8990 Mindanao); [4] 8990 Davao Housing Development Corporation (8990 Davao); [5] 8990 Leisure and Resorts Corporation (8990 Leisure); and [6] Fog Horn, Inc. (Fog Horn).

8990 Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), and was listed in Philippines Stock Exchange (PSE) on July 8, 2005 and October 20, 2010, respectively.

Subsidiaries

The following table presents certain information regarding the Company's Subsidiaries as of December 31, 2021.

Subsidiary	Country of Incorporation	Company's Ownership Interest
8990 Housing	Philippines	100%
8990 Luzon	Philippines	100%
8990 Mindanao	Philippines	100%
8990 Davao	Philippines	100%
8990 Leisure	Philippines	100%
Fog Horn	Philippines	100%

8990 Housing

Established in 2003, 8990 Housing is flagship subsidiary of the Company. Its primary purpose is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. 8990 Housing registered with the Philippine SEC on March 20, 2003. Its principal office address is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

Listed below are 8990 Housing's wholly-owned subsidiaries:

- Euson Realty and Development Corporation (ERDC)
- Tondo Holding Corporation (THC)
- 8990 Coastal Estates, Inc. (8990 Coastal)
- Primex Land, Inc (PLI)
- 8990 Monterrazas Corporation (formerly Genvi Development Corporation)

Euson Realty and Development Corporation

Euson Realty & Development Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It is a wholly-owned subsidiary of 8990 Housing Development Corporation. It was registered with the Securities and Exchange Commission (SEC) on September 25, 2009 primarily to own, use, improve, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments, condominiums and other structures. The projects under this Company are UDH Manila Buildings 1 to 8.

Tondo Holdings

Tondo Holdings Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on June 23, 1999 primarily to invest in, purchase, 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. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On June 5, 2014, the Company's previous stockholders entered into a Share Purchase Agreement with 8990 Housing to sell 100% of the outstanding shares of the Company, with the intention of developing land owned by the Company into low-cost high-rise condominium or Urban Deca Homes Manila project located at Vitas St., Tondo Manila. In 2016, the Company has started the development of the project. Projects under this company are UDH Manila Buildings 9 to 13.

8990 Coastal

8990 Coastal Estates, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on April 16, 2007 primarily to acquire real estate of all kinds whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structure or whatever kind, together with their appurtenances. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On July 2, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in its corporate name from RFC Coastal Estates, Inc. to 8990 Coastal Estates, Inc. The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on January 30, 2019 and December 19, 2019, respectively. The Company has not started commercial operations and has a property located in Mactan, Cebu.

Primex Land, Inc.

Primex Land, Inc. was incorporated in the Philippines on April 16, 1994. The Company was primarily engaged in acquiring, owning, operating and maintaining real estate properties. In 2017, 8990 Housing acquired controlling interest over the Company after its acquisition of all the outstanding shares of stock from previous stockholders. The project under this company is Deca Homes

Meycauayan. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

8990 Monterrazas Corporation

8990 Monterrazas. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on September 25, 1974. The Company is established to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds; and, to construct, improve, manage, operate, lease or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. It is currently involved in high-cost land development business. The project under this company is Monterrazas de Cebu. It is a wholly-owned subsidiary of 8990 Housing Development Corporation

8990 Luzon

8990 Luzon is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on October 28, 2008. 8990 Luzon engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. The registered principal office address of 8990 Luzon is 2nd Floor PGM C Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

8990 Mindanao

8990 Mindanao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Mindanao primarily engages in developing mass housing projects. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Mindanao owns certain parcels of land used for the Company's development projects.

8990 Davao

8990 Davao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Davao primarily engages in the mass housing development business. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Davao owns certain parcels of land used for the Company's development projects.

8990 Leisure

8990 Leisure is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on November 24, 2009. 8990 Leisure engages in acquiring, purchasing, holding, managing, developing and selling land with or without buildings or improvements for such consideration and in such manner or form as the

company may determine of as the law permits, erecting, constructing, altering, managing, operating, leasing in whole or in part, buildings and tenements of the company or other persons, engages in real estate consultation and management including identifying, purchasing, conceptualizing, preparing master plans and layouts for land and building developments, managing the properties of and advising clients, developing or executing plans, undertaking project management and overseeing construction, except for management of funds, portfolios, securities and other similar assets. 8990 Leisure owns certain parcels of land used for the Company's development projects. 8990 Leisure's principal office address is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Fog Horn

Fog Horn is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on January 14, 2004. Fog Horn engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. Fog Horn's registered principal office address is located at the 3rd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Bankruptcy, Receivership and Similar Proceedings

To the best of its knowledge, the Company and its subsidiaries are not subject to any bankruptcy, receivership and/or similar proceedings.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On May 15, 2012, IHoldings, Januarius, and Kwantlen purchased 79.5% of the outstanding capital stock of the Company from certain stockholders of the Company. In compliance with the Republic Act No. 8799, also known as the Securities Regulation Code of the Philippine (SRC) and the Implementing Rules and Regulation of the SRC, as amended, (IRRs), a tender offer for all other remaining shares of the Company was conducted, the terms and conditions of which were disclosed through the Tender Offer Report dated June 19, 2012. Following the lapse of the tender offer period on July 19, 2012, during which no stockholder tendered any shares, a Final Tender Offer Report dated August 2, 2012 was filed with the Philippine SEC.

On May 29, 2012, prior to the closing of the sale referred to above, the Company transferred all of its assets to IP Converge Data Services, Inc. (IPCDSI) and subsequently transferred all of its equity interest in IPCDSI to its parent company at the time, IP Ventures, Inc. (IPVI), and consequently became a shell company.

On July 25, 2012, pursuant to the sale transaction discussed in the immediately preceding paragraph, IPVI and IPVG Employees, Inc. (IEI) transferred a total of 136,400,000 shares of the Company to IHoldings, Januarius and Kwantlen through the facilities of the PSE. As a result, IHoldings, Januarius and Kwantlen acquired ownership, and control over 61.4% of the Company's total outstanding capital stock. The remaining 40,000,000 shares of the Company acquired

pursuant to the sale were transferred through the PSE immediately upon the lapse of the lock-up period applicable to said shares.

On May 6, 2013, the Company acquired all of the outstanding shares in the Subsidiaries from their respective shareholders under a Deed of Exchange dated May 6, 2013, as amended and supplemented on June 8, 2013 and, in exchange, agreed to issue a total of 3,968,357,534 shares from the increase of the Company's authorized capital stock in favor of the Subsidiaries' majority shareholders at the time. Consequently, under a private placement transaction and to ensure continued compliance with Philippine minimum public ownership requirements of the PSE, the Company applied with the Philippine SEC to: [1] increase its authorized capital stock to accommodate the foregoing issuance; [2] change the primary purpose of the Company into a financial holding company; and [3] change its corporate name to "8990 Holdings, Inc.". The Philippine SEC approved the application for the foregoing on October 1, 2013.

On February 1, 2019, The Board approved the adoption by the Company of a share buyback program, with the following terms and conditions: [a] The buyback program shall be for a period of up to eighteen (18) months from the date of board approval (or until 1 August, 2020), unless period is otherwise shortened by the Board of Directors; [b] The Company shall be authorized to repurchase up to Php2 Billion worth of common shares; [c] The Share Buyback Program will not involve any active and widespread solicitation for stockholders of the Company to sell their shares; [d] The majority/controllers of the Company (i.e. Iholdings, Inc. and Kwantlen Development Corporation, as well as their respective controlling shareholders) will not participate in the Share Buyback Program; [e] The Share Buyback Program will be implemented in the open market through the trading facilities of the Philippine Stock Exchange; [f] the Company shall repurchase shares using cash and book them as treasury shares; [g] The share buyback program will be implemented in an orderly manner and will not (and should not) affect any of the Company's prospective and existing projects and investments; [h] any share buyback implemented shall take into account the need to maintain the liquidity of the Company's stock in the market, as well as public ownership requirements; [i] any significant development in the Share Buyback Program will be duly disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The purpose for the Share Buyback Program is to enhance and improve shareholder value and to manifest confidence in the Company's value and prospects through the repurchase of the common shares.

On March 15, 2019, 8990 Holdings, Inc., through its subsidiary 8990 Housing Development Corporation ("8990 Housing"), entered into a Subscription Agreement with Genvi Development Corporation ("Genvi"), for the subscription by 8990 Housing of a total of 2,913,128 common shares out of the existing but unissued capital stock of Genvi, at the subscription price of Two Hundred Ninety-one Million Three Hundred Twelve Thousand Eight Hundred Pesos (Php 219,312,800.00) in cash. The Subscription Transactions is intended to be the first phase of the Genvi Acquisition, which was completed through the subscription by 8990 Housing, resulting to 8990 Housing to own approximately 72.83%. 8990 Housing hopes to consolidate its ownership of Genvi by acquiring the remaining 27.17% of the resulting issued and outstanding capital stock of Genvi following completion of continuing discussions with the current shareholders of Genvi and confirmation of due diligence findings.

On June 30, 2019, the second phase of the Genvi Acquisition was completed through the acquisition of the remaining 27.17% of Genvi by 8990 Housing. The second phase of the

transaction was through a separate share purchase transaction between 8990 Housing and the shareholders of Genvi. The consideration for the second phase of the transactions was Eight Hundred Million Pesos (Php 800,000,000.00). The completion of the second phase resulted to 8990 Housing owning 100% of the total issued and outstanding capital stock of Genvi. The purpose of the acquisition was to allow 8990 Holdings Inc., to expand into other real estate segments, such as high-end developments.

Business of Issuer

Business segments of the 8990 Group are as follows:

- Construction of low-cost mass housing
- Construction of medium-rise condominium units
- Construction of high-rise condominium units
- Hotel operations

Construction of low-cost mass housing

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contrition. About forty three percent (42%) of revenues in 2020 were from low-cost mass housing business segments. Refer to Note 21 of the 2020 Audited Consolidated Financial Statements for details.

The Company constructs three (3) types of housing unit namely:

1. Single-storey detached – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building
2. Single-storey attached – a single floor residential unit built in a row of four (4) or more units joined by a common side walls
3. Townhouse – a two-storey residential unit built in a row of four (4) or more units joined by a common side walls

Floor areas typically range from 35 sq. m. to 60 sq. m. Typical unit price range from ₱450,000 to ₱2,000,000.

Developer subdivisions have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system, power system, gated entrance with security personnel and perimeter fence. In addition to the foregoing facilities standard to all subdivision, some projects feature one or more of the following leisure facilities: wakeboard park, swimming pool, basketball court, clubhouse/multi-purpose hall, church and commercial market. Certain larger projects have an are designated for commercial businesses.

As of December 31, 2021, the Company has completed 58 residential subdivisions comprising approximately 45,685 units.

Construction of medium-rise condominium units

The Company also develops low-cost residential complexes of MRBs under the Urban DECA Homes brand. An MRB is a walk-up building of four to five stories or an elevator-quipped building of eight to 12 stories. These MRBs are located in central areas of highly urban locations (i.e. Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes. The Company developed its first MRB Mass Housing project in Mandaue City in the province of Cebu. The Company has also developed MRB projects in Cavite, Sucat, and Muntinlupa. Other MARB projects to be launched in NCR are in the pipeline.

The floor area for an MRB 1 Bedroom and 2 Bedroom units typically range from 25 sq.m. to 36 sq.m. Unit prices range from ₱1,600,000 to ₱2,300,000.

MRB complexes have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system (hooked up to public utility providers), power system, cable and telephone lines, gated entrance with security personnel and perimeter fence. In addition to the foregoing, MRB complexes have on-site leisure facilities such as a swimming pool, basketball court, clubhouse/multi-purpose hall and/or a park.

As of December 31, 2021, the Company has completed 6 MRB projects and delivered an aggregate of 7,336 units. The Company currently has 2 ongoing MRB projects, with an aggregate 1,776 units for sale.

Construction of high-rise condominium units

The Company has ventured into high-rise condominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱1,000,000, which equates to initial monthly amortization payments of around ₱8,000 under the Company's CTS financing product (with typical 25-year term, 9.5% annual interest rate subject to adjustment after fifth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱8,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

In 2016, Urban Deca Homes Manila, a 13-storey condominium building, was launched. Unlike Urban Deca Tower, unit sizes are for first time residential home buyers ranging from 22 to 35 square meter. This project is the first of its kind in Tondo, Manila. Having said that, this project was positively received by the customers with six (6) buildings sold, to date. Average selling price of Urban Deca Homes Manila is ₱1,700,000.

A similar project launched in Ortigas in 2019, Urban Deca Homes Ortigas caters to first time home buyers in the Pasig and nearby cities. With 2-BR and 3-BR units, homeowners will now have more space which is conducive for starting a family. Selling price for Urban Deca Homes Ortigas ranges from ₱1,800,000 to ₱3,000,000.

Summary of Projects

The tables below summarize the status of the various new and ongoing projects the Company has under its various Subsidiaries as of December 31, 2021:

I. Completed

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988
12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,028
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990	MRB	2016		

		Housing			936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
Iloilo						
36	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
37	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
38	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
Leyte						
39	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360
Davao						
40	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
41	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
42	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
43	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
44	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
45	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
46	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
47	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
48	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
49	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
50	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		

51	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
56	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
57	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
58	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
59	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
60	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
61	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
62	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
63	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
64	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
65	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

II. On-going

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	2,004
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	1,374
Metro Manila						
3	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	9,674
4	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	1,683
Cebu						
5	Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	1,392	1,392
6	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	-
7	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						

8	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,451
9	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	144
10	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	765
11	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	1,880
12	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,902
13	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	475
Leyte						
14	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	49
Davao						
15	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	1,846
16	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	-
General Santos						
17	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,044

III. For Launching

Project Name		Company	Type	Completion Year	No. Of Units
Metro Manila					
1	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5,166
2	Urban Deca Homes Commonwealth	8990 Housing	HRB	2024	3,240

Liquidity Management

Financing Options

PAG-IBIG (HDMF) Migration

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it migrates its CTS receivables thru HDMF's housing loan program for members, typically within four (4) years of the loan commencement period, subject to the Company's requirements. The Company was able to migrate ₱1.4 billion and ₱4.1 billion worth of receivables to Pag-IBIG in 2020 and 2021, respectively. Pag-IBIG released housing loans in the said aggregate amounts to pay off the

balance of the purchase price of the housing units sold by the Company to qualified Pag-IBIG members. The acceptance or rejection of the buyer's housing loan application is based on certain guidelines such as employment, number of contributions made by the homeowner/Pag-IBIG member, and net disposable income, among other factors. As a result of the Company's CTS Program requirements mirroring those of Pag-IBIG's, the Company estimates that substantially all of its historic requests for take-outs have been accepted by Pag-IBIG. As of date, the Company is not offering the CTS Gold Convertible or the CTS Gold Straight financing options and is only offering CTS In-House Financing to homebuyers.

Nonetheless, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company's CTS receivables as a result of take-ups by Pag-IBIG also affects the Company's results of operations. As a greater amount of CTS receivables are converted pursuant to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

Bank Financing

In 2021, tie up with banks such as Bank of the Philippine Islands (BPI) and Security Bank (SBC) has been arranged. From August to December 2021, the Company was able to migrate ₱331 million worth of receivables via this channel. Salient tie up terms include: (1) loanable amount up to 90% of total contract price, including VAT and transfer cost; (2) up to 20 years term; and (3) release of loan proceeds subject to submission of Deed of Undertaking from Developer to deliver the transferred title to buyers name within at least 360 days from loan release.

Other Receivables Management Option

In addition to its receivables take-up arrangements with institutions such as Pag-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral, or enters into agreements for the sale of its receivables to banks and other financial institutions on a non-recourse basis. The Company has begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivables management measures, depending on the amount involved in terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Credit and Collection

The Company has a credit and collection team which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The Company has also developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

The Company's credit and collection team is composed of Sixty-eight (68) permanent employees organized per area of operation. Of the Sixty-eight (68), Nine (9) are supervisors in charge of North

Luzon, South Luzon, Cebu/Ormoc, Iloilo/Bacolod, and Davao/Gensan, while Fifty-Seven (59) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported contractual employee who serves as collection officer in the various projects nationwide. These collection officer ensure enforcement of the Company's credit and collection policies. In addition, the services of nine (9) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

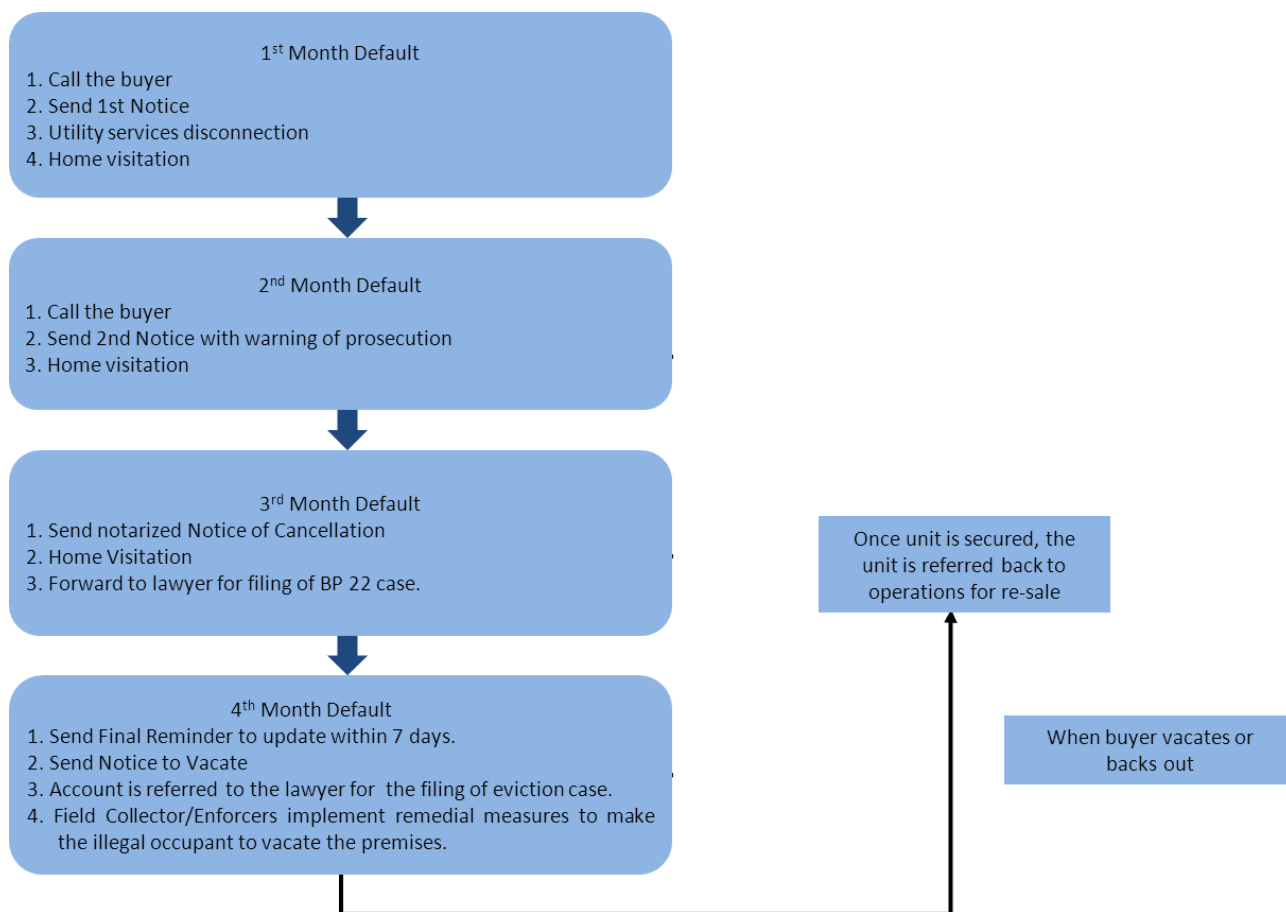
Submission of Check Payment

Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments while the 25th check represents the outstanding principal balance as of the 25th month and serves as an assurance that the borrower will again submit another twenty-four (24) post-dated checks (equivalent to the payments for months 25 to 48) plus another 25th check equivalent to the outstanding principal balance as of the 49th month. This cycle is repeated until the loan is fully paid at the end of the term. The excess of the twenty-four (24) checks will be deposited if the borrower fails to submit the next set of twenty-five (25) checks.

The Company imposes a ₱2,200 bank penalty fee and a ₱200 fee per bounced check as facilitation and retrieval fee. Likewise, a fee of ₱200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated performing accounts ratio are 83% in 2020 (heavily affected by Bayanihan 1 and 2) and 94% as of 2021.

In the Company's experience, through remedial measures, approximately half of the defaulting accounts usually become current again after a one- to three-month payment lag, while the other half of the defaulting accounts result in the cancellation of the CTS and remarketing of the property. The Company was able to leverage on its experience and expertise in acting as Pag-IBIG's collection agent prior to 2011 in the formulation and execution of its credit and collection policies.



Accounts are considered in default when the buyer fails to pay one (1) monthly amortization, while payments are considered late if the buyer fails to pay his amortization on the due date.

Marketing and Sales

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of fifty two (52) teams, headed by unit managers and four hundred seventy seven (477) total licensed brokers and with a combined total approximately 2,800 active agents. All of the unit managers and the agents under them are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

As a marketing strategy, the Company's sales and marketing teams regularly conduct presentations to potential clients to inform them of the Company's products. Mall exhibits have likewise provided the Company with an effective platform to introduce its product offerings and get leads on prospective buyers. Another strong source of sales relates to "repeat buyers," in the form of family members of those who already own a DECA Home unit.

Moreover, promotional discounts are also offered by the Company to attract buyers and increase their interest. These include:

- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discount as follows:

Down Payment Fully Paid Within	Cash Discount
7 Days	3%

- “LipatAgad” Buyer are allowed to move-in to the property upon full payment of the required down payment pending take-out of the loan with Pag-IBIG.

CTS Financing Program Process

The CTS Financing Program follows a rigorous process of credit verification for all potential buyers. The following diagram illustrates the process under the CTS Financing Program:



- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.
- Lot Verification – The availability of the unit is verified.
- BIS-Unit Encoding – A unit manager assigns and encodes the buyer’s identification into its system to avoid double reservation.
- Documentation Approval – A documentation manager submits the buyer’s information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re- evaluation.
- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.
- Documentation Final Review – The documents are sent to a documentation manager for final review.
- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

All of the raw materials used by the Company are sourced from domestic Philippine suppliers. Suppliers are chosen based on a number of criteria, including the quality of the raw materials supplied, stability of supply in the past, delivery time, pricing of the raw materials as well as the financial and industrial strength of the supplier. The Company's sourcing strategy is to deal with reliable suppliers at the best available price, prefer national over local suppliers and encourage on-time delivery by its suppliers.

The Company maintains relationships with over 200 suppliers. For the year ended December 31, 2021, the Company's five largest raw materials suppliers in aggregate accounted for approximately 40% of the Company's total amount of purchases for horizontal and four-storey MRBs. The Company is not dependent on any single supplier for raw materials.

Below is the list of the Company's top five (5) raw material suppliers:

Compan	Countr	Material Pruchased
Steelasia Manufacturing Corp.	Philippines	Deformed steel bars
R.G.C. de Jesus Gravel & Sand	Philippines	Backfill soil
Omniconrete Corporation	Philippines	Readymix
Readymix Concrete Davao	Philippines	Premix
AIM Global Products, Inc.	Philippines	Electrical materials

Customers

The Company mainly focuses on serving the needs of the Mass Housing market. Specifically, the Company targets (a) the upper-end of the lower-class segment of society and (b) the lower-end of the middle class of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). 75% of the horizontal unit buyers and 93% of condominium unit buyers have monthly gross income above ₱26,000. The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real estate purchases. The following table summarizes the Company's customer demographics as of December 31, 2021:

Demographic	Subdivision	Condominiu
Young:	87%	85%
20 to 35 Years Old	52%	54%
36 to 45 Years Old	35%	31%
College-Educated and Licensed	83%	88%
Gainfully Employed:	100%	100%
Office Workers	46%	67%
OFW	24%	11%
BPO	9%	10%
Minimum ₱26,000 Gross Family Income	18%	10%
Primary Residence Purpose	94%	81%

Customer Service and Warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period. Customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects.

Competition

The Company believes it does not have significant direct competition from national (i.e. Metro Manila-based) real-estate developers for low cost housing projects within its price range (i.e. PhP450,000 to PhP2.0 million per housing unit). Although competitors with nationwide scope, such as Amaia Land Corporation, a subsidiary of Ayala Land, Inc.; Century Limitless Corporation, a subsidiary of Century Properties Group, Inc.; Filinvest Land, Inc., under the "Futura Homes" brand; Suntrust Properties, Inc., a subsidiary of Megaworld Corporation; Robinsons Land Corporation, under the "Robinsons Communities" brand; Summerhills Home Development Corporation, a subsidiary of SM Prime Holdings, Inc.; and Vista Land, under the "Camella Homes" brand, do undertake affordable housing projects, they do so at a higher price range (i.e. PhP1.5 million and up), which is a different market from that of the Company's.

The Company has direct competitors at the local/regional level that sell housing units within its PhP450,000 to PhP2.0 million price range. These include: Johndorf and ProHomes in Cebu; Foothills Development Corporation and HLC Development Corporation in Davao; ProFriends, Ion Realty, Happy Homes and San Raphael Realty in Iloilo; Hausland, Fiesta Communities and El Valerio Realty in Pampanga; and ProFriends, Homemark Development, Picar Development, Rudex, Masaito and New APEC in Cavite.

Employees

As of the date of this report, the Company has a total of five hundred fifty-four (554) employees. This is broken down as follows:

Function	Number of Employees
Managers	88
Accounting/Finance Staff	96
Conversion Staff	31
Credit & Collection Staff	72
Documentation Staff	91
HR/Admin Staff	44

MIS	14
Planning/Engineering Staff	61
Audit Staff	4
Pre-Documentation Staff	19
Treasury	3
Records Management	8
Materials & Procurement	8
Condo Corp/HOA	7
Receivables management	6
Legal	2

Furthermore, to date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Propety

The Company has been granted the certificate of registration of the "DECA Homes", "Urban DECA Homes" and "Urban DECA Towers" trademarks by the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its Subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

Health, Safety and Environment

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Legal Proceedings

As of December 31, 2021, neither the Company nor any of its Subsidiaries or affiliates are involved in, or the subject of, any legal proceedings which²if determined adversely to the Company or the

relevant Subsidiary's or affiliate's interests, would have a material effect on the business or financial position of the Company or any of its Subsidiaries or affiliates.

Risks Relating to the Companies Business

The ongoing COVID-19 global pandemic has adversely affected, and is expected to continue to have an adverse effect on, the Company's business and operations.

Coronavirus disease 2019 ("COVID-19"), an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of December 31, 2021, there have been over 263 million confirmed cases worldwide. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

In response to the increasing number of COVID-19 cases in the Philippines, President Rodrigo Duterte declared the entire Luzon island under total lockdown (Enhanced Community Quarantine or "ECQ") on March 16, 2020, which restricted the movement of the population with certain exceptions. Among the lockdown measures implemented were the suspension of work or alternative working arrangements in the private sector except in establishments providing basic necessities, suspension of mass transport facilities, and travel restrictions.

ECQ was originally set to end by April 12, 2020 but was first extended to April 30, 2020 then to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("MECQ"), general community quarantine ("GCQ") or modified GCQ ("MGCQ") was implemented. The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas was downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. On July 30, 2021, the Government again placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021. On August 20, 2021, the Government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021.

In September 2021, the Interagency Task Force for the Management of Emerging Infectious Diseases ("IATF") mandated new community quarantine classifications for dealing with COVID-19 covering entire cities and/or municipalities, by issuing the Guidelines on the Pilot Implementation of Alert Levels System for COVID-19 Response in the National Capital Region ("NCR"). In order to clarify the parameters of allowed and restricted activities in the different areas where community quarantine is declared, scattered provisions of the IATF resolutions were codified into the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines and released by the IATF on April 20, 2020 through Resolution No. 30. In the new classification framework, which focuses on the imposition of granular lockdown measures, community quarantine was reduced to either ECQ or GCQ, with the latter having an Alert Level System through Levels 1 to 4, with each alert level limiting restrictions only to identified high-risk activities. The current system was adopted through Executive Order 112 (s.2020) and has been regularly updated to respond to the prevailing situation.

A new variant of the COVID-19 virus, named “Omicron,” emerged in the last week of November 2021. Considered as a highly contagious strain of COVID-19, Omicron has prompted a return to stricter quarantine measures and an increase in the IATF’s alert levels to Alert Level 3.

The Philippine government has taken various steps to address the effects of COVID-19 on Philippine business and economy. On March 25, 2020, Republic Act No. 11469 or the “Bayanihan to Heal As One Act” which took effect, which granted the President the power to provide for a minimum of 30 days grace period on the payment of residential rents falling due during the ECQ. In relation thereto, the Department of Trade and Industry (“DTI”) issued Memorandum Circular No. 20-12, which provided that residential rents and commercial rents for Micro, Small and medium Enterprises (“MSMEs”) that have stopped operating during the ECQ shall be entitled to the said grace period. The cumulative amount of rents due during this period shall be spread out or equally amortized in the six months following the end of the ECQ and shall be added to the rent due on these succeeding months, without penalties, interest, fees, and charges.

The Bayanihan to Heal as One Act also provided the President the power to direct financial institutions, including the Pag-IBIG Fund, to implement a grace period for the payment of housing loans, among others. The implementing rules provide that the mandatory grace period should be at least 30 days, which is automatically extended if the ECQ period is extended. On June 25, 2020, the Bayanihan to Heal as One Act measures, which were implemented to address the COVID-19 pandemic in the Philippines, expired.

On September 11, 2020, the President Duterte signed into law the Bayanihan to Recover as One Act or also known as the “Bayanihan II”, which extended the emergency powers of the President granted by its predecessor, the Bayanihan to Heal as One Act which lapsed on June 25, 2020. Bayanihan II aims to reduce the adverse impact of COVID-19 on the socioeconomic well-being of Filipinos and struggling businesses by providing assistance and other forms of socioeconomic and regulatory relief.

Section 4 of the Bayanihan II authorizes the President to exercise powers necessary and proper to undertake and implement the following recovery measures (among others): (a) direct banks, financing companies, lending companies, real estate developers, entities providing in-house financing, other financial institutions, private or public, among others, to implement a one-time 60-day grace period for the payment of all existing, current and outstanding loans falling due or any part thereof, on or before December 31, 2020; (b) direct institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum 30-day grace period for the payment of utilities falling due within the period of ECQ, MECQ, without incurring interests, penalties, and other charges; (c) grant a minimum 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations within the period of the community quarantine, without incurring interests, penalties, fees and other charges; and (d) prohibit increasing rents during this period.

According to Frost & Sullivan, the COVID-19 pandemic has dramatically impacted the housing industry, resulting in a slowdown as buyers became wary of the uncertainties, even though the demand for low-cost housing proved to be more robust while investment purchases from the up-tier market slowed down. For example, according to Frost & Sullivan, in terms of gross value added, the Philippine real estate industry contributed ₱1.028 trillion in 2020, which was a 17% decline from 2019. According to Frost & Sullivan, the COVID-19 pandemic halted construction and created a feeling of uncertainty amongst investors and buyers, with many putting off any big investments or expense like buying or investing in real estate. This, in turn, affected and continues

to affect the revenue targets of the Company and its Subsidiaries, particularly as a result of delays in collections as well as the construction of some of the Company's projects. The COVID-19 pandemic has also (i) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (ii) increased volatility or caused disruption of global financial markets and affected businesses' capabilities of accessing capital markets and other funding resources on favorable or acceptable terms; and (iii) resulted in social and political instability. The COVID-19 pandemic has also affected and continues to affect the employment of migrant Filipinos, who largely contribute to the demand for the Company's projects. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Company's and its subsidiaries' operation and cash flow.

The Company recognizes the risks from emerging infectious diseases such as COVID-19 and has immediately addressed critical aspects of its operations, such as workforce health and safety, and supply chain disruption. In order to minimize disruptions to its operations, the Company has adopted either work from home arrangements or provided its staff with housing and shuttle services. Further, the Company attempts to minimize supply chain disruptions by ordering its supplies well in advance. Despite these measures, the extent to which the COVID-19 pandemic impacts the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company and its subsidiaries, it may also have the effect of heightening many of the other risks described in this Prospectus and thus adversely affecting the Company's operation and capabilities of paying dividends on the Offer Shares, and also the price and value of the Offer Shares. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of overseas Filipino workers ("OFWs"). These events adversely affect demand for the Company's projects from OFWs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

All of the Company's business activities are conducted in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the amount of remittances received from OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in

the global market;

- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political or economic developments in or affecting the Philippines.

There is a degree of uncertainty regarding the economic and political situation in the Philippines. This uncertainty could have adverse effects on the revenues from the Company's business.

Servicing the mass housing segment of the real estate industry allows the Company to mitigate the risk of demand fluctuation brought about by country-specific risks, being it a needs market and not investment nor speculative in nature. The huge housing backlog as projected by HLURB is a strong indicator that the demand for mass housing unit will continue to be underserved in the short to medium term. Further, the expertise of the management team in dealing with the mass market segment enables them to create an overall package, "build-sell-finance" scheme, to assure that their target market will be able to afford the housing units and realize the projected demand.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company provides a substantial amount of in-house financing to its customers via its CTS program. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilize the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

In addition, in instances where various customer receivables have been given as collateral for the Company's financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either

pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

Moreover, other cheaper financing options may become available and if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company makes it a point to turn over the housing unit to the buyer as soon as the unit is finished and the minimal required equity is paid in order to create a sense of ownership. This has been proven effective in avoiding defaults.

The Company will be in a better position in cases where cheap financing options would be available to the buyers as this will immediately result to cash payments rather than long term receivables, hence, will be able to have readily available funds to build new inventories for sale, and would not need to avail of any external financing be it from creditors or equity holders.

The Company's liquidity and financial results are affected by the willingness of various financial institutions, including Pag-IBIG, to process loan take-ups and the expediency by which such financial institutions process these take-ups.

Under its business and operating model, the Company, through its subsidiaries including 8990 Housing, 8990 Luzon, 8990 Davao, 8990 Mindanao, and Foghorn, typically provides in-house financing to its customers via its CTS Gold financing team upon the initial purchase of a potential home. From time to time, the Company requires the prospective purchaser to apply with Pag-IBIG for take-up of the loan obligation. The Company may also transfer loan portfolios directly to Pag-IBIG on behalf of its customers. Should Pag-IBIG grant the prospective buyer's application, it would then grant a home loan to the prospective buyer (to pay for the purchase price of the Mass Housing unit) and remit the loan proceeds to the Company or the subsequent owner of the relevant receivable. However, due to the number of applications pending with Pag-IBIG at any one time, there are often delays in the processing of these loan take-ups. Furthermore, Pag-IBIG may also deny loans for various reasons, such as incomplete documents and insufficient equity ownership (through prior payment of principal), among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Furthermore, if the loans are held as collateral by banks, then the banks need time to pass the titles, which could cause delays. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow. Moreover, in the event that Pag-IBIG completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to other financial institutions. Any of these events may have a material adverse effect on the Company's financial condition and results of operations. See "– The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house

financing program.”

In addition to having its CTS loans taken up by Pag-IBIG and borrowing from banks using the CTS loans as collateral, the Company also from time to time transfers its CTS loans to banks, typically going through a similar procedure as described above for Pag-IBIG. Similarly, there may be delays in the efficient and timely processing of these loans take-ups and the banks may also deny these loans for various reasons. Depending on the degree of any such delays or denials, and amounts of the loans and number of customers involved, these could have a material adverse effect on the Company’s liquidity because the home buyer loans would be retained on the Company’s books as receivables and delay its cashflow.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies.

The Company’s liquidity and financial results are dependent on the implementation and success of various measures to manage its liquidity risk.

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the migration of payment delinquency. Also, the Company enters into migration via housing loan with institutions such as Pag-IBIG and banks to monetize its receivables. From time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral for an interest rate ranging from 5.05% to 5.5%. The Company sells its receivables to certain banks with recourse. Typically, under such arrangements, if take-up by Pag-IBIG does not occur within one (1) to five (5) years of the sale of the receivables, the Company is required to either extend the term or repurchase the receivables. For the full year ending December 31, 2021, the Company has migrated to Pag-IBIG, equivalent to approximately ₱4.1 billion worth of receivables.

In 2018, 2019, certain subsidiaries of the Company entered into various CTS Receivables Sale and Purchase Agreements (“RSPAs”) with Dearborn Resources and Holdings, Inc. (“Dearborn”) for the sale of CTS Receivables at face value (outstanding principal balance at the time of sale) by such subsidiaries to Dearborn in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱15 billion which the 8990 subsidiaries have assigned to Dearborn, and which receivables constituted 14.49% and 8.38% of the consolidated assets of the Company in 2018 and 2019, respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱23.89 billion. Similarly, in 2019, 2020 and 2021, certain subsidiaries of the Company entered into various RSPAs with Filmore Resources Holdings, Inc. (“Filmore”) for the sale of CTS Receivables at face value by such subsidiaries to Filmore in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱12.6 billion which the 8990 subsidiaries have assigned to Filmore, and which receivables constituted 16.11 and 14.% of the consolidated assets of the Company in 2020 and 2021 (as of the date of the last sale), respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱20.59 billion. As of the date hereof, except for the loan facilities extended by the Company in favor of Dearborn, none of the Company, its directors, officers, or principal shareholders, have any interest, directly or indirectly, in Dearborn or Filmore.

In addition, since 2016, the Company has engaged in the sale of its receivables to banks on a non-

recourse basis. Failure to meet the obligations backed by receivables on a non-recourse basis will lead to the transfer of rights of the receivables to the banks. Furthermore, the Company has begun to explore possible securitization transactions with respect to a portion of its receivables portfolio. In a letter dated 16 October 2020, the SEC advised the Company that the SEC En Banc has conditionally approved the securitization plan of the Company covering approximately ₱2.13 billion in CTS receivables, subject to the submission of the final credit rating report. Under the securitization plan, the Company and certain subsidiaries (namely, 8990 Housing, 8990 Luzon, 8990 Davao, and Fog Horn) will sell to a special purpose corporation, CBC Assets One (SPC), Inc., CTS receivables from about 2,511 CTS accounts with an original term of up to twenty-five (25) years. Concurrent with the sale of such receivables, CBC Assets One as issuer will issue asset-backed certificates worth about ₱2.13 billion (based on the face value of the CTS receivables acquired) backed by the CTS receivables. 8990 HDC will act as servicer of the CTS Receivables under the securitization plan. The asset-backed certificates will consist of Tranche A certificates with principal value of approximately ₱1.59 billion and Tranche B certificates with principal value of approximately ₱531.3 million to be sold at face value. The SEC has likewise confirmed that the issuance of the asset-backed certificates is considered an exempt transaction (and, thus, exempt from SEC registration) as the certificates will be issued to not more than nineteen (19) investors in the Philippines. As of date, the Company has yet to complete such securitization. The Company may be left with the riskiest tranche of its receivables portfolio due to this securitization. As the Company has not completed the aforementioned securitization transactions, there can be no guarantee that such transaction will materialize. The Company might not always successfully manage its receivables. The inability to manage its receivables portfolio could lead to a situation where the Company does not have sufficient cash to pay its obligations as they come due or have insufficient cash to meet its expansion strategy. If any of the Company's means of managing its liquidation risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its experience management team with extensive expertise in Mass Housing development.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditure to acquire land for development, complete existing projects and commence construction on new developments. For the years 2019, 2020 and 2021, the Company spent, ₱1,691,923,456, ₱1,516,407,909, and ₱1,045,960,507, respectively, for land banking expenditures for its real estate development projects, which are 11%, 11% and 5%, respectively, of revenues.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing; however, it may also fund such requirements through other means, such as equity sales, among others, in the future. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will not issue Common Shares that may cause dilution, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent acquisition of land for or completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies. It may also obtain financing from capital markets.

A portion of demand for the Company's products is from OFs, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to OFs, including overseas Filipino workers (“**OFWs**”) and Filipino expatriates, generate a portion of the demand for the Company’s housing and land development projects. In addition, unnamed OFWs may provide financial support to named buyers who are located in the Philippines. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFs or a reduction in the purchasing power of OFs. These include:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located, such as the United States, the Middle East, Italy, the United Kingdom, Singapore, Hong Kong and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and restrictions imposed by other countries on the entry or the continued employment of foreign workers.

As an example, the Company believes that the global economic downturn of 2008 resulted in OFW remittances tending to be used for basic family expense or savings and bank deposits rather than for investing in or purchasing real estate. In addition, turmoil in the Middle East and North Africa have resulted in OFs being repatriated from these regions and losing their steady sources of income. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of OFWs. These events adversely affected demand for the Company’s projects from OFs, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

To mitigate this risk, the Company relies on Management’s extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market. The Company has also adopted strategies, among others, to increase its existing coverage and grow geographically.

The Company’s focus on residential housing and land development exposes it to sector-specific risks, including competition in the Philippine residential real estate industry.

The housing market involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company’s results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of its residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's income from, and market values of, its real estate projects are largely dependent on these projects' popularity when compared to similar types of projects in their areas, as well as on the ability of the Company to correctly gauge the market for its projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, the quality of the housing and related facilities offered by the Company, price and payment terms of the project, available financing for the project and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that it is one of the few developers dedicated to serve the housing needs of the mass housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

Historically low interest rates, expansion in overall liquidity, extensive construction of housing units and other factors could lead to the risk of formation of asset bubbles in real estate.

For the past several years, central banks globally, including the BSP, have kept overall interest rates at historically low levels for an extended period of time. This has occurred in conjunction with high levels of liquidity in the Philippines owing to strong and growing remittances from OFWs, the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts and strong inflows of foreign investments, among other factors. In addition, before the COVID-19 pandemic, the pace of real estate construction, particularly for housing in and surrounding Metro Manila and other urban areas, has likewise been strong by historical standards. All these have increased the risk that rising prices may not be sustainable, particularly in the real estate sector. If rising prices are not sustained, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. The country also has a very young demographic profile benefitting from rising disposable income. The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. The Company also has an experienced management team to mitigate this risk.

Competition for the acquisition of land for new projects and risks relating to the management of its landbank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of

suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing and condominium units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on management's extensive experience and a strategy of replenishing its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects.

There can be no assurance that the Company will not suffer from substantial sales cancellations. The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivision, MRB unit or high-rise unit sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund. While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. As a result, the Company's historical income statements are not necessarily accurate indicators of the Company's future revenue or profits.

To mitigate this risk, the Company relies on its customer-focused product and payment scheme that is best suited for the Mass Housing market, coupled with effective collection and risk management policies. The Company has also adopted a strategy to promote home ownership in the Mass Housing segment by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers.

The Company may not be able to successfully manage its growth or expansion strategies.

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has 17 ongoing projects, as of December 31, 2021, and is expecting to launch two (2) new ones in 2022. License to Sell of the one out of two projects for launching are secured, to date. The Company's growth strategy for its housing and land development business may require the Company to manage additional relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditure, which may entail taking on additional debt or equity to financing housing and land development projects.

There can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, delays in obtaining relevant licenses and permits, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. The Company may also experience delays resulting from its current strategy of engaging a limited number of contractors for its construction operations. See "- Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget." Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, results of operations or financial condition.

Similarly, the Company intends to further pursue its strategy of expanding its MRB residential developments and high-rise building developments. To this end, the Company intends to construct more MRB developments and complete its first high-rise building development. The Company's strategy to expand these businesses will require the Company to manage additional relationships with third parties such as potential retailers, suppliers and contractors. Moreover, high-rise building development will be a new line of business to the Company. As a result, the Company could encounter various issues that it does not have extensive experience dealing with associated with this business, such as applicable laws relating to commercial rental/tenancy laws and condominium construction and different construction, operational and marketing requirements, among others. There can be no assurance that the Company's continued expansion into MRB

developments and new expansion into high-rise building developments will be successful. There can also be no assurance that there will be a market for the Company's high-rise building developments. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company also has an experienced management team to mitigate this risk.

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.
- Because the Company believes that a substantial portion of its customers procure financing (either using the Company's in-house financing program or through banks) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.
- If Pag-IBIG increases the rates at which it lends to customers, the Company would also need to increase the rates of its in-house financing program due to the in-house financing program's mirroring of Pag-IBIG requirements as part of the Company's strategy for easier off-take by Pag-IBIG.
- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.
- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty-obtaining financing on the same or similar commercial terms from other banks.
- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its Competitive Strengths and Key Strategies.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company undertakes due diligence in the acquisition of parcels of land.

The Company faces risks relating to project cost and completion.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in laws or in Government priorities;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;

- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to sell its housing and land development projects. This would impair the Company's ability to reduce its inventory and working capital requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company relies mainly on AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Should any of the contractors mentioned above become unable to perform with respect to their contracted scope of work, or are unable to expand at a sufficiently quick pace needed to meet the Company's demands, there can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule, which could result in costs increases or project delays.

Furthermore, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and

timing. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labor may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company trains its contractors on the processes used in the construction of its projects. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

The Company uses exclusive external third-party brokers to sell a significant portion of its residential housing and land development projects.

The Company uses exclusive external third-party brokers to market and sell all of its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Also, negative publicity on the Company's exclusive third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules, more stringent requirements are now being imposed in respect of the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate this risk, all of the unit managers and the agents who constitute the marketing and distribution network of the Company are exclusively contracted by the Company. Furthermore, all unit managers are accredited licensed realtors. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative

agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationship with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

Environmental laws applicable to the Company's projects could have a material adverse effect on

its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationships with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of ₱1.5 million or less and sales of residential houses and lots with a gross selling price of ₱2.5 million or less from the VAT of 12.0%. However, under the TRAIN Law which amended certain provisions of the Tax Code, beginning January 1, 2021, the VAT exemption shall only apply to (i) sale of real estate property not primarily held for sale to customers or held for lease in the ordinary course of business; (ii) sale of real property utilized for socialized housing as defined by Republic Act No. 7279; and (iii) sale of house and lot, and other residential dwellings with selling price of not more than ₱2 million.

There is no assurance that laws and regulations removing the VAT exemption for socialized housing will be passed and enacted in the future. If the VAT exemptions are removed, the selling prices for the Company's subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Under R.A. 7279 the Company is required to construct a certain number of Socialized Housing units for each project that intends to receive BOI accreditation. This requirement is measured in the form of a ratio test between the number of Socialized Housing units for the project and the number of Economic Housing units for that same project. The Company does not have the same

experience with developing Socialized Housing units as it does with developing Economic Housing units and may incur greater costs and/or not achieve comparable levels of success in its development of Socialized Housing units. Furthermore, Socialized Housing units have lower profit margins for the Company than Economic Housing units. If, due to regulatory changes, the Company is required to increase its ratio of Socialized Housing unit construction, then the Company's business, financial condition and results of operations may be adversely affected.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the year, including typhoons, droughts, volcanic eruptions and earthquakes. Recently, on January 12, 2020, Taal Volcano erupted causing ash falls and earthquakes in Metro Manila, Southern Luzon, some parts of Central Luzon and Pangasinan in the Ilocos region. The PHILVOCS issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

While the Company carries all-risks insurance during the project construction stage and requires all of its purchasers to carry fire insurance, the Company does not carry any insurance for certain catastrophic events, and there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property; as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and result of operations.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of

buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate this risk, the Company endeavors to have foreseeable risks covered by the Company's insurance, to the extent possible and practicable. The Company's engineers also monitor its general contractors to ensure that all construction work is according to the project specifications and work inspection is conducted before any progress billing is approved. Furthermore, the Company also retains 10% of the project cost for a specified period to cover for any construction defect or other liability on the part of the contractor.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the principal owners have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development.

The transactions referred to above are described in Note 29 of the 2021 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and its Subsidiaries;
- Plans to develop the respective businesses of the Company and its Subsidiaries; and
- Business opportunities that may be attractive to the Selling Shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

All related-party transactions are executed with caution and guided judgement, and are properly documented.

To mitigate this risk, the related-party transactions are made on arms-length basis.

8990 is a holdings company that depends on dividends and distributions from the Subsidiaries.

8990 is a holding company and conducts no independent business operations other than providing certain corporate and other support service to the Subsidiaries. 8990 conducts substantially all of its operations through the Subsidiaries. Substantially all of its assets are held by, and substantially all of its earnings and cash flows are attributable to, the Subsidiaries. 8990's liquidity, ability to pay interest and expense, meet obligations, provide funds to its Subsidiaries and distribute dividends are dependent upon the flow of funds from the Subsidiaries. There can be no assurance that the Subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to 8990 to enable it to meet its own financial obligations.

The ability of the Subsidiaries to pay dividends is subject to applicable laws and restrictions contained in debt instruments of such Subsidiaries and may also be subject to deduction of taxes. No assurance can be given that 8990 will have sufficient cash flow from dividends to satisfy its own financial obligations. Any shortfall would have to be made up from other sources of revenue, such as a sale of investments, or financing available to the Company, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Luis N. Yu, Jr., and Mariano D. Martinez, Jr. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company believes it maintains a positive relationship with its directors, members of senior management and other key officers.

The Company may be unable to attract and retain skilled professionals, such as architects, engineers and third-party contractors.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and third-party contractors. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

The Company believes it maintains a positive relationship with its architects, engineers and third party contractors. To attract and retain skilled professionals, the Company also provides a

competitive compensation and benefits package.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

The Company believes it maintains a positive relationship with its employees through established organizational and employee policies and procedures that promote a good working environment and company culture.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company may, from time to time, be involved in disputes with various parties involved in the construction and operation of its properties, including contractual disputes with contractors, suppliers, construction workers, and homeowners or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable discussions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate this risk, the Company shall endeavor to amicably settle the legal proceedings and exhaust all legal remedies available.

Disruptions in the financial markets could adversely affect the Company's ability to refinance existing obligation or raise additional financing, including equity financing.

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increase and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. If due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its projects could be lost, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The incurrence of additional debt to finance the Company's planned development projects could impair the Company's financial condition, results of operations and cash flows. The Company may need to incur additional debt to finance its expansion projects and future development projects.

This indebtedness could have important consequences for the Company. For example, it could:

- Make it more difficult for the Company to satisfy its debt obligations as they become due;
- Increase the Company's vulnerability to general adverse economic and industry conditions;
- Impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisition or general corporate purposes;

- Require the Company to dedicate a significant portion of its cash flow from operations to the payment of the principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;

Item 2. Properties

Project Development and Construction

Land Acquisition

Land acquisition offer to the Company and/or joint ventures begins with the Company making a marketability determination of the location of the property, based on the intended development. The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorizations, as well as adding necessary improvements and infrastructure including sewage, roads and electricity.

If the property passes the initial procedure, the Company then conducts due diligence on the property. The evaluation process focuses on the following major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- geographic location (i.e. proximity to public transportation);
- technical characteristics of the property (e.g., location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land, it conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title. The Company also conducts its own

valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property. The Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

After the second stage is passed, the Company then determines the fair price and terms for the acquisition and then negotiates with the land owner for the purchase.

Site Development and Construction.

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects is contracted out to qualified and accredited independent contractors. The Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company primarily contracts with AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Typically, these contractors are paid approximately 20% to 25% initially as down payments, with 65% to 70% paid on a turnkey basis and the remaining 10% paid after three months, retained as coverage for any faults.

The Company builds its horizontal subdivision units in five steps: (1) casting, (2) foundation preparation, (3) assembly, (4) roofing and retouching, and (5) finishing and detailing:

- (1) Construction begins with the casting process, which comprises setting molds and pre-casting the walls and ceiling slabs near the actual project site. The Company's pre-casting process utilizes the proprietary concrete mix developed by the Company internally, which produces concrete slabs that are approximately four times stronger than typical concrete slabs used in the Philippines and dry in approximately 22 hours (compared to 21 days for standard casting).
- (2) Simultaneously, the foundation at the site is prepared and laid, comprising laying down reinforcing bars and allocations for wiring and pipes, setting hooks for the assembly stage and pouring the concrete mixture. This phase is completed in one day.
- (3) At the assembly stage, cranes are used to lift the pre-cast components and erect the components in the foundation that is prepared while casting is still in progress. The ends of the components are welded together. This process also takes one day.
- (4) Roofing and retouching involves the addition of steel beams to support the roof, installation of the roof, and the retouching of rough edges in the concrete structure. This stage takes two to three days to complete.
- (5) Lastly, finishing and detailing takes four to five days to complete and involves smoothing out the walls, floors and ceilings of the unit, applying paint, and installing doors, windows, and electrical and plumbing fixtures.

The Company currently has capacity to develop up to 15,000 units annually. The Company can further expand its capacity by increasing the number of its pre-fabrication molds, without requiring significant additional investments in time or resources.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

Land Bank

As an integral part of its strategy, the Company believes that it maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has investment in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four (4) to five (5) years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven (7) to eight (8) years. As of December 31, 2021, the Company had a land bank of approximately 554.26 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of December 31, 2021 are set out in the table below:

Region	LOCATION	Rawland (HA)
Luzon	Alabang Zapote, Las Pinas	4.80
Luzon	Filinvest, Alabang	0.12
Luzon	Otis, Mendiola	2.80
Luzon	Yakal Makati	0.14
Luzon	Taft, Manila	0.08
Luzon	Teachers Camp, Baguio	0.23
Luzon	Tondo, Manila	1.30
Luzon	Juan Luna, Manila	0.23
Luzon	San Mateo, Rizal	31.20
Luzon	Batasan, Quezon City	17.04
Luzon	Balara, Quezon City	17.60
Luzon	Ortigas Ext, Pasig	1.46
Luzon	Meycauayan, Bulacan	2.26
Luzon	Cutud Angeles, Pampanga	12.95
Luzon	Mexico, Pampanga	29.97
Luzon	Mabalacat, Pampanga	27.81
Luzon	Monticello, Baguio	4.27
Luzon	Teachers Camp, Baguio	0.19
Luzon	Balagtas, Batangas City	7.69
	Subtotal- Luzon	162.13
Visayas	Guadalupe, Cebu	3.20
Visayas	Cebu Business Park, Cebu	0.31
Visayas	Vistamar, Cebu	0.18
Visayas	Mactan, Cebu	50.99

Visayas	Talamban, Cebu	2.90
Visayas	Monterazzas, Cebu	125.32
Visayas	San Miguel, Iloilo	65.67
Visayas	Pavia, Iloilo	3.26
Visayas	Granada, Bacolod	63.08
Visayas	Siquijor	8.00
	Subtotal - Visayas	322.91
Mindanao	Mulig, Davao	15.30
Mindanao	Quirino, Davao	0.71
Mindanao	Tigatto, Davao	24.83
Mindanao	Talomo, Davao	28.38
	Subtotal - Mindanao	69.22
	Total Landbank - Rawland	554.26

Region	LOCATION	UNDEVELOPED W/ PERMITS
Luzon	Cubao, Quezon City	0.43
Luzon	Commonwealth, Quezon City	2.00
Luzon	Ortigas Ext, Pasig	8.45
Luzon	Meycauayan, Bulacan	23.20
	Subtotal- Luzon	34.08
Visayas	Banilad, Cebu	1.65
Visayas	Monterazzas, Cebu	30.00
Visayas	Ormoc, Leyte	6.20
Visayas	Sta. Barbara, Iloilo	46.14
Visayas	Leganes, Iloilo	22.08
	Subtotal - Visayas	106.08
Mindanao	Talomo, Davao	34.63
	Subtotal - Mindanao	34.63
	Total Landbank - Undeveloped with Permits	174.79

The Company intends to continue to look for land in various parts of the Philippines for future development.

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 2021:

Subsidiary and Property Description	Location	Present Use	Mortgages
8990 Housing Development Corp.			
8990 Corporate Center	Negros St., Cebu Business Park, Cebu City	The three-storey building sits on a property owned by L and D Realty Corp, and affiliate of the Company. It is used as the headquarters of 8990 Housing. A portion of the ground floor and some areas of the 3 rd floor are leased out.	None
8990 Corporate Center	E. Quirino Ave., Davao City	The four-storey building serves as the Company's Davao branch. Some portions of the ground floor, the 3 rd floor and the	None

			4 th floor are leased out.		
3-hectare resort with the following amenities: clubhouse, swimming pool, basketball courts, mini soccer field and fishing lake.		Tacuman, Davao City	Serves as additional amenities for the subdivision residents.		None
7-hectare Wakeboard Park		Mintal, Davao	Wakeboard park with other amenities presently leased to Session Park		None
8990 Luzon					
12-hectare Wakeboard Park		Margot, Pampanga	Wakeboard park with other amenities presently leased to Session Park		None
8990 Holdings, Inc. Adriatico Office		Malate, Manila	The two-storey building serves as the Company's Manila office. It is currently servicing buyers of UDHManila and eventually upcoming NCR projects.		None

The following table summarizes the various real estate properties leased by the Company:

	Name of Lessee	Monthly Rental (₱)	Term	Company
1	LFM Properties Corporation	80,550.40	8/1/2012-7/31/2013	HDC
		84,577.92	8/1/2013-7/31/2015	
		88,807.04	8/1/2015-7/31/2016	
		93,246.72	8/1/2016-7/31/2017	
		97,909.28	8/1/2017-7/31/2018	
		103,783.68	8/1/2018-7/31/2019	

		110,010.88	8/1/2019-7/31/2020	Holdings
		116,611.04	8/1/2020-7/31/2021	
		104,117.00	8/1/2021-7/31/2022	
		110,364.00	8/1/2022-7/31/2023	
		116,986.00	8/1/2023-7/31/2024	
2	Tri-City Properties Corporation (Units 5, 6, 7, 8, and 12)	70,029.48	4/21/2018-4/20/2019	LHDC
		70,029.48	4/21/2019-4/20/2020	
		59,400.00	3/20/2020-2/19/2021	
3	SM Arena Complex Corporation	840,000.00	6/22/2013-6/22/2014	HDC
		840,000.00	6/22/2015-6/22/2016	
		840,000.00	6/22/2016-6/22/2017	
		840,000.00	6/22/2017-6/22/2018	
		840,000.00	6/22/2018-6/22/2019	
		886,666.67	6/22/2019-6/22/2020	Genvi
4	Philippine General Merchandise Corporation (2nd Floor)	12,678.75	4/1/2005-3/31/2007	HDC/FHI
		14,212.27	4/1/2007-3/31/2008	
		51,075.92	4/1/2008-3/31/2009	
		56,183.50	4/1/2009-9/30/2009	
		118,309.68	6/1/2009-11/30/2009	
		124,225.17	6/1/2010-5/30/2011	
		136,253.04	9/1/2010-8/31/2011	
		149,878.34	9/1/2011-8/31/2012	
		164,866.18	9/1/2013-8/31/2015	
		180,320.00	9/1/2015-8/31/2017	

		198,352.00	9/1/2017-8/31/2019	
		198,352.00	9/1/2019-8/31/2021	
		198,352.00	9/1/2021-8/31/2023	
5	Philippine General Merchandise Corporation (3rd Floor)	49,580.44	7/1/2015-7/1/2016	HDC/FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
		173,040.00	7/1/2020-6/30/2022	
6	Philippine General Merchandise Corporation (5th Floor)	176,960.00	2/1/2018-3/31/2020	HDC
		176,960.00	2/1/2020-3/31/2022	
7	Philippine General Merchandise Corporation (Warehouse)	210,029.79	11/1/2018-10/31/2020	HDC
		210,029.79	11/1/2020-12/30/2021	
8	Philippine General Merchandise Corporation (Mezzanine)	77,040.00	6/1/2021-6/1/2022	HDC
9	Iloilo New Life Commercial Inc. (Mezzanine)	67,200.00	7/15/2017-01/14/2019	HDC
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
		60,000.00	1/15/2021-1/15/2022	
		60,000.00	1/16/2022-1/15/2023	
10	Iloilo New Life Commercial Inc. (Door 2)	23,520.00	8/1/2017-7/31/2018	HDC
		23,520.00	8/1/2018-7/31/2019	
		23,520.00	8/1/2019-7/31/2020	
		23,520.00	8/1/2020-7/31/2021	
		21,000.00	8/1/2021-7/31/2022	
11	Iloilo New Life Commercial Inc. (Door 3)	23,520.00	7/1/2017-6/30/2018	HDC
		23,520.00	7/1/2018-6/30/2019	

		23,520.00	7/1/2019-6/30/2020	
		23,520.00	7/1/2020-6/30/2021	
		21,000.00	7/1/2021-6/30/2022	
12	Priscilla Mae Animas	28,880.00	4/1/2019-3/31/2021	HDC
		30,208.00	4/1/2021-3/31/2023	
13	Otropunto Corp. (Ground Floor)	61,068.00	1/16/2016-1/15/2018	HDC
		67,175.02	1/16/2018-7/15/2018	
		67,175.02	7/16/2018-7/15/2019	
		67,175.02	7/16/2019-7/16/2020	
		67,175.02	7/16/2020-7/16/2021	
		64,176.12	7/16/2021-7/16/2022	
14	Otropunto Corp. (2nd Floor)	15,736.49	7/14/2021-7/16/2022	HDC
15	Calsado Enterprises	32,423.16	6/5/2016-6/4/2017	HDC
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		17,997.40	8/5/2019-8/4/2020	
		17,997.40	8/5/2020-8/4/2021	
		18,471.16	8/5/2021-8/4/2022	
16	Rosalinda M. Amit	13,000.00	11/11/2021-11/11/2022	HDC
17	Greencove Enterprise, Inc (Ground Floor)	104,500.00	3/20/2021-3/20/2026	HDC
18	Greencove Enterprise, Inc (Third Floor)	84,000.00	4/19/2021-3/20/2026	HDC
19	Simed and Company Inc. (501)	13,500.00	5/15/2021-5/14/2022	HDC
20	Simed and Company Inc. (503-504)	18,238.50	5/15/2021-5/14/2022	HDC

8990 Holdings

8990 as a lessee

8990 entered into a non-cancellable operating lease contract covering its principal office in Liberty Center Building in Makati City in 2012. The contract has a term of two (2) years, and was renewed in 2014. In 2014, 8990 also entered into a non-cancellable operating lease as a lessee

covering a corporate suite located at the SM Mall of Asia Arena for a term of one (1) year and will expire on June 22, 2015. The SM Mall of Asia lease has been renewed yearly and active, to date.

Fog Horn

For Horn as a lessee

Fog Horn recognized rent expense pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing

8990 Housing as a lessee

Rent expense pertains to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing as a lessor

A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007. This lease has been renewed yearly and active, to date.

8990 Luzon

8990 Luzon as a lessee

8990 Luzon recognized rent expense pertaining to rentals for office space, staff house, and generator set.

8990 Luzon as a lessor

8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitled to receive ten percent (10%) of monthly gross sales of riding passes in excess of PhP2 million.

Item 3. Legal Proceedings

Neither the Company nor any of its Subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the period covered by this report, except for the matters taken up during the Annual Meeting of Stockholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant’s Common Equity and Related Stockholder

Matters Market Information

The Company has outstanding 5,391,399,020 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. (“PSE”) as of December 31, 2021 The closing price as of December 31, 2021 is Php11.28 per share.

The following are the quarterly high and low prices, as well as the closing price of the company’s shares traded at the Philippines Stock Exchange, Inc. for the last five (5) years:

	2021			2020			2019			2018			2017		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	8.24	7.00	7.07	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60	7.78	6.50	6.80
2nd	7.69	7.11	7.32	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36	6.96	5.93	6.60
3rd	9.50	7.02	9.21	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28	6.60	4.99	5.00
4th	11.92	9.20	11.28	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10	6.79	6.73	6.73

The market capitalization of the Company as of December 31, 2021 was approximately Php60,814,980,945.60 based on the closing price of Php11.28 per share.

Holdings

The following table sets forth the stockholders of record of the Company as of December 31, 2021:

Shareholder	Number of Shares	Subscribed and Paid-up (in Php)	% Ownersh
IHOLDINGS, INC.	2,183,082,10	2,183,082,107	39.56
PCD NOMINEE CORPORATION (NON-FILIPINO)	958,083,13	958,083,13	17.36
KWANTLEN DEVELOPMENT CORPORATION	926,325,018	926,325,018	16.79
PCD NOMINEE CORPORATION (FILIPINO)	852,313,77	852,313,77	15.45
LUIS N. YU, JR.	258,099,322	258,099,322	4.68
MARIANO D. MARTINEZ JR.	168,916,767	168,916,767	3.06
UNIDO CAPITAL HOLDINGS INC.	160,549,600	160,549,600	2.91
WILLIBALDO MARIA J. UY OR HILDA L. UY	8,000,000	8,000,000	0.14
MARIA LINDA BENARES MARTINEZ	2,000,000	2,000,000	0.04
ANTHOLIN TAN MUNTUERTO	300,000	300,000	0.01
MARK WERNER JUECO ROSAL	200,000	200,000	0.00

NICOLAS CATALYA DIVINAGRACIA	100,000	100,000	0.00
MA. CHRISTMAS RENIVA NOLASCO	11,500	11,500	0.00
IAN NORMAN E. DATO			0.00
HECTOR ABLANG SANVICTORES			0.00
STEPHEN G. SOLIVEN	1,500	1,500	0.00
JESUS SAN LUIS VALENCIA	300	300	0.00
HAN JUN SIEW	100	100	0.00
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES,	100	100	0.00
ALEXANDER ACE S. SOTTO	100	100	0.00
WEI BENG CHAN	100	100	0.00
RAUL FORTUNATO REAMICO ROCHA	100	100	0.00
MANUEL CASTILLO CRISOSTOMO	100	100	0.00
OWEN NATHANIEL SY AU ITF LI MARCUS AU	80	80	0.00
JOSELITO TANWANGCO BAUTISTA	8	8	0.00
LOWELL L. YU	1	1	0.00
ANTHONY VINCENT SOTTO	1	1	0.00
ARLENE KEH	1	1	0.00
DOMINIC JOHN PICONE	1	1	0.00
MANUEL S. DELFIN JR.	1	1	0.00
RAUL FORTUNATO R. ROCHA	1	1	0.00
RICHARD L. HAOSAN	1	1	0.00
WILLIE UY	1	1	0.00
MUHAMMAD HAIQAL BIN MOHD ALI	1	1	0.00

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the

approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

Listed below are the cash dividends declared and/or paid by the Company.

Common Shares

Declaration Date: November 3, 2021
Record date: November 17, 2021
Payment date: December 10, 2021

Preferred Shares

5.50% per share

Declaration Date: February 24, 2021
Record date: October 29, 2021
Payment date: November 10, 2021

5.50% per share

Declaration Date: February 24, 2021
Record date: July 30, 2021
Payment date: August 10, 2021

5.50% per share

Declaration Date: February 24, 2021

Record date: April 30, 2021

Payment date: May 10, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: November 18, 2021

Payment date: December 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: August 18, 2021

Payment date: September 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: May 18, 2021

Payment date: June 1, 2021

6.0263% per share

Declaration Date: February 16, 2021

Record date: February 28, 2021

Payment date: March 1, 2021

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and existence of unrestricted retained earnings, 50% of the net income of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends.

Each of the Subsidiaries has adopted the same dividend policy whereby, subject to available cash and existence of unrestricted retained earnings, at least 50% of the net income of such Subsidiary for the preceding fiscal year will be declared as dividends.

Recent Sale of Unregistered or Exempt Securities

On October 14, 2020, the Company issued Philippine Peso-denominated fixed-rate corporate notes in the principal amount of One Billion Three Hundred Million Pesos (₱1,300,000,000.00) (“Notes”). The Notes issuance is exempt from SEC registration, as the same were issued to qualified buyers pursuant to Section 10.1(l) of the Philippine SRC. The Notes are enrolled with Philippine Dealing & Exchange Corp. (“PDEX”) and traded through the PDEX Trading System. The Notes have a fixed interest rate of 4.0500% per annum, and a maturity date of two years from Issue Date or on October 14, 2022. BDO Capital & Investment Corporation acted as Sole Issue Manager, Lead Arranger, and Bookrunner in respect of the Notes issuance.

Description of the Shares

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company’s voting securities as of December 31, 2021.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner the beneficial of the shares indicated	Filipino	2,183,082,107*	2,183,082,107*	39.56%
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner the beneficial of the shares indicated	Filipino	926,325,018*	926,325,018*	16.79%
Pasir Salak Investments Limited Brumby Center, Lot Jalan Muhibbah, 87000 Labuan FT, Malaysia	The record owner PCD Nominee Corporation	Malaysian	475,000,000*	475,000,000**	8.61%
TPG Rafter Holdings Ltd. Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands	The record owner PCD Nominee Corporation	Cayman Islands	475,000,000*	475,000,000**	8.61%

*including the shares held through PCD Nominee Corporation

**held through PCD Nominee Corporation

As of December 31, 2021, the Company’s authorized capital stock was ₱7,000,000,000.00 divided into (i) 6,850,000,000 Common Shares, each with a par value of ₱1.00, (ii) 100,000,000 non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares with

a par value of ₱1.00 per share and (iii) 5,000,000,000 voting preferred shares with a par value of ₱0.01 per share. As of December 31, 2021, there are (i) 5,391,399,020 Common Shares; (ii) 50,000,000 Series A Preferred Shares; and (iii) 37,000,000 Series B Preferred Shares issued and outstanding.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.
2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.
3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.
4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.
5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association or corporation in which the corporation is or become interested.
6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation,

or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.

7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.
8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.
9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation

themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
 - the extension of the term of corporate existence;
 - the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
 - a merger or consolidation;
- and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an

independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum. Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the

matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offer

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
 - removal of directors;
 - sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
 - investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
 - declaration or issuance of share dividends;
 - delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
 - merger or consolidation;
 - dissolution;
 - an increase or decrease in capital shares;
 - ratification of a contract of a directors or officer with the corporation;
 - extension or shortening of the corporate term;
 - creation or increase of bonded indebtedness;
- and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on their housing loans under the CTS program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging

approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and

Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2021 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

In million pesos	2021	2020	2019
Revenue	20,357.73	14,233.53	15,400.51
Cost of sales and services	10,053.81	7,410.48	6,541.95
Gross income	10,303.91	6,823.06	8,858.56
Operating expenses	2,690.52	1,821.83	2,675.81
Net operating income	7,613.40	5,001.23	6,182.75
Finance costs	1,673.03	1,692.08	1,616.72
Other income	1,723.59	1,640.64	1,593.98
Income before income tax	7,663.96	4,949.79	6,160.01
Provision for income tax	449.02	117.90	297.19
Net income	7,214.93	4,831.88	5,862.81

Revenue

The Company's revenue primarily comprises of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

Results of Operations

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenue

For the year ended December 31, 2021, the Company recorded consolidated revenue of ₱20,357.7 million, an increase of 43% from consolidated sales of ₱14,233.5 million recorded for the year ended December 31, 2019. The increase was mainly attributable to increased real estate sales. Lifting of construction restrictions allowed the Company to deliver more units in 2021. The Company's real estate sales generated ₱20,332.8 million in revenues for the year ended December 31, 2021, an increase of 44% from the ₱14,169.1 million in revenues recorded for the year ended December 31, 2020.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2021 was ₱10,053.85 million, an increase of 36% from consolidated cost of sales and services of ₱7,410.5 million for the year ended December 31, 2020. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2021 was ₱10,303.9 million, an increase of 51% from consolidated gross income of ₱6,823.1 for the year ended December 31, 2020. The Company's gross income margin for the year ended December 31, 2021 was 51% compared to a gross income margin of 48% recorded for the year ended December 31, 2020.

Operating Expenses

For the year ended December 31, 2021, the Company recorded consolidated operating expenses of ₱2,690.5 million, an increase of 48% from consolidated operating expenses of ₱1,821.8 million recorded for the year ended December 31, 2020.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2021 were ₱1,723.6 million, an increase from consolidated other operating income (expense) of ₱1,637.3 million recorded for the year ended December 31, 2020.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2021 were ₱1,673.0 million, a decrease from consolidated finance costs of ₱1,692.1 million recorded for the year ended December 31, 2020. The decrease was mainly attributable to lower level of loans from 2020 to 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2021 was ₱7,664.0 million, an increase from consolidated income before income tax of ₱4,949.8 million recorded for the year ended December 31, 2020.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2021 was ₱449.0 million, an increase from consolidated provision for income tax of ₱117.9 million recorded for the year ended December 31, 2020. The increase was attributed to sales from non BOI accredited projects in Metro Manila such as but not limited to Urban Deca Homes Ortigas and Urban Deca Homes Manila.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 was ₱7,214.9 million, an increase of 49% from consolidated net income of ₱4,831.9 million recorded for the year ended December 31, 2020. The Company's consolidated net income margin for the year ended December 31, 2021 and 2020 were 35% and 34% respectively.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

For the year ended December 31, 2020, the Company recorded consolidated revenue of ₱14,233.5 million, a decrease of 8% from consolidated sales of ₱15,400.5 million recorded for the year ended December 31, 2019. The decrease was mainly attributable to decreased real estate sales. The Company's real estate sales generated ₱14,169.1 million in revenues for the year ended December 31, 2020, a decrease of 6% from the ₱14,997.3 million in revenues recorded for the year ended December 31, 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2020 was ₱7,410.5 million, an increase of 13% from consolidated cost of sales and services of ₱6,542.0 million for the year ended December 31, 2019. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2020 was ₱6,823.1 million, a decrease of 23% from consolidated gross income for the year ended December 31, 2019. The Company's gross income margin for the year ended December 31, 2020 was 48% compared to a gross income margin of 58% recorded for the year ended December 31, 2019.

Operating Expenses

For the year ended December 31, 2020, the Company recorded consolidated operating expenses of ₱1,821.8 million, a decrease of 32% from consolidated operating expenses of ₱2,675.8 million recorded for the year ended December 31, 2019.⁷⁸

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2020 were ₱1,637.3 million, a decrease from consolidated other operating income (expense) of ₱1,594.0 million recorded for the year ended December 31, 2019.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2020 were ₱1,692.1 million, an increase from consolidated finance costs of ₱1,616.7 million recorded for the year ended December 31, 2019. The increase was mainly attributable to higher interest rate of the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2020 was ₱4,949.8 million, a decrease from consolidated income before income tax of ₱6,160.0 million recorded for the year ended December 31, 2019.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2020 was ₱117.9 million, a decrease from consolidated provision for income tax of ₱297.2 million recorded for the year ended December 31, 2019.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,831.9 million, a decrease of 18% from consolidated net income of ₱5,862.8 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

Financial Position

As at December 31, 2021 compared to As at December 31, 2020

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,655.7 million as at December 31, 2021, an increase of 37% from consolidated cash on hand and in banks of ₱1,209.3 million as at December 31, 2020.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,351.3 million as at December 31, 2021, a 42% increase from consolidated current portion of trade and other receivables of ₱3,064.8 million as at December 31, 2020.

Inventories

The Company's consolidated inventories were ₱41,704.8 million as at December 31, 2021, an increase of 5% from consolidated inventories of ₱39,812.0 million as at December 31, 2020. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱1,329.1 million as at December 31, 2021, an increase of 11% from consolidated due from related parties of ₱1,194.6 million as at December 31, 2020.

Other current assets

The Company's consolidated other current assets were ₱5,175.2 million as at December 31, 2021, an increase of 26% from consolidated other current assets of ₱4,117.3 million as at December 31, 2020, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱31,922.0 million as at December 31, 2021, an increase from consolidated trade and other receivables – net of current portion of ₱25,838.7 million as at December 31, 2020.

Property and equipment

The Company's consolidated property and equipment was ₱732.3 million as at December 31, 2021, a decrease of 1% from consolidated property and equipment of ₱739.3 million as at December 31, 2020.

Investment properties

The Company's consolidated investment properties were ₱341.5 million as at December 31, 2021, a decrease of 2% from consolidated investment properties of ₱348.0 million as at December 31, 2020.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱449.6 million as at December 31, 2021, an increase of 7% from consolidated other noncurrent assets of ₱419.8 million as at December 31, 2020.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,182.0 million as at December 31, 2021, an increase of 71% from consolidated current portion of trade and other payables of ₱5,362.3 million as at December 31, 2020.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱17,818.4 million as at December 31, 2021, a decrease of 10% from the consolidated current portion of loans payable of ₱19,742.4 million as at December 31, 2020.

Deposits from customers

The Company's consolidated deposits from customers were ₱875.9 million as at December 31, 2021, a slight increase from consolidated deposits from customers of ₱858.9 million as at December 31, 2020.

Due to related parties

The Company's consolidated due to related parties were ₱81.9 million as at December 31, 2021, a decrease from consolidated due to related parties of ₱233.5 million as at December 31, 2020.

Income tax payable

The Company's consolidated income tax payable was ₱50.4 million as at December 31, 2021, a decrease from consolidated income tax payable of ₱74.5 million as at December 31, 2020.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱934.1 million as at December 31, 2021, an increase from consolidated trade and other payables – net of current portion of ₱926.1 million as at December 31, 2020.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱12,050.8 million as at December 31, 2021, an increase from consolidated loans payable – net of current portion of ₱11,470.5 million as at December 31, 2020. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,112.7 million as at December 31, 2021, an increase from consolidated deferred tax liability of ₱880.5 million as at December 31, 2020. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2020 compared to As at December 31, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,209.3 million as at December 31, 2020, an increase of 16% from consolidated cash on hand and in banks of ₱1,043.4 million as at

December 31, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,064.8 million as at December 31, 2020, a 17% decrease from consolidated current portion of trade and other receivables of ₱3,685.4 million as at December 31, 2019.

Inventories

The Company's consolidated inventories were ₱39,812.0 million as at December 31, 2020, an increase of 7% from consolidated inventories of ₱37,046 million as at December 31, 2019. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land, and work in progress inventories related to high rise building project in Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Due from related parties

The Company's consolidated due from related parties were ₱1,194.6 million as at December 31, 2020, an increase of 20% from consolidated due from related parties of ₱996.5 million as at December 31, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,117.3 million as at December 31, 2020, an increase of 3% from consolidated other current assets of ₱4,014.2 million as at December 31, 2019, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱25,838.7 million as at December 31, 2020, an increase from consolidated trade and other receivables – net of current portion of ₱18,179.9 million as at December 31, 2019.

Property and equipment

The Company's consolidated property and equipment was ₱739.3 million as at December 31, 2020, a decrease of 7% from consolidated property and equipment of ₱796.5 million as at December 31, 2019.

Investment properties

The Company's consolidated investment properties were ₱348.0 million as at December 31, 2020, a decrease from consolidated investment properties of ₱353.7 million as at December 31, 2019.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱419.8 million as at December 31, 2020, an increase from consolidated other noncurrent assets of ₱368.8 million as at December 31, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,362.3 million as at December 31, 2020, a decrease of 2% from consolidated current portion of trade and other payables of ₱5,488.8 million as at December 31, 2019.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱19,742.4 million as at December 31, 2020, an increase of 72% from the consolidated current portion of loans payable of ₱11,503.3 million as at December 31, 2019.

Deposits from customers

The Company's consolidated deposits from customers were ₱858.9 million as at December 31, 2020, an increase of 27% from consolidated deposits from customers of ₱673.7 million as at December 31, 2019.

Due to related parties

The Company's consolidated due to related parties were ₱233.5 million as at December 31, 2020, an increase from consolidated due to related parties of ₱82.6 million as at December 31, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱74.5 million as at December 31, 2020, a decrease from consolidated income tax payable of ₱76.1 million as at December 31, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱926.1 million as at December 31, 2020, a decrease from consolidated trade and other payables – net of current portion of ₱990.0 million as at December 31, 2019.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱880.5 million as at December 31, 2020, a decrease from consolidated deferred tax liability of ₱919.6 million as at December 31, 2019. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("Pag-IBIG"), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2021	2020	2019
	in million pesos		
Net cash from (used in) operating activities	2,367.37	(3,184.98)	800.34
Net cash provided by (used in) investing activities	(268.69)	(580.74)	(1,802.69)
Net cash provided by (used in) financing activities	(1,652.28)	3,931.62	(302.46)
Net increase (decrease) in cash on hand and in banks	446.40	165.90	(1,304.81)
Cash on hand and in banks at beginning of year	1,209.34	1,043.44	2,318.60
Cash and cash equivalents of newly acquired subsidiary	0.00	0.00	29.64
Cash on hand and in banks at end of year	1,655.74	1,209.34	1,043.43

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash from operating activities were ₱2,367.37 million for the year ended December 31, 2021, and consolidated net cash used in operating activities were ₱3,184.98 million, for the year ended December 31, 2020.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31, 2021 and 2020 were ₱268.69 million and ₱580.74 million, respectively.

For the year ended December 31, 2021, consolidated net cash flow used in investing activities reflected acquisitions of property and equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow used in financing activities for the year ended December 31, 2021 were ₱1,652.28 million while net cash flow provided by financing activities for the year ended December 31, 2020 were ₱3,931.62 million.

For the year ended December 31, 2021, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year and an issuance of bonds, as offset by certain loan repayments.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2021 and 2020.

Key Performance Indicators	As of December 31, 2021	As of December 31, 2020
	Audited	Audited
Current ratio	1.88	1.88
Book value per share	8.27	6.82
Debt to equity ratio	0.93	1.12
Asset to equity ratio	1.93	2.12
Asset to debt ratio	2.07	1.89
Gross income margin	51%	48%
Net income margin	35%	34%

Debt Obligations and Facilities

As of December 31, 2021, the Company's total outstanding indebtedness was ₱31.9 billion, comprised of various short-term and long-term loans mainly from local banks, notes and bonds payable, with interest rates ranging from 4.05% to 7.0% per annum in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS In-house financing program, land held for future development, inventories and various properties of the Company.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with HDMF where it will migrate its receivables under the CTS In-house financing program to HDMF's housing loan program for its members. For 2021, the Company has successfully migrated ₱4.1 billion worth of receivables to HDMF. Also, in 2021, the Company started the accreditation of its projects with bank for its housing loan program. Since it started in August 2021, the Company has successfully liquidated ₱331 million worth of receivables as of December 31, 2021 thru this channel.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies) or the securitization of portions of the Company's receivables portfolio.

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

Item 7. Consolidated Financial Statements

Please see accompanying 2021 Audited Consolidated Financial Statements ("2021 AFS")

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Independent Public Accountants

For 2021 and 2020, Ramon F. Garcia & Company, CPAs (RFG) has been engaged by the Board of Directors as Independent External Auditor.

For 2019, 2018 and 2017, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor.

Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Reyes Tacandong & Co., SGV & Co. and P&A have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auditors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2021 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2020, excluding fees directly related to the Offer.

	2019	2020	2021
		(₱)	
Audit and Audit-related Fees ⁽¹⁾	12,600,000	9,975,000	11,750,000
All Other Fees ⁽²⁾	1,512,000	997,500	1,175,000
Total	14,112,000	10,972,500	12,925,000

(1) *Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.*

(2) *All other fees above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.*

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Audit and Risk Committee

The Audit and Risk Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit and Risk Management Committee should be an independent director.

The Audit Committee has the following functions:

- (a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
- (b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;
- (c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;
- (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;
- (f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- (g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- (h) Review the reports submitted by the internal and external auditors;

- (i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - (i) Any changes in accounting policies and practices;
 - (ii) Major judgmental areas;
 - (ii) Significant adjustments resulting from the audit;
 - (iv) Going concern assumptions;
 - (v) Compliance with accounting standards; and
 - (vi) Compliance with tax, legal and regulatory requirements.
- (j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- (l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of writing, the Audit and Risk Management Committee is chaired by Ms. Arlene C. Keh, while Mr. Mariano D. Martinez, Jr., Mr. Luis N. Yu, Jr., Mr. Muhammad Haiqal Bin Mohd Ali, and Mr. Dominic J. Picone serve as its members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation, the Board consists of thirteen (13) members. To date, two (2) members of the Board are independent directors. All of the directors were last re-elected at the Company's annual shareholders meeting on August 27, 2021, and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr. ...	67	Filipino	Chairman of the Board
Luis N. Yu, Jr.	66	Filipino	Chairman Emeritus and Director
Atty. Anthony Vincent Sotto	46	Filipino	Director, President and CEO
Manuel C. Crisostomo.....	67	Filipino	Independent Director
Arlene C. Keh.....	54	Filipino	Independent Director
Manuel S. Delfin, Jr.	61	Filipino	Director
Lowell L. Yu	44	Filipino	Director
Raul Fortunato R. Rocha ..	68	Filipino	Director
Richard L. Haosen	59	Filipino	Director, Treasurer and Head of Treasury
Ian Norman E. Dato.....	43	Filipino	Director
Muhammad Haiqal Bin	32	Malaysian	Director
Mohd Ali.....			
Dominic J. Picone	43	Australian	Director
Roan B. Torregosa.....	36	Filipino	Director and Chief Financial Officer

The business experience of each of the directors is set forth below.

Mariano D. Martinez, Jr.

Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008), BP Waterworks Incorporated (1997), 8990 Luzon Housing Development Corporation (until 2011) and Fog Horn, Inc. (until 2011). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.

Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Manuel C. Crisostomo*Independent Director*

Mr. Crisostomo was Senior Vice President and CEO of the Home Development Mutual Fund (HDMF) from 2001 to 2002, capping a government career spanning various positions for 25 years. He was the President and CEO of Firm Builders Realty Development Corporation from 2005 to 2013 and served as National President and Chairman of SHDA from 2010 to 2011. Mr. Crisostomo has a BS Industrial Engineering degree from the University of the Philippines and passed the Career Executive Service Officer of the Civil Service Commission.

Arlene C. Keh*Independent Director*

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.*Director*

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice- Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Lowell L. Yu*Director*

Mr. Yu, is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Raul Fortunato R. Rocha*Director*

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen*Director, and Treasurer*

Mr. Richard L. Haosen, assumed the position of Treasurer of the Company in 2010. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Anthony Vincent S. Sotto*President and CEO*

Atty. Sotto has been with 8990 Holdings Inc since September 2, 2021. Atty. Sotto has been with 8990 Housing Development for almost 18 years and has the same years of experience in the real estate development industry. Prior to his joining the Company, he was an associate lawyer for Solis and Medina Law Offices. In 2003, he joined the Company as an Assistant General Manager and served as such for eight years. Thereafter, he became the General Manager of 8990 Housing Development Corporation and served as such for seven years. He then assumed the position of Deputy Chief Executive Officer in June 2019. Atty. Sotto has a Bachelor of Laws from the University of the Philippines Diliman Campus in 2001, and was admitted to the Philippine bar in 2002.

Ian Norman E. Dato*Director*

Mr. Dato is the Managing Partner of Dato Inciong & Associates. He is also an incumbent director of IKitchen, Inc. and MyMarket, Inc. and an incoming one (pending approval by the Monetary Board) of First Naga Rural Bank, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-

2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Muhammad Haiqal Bin Mohd Ali

Director

Mr. Haiqal Ali is currently a Vice President in the Investments division of Khazanah Nasional Berhad where he works on private equity investments in Southeast Asia as well as consumer and healthcare sectors globally. He holds a Masters in Engineering (M.Eng.) in Chemical Engineering from University College London.

Dominic J. Picone

Director

Mr. Picone is a Principal and Head of Asia Financial Services (ex. India) at TPG Capital, based in Singapore. In addition to 8990, he has been involved with current and past TPG portfolio companies including BFI Finance, Masan Group, Fairmont Raffles Hotels, Bank BTPN, United Test & Assembly Center (UTAC), and CIMB. He is an alternate board member of UTAC Holdings, and serves on the audit, risk, and compensation committees of BFI Finance. Prior to joining TPG in 2005, Mr. Picone worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne, primarily focused on mergers and acquisitions in Australia and New Zealand. A native of Australia, he received a Bachelor of Commerce (Honours – Finance) and a Bachelor of Laws from the University of Melbourne.

Roan Buenaventura – Torregoza

Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

The table below sets forth the Company's officers as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	67	Filipino	Chairman of the Board

Name	Age	Nationality	Position
Atty. Anthony Vincent Sotto	46	Filipino	President & Chief Executive Officer
Alexander Ace Sotto	40	Filipino	Chief Operating Officer
Roan B. Torregoza	36	Filipino	Chief Financial Officer
Richard L. Haosen	59	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	61	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	54	Filipino	Corporate Secretary
.....			
Maureen O. Lizarondo-Medina	35	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	45	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers is set forth below.

Please refer to the table of Directors above.

The business experience of each of the key executive and corporate officers for the last five years is set forth below.

Mariano D. Martinez, Jr.

Chairman of the Board

Please refer to the table of Directors above.

Atty. Anthony Vincent Sotto

President and Chief Executive Officer

Please refer to the table of Directors above.

Alexander Ace Sotto

Chief Operating Officer

Mr. Sotto has been with 8990 Holdings Inc for the past 17 years since he joined the company in 2004. He is currently the Chief Operating Officer of the Company. He was the General Manager for Construction of the Company. He also holds the positions of Governor of the SHDA for Visayas and Advisor for the SHDA in Central Visayas. He holds a Bachelor of Science degree in Civil Engineering from the University of San Carlos Technological Center, Talamban, Cebu City in 2002.

Roan B. Torregoza

Chief Financial Officer

Please refer to the table of Directors above.

Richard L. Haosen

Treasurer and Head of Treasury

Please refer to the table of Directors above.

Teresa C. Secuya

Compliance Officer

Ms. Teresa S. Secuya has served as Compliance Officer of 8990 Holdings, Inc. since 2013. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as Executive Assistant at 8990 Housing Development Corp. (2012-2013), Executive Assistant at Fog Horn, Inc. (2010-2012), the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HLC Construction & Development Corp. (March to May 1996), Assistant Personal Coordinator at Lead Export Corp. (1989-1991), Settlements Aide III Secretary at the Ministry of Human Settlements (1983-1987), and Fixed-Period Clerk at Procter and Gamble Philippines. She obtained the Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez

Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 25 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She currently serves as a Corporate Secretary of several large Philippine corporations, including three other publicly-listed Philippine corporations, and as Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the Philippines.

Maureen O. Lizarondo-Medina

Assistant Corporate Secretary

Atty. Maureen O. Lizarondo-Medina assumed the position of Assistant Corporate Secretary in July 2015. Atty. Lizarondo-Medina graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2007, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She also serves as Corporate Secretary of Tullett Prebon (Philippines), Inc. and ICAP Philippines, Inc. She is also the Assistant Corporate Secretary of mutual funds managed by the Philam Asset Management, Inc. including Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

Patricia Victoria G. Ilagan

Investor Relations Officer

Ms. Patricia Victoria G. Ilagan joined 8990 in 2016 and is presently 8990's Investor Relations Officer. Prior to joining 8990, she worked at Philippine Equity Partners (a local research partner of Bank of America Merrill Lynch) from 2015-2017. She has an MBA degree from Esade Business School and a Bachelor of Science (Management) at Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at Macquarie Capital Securities Philippines (2010-2012), Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels Inc (2014-2015), Manager for Financial Planning and Analysis at Bloomberry Resorts and Casino (2012-2014).

Family Relationships

As of writing, family relationships (by consanguinity or affinity within the fourth civil degree) between

Directors and members of the Company's senior management are as follows:

Lowell L. Yu, Director, is the son of Mr. Luis N. Yu, Jr., Director.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: [1] had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; [2] have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; [3] have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or [4] have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

**Item 10. Executive
Compensation**

Compensation

The following are the Company's president and four most highly compensated executive officers for the year ended December 31, 2021:

Name	Position
Anthony Vincent S. Sotto	President and CEO
Alexander Ace Sotto	Chief Operating Officer
Roan Buenaventura-Torregoza	Chief Financial Officer
Richard L. Haosen	General Manager – Treasury Group

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and the four most highly compensated executive officers of the Company in 2021, 2020 and 2019:

	Year	Total ⁽¹⁾ (₱)
President and the four most highly compensated executive officers named above	2021	5.31 million
	2020	4.46 million
	2019	6.61 million

Note:

(1) Includes salary, bonuses and other income.

Compensation of Directors

The by-laws of the Company provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) percent of the net income before tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. However, since 2013, no directors' compensation was approved and given by the Board.

Currently, the directors are entitled to a per diem allowance of ₱10,000.00 for each attendance in the Company's board meetings.

Employee Stock Option Plan

The Corporation has no employee stock option plan at the moment.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2021.

Name and Address of	Name of Beneficial Owner and Relationship with Record	Citizenship	No. of Common Shares	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,183,082,10	2,183,082,107*	39.56*
Kwantlen Development	The record owner is the beneficial	Filipino	926,325,01	926,325,018*	16.79%

Corporation Unit 605, Ayala FGU Center, Cebu	owner of the shares indicated

Name and Address of	Name of Beneficial Owner and Relationship with Record	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
Business Park, Cebu City					
Pasir Salak Investments	The record owner is PCD Nominee Corporation	Malaysian	475,000,000*	475,000,000**	8.61%
Brumby Center, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia					
TPG Rafter Holdings Ltd.	The record owner is PCD Nominee Corporation	Cayman Islands	475,000,000*	475,000,000**	8.61%
Maples Corporate Services Limited, Box 309, Ugland House, George Grand Cayman, Cayman Islands					

*including the shares held through PCD Nominee Corporation

**held through PCD Nominee Corporation

As of December 31, 2021 the Company's level of foreign ownership is 17.51% of its equity.

Security Ownership of Directors and Officers as of writing

Class	Name of Beneficial Owner	Amount	Citizenship	% of Total Outstanding Shares
Common	Luis N. Yu, Jr.	258,099,322 –	Filipino	4.68
Common	Mariano D. Martinez, Jr.	168,916,767 – direct	Filipino	3.1
		1,979,200- indirect		
Common	Anthony Vincent Sotto	1 – direct	Filipino	0
Common	Arlene C. Keh	1 – direct	Filipino	0
Common	Manuel C. Crisostomo	100 – direct	Filipino	0
Common	Manuel S. Delfin, Jr.	1 – direct	Filipino	0
Common	Lowell L. Yu	1 – direct	Filipino	0
Common	Raul Fortunato R. Rocha	101 – direct	Filipino	0
		500,000 – indirect*		
Common	Richard L. Haosen	1 – direct	Filipino	0
		40,000- indirect*		
Common	Alexander Ace S. Sotto	100 – direct	Filipino	
Common	Ian Norman E. Dato	5,001 – direct	Filipino	0
Common	Dominic J. Picone	1 – direct	American	0

		99 – indirect*		
Common	Roan Buenaventura-Torregoza	0 – direct	Filipino	0
		1,500 – indirect		
Common	Cristina S. Palma Gil-Fernandez	None	Filipino	0
Common	Maureen O. Lizarondo-Medina	None	Filipino	0
Common	Teresa C. Secuya	None	Filipino	0
Common	Patricia Victoria G. Ilagan	None	Filipino	0
Common	Muhammad Haiqal Bin Mohd Ali	1 – direct	Malaysian	0

Total: 429,542,197 shares

**held through the PCD Nominee Corporation*

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of writing.

Changes in Control

As of year-end 2021, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Settlement of outstanding balances of advances at year-end occurs in cash. As of December 31, 2017 and 2018, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

Refer to Note 29 of the 2020 Audited Consolidated Financial Statements for the summary of the Company's transactions with its related parties.

Transactions Not in the Ordinary Course of Business

The Company has likewise entered into transactions with related parties otherwise than in the ordinary course of business. These transactions consist of advances to and from the 8990 Majority Shareholders and the 8990 Related Companies as disclosed in Note 29 of the 2020 Audited Consolidated Financial Statements.

PART IV - CORPORATE

GOVERNANCE Item 13. Corporate Governance

See Exhibit 1 for the Annual Corporate Governance Report filed with SEC on May 30, 2022.

PART V - EXHIBITS AND

SCHEDULES Item 14. Exhibits and Reports on SEC Form 17-C

(Current Reports)

Report	Date
List of Top 100 Stockholders	Jan 15, 2021
Public Ownership Report	Jan 15, 2021
(Amend-1) Quarterly Report	Jan 22, 2021
Declaration of Cash Dividends	Feb 17, 2021
Declaration of Cash Dividends	Feb 17, 2021
Declaration of Cash Dividends	Feb 17, 2021
Declaration of Cash Dividends	Feb 17, 2021
Declaration of Cash Dividends	Feb 26, 2021
Declaration of Cash Dividends	Feb 26, 2021
Declaration of Cash Dividends	Feb 26, 2021
Declaration of Cash Dividends	Feb 26, 2021
Change in External Auditor	Feb 26, 2021
Request for Extension to file SEC Form 17-A	April 16, 2021
Public Ownership Report	April 16, 2021
List of Top 100 Stockholders (Preferred Shares)	April 22, 2021
List of Top 100 Stockholders (Preferred Shares)	April 22, 2021
List of Top 100 Stockholders (Common Shares)	April 28, 2021
Notice of Annual or Special Stockholders' Meeting	May 3, 2021
Request for Extension to file SEC Form 17-A	May 18, 2021
Request for Extension to file SEC Form 17-A	June 1, 2021
Request for Extension to file SEC Form 17-Q	June 1, 2021
Annual Report	June 24, 2021
Quarterly Report	June 24, 2021
Press Release	June 25, 2021
Press Release	June 28, 2021
Press Release	June 28, 2021
Postponement of Annual Stockholders Meeting	June 28, 2021
Integrated Annual Corporate Governance Report	July 1, 2021
List of Top 100 Stockholders (Preferred Shares)	July 23, 2021
List of Top 100 Stockholders (Preferred Shares)	July 23, 2021
List of Top 100 Stockholders (Common Shares)	July 23, 2021
Public Ownership Report	July 23, 2021
Information Statement	Aug 9, 2021
(Amend-1) Notice of Annual Stockholders' Meeting	Aug 10, 2021
Quarterly Report	Aug 10, 2021
Press Release	Aug 10, 2021
(Amend-1) Information Statement	Aug 10, 2021
Results of Annual Stockholders' Meeting	Aug 31, 2021
Results of Organizational Meeting of Board of Directors	Aug 31, 2021
Clarification of News Reports	Sept 1, 2021
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	Sept 3, 2021
[Amend-1]Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	Sept 3, 2021
Initial Statement of Beneficial Ownership of Securities	Sept 14, 2021
List of Top 100 Stockholders (Common Shares)	Oct 15, 2021
List of Top 100 Stockholders (Preferred Shares)	Oct 15, 2021

List of Top 100 Stockholders (Preferred Shares)	Oct 15, 2021
Public Ownership Report	Oct 15, 2021
Declaration of Cash Dividends	Nov 4, 2021
Quarterly Report	Nov 4, 2021
Press Release	Nov 4, 2021
[Amend-1]Declaration of Cash Dividends	Nov 9, 2021
Press Release	Dec 9, 2021
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	Dec 13, 2021
Initial Statement of Beneficial Ownership of Securities	Dec 16, 2021
Statement of Changes in Beneficial Ownership of Securities	Dec 17, 2021

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 14 of the Corporation Code, the ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021 (SEC FORM 17-A) is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the City of Makati, Philippines on _____ 2022.



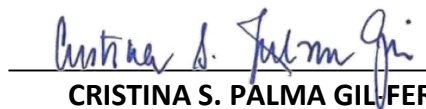
MARIANO D. MARTINEZ
Chairman



ANTHONY VINCENT S. SOTTO
President and CEO



ROAN BUENAVENTURA-TORREGOZA
Chief Financial Officer



CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

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

SUBSCRIBED AND SWORN TO before me this MAY 30 2022, the following persons
exhibiting me their Passports/ TIN IDs:

		Date of Issue	Place of Issue
Mariano D. Martinez	SSS Number 03-4310513-8		Makati City
Roan Buenaventura – Torregoza	UMID Number 1210-1072- 0364		Mandaluyong City
Anthony Vincent S.	Driver's License H03-94-		Cebu City
Cristina S. Palma Gil- Fernandez	Passport P5655630A	18 Jan 2018	DFA NCR South

Doc. No.: 490
PageNo.: 99
Book No.: IV
Series of 2022


JULIENNE ANGELA B. DEL ROSARIO
Appointment No. M-227
Notary Public for Makati City
Until December 31, 2022
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 74725
PTR No. 8855517/Makati City/01-04-2022
IEP No. 171537/Cagayan/01-03-2022
MCLE Exempted-Admitted to the bar in 2020

Contextual Information

Company Details	
Name of the Organization	8990 Holdings, Inc.
Location of Headquarters	11F Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati
Location of Operations	The company is currently present in the following locations: ▪ Pampanga ▪ NCR ▪ Iloilo ▪ Cebu ▪ Davao ▪ Bulacan ▪ South Luzon ▪ Bacolod ▪ Ormoc ▪ General Santos
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Subsidiaries: ▪ 8990 Housing Development Corp. "8990 HDC" ▪ 8990 Luzon Housing Development Corp. "8990 LHDC" ▪ 8990 Davao Housing Development Corp. "8990 DHDC" ▪ 8990 Mindanao Housing Development Corp. "8990 MHDC" ▪ 8990 Leisure and Resorts Corp. "8990 LRC" ▪ Tondo Holdings, Corp. "Tondo Holdings" ▪ Fog Horn, Inc. "Fog Horn" ▪ 8990 Monterazzas Corp (formerly Genvi Development Corp.) "8990 Monterrazas" ▪ Primex Land, Inc. "Primex" ▪ RLC Coastal Estates, Inc. "RLC" ▪ Euson Realty and Development Corp. "Euson"
Business Model, including Primary Activities, Brands, Products, and Services	8990 Holdings, Inc. is the largest mass housing developer in the Philippines in terms of units licensed under BP 220. The company is mainly engaged in the development of residential horizontal mass housing subdivision projects and medium rise building condominiums. The company's residential subdivisions are launched under the DECA Homes brand while the medium-rise condominium units are marketed under the Urban DECA Homes brand.
Reporting Period	January 1, 2021 to December 31, 2021
Highest Ranking Person responsible for this report	Anthony Vincent S. Sotto – President & CEO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
8990 and its management team conducted a series of discussions to identify and understand the needs of the company's stakeholders, which would include its investors, employees, business partners, government agencies, and the community the company is operating in. These discussions allowed the company to see a bigger picture of how the company's operations would impact each stakeholder and the company is making improvements to meet these financial and non-financial needs.

The UN Sustainability goals were used as a framework to identify the impact of the company's operations to the environment, the economy, and the society.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	20,357,727,640	Php
Direct economic value distributed:		
a. Operating costs	2,690,517,914	Php
b. Employee wages and benefits	154,591,456	Php
c. Payments to suppliers, other operating costs	1,736,803,885	Php
d. Dividends given to stockholders and interest payments to loan providers	1,608,413,144	Php
e. Taxes given to government	449,024,324	Php
f. Investments to community (e.g. donations, CSR)	0	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
8990 Holdings, Inc is the largest mass housing developer in the Philippines. The main impact is mainly attributable through its core business of sale and development of horizontal mass-housing subdivision projects and medium-rise building condominiums. The Company has consistently performed financially strong with three years of recorded growth. For the three years ended December 31, 2021, 2020 and 2019, the company's consolidated revenues amounted to ₱20.35 billion, ₱14.23 billion, and ₱15.40 billion, respectively.	Customers	8990 has an integrated real estate system that covers the different areas of the company such as, acquisitions, business development and innovation, technical planning, project management, engineering, sales and marketing, credit and collection, legal services, customer service, and property management. The company is proud of its customer service and credit collection approach as these are personalized to cater to the company's target market. This system allows the company to engage closely with its customers and respond to customers and business partners.

Economic value generated, from its main operations, are distributed through payments to suppliers and service providers, employee wages and benefits, and taxes to government agencies.	Suppliers and service providers, Employees, Government	8990 Holdings have coordinated systems and close relationship with suppliers and service providers to ensure that obligations to these stakeholders are settled promptly.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. Due to the present competition in the real estate industry, the company may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the even the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth projects could be limited and its business and results of operations could be adversely affected. The company is also exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program. If there are a great number of customers who defaults in the Company's in-house financing facilities, this would require the Company to incur additional expenses such as those relating to sales	Suppliers, Customers, Employees, and Shareholders.	The combined experience of its principal owners gives the company extensive advantage in the mass housing industry. This is also supported with the established relationship with key partners such as local government agencies and other industry related business partners. The mix of these qualities are attributed to the investment opportunities that the company could venture into.

cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets, and reduced finance income.		
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
A strong macroeconomic performance of the country would greatly benefit the company and the industry. With the company's current position as the largest mass housing developer, the company could bank on the increasing demand of low to medium cost housing.	Customer/Employees/Suppliers /Government/Shareholders	8990 established itself as the largest mass housing developer in the Philippines. It has been resilient on its current market segment and is looking to expand to the high-end market.

Governance and climate-related risks and opportunities

GOVERNANCE	
Disclose the organization's governance around climate-related risks and opportunities	The company has set up an Audit and Risk Management Committee to oversee the company's Enterprise Risk Management (ERM) Framework. The committee assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the Corporation's process for monitoring compliance with the laws and regulation. Further, the committee also oversees the implementation of risk management program of the company. https://www.8990holdings.com/wp-content/uploads/2018/09/8990-Holdings_risk_management.pdf
Recommended Disclosures	
Describe the board's oversight of climate-related risks and opportunities	Details regarding the board's oversight, managements' role, and resilience of the organization's strategy are all detailed in the company's Risk Management System.
Describe management's role in assessing and managing climate-related risks and opportunities	
Describe the resilience of the organization's strategy, taking into consideration different	

climate-related scenarios including a 2°C or lower scenario	

Risk management – considered a strategic competitive advantage by the Management – is an integral part of the Corporation's operation. Likewise, risk management is an essential part of the Company's business strategy in-order to meet effective corporate governance and achieve the set goals. Thus, instead of responding to crisis and to need for compliance, the Corporation is evaluating possible risk exposures proactively.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used to significant locations of operations that is spend on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which Stakeholders are affected?	Management Approach
The company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. The quality of products provided by 8990 are dependent on the quality of inputs obtained from suppliers and other related service providers.	Suppliers/ Contractors/ Customers	The company screens suppliers and service providers based on a number of criteria, including, the quality of the materials supplied, historical stability of the supply, delivery time, pricing of the raw materials, as well as financial and industrial strength of the supplier or service provider.
What are the Risk/s Identified?	Which Stakeholders are affected?	Management Approach
Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.	Suppliers/ Contractors/ Customers.	The company is proactive in supervising the phase of every construction of its projects.
What are the Opportunity/ies Identified?	Which Stakeholders are affected?	Management Approach
8990 has a collective experience in the Philippine property development industry. With	Suppliers/ Contractors/ Government	The company remains to solidify its relationship with local suppliers and service providers.

this, the company has extensive understanding with the demands, needs, preferences, means, and circumstances of consumers in the Philippine mass housing market. It has also established strong relationship with key Government agencies that are essential to any success in the Mass Housing development industry and with key market participants, such as, construction companies, regulatory agencies, and over two hundred (200) suppliers.		

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	None	%
Percentage of employees that have received anti-corruption training	None	%

Incidents of Corruption

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

The company is finalizing its separate written policy on anti-graft and corruption. Such will be cascaded once it has been approved by the 8990 management and board of directors. It has been a practice by the company to educate and orient its employees during on boarding the code of business conduct which includes anti-graft and corruption clauses. Furthermore, all employees are given periodic reminders and updates on the code of conduct to ensure that these are being embed in the Company's cultures.

ENVIRONMENTAL

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*

***There is no comparable data available, the baseline year is 2021*

Reduction of energy consumption

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

**The company started to measure its energy consumption in 2021*

***There is no comparable data available, the baseline year is 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?
Energy The company's consumption of energy does not have material impact to the environment. Energy is consumed during the day to day operations of 8990 Holdings, Inc in the construction site, existing projects, branches, and corporate offices.
Water Water is used in the company's day to day operations, including construction sites, office, branches, and existing projects. 8990 Holdings, Inc works to ensure availability of clean and well-maintained water is provided to its customers and related stakeholders. Because of its dependency in water, 8990 recognizes its responsibility to use this resource as efficiently as possible.
What are the Risk/s Identified?
The shortage of water and energy may hinder the overall operations of the company.

What are the Opportunity/ies Identified?
8990 Holdings is working continuously to increase the efficiency in the use of these vital resources. The company also needs to ensure that these action towards efficiency does not disrupt or hinder its current operations.
Management Approach
The company is working closely with its contractors and service providers in designing properties that would consume less electricity and water.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	N/A	Kg/liters
• Non-renewable	N/A	Kg/liters
• Percentage of recycled input materials used to manufacture the organization's primary products and service	N/A	%

**The company started to identify renewable and non-renewable materials in 2021*

***The last item is not applicable, the company is not engaged in manufacturing products*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
8990 uses substantial amount of materials to construct and develop its projects. Apart from its construction needs, the company also uses materials for its office and corporate operations.	Operations, Suppliers, Community, Customers	8990 recognizes that the materials such as cement, rebars, and glass are non-renewable, and these materials entails high amounts of costs, energy, and emissions to produce. The company notes that the mining of minerals needed for its main raw materials in construction such as glass, steel, and cement production impacts biodiversity. The company also recognizes that limestone deposits and other such resources are limited. Conserving the use of these materials will help extend the life of the said resource for future generations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The resources needed to produce the raw materials for construction are limited. The finite amount of these resources will impact the pricing of raw materials, which	Customers/ Operations	8990 works closely with contractors to ensure that designs and construction practices are in line with the optimal use of materials, without compromising quality and durability.

would indirectly affect the company's competitiveness.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Significant portion of the total cost of the projects pertain to materials such as steel and cement. The reduction in material usage has corresponding financial implications.	Customers/Shareholders	The company is assessing the efficiency of the usage of materials in its previous and current projects. 8990 is also working with its

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Not available	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	Not available	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not available	Tonnes

**The company started to measure emissions in 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Most of the air emissions identified by the company are from the use of electricity. Though there are no current available data regarding the company's use of these resources, 8990 recognizes that emissions results from the overall operations of the company's construction sites, office facilities, and branches.	Operations	The company's objective is to reduce the emissions that it generates by continuously improving efficiency in the usage of electricity.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The company recognizes that the emission of GHG from the excessive use of electricity can contribute to climate change.	Operations/ Customers/ Employees/ Shareholders	The company is making efforts to assess the current operations and management reporting structure against existing energy management frameworks.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company would like to take advantage of design and construction	Operations/ Customers/	8990's properties are designed to consume less electricity which would translate to reduced power

advancements to reduce carbon emissions.	Employees/ Shareholders	consumption and reduced emission of GHG. The company continues to adapt these kinds of design in future projects.

Air pollutants

Disclosure	Quantity	Units
NOx	Not available	Kg
Sox	Not available	Kg
Persistent organic pollutants (POPs)	Not available	Kg
Volatile organic compounds (VOCs)	Not available	Kg
Hazardous air pollutants (HAPs)	Not available	Kg
Particulate matter (PM)	Not available	Kg

**The company started to measure pollutants in 2021*

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	Not available	Kg
Reusable	Not available	Kg
Recyclable	Not available	Kg
Composted	Not available	Kg
Incinerated	Not available	Kg
Residuals/landfilled	Not available	kg

**The company started to measure solid wastes in 2021*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not available	Kg
Total weight of hazardous waste transported	Not available	Kg

**The company started to measure hazardous waste in 2021*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Not available	Cubic meters
Percent of wastewater recycled	Not available	%

**The company started to measure effluents in 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

Wastes Wastes generated from 8990's developments, offices, and branches are collected by accredited waste collectors and are disposed properly in landfills closest to the developments, offices, and branches locations. Effluents The company makes use of water in its developments, offices, and branches. 8990 produces water discharges, as a result, of its main operations.	Government/Environment and communities	The company ensures that its accredited garbage collectors operate and meet the standards of the Department of Energy and Natural Resources. The company also makes efforts in minimizing effluents by designing and incorporating in its development sites, offices, and branches, wastewater treatment systems.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
8990 is aware that it does not have full control of the wastes collected from its' facilities. While we are monitoring that the accredited waste collectors are meet the standards of the DENR, there is still a risk that there are still oversights in complying with these standards.	Government/Environment and communities	The company is keeping close relationship with local government units and make sure that the partnership with these agencies would ensure proper monitoring of waste disposals.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
8990 sees opportunity to be involved in improving the country's waste management system.	Government/Environment and communities	The company is working closely with service providers, such as the local government, to make sure that the company is meeting regulatory standards when it comes to waste management.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
8990's major activity is the development of its projects. The construction of projects would involve movement of soil, materials, and other resources, which could lead to disruption in the environment.	Employees/Government/Environment and communities	8990 recognizes its role to be compliant to environmental laws.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The company believes that compliance to the environmental laws is paramount to its operations. However, there is still risk that there is non-compliance given the nature of the company's operations.	Employees/Government/Environment and communities	8990 recognizes that compliance to environmental laws is vital to its operations. The company has a team of engineers focused to manage and monitor that operations are compliant to environmental laws.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	
8990 has room to improve its systems and workflows in monitoring its compliance with environmental laws.	Employees/Government/Environment and communities	The company will invest time and resources in internal trainings to make sure that the company's future and existing developments will be within the scope of environmental regulations.

SOCIAL

Employee Management, Employee Hiring, and Benefits Employee data

Disclosure	Quantity	Units
Total number of employees	556	#
Number of female employees	355	#
Number of male employees	201	#
Attrition rate	7	%
Ration of lowest paid employee against minimum wage	0	x

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	64%	36%
PhilHealth	Y	64%	36%
Pag-ibig	Y	64%	36%
Parental leaves	Y	1%	0%
Vacation leaves	Y	25%	18%
Sick leaves	Y	26%	18%
Medical benefits (aside from PhilHealth)	Y	41%	39%
Housing assistance (aside from Pag-ibig)	Y	4%	3%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	10%	8%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%
Rice Subsidy	Y	64%	36%
Meal Allowance	Y	16%	14%

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	64	%
% of male workers in the workforce	36	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

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

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	The hours of the training were not recorded. However, the company is committed to training employees upon hiring in the company. There are also trainings done to make our employees aware of health and safety procedures – the training is done to make sure that there are people capable of administering emergency health actions as they wait for official medical response. There are also trainings done to ensure that employees are updated in terms of new systems such as SAP user training.	
Female employees		
Male employees		
Average training hours provided to employees		
Female employees		
Male employees		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 identifies employees as its most critical asset. The achievements and fulfillment of the company's vision is highly dependent on its functioning human capital.	The company remains its contact and relationship with various sources to ensure that prospective employees are in-line with the company's vision, mission, and culture.
What are the Risk/s identified?	Management Approach
The company sees the competition regarding hiring. The company would need to be competitive in choosing and retaining the right employees to meet the requirements of its rapidly expanding business.	The company is keeping its close relation with institutions like schools and other agencies. This would ensure that the company would be competitive in acquiring quality employees.
What are the Opportunity/ies Identified?	Management Approach
8990 seeks to improve its talent acquisition and retention. The company is offering packages and bonuses that are competitive, and the company has an achievable employment metrics that clearly defines an employee's goal. The company also offers benefits and aid to respond to financial, personal, and professional growth of its employees.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not applicable	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-hours	Not applicable	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	None	The company is continuously updating its employee manual to contain policies that ensures fair and consistent treatment towards its employees. Currently, the company is being guided by its Human Resources department regarding the matters that would oversee grievances and violation towards the rights of employees.
Child labor	None	The company is fully compliant with the labor codes implemented by related regulatory body.
Human Rights	Yes	The company is compliant regarding human rights as per the prescription of the Labor Code. Management of the company sees to it that it is more than compliant than what is set by the government Human Rights and Labor Codes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes the importance of being compliant to the labor code and other regulations protecting the rights of all its employees. Compliance to these laws also promotes a healthy and safe environment which highly attributes to a functioning workplace.	8990 has a system of safety regulation in its project sites and office operations – to protect the health and safety of its employees. There are also key personnel like security guards, the Human Resource Department staff, and department representatives who were properly trained regarding health and safety actions.
What are the Risk/s Identified?	Management Approach

Violation, threats, and other factors that disregard the rights, health, and safety of the company's employees would be very detrimental to the worker's productivity, retention, and engagement.	The company continues to assess that it is maintaining the quality of the system it has set in place.
What are the Opportunity/ies Identified?	Management Approach
8990 sees the opportunity to improve its compliance regarding employee health and rights as we continually expand our business. The company also recognizes such opportunity to be cascaded, not only within its internal network, but also with business partners, contractors, and other related agencies.	

Supply Chain Management

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

The 8990-supplier accreditation process are as stated below:

1. Compliance to laws and regulatory requirements

All the company's suppliers and contractors must submit the following before partnering with the company:

- Company Profile
- Business Permit
- BIR Form 2303
- PCAB License
- SEC or DTI Registration
- Articles of Incorporation
- DOLE Certificate

2. Appraisal

The company will appraise all its prospective business partners for accreditation. They will be assessed on their capability to meet the company's requirements through financial and liquidity auditing.

3. Evaluation

All accredited and newly accredited business partners will be maintained in the supplier information database of the company. They will also be subject to regular assessment and reassessment to ensure that they are consistent in maintaining the business partnership requirements.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Verbal query
Forced labor	Y	Verbal query
Child labor	Y	Verbal query
Human rights	Y	Verbal query
Bribery and corruption	Y	Verbal query

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 recognizes the role of its business partners and contractors in enabling the company to offer quality products. The company keeps the relationship with these business partners to promote long-term and mutually beneficial relationship.	8990 opens equal opportunities amongst potential business partners. The company promotes fair competition amongst vendors to encourage the highest level of productivity quality and efficiency.
What are the Risk/s Identified?	Management Approach
The company recognizes that third-party providers, such as suppliers and contractors, fail to adhere to correct operational practices agreed upon during the initiation of the contract.	The company is hands-on in the accreditation process of its suppliers and business partners. 8990 makes sure that accredited suppliers and business partners share the same vision as the company. Furthermore, the accreditation process assesses the supplier's compliance to all relevant laws and regulations.
What are the Opportunity/ies Identified?	Management Approach
8990 is continuously improving on its supplier and business partner accreditation guideline, refurbishing current guidelines to include relevant criteria relevant to ESG.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)
Socialized Housing Projects
Socialized housing being one of the company's main operations, the company has already provided more than 1.8 million mass housing units. In line with its development of socialized housing projects, the company also offers affordable monthly amortization payments for its target customers, which is lower when compared to monthly rental payments for comparable housing units. This would allow for a smooth transition from home rental to ownership. With its contribution of providing affordable housing in the low to middle income earners, the company was recognized as the largest mass housing developer in terms of units licensed under BP 220 and is awarded with the National Product Quality Excellence Award, the Q Asia's Seal of Product and Quality Service, and is regarding by Pag-Ibig as the top housing developer in Visayas.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No surveys were done in 2021	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 recognizes that customer satisfaction will impact the entire organization. This metric would reflect on the overall experience of the customer from customer query, reservation of units, unit take-out and turn-over process, and property management. Customer satisfaction does not limit its impact in the company's financial standing, but its effect will also extend to the company's morale and customer retention.	The company shows its customers that their satisfaction is of utmost concern through the following methods: 1. More personal approach in billing and collection. 2. Financial literacy seminars before the completion of the buyer's take-out process. 3. Responding to general customer queries from different communication channels (social media, email, phone).
What are the Risk/s Identified?	Management Approach
Any dissatisfaction from the customers is detrimental to the company's business in terms of customer relationship, retention, and acquisition.	8990 makes sure that customer satisfaction does not end after the take-out of the property. The company continues to show that customers are very much valued by continuing exemplary customer service, post-sale, of the property.
What are the Opportunity/ies Identified?	Management Approach
8990 continues to improve and develop its customer service systems, especially with the rapid growth of the company. In-line with its current customer service systems, the company sees opportunities in tapping new channels such as social media, digital mail, and websites, to smoothly receive and address customer concerns.	

Disclosure	Quantity	Units
No. of substantiated complains on product or service health and safety*	None	#
No. of complains addressed	None	#

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

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
Customer’s health and safety is top priority in the use of 8990 projects.	8990 ensures that its property does not pose any health and safety risk to its stakeholders and customers. The prioritization of safety and health is incorporated from the design process, to its construction, and finally to the very operation of the project. The company is committed to maintaining an above-par real estate standards to make the property resilient to any structural and environmental threat.
What are the Risk/s Identified?	
8990 recognizes that there are some risks when it comes to accidents that are outside 8990 project premises and facilities.	
What are the Opportunity/ies Identified?	
The company sees to continue improvement in the areas of health and safety of customers.	

	Furthermore, the company maintains a hands-on inspection and auditing of its structural projects.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complains addressed	None	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company has an extensive marketing network consisting of 477 teams, with 52 headed by unit managers and 208 headed by licensed brokers and with more than 2,282 active sales agents. All the unit managers and the agents under them are exclusively contracted to the Company.	The company ensures that it complies with existing laws and regulations concerning branding and advertisements.
What are the Risk/s Identified?	Management Approach
Because of the third-party type or marketing strategy, the company may oversee some situations that would be detrimental to the company's image.	The company has set up a team who oversees the operations of these third-party agencies. The company is also hands-on in regularly meeting with these partners to know their status and to ensure that they are within the bounds of the concerned rules and regulations.
What are the Opportunity/ies Identified?	Management Approach
The company is improving its monitoring mechanisms to ensure that these sales agents and marketing network is in-line with the values the company upholds.	The company is keeping its current marketing and advertising model; however, it is making tighter monitoring protocols to oversee that it is marketing network.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complains addressed	None	#
No. of customers, users, and account holders whose information is used for secondary purposes	None	#

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

Data Security

Disclosure	Quantity	Units

No. of data breaches, including leaks, thefts, and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
All the documents, personal information, and signature of customers during the company's business operations are scanned and saved in the company's database. The database could only be accessed by authorized personnel.	To protect corporate and customer data, the company is implementing a strong data security policy. The company also has a point person who oversees that the company is compliant in keeping the company's and customers' data and information.
What are the Risk/s Identified?	
8990 recognizes that there is a threat to data security due to cyber hacking. In the situation that the company becomes a victim of cyber hacking, operations may be disrupted, and such an event may be detrimental to the company's reputation	
What are the Opportunity/ies Identified?	Management Approach
The company continues to assess every angle it could implement concerning data privacy.	Management continues to assess actions it could implement as there are new technological innovations that could prevent cyber threats.

UN SUSTAINABLE DEVELOPMENT GOALS

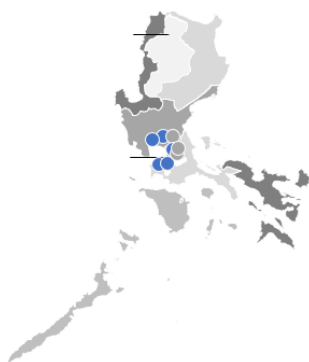
Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Mass housing and Condominiums	 	ESG impacts	Included in Sustainability report
Lease Spaces	 	New leasing spaces will introduce new competition for existing business within the community.	In approving business space leases, the company ensures that potential lessors will complement existing business to create a “cooperative” environment.
Hotel and leisure services	  	There is a potential that the business will produce food wastage, rise in electricity, and water consumption, and increase in waste output.	Food and material wastes are transported to accredited treatment facilities. To minimize electricity consumption, the company ensures that appliances used such as light and air-conditioning are energy efficient. Finally, the property is designed to recycle and thoroughly treat wastewater.
Property Management	 	ESG impacts	Included in Sustainability report.

ANNEX A. LOCATION OF OPERATIONS

Luzon



Visayas



Mindanao



The company has presence nationwide with the focus on high housing backlog areas. The company positions its operations in areas with high population growth, areas with high rental yield, with proximity to work, education, and community areas. Currently the company has a landbank of 680.91 hectares with 26% of the total area concentrated in the Luzon region, 58% in the Visayas region, and 16% in the Mindanao region.

Completed Projects as of December 31, 2021

I. Completed

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988

12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,028
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
Iloilo						
36	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
37	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
38	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
Leyte						
39	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360

Davao						
40	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
41	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
42	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
43	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
44	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
45	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
46	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
47	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
48	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
49	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
50	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		
51	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
56	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
57	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
58	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
59	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
60	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
61	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
62	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
63	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
64	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
65	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

II. On-going

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	2,004
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	1,374
Metro Manila						
3	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	9,674
4	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	1,683
Cebu						
5	Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	1,392	1,392
6	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	-
7	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						
8	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,451
9	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	144
10	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	765
11	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	1,880
12	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,902
13	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	475
Leyte						
14	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	49
Davao						
15	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	1,846
16	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	-
General Santos						
17	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,044

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
Habitats protected or restored	Not applicable	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	

The company does not operate within or adjacent to biodiversity-rich areas.

Organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2022**

2. Commission identification number **CS 2005 11 816**

3. BIR Tax Identification No **239-508-223-000**

4. Exact name of issuer as specified in its charter

8990 HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines

8. Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**

9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	5,391,399,020
Preferred Shares	87,000,000
Fixed Rate Bonds	594,410,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [☒] No [☐]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Name of Stock Exchange: **Philippine Stock Exchange**

Class of Securities Listed: **Common Shares**

Name of Stock Exchange: **Philippine Stock Exchange**

Class of Securities Listed: **Preferred Shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No [☐]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

8990 HOLDINGS, INC AND SUBSIDIARIES

Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
ASSETS				
CURRENT ASSETS				
Cash on hand and in banks (note 5)	1,978,398,234	320,859,947	1,655,736,073	1,209,335,327
Current portion of trade and other receivables (note 6)	4,925,497,208	2,819,944,183	4,351,320,159	3,064,791,865
Inventories (note 7)	41,864,574,448	40,001,993,795	41,704,768,481	39,811,966,767
Due from related parties (note 23)	1,385,749,711	1,419,628,983	1,329,051,204	1,194,643,949
Other current assets (note 9)	5,200,843,395	4,973,244,602	5,175,213,415	4,117,299,584
Total Current Assets	55,355,062,997	49,535,671,509	54,216,089,332	49,398,037,492
NON-CURRENT ASSETS				
Trade and other receivables - net of current portion (note 6)	33,139,872,679	30,040,646,794	31,922,025,883	25,838,671,196
Investment securities at fair value through OCI (note 8)	1,276,692,847	1,211,728,980	1,276,692,847	1,211,728,980
Investment in associates	102,471,274		93,214,510	
Property and equipment, net (note 10)	738,246,236	721,459,385	732,260,247	739,270,713
Investment properties (note)	339,953,844	344,226,877	341,522,984	347,961,969
Goodwill (note 9)	526,474,833	526,474,833	526,474,833	526,474,833
Other noncurrent assets (note 9)	460,942,648	403,085,750	449,551,009	419,773,318
Total Noncurrent Assets	36,584,654,360	33,247,622,619	35,341,742,313	29,083,881,009
Total Assets	91,939,717,357	82,783,294,128	89,557,831,645	78,481,918,501
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Current portion of trade and other payables (note 12)	10,188,323,810	5,504,361,331	9,181,985,640	5,362,253,908
Current portion of loans payable (note 15)	17,690,461,888	11,905,620,334	17,818,386,428	19,742,369,670
Notes payable (note 13)	500,000,000		500,000,000	
Bonds payable (note 14)	375,250,971	-	375,019,694	-
Deposits from customers (note 16)	1,638,249,981	966,476,929	875,858,780	858,904,065
Due to related parties (note 23)	64,540,990	65,489,436	81,857,852	233,486,011
Income tax payable	45,405,018	63,933,478	50,421,831	74,499,492
Total Current Liabilities	30,502,232,658	18,505,881,508	28,883,530,225	26,271,513,146
NON-CURRENT LIABILITIES				
Trade and other payables - net of current portion (note 12)	935,868,518	1,061,779,811	934,065,292	926,129,506
Loans payable - net of current portion (note 15)	11,024,879,508	18,235,190,638	12,050,788,298	11,470,535,585
Notes payable (note 13)		1,300,000,000		1,300,000,000
Bonds payable (note 14)	217,612,305	591,879,995	217,612,305	591,475,045
Deferred tax liability	1,122,578,810	869,986,728	1,112,713,723	880,455,121
Total Noncurrent Liabilities	13,300,939,140	22,058,837,172	14,315,179,618	15,168,595,257
Total Liabilities	43,803,171,798	40,564,718,680	43,198,709,843	41,440,108,403
EQUITY				
Capital Stock (note 17)	5,604,990,720	5,604,990,720	5,604,990,720	5,567,990,720
Additional paid-in capital (note 17)	12,906,748,668	12,966,641,204	12,906,748,668	9,303,641,204
Treasury Shares (note 17)	(1,806,540,154)	(1,806,540,154)	(1,806,540,154)	(1,806,540,154)
Revaluation reserve	864,446,096	793,760,919	864,446,096	793,760,919
Retained earnings	30,566,900,228	24,659,722,759	28,789,476,472	23,182,957,409
Total Equity	48,136,545,558	42,218,575,448	46,359,121,802	37,041,810,098
	91,939,717,356	82,783,294,128	89,557,831,645	78,481,918,501

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)

	For three months ended March 31		For the year ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
REVENUES (note 18)				
Real Estate Operations				
Real estate sales	5,197,923,655	4,476,638,944	20,332,843,842	14,169,067,920
Rental income	773,436	-	11,095,465	56,374,445
	5,198,697,091	4,476,638,944	20,343,939,307	14,225,442,366
Hotel operations	16,555,433		573,823	8,091,932
Equity share in net profits of associate	9,256,764		13,214,510	
	5,224,509,287	4,476,638,944	20,357,727,640	14,233,534,297
COST OF SALES AND SERVICES (note 19)				
Real Estate Operations				
Cost of real estate sales	2,736,799,576	2,213,410,646	10,044,058,513	7,366,587,310
Cost of rental services	-	-	13,071	882,600
	2,736,799,575	2,213,410,646	10,044,071,582	7,367,469,910
Hotel Operations	1,601,596		9,743,084	43,007,933
	2,738,401,170	2,213,410,646	10,053,814,666	7,410,477,844
Gross Income	2,486,108,117	2,263,228,298	10,303,912,974	6,823,056,453
Operating Expenses (note 20)	711,252,463	566,511,869	2,690,517,914	1,821,831,207
Other Operating Income (Expense) (note 22)	718,293,796	311,687,277	1,723,589,375	1,637,320,731
Finance Costs (note 21)	526,267,000	403,406,453	1,673,027,902	1,692,081,125
Operating Income	1,966,882,450	1,604,997,252	7,663,956,531	4,946,464,853
Other Income	-	-	-	3,322,025
Income Before Income Tax from Continuing Operations	1,966,882,450	1,604,997,252	7,663,956,531	4,949,786,879
Provision for Income Tax	63,209,569	53,002,181	449,024,324	117,903,000
Income from Continuing Operations	1,903,672,881	1,551,995,070	7,214,932,207	4,831,883,878
Income from Discontinuing Operations	-			
Net Income	1,903,672,881	1,551,995,070	7,214,932,207	4,831,883,878
Other Comprehensive Income	-			
Total Comprehensive Income	1,903,672,881	1,551,995,070	7,214,932,207	4,831,883,878
Basic/Diluted Earnings Per Share	0.35	0.29	1.34	0.90

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)

For three months ended March 31, 2022								
	Capital Stock	Treasury Shares	Additional Paid in Capital	Actuarial Gain on Post-employment Benefit Plan	Fair Value Gain on Investment Securities thorough FVOCI	Subtotal	Retained Earnings	Total
Balance at January 1, 2022	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903	864,446,096	28,789,476,472	46,359,121,802
Cash dividends declared by the Parent Company						-	(126,249,125)	(126,249,125)
Issuance of preferred shares						-		-
Other Comprehensive Income						-		-
Comprehensive income for the year						-	1,903,672,881	1,903,672,881
Balance at March 31, 2022	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903	864,446,096	30,566,900,228	48,136,545,558

For the year ended December 31, 2021								
	Capital Stock	Treasury Shares	Capital	Post-employment	Investment Securities	Subtotal	Retained Earnings	Total Equity
	(see Note 19)	(see Note 19)	(see Note 19)	(see Note 25)	(see Note 10)		19)	
Balances at January 1, 2021	5,567,990,720.00	(1,806,540,154.00)	9,303,641,204.00	(6,798,117.33)	800,559,036.00	793,760,918.67	23,182,957,408.90	37,041,810,098
Cash dividends declared by the Parent Company						-	(1,608,413,144)	(1,608,413,144)
Issuance of Preferred Shares	37,000,000.00		3,603,107,464.00			-		3,640,107,464
Treasury Shares						-		-
Other Comprehensive Income				6,171,310.00	64,513,867.00	70,685,177.00		70,685,177.00
Net profit for the year						-	7,214,932,207	7,214,932,208
Balance at December 31, 2021	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903	864,446,096	28,789,476,472	46,359,121,802

Balance at January 1, 2020	5,567,990,720	(1,266,523,478)	9,303,641,204	(5,680,563)	800,559,036	794,878,473	18,652,388,504	33,052,375,422
Cash dividends declared by the Parent Company						-	(301,314,973)	(301,314,973)
Treasury Shares		(540,016,676)				-		(540,016,676)
Other Comprehensive Income				(1,117,554)	-	(1,117,554)		(1,117,554)
Comprehensive income for the year						-	4,831,883,878	4,831,883,878
Balance at December 31, 2020	5,567,990,720	(1,806,540,154)	9,303,641,204	(6,798,117)	800,559,036	793,760,919	23,182,957,409	37,041,810,098

	For the years ended March 31, 2021									
	Capital Stock	Subscribed Capital Stock	Treasury Shares	Additional Paid in Capital	on Post- employment Benefit Plan	Investment Securities thorough FVOCI	Equity Reserve	Subtotal	Retained Earnings	Total
Balance at January 1, 2021	5,567,990,720	-	(1,806,540,154)	9,303,641,204	(6,798,117)	800,559,036	-	793,760,919	23,182,957,409	37,041,810,098
Cash dividends declared by the Parent Company								-	(75,229,720)	(75,229,720)
Preferred shares issuance	37,000,000			3,663,000,000				-		3,700,000,000
Treasury Shares								-		-
Other Comprehensive Income								-		-
Comprehensive income for the year								-	1,551,995,070	1,551,995,070
Balance at March 31, 2021	5,604,990,720	-	(1,806,540,154)	12,966,641,204	(6,798,117)	800,559,036	-	793,760,919	24,659,722,759	42,218,575,448

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)

	For three months ended March 31		For years ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,966,882,450	1,604,997,252	7,663,956,531	4,949,786,878
Adjustments for:				
Interest income	(607,752,857)	(306,098,479)	(1,296,434,917)	(850,832,875)
Interest costs	526,266,999	403,404,168	1,671,222,849	1,669,896,964
Losses from assets written-off	-	-	-	-
Provision for credit and impairment losses	-	-	379,690,694	89,499,597
Depreciation and amortization	18,622,763	-	96,794,315	95,699,129
Amortization of bond issue costs	231,277	21,546,421	1,156,954	20,930,305
Provision for inventory write-down	-	404,950	-	-
Loss (gain) on repossession	44,214,416	-	(121,459,771)	(228,979,046)
Gain on sale of AFS	-	-	-	(3,322,025)
Gain on sale of property and equipment	-	-	-	-
Equity in net earnings of associate	(9,256,764)	-	(13,214,510)	-
Unrealized foreign exchange loss	-	-	-	-
Retirement expense	-	-	3,465,015	4,046,601
Loss on sale of a subsidiary	-	-	-	-
Gain on sale of unquoted debt security classified as loans	-	-	-	-
Operating income before changes in working capital	1,939,208,284	1,724,254,311	8,385,177,160	5,746,725,529
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(1,791,722,667)	-	(7,701,615,560)	(7,118,816,369)
Inventories	(204,020,383)	(3,957,127,916)	(1,771,341,943)	(2,537,062,584)
Other assets	(37,021,619)	(190,163,239)	(1,101,649,829)	255,015,711
Increase (decrease) in:		(839,257,450)		
Trade and other payables	1,182,697,264	-	3,780,022,658	(447,713,254)
Deposits from customers	762,391,201	277,757,729	16,954,715	185,211,321
Net cash provided by (used in) operations	1,851,532,081	107,572,865	1,607,547,202	(3,916,639,647)
Interest received	607,752,857	(2,876,963,701)	1,232,922,366	787,250,581
Income tax paid	(68,226,382)	306,234,688	(473,101,985)	(65,658,423)
Net cash from (used in) operating activities	2,391,058,555	(74,036,589)	2,367,367,582	(3,195,047,489)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash advances to related parties				
Loans granted to a third party		(167,996,575)		
Collections of advances to related parties			129,262,088	
Interest received from loans to a third party			59,000,495	
Acquisition of a new subsidiary				(410,000,000)
Cash advances granted to/collected from related parties			(307,115,403)	(198,094,854)
Loans granted to a third party				-
Interest received from loans to a third party				54,703,416
Acquisitions of:		-		
Property and equipment	(23,340,790)		(69,820,197)	(31,066,008)
Investment in associates			(80,000,000)	
Investment properties	(0)	-	(16,360)	(734,746)
Net cash used in investing activities	(23,340,790)	(167,996,575)	(268,689,376)	(580,735,593)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	(126,249,125)		(1,557,538,144)	(301,314,973)
Availment (retirement) of loans payable	(1,153,833,330)		(1,343,730,529)	13,248,512,205
Interest paid on loans and bonds	(690,957,781)	(403,404,168)	(1,426,393,988)	(1,510,804,310)
Cash advances from related parties			1,554,822	151,382,487
Availment (Repayment) of advances from related parties	(74,015,369)		(153,182,981)	(481,819)
Repayment of leasing liabilities			(13,094,103)	
Issuance of corporate bonds		3,700,000,000		(8,405,590,000)
Issuance of preferred shares	-	-	3,640,107,464	
Payment of notes		(224,985,034)	(800,000,000)	1,300,000,000
Buyback of shares (treasury stocks)	-	-		(540,016,676)
Net cash provided by (used in) financing activities	(2,045,055,605)	(75,229,720)	(1,652,277,459)	3,941,686,914
Net increase (decrease) in cash on hand and in banks	322,662,160	(888,475,381)	446,400,747	165,903,831
Cash Balance at the beginning of the year	1,655,736,074	1,209,335,327	1,209,335,327	1,043,431,496
Cash Balance at the end of the year	1,978,398,234	320,859,947	1,655,736,074	1,209,335,327

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2021.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying reports. The estimates and assumptions used on the accompanying unaudited financial statements are based upon management's evaluation of relevant facts and circumstances which are used as indicators affecting the results as of the date of the unaudited financial statements. Actual results could differ from such estimates.

The accompanying unaudited financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of 8990 Holdings, Inc. All values are rounded to the nearest peso except when otherwise indicated.

2. Basis of Consolidation

The unaudited consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries:

- 8990 Housing Development Corporation
- Fog Horn, Inc.
- 8990 Luzon Housing Development Corporation
- 8990 Davao Housing Development Corporation
- 8990 Mindanao Housing Development Corporation
- 8990 Leisure and Resorts Corporation

Also included in the consolidation are the financial statements of the wholly owned subsidiaries of 8990 Housing Development Corporation as follows:

- Euson Realty and Development Corporation
- Tondo Holdings Corporation
- Primex Land, Inc.
- 8990 Coastal Estates, Inc.
- 8990 Monterrazas Corporation (formerly Genvi Development Corporation)

Control is achieved when the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

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

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

The Group reassesses 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The consolidated financial statements are prepared for the same reporting period as the Parent Company's financial statements, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

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

When there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e. controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such business combinations similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values in the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value consideration received, is also accounted for as an equity transaction.

The Group recorded the above difference as Equity Reserve and is presented as a separate component of equity in the consolidated statement of financial position. Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of combination.

The Group consolidated the assets, liabilities, income and expenses of the Parent Company starting May 2012, which was the date when the controlling shareholders acquired or gained control over the Parent Company.

3. Segment Information

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

Low-cost mas Mass Housing

This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

Medium-rise Condominium Units

This segment pertains to the medium-rise condominium segment of the Group. It caters to the development and sale of condominium units.

High-rise Condominium Units

This segment pertains to the high-rise condominium segment of the Group. It caters to the development and sale of condominium units with more than four (4) storeys.

Hotel Operations

This segment pertains to the activities from hotel operations, which are considered incidental revenues while the Group has not yet sold all of the timeshares of its vacation hotel, Azalea Baguio Residences.

The hotel operation's peak season is during the holiday and summer seasons. For other supplementary businesses, there is no significant seasonality that would materially affect their operations. This information is provided to allow for a proper appreciation of the results of the Company's operations.

The Group has only one geographical business segment as all the assets and liabilities are located in the Philippines. The Group derives all of its revenues from domestic operations. Thus, geographical business segment information is not presented. No operating segments have been aggregated to form the above operating business segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of comprehensive income. This segment information is presented monthly to the Parent Company' BOD who is the Chief Operating Decision Maker. Finance income consists on interest earned from installment contract receivables and deposits in banks.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the statement of financial position which is in accordance with PFRS. Capital expenditures represent acquisitions of 'Property and equipment', and 'Investment properties'. The Group has no significant customer which contributes 10% or more of their segment revenue.

4. Cash on Hand and in Banks

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Cash on hand	34,531,447	36,685,617	33,736,447	121,896,088
Cash in banks	1,913,723,438	284,174,329	1,591,856,278	1,069,293,162
Short-term placements	30,143,349		30,143,349	18,146,077
	1,978,398,234	320,859,947	1,655,736,073	1,209,335,327

5. Trade and Other Receivables

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Current:				
Trade Receivables				
Installment contract receivables	568,679,029	369,027,309	1,006,619,166	313,057,548
Finance lease receivables	216,761,058	64,990,871	216,761,058	5,116,093
Advances to external marketing managers	60,856,698	60,856,698	60,856,698	60,856,698
Retention Receivables	1,850,493,557	1,142,306,917	1,684,683,308	1,141,341,903
Receivables from employees	1,519,646,668	861,517,887	1,037,406,161	867,313,590
Contract Assets	102,421,138	70,052,479	102,421,138	101,803,550
Other Receivables	1,330,330,049	610,985,819	966,263,620	974,078,245
	5,649,188,198	3,179,737,981	5,075,011,148	3,463,567,627
Less: Allowance for impairment losses	723,690,989	359,793,798	723,690,989	398,775,762
	4,925,497,208	2,819,944,183	4,351,320,159	3,064,791,865
Non-current:				
Trade Receivables				
Installment contract receivables	32,001,158,959	28,965,103,975	30,783,312,161	24,572,014,637
Finance lease receivables	741,760,281	662,089,379	741,760,281	869,703,119
Loans Receivables	396,953,440	413,453,440	396,953,440	-
	33,139,872,680	30,040,646,794	31,922,025,882	25,838,671,196
	38,065,369,888	32,860,590,977	36,273,346,041	28,903,463,061

Eighty seven percent (87%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP568.70 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Real estate inventories				
Low-cost mass housing	14,607,872,467	13,917,013,672	14,552,111,117	12,215,209,382
Medium-rise condominium units	2,020,320,434	1,750,704,961	2,012,608,442	1,865,567,846
High-rise condominium units	20,595,550,221	19,696,023,994	20,516,932,634	21,092,938,371
Developed subdivision lots	4,640,831,326	4,638,251,168	4,623,116,288	4,638,251,168
	41,864,574,448	40,001,993,795	41,704,768,481	39,811,966,767

7. Investment Securities at FVOCI

The amount is composed of unquoted equity securities in the following investee entities:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
ALRC	1,247,947,347	1,182,983,480	1,247,947,347	1,182,983,480
ARVI	28,112,000	28,112,000	28,112,000	28,112,000
Pico de Loro	633,500	633,500	633,500	633,500
	1,276,692,847	1,211,728,980	1,276,692,847	1,211,728,980

8. Other Assets

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Current				
Advances to contractors	3,285,873,246	4,060,620,497	3,387,450,908	3,493,188,930
Advances to brokers	90,377,294	51,757,228	68,831,826	47,143,399
Input tax	818,152,272	315,783,503	671,153,435	142,956,233
Advances to landowners	157,974,773	157,974,773	157,974,773	157,974,773
Creditable withholding tax	678,358,234	306,325,596	695,819,231	183,008,572
Prepaid expenses	156,425,225	103,843,249	168,033,183	15,286,037
Others	80,386,960	32,314,960	92,654,667	133,116,843
	5,267,548,004	5,028,619,805	5,241,918,024	4,172,674,787
Less: Allowance for impairment losses	66,704,609	55,375,203	66,704,609	55,375,203
	5,200,843,395	4,973,244,602	5,175,213,415	4,117,299,584
Non-current				
Deposits	194,035,333	179,276,598	189,279,842	186,924,166
Goodwill	526,474,833	526,474,833	526,474,833	526,474,833
Software cost	58,250,024	49,364,636	58,250,024	58,250,024
Investment in joint operations	178,504,384	134,472,296	175,525,350	160,512,116
Right-of-use assets net	27,439,882	4,872,301	23,782,767	11,373,986
Others	5,225,000	37,611,893	5,225,000	5,225,000
	989,929,455	932,072,557	978,537,816	948,760,125
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	987,417,481	929,560,583	976,025,842	946,248,151
	6,188,260,876	5,902,805,186	6,151,239,257	5,063,547,735

9. Property and Equipment

This account consists of:

31-Mar-22										
Unaudited										
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Asset	Total
Cost										
Balances at beginning of year	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,009	164,596,505	45,644,134	1,272,981	1,250,093,665
Additions	-	-	-	-	1,577,949	12,525,000	8,985,589	108,000	144,252	23,340,790
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	107,405,010	611,562,076	11,230,076	34,696,217	155,869,606	131,920,009	173,582,095	45,752,134	1,417,233	1,273,434,456
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	1,061,530	508,863,418
Depreciation and Amortization	-	7,588,318	48,857	1,089,536	3,721,460	1,631,220	3,004,331	-	271,079	17,354,801
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	-	129,108,678	10,507,505	28,195,811	117,833,419	97,461,368	141,778,828	-	1,332,610	526,218,219
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	482,453,398	722,571	6,500,406	38,036,187	34,458,640	31,803,267	45,752,134	84,623	738,246,236

	31-Mar-21 Unaudited								
	Land	Building	Improvements	Improvements	Fixtures	and Equipment	Vehicles	Progress	Total
Cost									
Balances at beginning of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	1,180,273,468
Additions									-
Transfers/Disposals									-
Balances at end of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	1,180,273,468
Accumulated Depreciation and Amortization									
Balances at beginning of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	432,032,755
Depreciation and Amortization	-	6,052,041		211,039	8,017,349	2,970,175	560,724		17,811,328
Transfers/Disposals	-								-
Balances at end of year	-	94,537,130	10,458,648	22,650,729	109,247,830	87,652,755	125,296,991	-	449,844,083
Accumulated Impairment Losses									
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	517,015,125	771,428	10,109,264	39,628,880	27,292,194	27,752,015	455,470	721,459,385

	31-Dec-21									
	Audited									
	Land	Building	Improvements	Improvements	Fixtures	and Equipment	Vehicles	Progress	Assets	Total
Cost										
Balances at beginning of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	-	1,180,273,468
Additions	-	9,821	771,429	1,936,224	5,414,947	4,450,059	11,547,500	45,188,664	1,272,981	70,591,626
Transfers/Disposals/Reclass	-								-	-
Balances at end of year	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,009	164,596,505	45,644,134	1,272,981	1,250,865,094
Accumulated Depreciation and Amortization				0						
Balances at beginning of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	-	432,032,755
Depreciation and Amortization	-	33,035,272	(0)	4,666,585	12,881,478	11,147,568	14,038,231	-	1,061,530	76,830,663
Transfers/Disposals/Reclass	-							-	-	-
Balances at end of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	1,061,530	508,863,418
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	490,041,716	771,428	7,589,942	40,179,698	23,564,860	25,822,008	45,644,134	211,450	732,260,247

	31-Dec-20 Audited								
	Land	Building	Improvements	Improvements	Fixtures	and Equipment	Vehicles	Progress	Total
Cost									
Balances at beginning of year	107,405,010	610,023,699	10,458,647	31,152,995	132,116,056	111,283,708	146,311,875	5,250,087	1,094,813,682
Additions	-	1,528,556	771,429	1,606,998	16,760,654	3,661,242	6,737,131		78,241,258
Transfers/Disposals	-							(4,794,617)	-
Balances at end of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	1,173,054,940
Accumulated Depreciation and Amortization									
Balances at beginning of year	-	58,139,997	10,458,648	18,394,818	80,012,721	75,001,686	106,526,011	-	259,369,532
Depreciation and Amortization	-	30,345,092	-	4,044,872	21,217,760	9,680,894	18,210,256	-	96,248,999
Transfers/Disposals	-							-	-
Balances at end of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	355,618,531
Accumulated Impairment Losses									
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	523,067,166	771,428	10,320,303	47,646,229	30,262,369	28,312,739	455,470	739,270,713

10. Investment Properties

This account consists of:

31-Mar-22 Unaudited				
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,220,209	397,349,840
Additions	0	-	0	0
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,349,839
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	5,266,496	50,576,720	55,843,216
Depreciation and Amortization	-	110,408	1,458,731	1,569,139
Balances at end of year	-	5,376,903	52,035,451	57,412,355
Net Book Value	268,313,360	3,455,727	68,184,758	339,953,844
31-Mar-21 Unaudited				
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,203,849	397,349,840
Additions	-	-	-	-
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,203,849	397,349,840
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	7,121,321	42,266,550	49,387,870
Depreciation and Amortization	-	864,522	2,870,570	3,735,092
Balances at end of year	-	7,985,843	45,137,120	53,122,963
Net Book Value	268,313,360	846,787	75,066,729	344,226,877
31-Dec-21 Audited				
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,203,849	397,349,840
Additions	-	-	16,360	16,360
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,366,200
	268,313,360	8,832,630	120,220,209	
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,824,864	44,563,006	49,387,870
Depreciation and Amortization	-	441,631	6,013,714	6,455,346
Balances at end of year	-	5,266,496	50,576,720	55,843,216
		5,266,496	50,576,720	
Net Book Value	268,313,360	3,566,134	69,643,489	341,522,984

	31-Dec-20			
	Audited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	267,587,747	8,832,630	120,194,716	396,615,093
Additions	725,614	-	9,133	734,747
Transfers/Reclassification to REI		-		-
Balances at end of year	268,313,360	8,832,630	120,203,849	397,349,840
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,383,233	38,552,928	42,936,160
Depreciation and Amortization	-	441,631	6,010,078	6,451,710
Balances at end of year	-	4,824,864	44,563,006	49,387,870
Net Book Value	268,313,360	4,007,766	75,640,843	347,961,969

11. Trade and Other Payables

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Current				
Trade and accounts payables	1,619,528,096	2,107,615,990	682,023,802	1,342,731,519
Accrued expenses	1,470,328,482	2,876,934,482	2,317,792,081	2,094,584,837
Interest Payable	247,588,485	149,897,670	244,828,861	159,092,654
Retention payables	969,405,317		923,418,635	827,903,673
Withholding tax payables	20,421,465	55,454,889	87,652,152	30,166,033
Construction bonds	89,937,764	88,722,007	92,504,764	88,796,718
Net out put tax	187,020,392	220,811,119	140,677,113	154,610,131
Lease liabilities	12,776,259	4,925,174	10,624,614	8,364,332
Contract Liabilities	1,553,279		1,553,279	1,553,279
Deposits	145,586,809		145,586,809	145,753,250
Others	5,424,177,460		4,535,323,530	508,697,483
	10,188,323,810	5,504,361,331	9,181,985,641	5,362,253,908
Non-current				
Pension Liability	14,176,306	12,407,517	14,176,306	16,755,805
Contract Liabilities	906,194,448	858,291,119	906,194,446	906,098,242
Retention payables		191,006,930	-	-
Lease liabilities	15,497,766	74,245	13,694,540	3,275,459
	935,868,520	1,061,779,811	934,065,292	926,129,506
	11,124,192,330	6,566,141,142	10,116,050,933	6,288,383,414

12. Loans Payable

This account consists of:

	31-Mar		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Short-term loans payable	17,690,461,888	11,905,620,334	17,818,386,428	19,742,369,670
Long-term loans payable	11,024,879,508	18,235,190,638	12,050,788,298	11,470,535,585
	28,715,341,396	30,140,810,972	29,869,174,726	31,212,905,255

13. Deposits from Customers

This account represents downpayments made by the real estate buyers for the purchase of residential housing units and timeshares. Once the residential unit is ready for occupancy, delivered and accepted by the buyer, the amount is removed from the liability account and is classified as part of sales.

14. Revenue

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Real estate				
Low-cost mass housing	2,177,300,471	2,323,572,988	7,673,376,555	6,022,729,985
Medium-rise condominium units	526,874,198	535,716,167	2,477,874,471	2,333,869,428
High-rise condominium units	2,349,604,643	1,600,563,289	9,177,083,514	5,724,589,757
Developed subdivision lots	144,144,343	16,786,500	1,004,509,303	87,878,750
	5,197,923,655	4,476,638,944	20,332,843,842	14,169,067,920
Rental income	773,436	-	573,823	8,091,932
Equity share in net profits of ass	9,256,764	-	13,214,510	-
	5,207,953,855	4,476,638,944	20,346,632,175	14,177,159,852
Hotel Operations	16,555,433	-	11,095,465	56,374,445
	5,224,509,287	4,476,638,944	20,357,727,640	14,233,534,297

15. Cost of Sales and Services

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Real estate				
Low-cost mass housing	908,711,626	898,709,339	3,194,306,031	3,097,145,425
Medium-rise condominium units	403,963,591	321,044,344	1,169,556,713	1,136,779,013
High-rise condominium units	1,367,777,084	986,139,467	5,255,452,773	3,096,873,935
Developed subdivision lots	56,347,275	7,517,496	424,742,995	35,788,938
	2,736,799,576	2,213,410,646	10,044,058,512	7,366,587,310
Cost of rental services	-	-	13,071	882,600
	2,736,799,575	2,213,410,646	10,044,071,582	7,367,469,910
Hotel operations				
Cost of hotel operations	1,601,596	-	9,743,084	43,007,933
	2,738,401,170	2,213,410,646	10,053,814,666	7,410,477,844

16. Operating Expenses

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Marketing and selling	246,380,879	205,714,863	770,950,091	552,956,102
Documentation	125,317,332	114,497,868	482,368,575	115,415,168
Taxes and licenses	127,177,534	22,288,992	286,735,397	423,049,775
Salaries and employee benefits	52,878,199	39,433,218	154,591,456	117,588,171
Depreciation and amortization	18,923,942	21,546,421	96,794,315	95,699,129
Security, messengerial and janitorial	22,584,501	17,827,951	82,301,684	76,789,960
Management and professional fees	8,679,846	68,778,220	54,219,681	54,401,847
Communication, light and water	13,387,946	18,147,417	57,721,521	53,385,848
Expected credit and impairment losses			379,690,694	89,499,597
Entertainment, amusement and representation	4,931,446	3,946,621	25,066,558	24,751,889
Repairs and maintenance	13,977,590	28,235,272	53,542,106	104,802,249
Supplies	5,872,591	5,885,012	21,932,512	14,571,191
Rent	5,171,082	2,409,839	2,752,663	4,174,520
Transportation and travel	6,411,550	2,980,408	14,533,355	16,818,631
Insurance	5,664,374	447,886	16,078,789	15,377,868
Subscription dues and fees	2,611,603	2,493,040	5,014,822	9,647,932
Miscellaneous	51,282,048	11,878,844	186,223,694	52,901,330
	711,252,462	566,511,869	2,690,517,914	1,821,831,207

17. Finance Costs

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Borrowings	508,695,418	379,232,566	1,591,229,270	1,211,868,918
Accretion	-	404,950	1,156,954	20,930,305
Bonds & Notes	17,566,796	23,766,651	79,993,579	458,028,046
Bank charges	4,786	2,285	127,017.94	673,001
Net interest expense on pension obligation			521,081	580,854
	526,267,000	403,406,453	1,673,027,902	1,692,081,125

18. Other Operating Income

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Interest Income from:				
Installment contract receivables	583,174,840	306,098,479	1,230,962,525	785,037,469
Cash in banks and long term investments	24,578,017	136,209	1,959,842	2,213,113
Accretion	-		63,512,550	63,582,293
Reversal of credit loss			-	-
Penalties	3,072,843	2,962,949	29,749,830	32,500,715
Gain on repossession of inventories	44,214,416		121,459,771	228,979,046
Miscellaneous Income (Expense)	63,253,680	2,489,640	275,944,857	525,008,096
	718,293,796	311,687,277	1,723,589,375	1,637,320,731

19. Related Party Transactions

31-Mar-22

Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,385,749,711	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due from related parties	64,540,990	bearing, payable on demand	Unsecured

31-Mar-21

Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,419,628,983	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due from related parties	65,489,436	bearing, payable on demand	Unsecured

31-Dec-21

Audited

Related Party	Transaction	Account	Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,329,051,204	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	81,857,852	Non-interest bearing, payable on demand	Unsecured

31-Dec-20

Audited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,352,083,767	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	233,486,011	Non-interest bearing, payable on demand	Unsecured

Item 2. Management Discussions and Analysis

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. for three months ended March 31, 2022 and 2021, both unaudited.

Consolidated Balance Sheet	As of March 31, 2022 Unaudited	As of March 31, 2021 Unaudited	Increase Amount	%
Total Assets	91,939,717,357	82,783,294,128	9,156,423,229	11.06%
Current Assets	55,355,062,997	49,535,671,509	5,819,391,488	11.75%
Trade Receivables	38,065,369,887	32,860,590,977	5,204,778,910	15.84%
Total Liabilities	43,803,171,798	40,564,718,680	3,238,453,118	7.98%
Current Liabilities	30,502,232,658	18,505,881,508	11,996,351,150	64.82%
Loans Payable	28,715,341,396	30,140,810,972	(1,425,469,576)	-4.73%
Stockholder's Equity	48,136,545,558	42,218,575,448	5,917,970,110	14.02%
Permitted Liens	9,193,971,736	8,278,329,413	915,642,323	11.06%
Loans under Permitted Liens	3,804,085,482	3,052,531,557	751,553,925	24.62%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for three months ended March 31, 2022 and 2021, both unaudited.

Consolidated Statements of Income	As of March 31, 2022 Unaudited	As of March 31, 2021 Unaudited	Increase Amount	%
Revenue	5,224,509,287	4,476,638,944	747,870,343	16.71%
Gross Income	2,486,108,117	2,263,228,298	222,879,819	9.85%
Operating Expenses	711,252,463	566,511,869	144,740,593	25.55%
Net Operating Income	1,774,855,654	1,696,716,429	78,139,226	4.61%
EBITDA	2,512,073,392	2,029,950,126	482,123,266	23.75%
Net Income Before Tax	1,966,882,450	1,604,997,252	361,885,198	22.55%
Net Income After Tax	1,903,672,881	1,551,995,070	351,677,810	22.66%

Tables below show quarter one 2022 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of March 31, 2022 Unaudited	As of March 31, 2021 Unaudited	Bond Covenant
Current Ratio	1.81	2.68	minimum 1.0
Book Value Per Share	7.31	6.22	
Debt to Equity Ratio	0.91	0.96	
Net Debt to Equity Ratio	0.56	0.72	maximum 1.5
Asset to Equity Ratio	1.91	1.96	
Asset to Debt Ratio	2.10	2.04	
Debt Service Ratio	1.27	1.36	minimum 1.25
Interest Coverage Ratio	3.49	4.47	

Key Performance Indicators	As of March 31, 2022 Unaudited	As of March 31, 2021 Unaudited
Gross Margin	47.59%	50.56%
EBITDA Margin	48.08%	45.35%
Net Income Margin	36.44%	34.67%
Earnings per share	0.35	0.29

Description of Consolidated Statements of Comprehensive Income Line Items

Revenue

8990 Holdings, Inc.'s (the Company) sales primarily comprise revenues received from its sales of low-cost mass housing units and subdivision lots, medium-rise and high-rise building housing units, as well as revenues derived from its rental and hotel operations.

Cost of Sales and Services

Cost of sales and services comprises of the Company's costs of sales from its low-cost mass housing sales of housing units and subdivision lots, costs of sales from sales of medium-rise condominium units, costs of sales from sales of high-rise condominium units, and costs of sales from rental and hotel operations.

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as deferred income tax liabilities recognized.

Results of Operations

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Revenue

For the three months ended March 31, 2022, the Company recorded consolidated revenue of PhP5,224.5 million, an increase of 17% from consolidated revenue of PhP4,476.6 million recorded for the three months ended March 31, 2021. The increase was mainly attributable to the increased sales in NCR, Bulacan and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the three months ended March 31, 2022 was PhP2,378.4 million, an increase of 24% from consolidated cost of sales and services of PhP2,213.4 million recorded for the three months ended March 31, 2021. The increase was mainly attributable to increased sales recorded for the period.

Gross Income

The Company's consolidated gross income for the three months ended March 31, 2022 was PhP2,486.1 million, an increase from consolidated gross income of PhP2,263.2 million recorded for the three months ended March 31, 2021. The Company's gross income margin for the three months ended March 31, 2022 was 47.6%, compared to a gross income margin of 50.6% recorded for the three months ended March 31, 2021. The Company attributes its strong and maintained gross income margin to its sound internal financial planning policies with respect to land banking activities and project budgeting process.

Operating Expenses

For the three months ended March 31, 2022, the Company recorded consolidated operating expenses of PhP711.3 million, an increase of 26% from consolidated operating expenses of PhP566.5 million recorded for the three months ended March 31, 2021.

Finance Costs

The Company's consolidated finance costs for the three months ended March 31, 2022 were PhP526.3 million, an increase from consolidated finance costs of PhP403.4 million recorded for the three months ended March 31, 2021. The increase was mainly attributable to increased interest charged compared to same period last year.

Other Operating Income

For the three months ended March 31, 2022, the Company recorded consolidated other income of PhP718.3 million, a significant increase from the consolidated other income of PhP311.7 million recorded for the three months ended March 31, 2021. Interest income on the Company's installment contract receivables under its CTS In-house financing program contributes to the majority of the other income.

Income before Income Tax

The Company's consolidated income before income tax for the three months ended March 31, 2022 was PhP1,966.9 million, an increase from consolidated income before income tax of PhP1,605.0 million recorded for the three months ended March 31, 2021.

Provision for Income Tax

The Company's consolidated provision for income tax for the three months ended March 31, 2022 was PhP63.2 million, an increase from consolidated provision for income tax of PhP53.0 million recorded for the three months ended March 31, 2021. The increase was mainly attributable to the Company's increased other income which are subject to income tax as well as sales from projects not accredited with Board of Investments for income tax holiday such as but not limited to Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Net Income

As a result of the foregoing, the Company's consolidated net income for the three months ended March 31, 2022 was PhP1,903.7 million, a 23% increase from consolidated net income of PhP1,552.0 million recorded for the three months ended March 31, 2021. The Company's consolidated net income margin for the three months ended March 31, 2022 was 36.4%, compared to a consolidated net income margin of 34.7% for the three months ended March 31, 2021.

Financial Position

As at March 31, 2022 compared to as at March 31, 2021

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP1,978.4 million as at March 31, 2022, a significant increase from consolidated cash on hand and in banks of PhP320.9 million as at March 31, 2021. Increase in cash is due to quarter end credit of proceeds from migration of receivables via housing loan of buyers from HDMF and partner banks.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP4,925.5 million as at March 31, 2022, an increase from consolidated current portion of trade and other receivables of PhP2,819.9 million as at March 31, 2021.

Inventories

The Company's consolidated inventories were PhP41,864.6 million as at March 31, 2022, an increase of 5% from consolidated inventories of PhP40,002.0 million as at March 31, 2021. The increase is due to increased inventory for high rise condominium projects.

Due from related parties

The Company's consolidated due from related parties were PhP1,385.8 million as at March 31, 2022, a decrease from consolidated due from related parties of PhP1,419.6 million as at March 31, 2021.

Other current assets

The Company's consolidated other current assets were PhP5,200.8 million as at March 31, 2022, an increase from consolidated other current assets of PhP4,973.2 million as at March 31, 2021, primarily due to increased advances to contractors in relation to construction on the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were PhP33,139.9 million as at March 31, 2022, a 10% increase from consolidated trade and other receivables - net of current portion of PhP30,040.6 million as at March 31, 2021. The increase was due to additional sales which availed of CTS in-house financing scheme.

Property and equipment

The Company's consolidated property and equipment was PhP738.2 million as at March 31, 2022, a 2% increase from consolidated property and equipment of PhP721.5 million as at March 31, 2021.

Investment properties

The Company's consolidated investment properties were PhP340.0 million as at March 31, 2022, a decrease from consolidated investment properties of PhP344.2 million as at March 31, 2021.

Other noncurrent assets

The Company's other noncurrent assets including goodwill were PhP987.4 million as at March 31, 2022, an increase from other noncurrent assets of PhP929.6 million as at March 31, 2021.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP10,188.3 million as at March 31, 2022, an increase from consolidated current portion of trade and other payables of PhP5,504.4 million as at March 31, 2021. The increase is mainly due to increased advances to contractors for downpayment of projects as well as increased accrued expenses for the accruals made in relation to recognition of sales.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP17,690.5 million as at March 31, 2022, an increase from consolidated current portion of loans payable of PhP11,905.6 million as at March 31, 2021. The increase was due to increased short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP1,638.2 million as at March 31, 2022, an increase from consolidated deposits from customers of PhP966.5 million as at March 31, 2021. Increase were due to increased equity collections from Urban Deca Homes Ortigas, Urban Deca Homes Commonwealth, Urban Deca Homes Banilad and Urban Deca Tower Cubao projects.

Due to related parties

The Company's consolidated due to related parties were PhP64.5 million as at March 31, 2022, a decrease from consolidated due to related parties of PhP65.5 million as at March 31, 2021.

Income tax payable

The Company's consolidated income tax payable was PhP45.4 million as at March 31, 2022, a decrease from consolidated income tax payable of PhP63.9 million as at March 31, 2021.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were PhP935.9 million as at March 31, 2022, a decrease from consolidated trade and other payables - net of current portion of PhP1,061.8 million as at March 31, 2021. The decrease is due to reclass of long term retention payables to current.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was PhP11,024.9 million as at March 31, 2022, a decrease from consolidated loans payable - net of current portion of PhP18,235.2 million as at March 31, 2021.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP1,122.6 million as at March 31, 2022, an increase from consolidated deferred tax liability of PhP870.0 million as at March 31, 2021. This deferred tax liability was attributable to uncollected revenue as most of the revenue recognition were under CTS in-house financing scheme.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: [1] cash flow from operations, [2] cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("PAG-IBIG"), and [3] financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next twelve (12) months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next twelve (12) months primarily from its operating cash flows, borrowings and proceeds of the shares issuance. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

Cash flow used in operating activities

The Company's consolidated net cash from operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots, medium

rise and high-rise condominium units. The Company's consolidated net cash from operating activities were PhP2,391.1 million and for the period ended March 31, 2022 and consolidated net cash used in operating activities were PhP74.0 million for the period ended March 31, 2021.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the period ended March 31, 2022 were PhP23.3 million, and consolidated net cash used in investing activities for the period ended March 31, 2021 were PhP168.0 million.

For the three months ended March 31, 2022, consolidated net cash flow used in investing activities reflected acquisitions of property, plant and equipment, investment in shares, as well as loans granted to third party.

Cash flow provided by financing activities

Consolidated net cash flow used in financing activities for the period ended March 31, 2022 were PhP2,045.1 million, and consolidated net cash flow used in financing activities for the period ended March 31, 2021 were PhP75.2 million. Amounts used for financing activities are mainly for payment of bank borrowings.

PART II--OTHER INFORMATION

There is no material information to be reported by the Company aside from those reported in SEC 17C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: 8990 Holdings, Inc.

By:

A handwritten signature in black ink, appearing to read "Roan B. Torregoza". The signature is written in a cursive, flowing style.

ROAN BUENAVENTURA-TORREGOZA
Chief Finance Officer

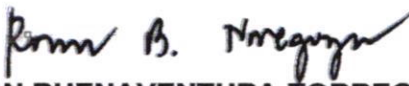
Date:

CERTIFICATION

I, **ROAN BUENAVENTURA-TORREGOZA**, Chief Finance Officer of 8990 Holdings, Inc. with SEC registration number CS200511816 with principal office at 11th Floor, Liberty Center, 104 HV Dela Costa Street, Salcedo Village, Makati City, on oath state:

1. That on behalf of 8990 Holdings, Inc., I have caused this 2022 Quarterly Report (SEC Form 17-Q) to be prepared;
2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. That the company 8990 Holdings, Inc. will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 30 MAY 2022
day of _____, 2022.


ROAN BUENAVENTURA-TORREGOZA

Chief Finance Officer

SUBSCRIBED and SWORN TO before me this _____ in
Mandaluyong City, affiant exhibited to me her _____ issued on

Doc No. 361;
Page No. 72;
Book No. 6;
Series of 2022

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until December 31, 2022
PTR No. A-5063681/JAN. 04, 2021/TAGUIG CITY
IBP No. 131041/OCT. 22, 2020 (for year 2021)
RSM Roll No. 41969
MCLE Comp. No. VI-002812/MARCH 29, 2019, 2020, 2021, 2022
Appointment No. 38(2021-2022)

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
8990 HOLDINGS, INC.**

Held via Remote Communication (Zoom Webinar)
On 27 August 2021, 2:00 p.m.

DIRECTORS AND OFFICERS PRESENT IN THE MEETING

Mariano D. Martinez, Jr.	- Chairman
Luis N. Yu, Jr.	- Chairman Emeritus and Director
Alexander Ace Sotto	- Acting President, Chief Operating Officer and Director
Richard L. Haosen	- Director, Treasurer and Head of Treasury
Raul Fortunato R. Rocha	- Director
Ian Norman E. Dato	- Director
Lowell L. Yu	- Director
Manuel S. Delfin, Jr.	- Director
Dominic J. Picone	- Director
Han Jun Siew	- Director
Arlene C. Keh	- Independent Director
Manuel C. Crisostomo	- Independent Director
Roan B. Torregoza	- Chief Finance Officer
Cristina S. Palma Gil-Fernandez	- Corporate Secretary

SHARE INFORMATION

TOTAL ISSUED AND
OUTSTANDING SHARES: **5,391,399,020 common shares**

TOTAL NUMBER OF
SHARES REPRESENTED
IN THIS MEETING: **4,012,391,920 common shares (73.24%)**

I. CALL TO ORDER

The Chairman of the Board, Mr. Mariano D. Martinez, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Cristina S. Palma Gil-Fernandez, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

Upon the request of the Chairman, the Corporate Secretary certified the following: (a) that notices of the meeting of the shareholders were published: (i) in print format of the Business Mirror and Philippine Daily Inquirer, and (ii) through a digital print copy also of the Business Mirror and Philippine Daily Inquirer on August 5 and August 6, 2021; (b) that based on the Company's online registration system for this meeting, as of August 22, 2021, there are represented in the meeting, in person, through remote communication or in absentia or by proxy, shareholders owning 4,012,391,920 shares representing 73.4% percent of the total issued and outstanding capital stock of the Company; and (c) that the shareholders have been informed on the manner of voting for this meeting, details of which were provided in the Definitive Information Statement.

The Chairman also stated that more than a majority of the total outstanding voting stocks have cast their votes in favor of the specified agenda items, including the election of the 13 nominees to the Board of Directors. He added that the final tabulation of the actual votes cast in favor of each of the agenda items shall be reflected in the minutes of the stockholders' meeting and in the relevant disclosures to be filed by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange, after the same shall have been reviewed and verified by the tabulators.

III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

The stockholders, representing more than a majority of the entire outstanding voting stocks of the Company, voted to approve the minutes of the last stockholders' meeting held on 14 September 2020.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,012,391,920 common shares Representing 100% of the total votes cast	-	-

IV. PRESIDENT'S REPORT AND ANNUAL REPORT FOR 2019

The Acting President and COO, Mr. Alexander Ace Sotto, presented the President's Report and Annual Report highlighting the Company's performance for the year 2020.

In sum, the Company's financial performance are as follows:

In million pesos	FY19	FY20	1H20	1H21
Gross Revenue	P 15,401	P14,234	P4,909	P10,012
Income After Tax	5,863	4,832	1,483	3,458
Gross Margin	58%	48%	55%	49%
Net Margin	38%	34%	30%	35%

Afterwards, the Investor Relations Officer, Ma. Patricia Victoria Ilagan read out questions submitted by the stockholders as regards the President's Report and Annual Report, which were duly addressed by the Chairman and President. The first question is whether the excessive growth of 8990 in the first half is sustainable and expected to normalize. Mr. Sotto answered that with the first half figures, he is optimistic that there will be a double digit growth by the end of the year. He added that by the next year, revenue growth should normalize to pre-pandemic levels. The second question is as regards the amount of the CapEx for 2021. Mr. Sotto answered that the CapEx for 2021 is 8 billion, including the cost of the houses that are scheduled for takeout within the year and replenishment for Landbank. The third question

is on how much the default ratio and if more cancellations have been experienced this year. Mr. Sotto answered that for 2020, the par was approximately 75% due to Bayanihan I and Bayanihan II. He added that the par has dramatically improved by the end of June 2021 as it had increased to 93% and he believes that buyers realized the importance of maintaining their house. He is therefore optimistic that the par and figures will continue to improve. The fourth question is as regards the profile of the buyers. Mr. Sotto answered that most of the buyers are first-time home owners and millennials who are gainfully employed. The fifth question is on whether there are project launches for this year and 2022. Mr Sotto stated that for 2021, two projects have already been launched in Iloilo and Banilad. He stated that they are projecting to launch another project in Cubao by the third quarter of this year and that they are trying to catch up with the permits and licenses of the newly acquired property in Angeles

Thereafter, the stockholders holding more than a majority of the outstanding voting stocks of the Company, voted in favor of adopting the President's Report and the Annual Report for the year ended December 31, 2020.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,012,391,920 common shares Representing 100% of the total votes cast	-	-

V. APPROVAL OF AUDITED FINANCIAL STATEMENTS

The stockholders holding more than a majority of the outstanding voting stocks of the Company, voted in favor of the approval of the Audited Financial Statements as of 31 December 2020.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,012,391,920 common shares Representing 100% of the total votes cast	-	-

VI. RATIFICATION OF ACTS OF BOARD OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2020

The stockholders, representing more than a majority of the entire outstanding voting stock of the Company, voted to approve and ratify all acts of the Board of Directors and Management of the Company for the year 2020, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the Securities and Exchange Commission and the Philippine Stock Exchange.

Among the acts of the Board of Directors and Management which are for ratification, in addition to those disclosed in the audited financial statements, are the following:

- a. All material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C;
- b. All other resolutions adopted by the Board in the ordinary course of business; and
- c. All other acts executed by Management in the exercise of their functions in the regular and ordinary course of business of the Company.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,012,391,920 common shares Representing 100% of the total votes cast	-	-

VII. ELECTION OF DIRECTORS

The following individuals have been nominated for election as directors of the Company for 2021:

Mariano D. Martinez, Jr.
Alexander Ace Sotto
Luis N. Yu, Jr.
Richard L. Haosen
Raul Fortunato R. Rocha
Ian Norman E. Dato
Lowell L. Yu
Manuel S. Delfin, Jr.
Dominic J. Picone
Han Jun Siew
Roan Buenaventura-Torregoza
Manuel C. Crisostomo (Independent Director)
Arlene C. Keh (Independent Director)

The Nomination Committee of the Board confirmed that all nominees possess all the qualifications and have none of the disqualifications to be elected as directors of the Company, and that Mr. Manuel C. Crisostomo and Ms. Arlene C. Keh meet all the requirements for election as independent directors of the Company.

The Nominations Committee has noted that Ms. Arlene C. Keh has been serving as the Company's Independent Director for nine (9) consecutive years since 2012. The committee proposes to retain Ms. Keh as independent director beyond the 9-year term limit, in light of, among others, the unique situation that the COVID-19 pandemic has brought on publicly listed companies, including the Company, particularly with respect to the limitations on movement and work arrangements. The Nominations Committee believes that Ms. Keh's retention as an Independent Director will best serve the interest of the Company and its shareholders given her experience, integrity, and probity.

The Chair, representing more than a majority of the issued and outstanding shares of the Company, and acting on the instructions given by the relevant holders of said shares, cast the votes attaching to the same shares, in favor of all the 13 nominees to the Board of Directors of the Company, in accordance with the instructions given in the relevant proxy forms.

Votes were cast in respect of the election of the directors as follows:

Nominee	For	Against	Abstain
Mariano D. Martinez, Jr.	4,012,391,620 common shares		-

	Representing 99.99% of the total votes cast		
Alexander Ace Sotto	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Luis N. Yu, Jr.	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Richard L. Haosen	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Raul Fortunato R. Rocha	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Ian Norman E. Dato	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Lowell L. Yu	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Manuel S. Delfin, Jr.	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Dominic J. Picone	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Manuel C. Crisostomo (Independent Director)	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Arlene C. Keh (Independent Director)	4,012,391,920 common shares Representing 100% of the total votes cast	-	-
Han Jun Siew	4,012,391,920 common shares Representing	-	-

	100% of the total votes cast		
Roan B. Torregoza	4,012,391,920 common shares Representing 100% of the total votes cast	-	-

The Chairman accordingly declared the foregoing individuals to have been duly elected as directors of the Company for the year 2021.

VIII. APPOINTMENT OF EXTERNAL AUDITORS

The approval of the stockholders was sought for the delegation of the appointment of the external auditors of the Company for the fiscal year 2021.

Considering that the Chair, representing more than a majority of the entire outstanding voting stock of the Corporation voted in favor of this matter, the appointment of Ramon F. Garcia & Company, CPAs (Crowe Philippines) as external auditors of the Company for the fiscal year 2021 is hereby approved.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,012,391,920 common shares Representing 100% of the total votes cast	-	-

IX. ADJOURNMENT

There being no further business to transact, considering that more than a majority of the total outstanding capital stock present or represented and have voted in this meeting, all matters so far taken up by the stockholders during the Annual Shareholders' Meeting are hereby approved and carried, and the meeting was, adjourned.

CERTIFIED CORRECT:

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

ATTESTED BY:

MARIANO D. MARTINEZ, JR.
Chairman of the Board

8990 Holdings, Inc. – Director Attendance Report

There were a total of 9 regular and special Board meetings held by the Company in 2021. The minutes of these meetings are recorded. Furthermore, to the extent that disclosures are required, these meetings can be confirmed through the disclosures made by the Company both in Current Reports filed by the Company with the SEC and the disclosures made in the PSE Electronic Disclosure Generation Technology (EDGE) system.

The attendance of the Board in these meetings are as follows:

Name	No. of Meetings Held During the Year	No. of Meetings Attended
Mariano D. Martinez, Jr.	9	9
Luis N. Yu, Jr.	9	9
Manuel C. Crisostomo	9	9
Arlene C. Keh	9	9
Lowell L. Yu	9	9
Manuel S. Delfin	9	9
Richard L. Haosen	9	9
Ian Norman E. Dato	9	9
Raul Fortunato R. Rocha	9	6
Alexander Ace Sotto	9	9
Dominic J. Picone	9	9
Han Jun Siew	9	9