

COVER SHEET

CONCEPCION INDUSTRIAL CORPORATION
(formerly Concepcion Airconditioning Corporation)
Company's Full Name

308 Sen. Gil J. Puyat Avenue
Makati City, Philippines
Company's Address: No./Street/City/Town/Province

(02) 8772 1819
Company's Telephone Number

31 December
Fiscal Year Ending
(Month & Day)

PRELIMINARY INFORMATION STATEMENT
SEC Form 20-IS
FORM TYPE

Cashier

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CONCEPCION INDUSTRIAL CORPORATION
(formerly Concepcion Airconditioning Corporation)

NOTICE OF THE SPECIAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that **CONCEPCION INDUSTRIAL CORPORATION** (formerly Concepcion Airconditioning Corporation) (the "Corporation") will conduct its Special Stockholders' Meeting virtually via Zoom (https://us02web.zoom.us/join/joinmeeting/register/tZAqceyvqzlpHNbC3_5jUjWRaAGIKZnTEyo) on November 21, 2023 at 10:00 a.m., at which meeting the following matters shall be taken up:

1. Call to Order;
2. Certification of Existence of Quorum;
3. Approval of the Amendment of the By-Laws;
4. Approval of the Minutes of the Special Stockholders' Meeting held on 26 October 2022;
5. Other Matters; and
6. Adjournment.

The record date for the determination of stockholders entitled to notice of, and to vote at, the said meeting is fixed at the close of business hours on October 5, 2023.

Stockholders may attend the meeting by remote communication and/or vote *in absentia* or through the Chairman of the meeting as proxy. Stockholders who wish to participate by remote communication or vote *in absentia* or by proxy should notify the Corporate Secretary by email to cic.secretary@romulo.com from **October 26, 2023 to November 11, 2023**.

Successful registrants will receive an electronic invitation via email with a complete guide on how to join the meeting. For any registration concerns, please get in touch with the Corporation through cic.secretary@romulo.com.

All stockholders who wish to vote through a proxy or *in absentia* shall submit the duly signed proxies or ballots, as the case may be, to the Office of the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to cic.secretary@romulo.com not later than November 11, 2023. The proxies and ballots submitted shall be validated on November 16, 2023 at 2:00 p.m. We are not soliciting proxies.

The Information Statement which contains a brief explanation of each item on the agenda and procedures for attending the meeting via remote communication and for casting votes *in absentia* and Quarterly Report for period ended June 30, 2023 on SEC Form 17-Q are posted on the Corporation's website at <https://cic.ph/investor-relations/#special-stockholders>

The meeting shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.


JAYSON L. FERNANDEZ
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Call to Order

The Chairman of the board of directors (the "Board"), Raul Joseph A. Concepcion, will formally open the meeting at approximately 10:00 a.m..

2. Certification of Existence of Quorum

The Corporate Secretary, Atty. Jayson L. Fernandez, will certify that the Notice and Agenda of the Special Meeting of the Stockholders was published in two newspapers of general circulation (in printed and online format), for two consecutive days, in compliance with Section 49 of the Revised Corporation Code and that the Information Statement, Management Report, Annual Report for the year ended December 31, 2022 on SEC Form 17-A and Quarterly Report for period ended June 30, 2023 on SEC Form 17-Q were posted on PSE EDGE and on the Corporation's website in accordance with SEC Notice dated March 13, 2023. The Corporate Secretary will also certify, based on the number of shares owned by stockholders present or represented by proxy at the meeting or participating thereat via remote communication, whether a quorum exists for the valid transaction of business.

Further to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up an online and web meeting room which may be accessed by the stockholders to attend the meeting. A stockholder who participates by way of remote communication and votes *in absentia* or through a proxy, as provided herein, shall be deemed present for purposes of quorum.

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

- a. Stockholders may attend the meeting remotely by viewing the livestream *via* Zoom Meeting (). The information necessary to attend the meeting shall be sent to all shareholders who are able to register as required herein.
- b. Stockholders must notify the Corporate Secretary by email to cic.secretary@romulo.com of their intention to attend the meeting by remote communication to be included in determining quorum, together with the stockholders who intend to vote *in absentia* and by proxy.
- c. Registration to attend the meeting by remote communication and/or to vote *in absentia* and by proxy shall be open from October 26, 2023 to November 11, 2023. The Registration Procedure for Voting *In Absentia* and Participation via Remote Communication are set out in Annex "C" of the Information Statement.
- d. Stockholders may cast their votes on any item in the agenda for approval through the following modes on or before November 11, 2023:
 - i. By sending their duly signed proxies appointing the Chairman of the meeting to the Corporate Secretary, together with the information and documents mentioned under item (c); or
 - ii. By voting *in absentia* through sending their duly signed ballots to the Corporate Secretary, subject to the validation procedure mentioned in Annex "C" of the Information Statement.
- e. Other Matters that are proposed to be included in the agenda by qualified minority shareholders as provided in SEC Memorandum Circular No. 14, Series of 2020, must be submitted to the Corporate Secretary by email to cic.secretary@romulo.com not later than November 11, 2023. All stockholders who have validly registered to participate in the meeting by remote communication or vote *in absentia* or through a proxy will receive an email from the Corporate Secretary informing them of the Other Matter(s) for approval by the qualified minority shareholder(s), should such matter(s) require the vote of the shareholders. Stockholders must send their votes (Yes, No, or Abstain) to the Corporate Secretary by email at cic.secretary@romulo.com no later than November 11, 2023.
- f. Stockholders may send their questions or comments on the items in the Agenda prior to or during the meeting by e-mail at investorrelations@cic.ph. The Corporation will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Corporation's Investor Relations Office within a reasonable period after the meeting.
- g. Each Agenda item will be shown on the screen during the live streaming as the same is taken up at the meeting.
- h. 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 present at the meeting.
- i. Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

- j. The Corporate Secretary and a committee organized by the Board will tabulate all votes received and an independent third party will validate the results.
- k. The meeting proceedings shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.

3. Approval of the Amendment of the By-Laws

The approval of the stockholders representing at least a majority of the outstanding capital stock will be sought for the amendment of the by-laws of the Corporation. Details of the amendments are summarized as follows:

Article and Section Nos.	From	To
<p>Article II Section 4</p>	<p>Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting.</p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if 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.</p>	<p>Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary <u>at least two (2) weeks prior to the date of the meeting</u> by personal delivery or by mail <u>to each stockholder of record at his last known address, by electronic transmission, or such other manner as may be allowed by applicable law, rules and regulations, including</u> by publication in a newspaper of general circulation <u>in printed or online format</u>. The notice shall state the place, date and hour of the meeting, <u>the means of remote communication, if any, by which stockholders, may be deemed present and vote at such meeting,</u> and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting. <u>As used herein, electronic transmission means the delivery or transfer of documents, data, or information by electronic mail to the electronic address of the stockholder registered in the books of the Corporation, posting in the Philippine Stock Exchange, posting in the Corporation's website, or such other recognized means of electronic transfer of data or information.</u></p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if 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.</p>
<p>Article II Section 6</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the</p>

	<p>outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p>	<p>outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p> <p><u>The Corporation may opt to hold full virtual meetings, subject to applicable law, rules and regulations of the Securities and Exchange Commission, as may be amended from time to time.</u></p>
<p>Article II Section 7</p>	<p>Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is presented to the Secretary. All proxies must be acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.</p>	<p>Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, <u>through remote communication, in absentia</u>, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is presented to the Secretary. All proxies must be acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction. <u>A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum.</u></p>
<p>Article IV Section 1</p>	<p>Election/Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation.</p> <p>The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.</p>	<p>Election/Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, <u>the Chief Executive Officer</u>, Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation.</p> <p>The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act</p>

		as President and Treasurer or Secretary at the same time.
Article IV Section 4	<p>President – The President, who must be a director, shall be the chief executive officer of the Corporation and shall have administration and direction of the day to day business affairs of the Corporation. He shall exercise the following functions:</p> <ul style="list-style-type: none"> a) To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors; b) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation; c) To have general supervision and management of the business affairs and property of the Corporation; d) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control; e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries; f) To oversee the preparation of the budgets and the statements of accounts of the Corporation; g) To prepare such statements and reports of the Corporation as may be required of him by law; h) To represent the Corporation at all functions and proceedings; i) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors; 	<p>President - The President, who must be a director, <u>shall exercise the following functions:</u></p> <p><u>To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</u></p> <ul style="list-style-type: none"> a) <u>To call for a special meeting of the stockholders or Board of Directors at any time or as provided in the By-Laws;</u> b) <u>To sign the verification or petition for dissolution of the Corporation;</u> c) <u>To sign certificates of stock; and</u> d) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u>

	<p>j) To make reports to the Board of Directors and stockholders;</p> <p>k) To sign certificates of stock; and</p> <p>l) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</p> <p>The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</p>	
<p>Article IV Section 5 (NEW)</p>		<p><u>Chief Executive Officer - The Chief Executive Officer shall have administration and direction of the day-to-day business affairs of the Corporation. He shall exercise the following functions:</u></p> <p><u>a) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</u></p> <p><u>b) To have general supervision and management of the business affairs and property of the Corporation;</u></p> <p><u>c) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;</u></p> <p><u>d) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;</u></p> <p><u>e) To oversee the preparation of the budgets and the statements of accounts of the Corporation;</u></p> <p><u>f) To prepare such statements and reports of the Corporation as may be required of him by law;</u></p>

		<p>g) <u>To represent the Corporation at all functions and proceedings;</u></p> <p>h) <u>To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</u></p> <p>i) <u>To make reports to the Board of Directors and stockholders; and</u></p> <p>j) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u></p> <p><u>The Chief Executive Officer may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</u></p>
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4. Approval of the Minutes of the Special Meeting of the Stockholders held on October 26, 2022

The minutes of the meeting held on October 26, 2022 is available at the Corporation’s website <https://cic.ph/investor-relations/#special-stockholders>. A copy of the minutes will also be made available to the stockholders along with the Information Statement.

5. Other Matters

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

6. Adjournment

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

PROXY

The undersigned stockholder of **CONCEPCION INDUSTRIAL CORPORATION** (the "Corporation") hereby appoints the Chairman of the meeting as *attorney-in-fact* to represent and vote all shares registered in its/his/her name at the annual stockholders' meeting of the Corporation on November 21, 2023 at 10:00am and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Amendment of the By-laws

For Against Abstain

2. Approval of the Minutes of the Special Stockholders' Meeting held on 26 October 2022

For Against Abstain

3. The proxy named above is authorized to vote upon such other matters as may properly come before the meeting

For Against Abstain

Printed Name of Stockholder _____ **Date:** _____

Signature of Stockholder/Authorized Signatory _____

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **NOVEMBER 11, 2023 AT 5:00 P.M.** FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

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 AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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: **CONCEPCION INDUSTRIAL CORPORATION**
(formerly Concepcion Airconditioning Corporation, the "Corporation")

3. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **A1997-13456**

5. BIR Tax Identification Code: **005-029-401-000**

6. **308 Sen. Gil J. Puyat Avenue, Makati City, Philippines** **1209**
Address of principal office Postal Code

7. Registrant's telephone number, including area code: +632 87721819

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

Date: November 21, 2023

Time: 10:00 am

Place: Virtually via Zoom

(<https://us02web.zoom.us/join/84451234567>).

The Chairman will conduct the online meeting at Km 20, East Service Road, Alabang, Muntinlupa City Metro Manila, pursuant to Section 15 of SEC Memorandum Circular No. 6, Series of 2020 in relation to Section 50 of the Revised Corporation Code.

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

The Information Statement may be accessed at the Corporation's website (<https://cic.ph/investor-relations/#special-stockholders>) beginning on October 26, 2023.

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of share 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	397,912,491

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

Yes No

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

The common shares of the Corporation are listed on The Philippine Stock Exchange, Inc.

**THE MANAGEMENT IS NOT SOLICITING PROXIES FOR
THIS STOCKHOLDERS' MEETING.
PLEASE DO NOT SEND THE MANAGEMENT YOUR PROXY.**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The Special Stockholders' Meeting of Concepcion Industrial Corporation (formerly Concepcion Airconditioning Corporation) (the "Company") will be held virtually via Zoom (<https://us02web.zoom.us/j/8448111111>) on November 21, 2023 at 10:00 a.m.

The complete mailing address of the Company is 308 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

The security holders shall be given access to the Information Statement at the Company's website <https://cic.ph/investor-relations/#special-stockholders> beginning October 26, 2023.

Item 2. Dissenters' Right of Appraisal

Shareholders of the Company shall have an appraisal right, or the right to dissent and demand payment of the fair value of their shares, in the manner provided for under Section 80 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

- In case of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of shareholders or any class of shares, or the authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Company's corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's assets as provided under the Revised Corporation Code;
- In case of merger or consolidation of the Company with another corporation; and
- In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

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

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus 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; provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are no matters or proposed corporate actions included in the agenda for the Special Stockholders' Meeting, which may give rise to a possible exercise by shareholders of their appraisal rights.

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

No current director or officer of the Company or nominee for election or director of the Company, nor any associate of such persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

No director has informed the Company in writing that he/she intends to oppose any action to be taken by the Company at the Special Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) Pursuant to a resolution of the Board of Directors at a special meeting held on September 21, 2023, all stockholders at the close of business hours on October 5, 2023 shall be entitled to notice and to vote at the Special Stockholders' Meeting scheduled on November 21, 2023. The stockholders will vote on matters scheduled to be taken up at the Special Stockholders' Meeting with each share being entitled to cast one (1) vote.
- (b) For the approval of the amendment of the by-laws, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.
- (c) Pursuant to Article II, Section 7 of the Company's By-Laws, a stockholder may vote in person or by proxy.
- (d) Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the Company's voting securities as of October 3, 2023 are as follows:

Title of Class	Name and Address of Record / Beneficial Owner and	Relationship with Issuer	Citizenship	Number of Shares Held	% to Total (Issued and Outstanding)
Common	Foresight Realty & Development Corporation (Formerly Concepcion Holdings, Inc.) Sen. Gil Puyat Ave. Extension, Makati City	Stockholder	Filipino	92,580,290 ¹	22.73%
Common	Horizons Realty, Inc. Pioneer cor. Sheridan St., Mandaluyong City	Stockholder	Filipino	90,045,026 ²	22.00%
Common	Hy-Land Realty and Development Corporation 308 Sen. Gil J. Puyat Ave., Makati City	Stockholder	Filipino	89,387,797 ³	21.95%

The following are the representatives and authorized to cast votes for the three major shareholders to the Special Stockholders' Meeting: Raul Joseph A. Concepcion (Foresight Realty & Development Corporation), Jose Ma. A. Concepcion (Horizons Realty Inc.), and Rafael C. Hechanova, Jr. (Hy-Land Realty and Development Corporation).

Security Ownership of Directors and Management

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned by the directors and executive officers of the Company as of October 3, 2023:

Title of Class	Name of Beneficial Owner	Position	Citizenship	Number of Shares	Nature of Ownership	% of Class
Common	Raul Joseph A. Concepcion	Chairman/CEO	Filipino	1,024,160	Direct & Indirect	0.25%
Common	Renna C. Hechanova-Angeles	Vice Chairman/Treasurer	Filipino	3,227,816	Direct	0.79%
Common	Raul Anthony A. Concepcion	Director	Filipino	2,230,952	Direct & Indirect	0.55%
Common	Ma. Victoria Herminia C. Young	Director	Filipino	1,149,073	Direct & Indirect	0.28%
Common	Jose Ma. A. Concepcion	Director	Filipino	614,056	Direct & Indirect	0.15%

¹ Including two (2) common shares held by its nominees.

² Including two (2) common shares held by its nominees.

³ Including two (2) common shares held by its nominees.

Common	Raissa C. Hechanova-Posadas	Director	Filipino	2,641,630	Direct	0.65%
Common	Justo A. Ortiz	Director	Filipino	3,500	Direct	0%
Common	Luis Y. Benitez, Jr.	Director	Filipino	1	Direct	0%
Common	Cesar A. Buenaventura	Director	Filipino	3	Direct	0%
Common	Rafael C. Hechanova, Jr.	EVP for Business Development	Filipino	4,207,614	Direct & Indirect	1.03%
Common	Ma. Victoria A. Betita	Chief Strategy and Transformation Officer	Filipino	38,978	Direct	0.01%
Common	Rajan Komarasu	Chief Finance and Operating Officer	Singaporean	51,800	Direct	0.01%
Common	Harold T. Pernikar	President, CDI	American	1,560	Direct	0%
Common	Alexander Villanueva	General Manager, Integrated Logistics	Filipino	12,500	Direct	0%
Common	Phillip F. Trapaga	Managing Director, CCAC	Filipino	12,120	Direct	0%

(e) Voting Trust Holders of 5% or more

There are no voting trusts or similar agreements covering the shares of stocks of the Company.

(f) Changes in Control of the Registrant since beginning of last Fiscal Year

The Company is not aware of any transactions, which may have resulted in a change of control in the Company since the beginning of the last fiscal year.

Item 5. **Directors and Executive Officers**

The members of the Board of Directors and executive officers of the Company are:

Name and Position	Age	Citizenship	Term of Office as a Director / Officer	Period Served As A Director / Officer	Directorship Held In Other Philippine Companies
Raul Joseph A. Concepcion	61	Filipino	1 year	Director and Officer since 1997	Foresight Realty and Development Corporation, Concepcion Durables, Inc., Concepcion Midea, Inc., Concepcion Otis Philippines, Inc., Concepcion Business Services, Inc., Cortex Technologies Corporation, Alstra Incorporated, Teko Solutions Asia, Inc.
Chairman and President					
Renna C. Hechanova-Angeles	67	Filipino	1 year	Director and Officer since 1997	Hy-land Realty and Development

Vice-chairman and Treasurer					Corporation, Concepcion Durables, Inc. Concepcion Business Services, Inc.
Raul Anthony A. Concepcion	53	Filipino	1 year	Since July 5, 2013	Foresight Realty and Development Corporation, Concepcion Durables, Inc.
Director					
Jose Ma. A. Concepcion III	65	Filipino	1 year	Since July 5, 2013	Horizons Realty, Inc. RFM Corporation
Director					
Ma. Victoria Herminia C. Young	63	Filipino	1 year	Since July 5, 2013	Horizons Realty, Inc., RFM Corporation Concepcion Durables, Inc.
Director					
Raissa C. Hechanova-Posadas	63	Filipino	1 year	Since July 5, 2013	Hy-land Realty and Development Corporation, Knowledge Channel Foundation, Inc.
Director					
Cesar A. Buenaventura	93	Filipino	1 year	Since November 27, 2013	Buenaventura Echaz & Partners, Inc. Systems Philippines, Inc. DM Consunji, Inc. DMCI Holdings, Inc. International Container Terminal Services, Inc. iPeople, Inc. Mitsubishi Hitachi Powers Philippines, Inc. Petroenergy Resources Corp. Pilipinas Shell Petroleum Corporation
Independent Director					
Luis Y. Benitez, Jr.	76	Filipino	9 months	Since October 26, 2022	Insular Life Assurance Co. Ltd, CTBC Bank Philippines, Insular Healthcare, Inc. Philfirst Insurance Corporation Sta. Clara Construction Corp.
Independent Director					
Justo A. Ortiz	65	Filipino	1 year	Since 6 November 2020	Union Bank of the Philippines, Philippine Payments Management, Inc., Fintech Philippines Association, Inc., Distributed Ledger Technology Association of the Philippines, Inc., The Insular Life Assurance Co., Ltd, and Philippine Trade Foundation, Inc. One Food Group, Aboitiz Equity Ventures, Pilmico Foods Corporation, Union Digital Bank, Management Association of the Philippines
Independent Director					

Rafael C. Hechanova, Jr.	64	Filipino	1 year	Since 30 December 1997	Hy-land Realty and Development Corporation, Concepcion Durables, Inc., Concepcion Midea, Inc., Cortex Technologies Corp., Concepcion Business Services, Inc., Alstra Incorporated, Teko Solutions Asia, Inc.
Chief Communications Officer Executive Vice President, Business Development and Corporate Marketing, CCAC					
Maria Victoria A. Betita	55	Filipino	1 year	Since 14 November 2011	Alstra Incorporated, Concepcion Otis Philippines, Inc.
Chief Strategy and Transformation Officer					
Rajan Komarasu	57	Singaporean	1 year	Since 11 March 2013	Alstra Incorporated Concepcion Otis Philippines, Inc., Tenex Services, Inc., Concepcion Business Services, Inc., Concepcion Midea, Inc. Concepcion Durables, Inc. Cortex Technologies Corporation
Chief Finance and Operating Officer					
Harold T. Pernikar, Jr.	46	American	1 year	Since 18 February 2013	Concepcion Durables, Inc.,
President, CDI					
Merril Yu	66	Filipino	1 year	Since 29 April 2021	None
Chief Experience Officer, CCAC					
Phillip F. Trapaga	59	Filipino	1 year	Since 15 July 2013	Concepcion Midea, Inc.
Managing Director, CCAC Chairman of the Board and President of CMI					
Anna M. Alejandro	42	Filipino	1 year	Since 25 May 2022	None
General Manager, Concepcion Midea, Inc..					
Alexander T. Villanueva	51	Filipino	1 year	Since 15 May 2006	Concepcion Durables, Inc.
General Manager, Integrated Logistics Services, CCAC and Concepcion Durables, Inc.					
Michael Hansson	54	Filipino	1 year	Since 2 January 2015	Cortex Technologies Corp.
General Manager, Smart Technology, CCAC					
Michael Eric I. Sarmiento	53	Filipino	1 year	Since 8 March 2020	Concepcion Business Services, Inc.
General Manager, Shared Services, CCAC					

Omar C. Taccad	54	Filipino	1 year	Since 9 July 2018	Cortex Technologies Corporation
Chief Compliance Officer and Chief Legal Officer					
Marivic Landicho	51	Filipino	2 months	Since 27 July 2023	None
Chief Audit Executive					
Jayson L. Fernandez	53	Filipino	1 year	Since 18 July 2013	None
Corporate Secretary					
Roxanne Viel C. Santos Cua	38	Filipino	1 year	Since 15 July 2020	ARLA FOODS CORPORATION (formerly Dofo Cheese, Inc.) Moving Up Services, Inc. Alpha Caliber Holdings, Inc. Alpha Caliber Holdings, Inc. Play2win Corporation (Formerly IGT Golden Gaming Corp.) Magnet Lucky Gaming Corp. Top Gaming Solutions Corp. Micronet Gaming Corporation Fortune Philippines Gaming Corporation Lucky Alpha Gaming Corporation Top Lucky Trading Corp. EFORCE SECURITY COMPANY, INC.
Assistant Corporate Secretary					

The information on the business experience of the members of the Board of Directors and the Executive Officers of the Corporation is found in Annex "A" hereof.

No action will be taken with respect to the election of directors during the Special Stockholders Meeting.

Item 6. Compensation of Directors/Executive Officers

No action shall be taken with regard the following matters during the Special Stockholders Meeting:

- (a) the election of directors;
- (b) any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate;
- (c) any pension or retirement plan in which any such person will participate; or
- (d) the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. However, if the solicitation is made on behalf of persons other than the registrant, the information required need be furnished only the nominees of the persons making the solicitation and associates of such nominees.

Item 7. Independent Public Accountants

The Company's external auditor for calendar year 2022 is Isla Lipana & Co.

No action will be taken in relation to the election, approval or ratification of the Company's external auditor during the Special Stockholders Meeting.

Item 8. Compensation Plans

There are no actions to be taken up i with respect to any compensation plan during the Special Stockholders Meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There is no stockholders' action to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification or exchange of securities.

Item 11. Financial and Other Information

The Quarterly Report for period ended June 30, 2023 on SEC Form 17-Q and other date related to the Company's financial information are attached hereto as Annex "B".

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders' action to be taken with regard to the following: (a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Company; and (d) the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting relating to acquisition or disposition of property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up in the meeting relating to restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

There are no matters or actions to be taken up in the meeting relating to reports.

Item 16. Matters Not required to be Submitted

All matters or actions that will require the vote of the security holders will be submitted at the meeting.

Item 17. Amendment of Charter, By-laws or Other Documents

The proposal is for the stockholders to approve and ratify the amendments to Articles II and IV of the By-laws of the Company, as approved by the Board of Directors on September 21, 2023, to provide a better opportunity for stockholders to join meetings by allowing their attendance, participation and voting via remote communication or *in absentia*, and afford a more independent Board of Directors through the separation of the roles and functions of the President and Chief Executive Officer. The proposed amendments to the By Laws are as follows:

Article and Section Nos.	From	To
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<p>Article II Section 4</p>	<p>Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting.</p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if 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.</p>	<p>Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary <u>at least two (2) weeks prior to the date of the meeting</u> by personal delivery or by mail <u>to each stockholder of record at his last known address, by electronic transmission, or such other manner as may be allowed by applicable law, rules and regulations, including</u> by publication in a newspaper of general circulation <u>in printed or online format</u>. The notice shall state the place, date and hour of the meeting, <u>the means of remote communication, if any, by which stockholders, may be deemed present and vote at such meeting,</u> and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting. <u>As used herein, electronic transmission means the delivery or transfer of documents, data, or information by electronic mail to the electronic address of the stockholder registered in the books of the Corporation, posting in the Philippine Stock Exchange, posting in the Corporation's website, or such other recognized means of electronic transfer of data or information.</u></p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if 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.</p>
<p>Article II Section 6</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p>

		<u>The Corporation may opt to hold full virtual meetings, subject to applicable law, rules and regulations of the Securities and Exchange Commission, as may be amended from time to time.</u>
Article II Section 7	Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is presented to the Secretary. All proxies must be acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.	Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, <u>through remote communication, in absentia</u> , or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is presented to the Secretary. All proxies must be acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction. <u>A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum.</u>
Article IV Section 1	Election/Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation. The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.	Election/Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, <u>the Chief Executive Officer</u> , Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation. The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.
Article IV Section 4	President – The President, who must be a director, shall be the chief executive officer of the Corporation and shall have administration and direction of the day to day business affairs of the Corporation. He shall exercise the following functions: b) To preside at the meetings of the Board of Directors and of the stockholders in the absence	President - The President, who must be a director, <u>shall exercise the following functions:</u> <u>To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</u>

	<p>of the Chairman or Vice-Chairman of the Board of Directors;</p> <p>m) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</p> <p>n) To have general supervision and management of the business affairs and property of the Corporation;</p> <p>o) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;</p> <p>p) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;</p> <p>q) To oversee the preparation of the budgets and the statements of accounts of the Corporation;</p> <p>r) To prepare such statements and reports of the Corporation as may be required of him by law;</p> <p>s) To represent the Corporation at all functions and proceedings;</p> <p>t) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</p> <p>u) To make reports to the Board of Directors and stockholders;</p> <p>v) To sign certificates of stock; and</p> <p>w) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</p>	<p>e) <u>To call for a special meeting of the stockholders or Board of Directors at any time or as provided in the By-Laws;</u></p> <p>f) <u>To sign the verification or petition for dissolution of the Corporation;</u></p> <p>g) <u>To sign certificates of stock; and</u></p> <p>h) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u></p>
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	<p>The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</p>	
<p>Article IV Section 5 (NEW)</p>		<p><u>Chief Executive Officer - The Chief Executive Officer shall have administration and direction of the day-to-day business affairs of the Corporation. He shall exercise the following functions:</u></p> <p><u>a) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</u></p> <p><u>k) To have general supervision and management of the business affairs and property of the Corporation;</u></p> <p><u>l) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;</u></p> <p><u>m) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;</u></p> <p><u>n) To oversee the preparation of the budgets and the statements of accounts of the Corporation;</u></p> <p><u>o) To prepare such statements and reports of the Corporation as may be required of him by law;</u></p> <p><u>p) To represent the Corporation at all functions and proceedings;</u></p> <p><u>q) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</u></p>

		<p>r) <u>To make reports to the Board of Directors and stockholders; and</u></p> <p>s) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u></p> <p><u>The Chief Executive Officer may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</u></p>
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Item 18. Other Proposed Actions

The Minutes of the Stockholders’ Meeting of the Company held on October 26, 2022 (the “Minutes”) will be presented for approval of the Stockholders in the Special Stockholders’ Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholder approval and action on those items had already been obtained in such meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. In addition, a copy of the Minutes is attached hereto as Annex “E” for review by the Stockholders.

Item 19. Voting Procedures

(a) Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
Approval of the Amendment of the By-Laws	Majority of the votes cast
Approval of the Special Meeting of the Stockholders held on October 26, 2022	Majority of the votes cast

(b) Method of Voting

In all items for approval, each voting share of stock entitles its registered owner as of the October 5, 2023 to one vote. Pursuant to a resolution of the Board of Directors at a special meeting held on September 21, 2023, stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

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

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary on or before November 11, 2023.

A stockholder may vote electronically *in absentia* by sending his or her duly signed ballot to the Corporate Secretary, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Corporate Secretary and a committee organized by the Board of Directors, and the results will be validated by an independent third party.

Item 20. Participation of Stockholders by Remote Communication

Pursuant to a resolution of the Board of Directors at a special meeting held on September 21, 2023, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication. The livestream of the meeting shall be viewable *via* Zoom.

In order for the Company to properly conduct validation procedures, stockholders who have not sent their proxies or registered on the voting *in absentia* website who wish to participate via remote communication must notify the Company by email to **cic.secretary@romulo.com** on or before November 11, 2023.

Please refer to Annex "C" for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes *in absentia*.

SIGNATURE

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 hereunto duly authorized.

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 Makati City on this 5th day of October 2023.

CONCEPCION INDUSTRIAL CORPORATION

By:


JAYSON L. FERNANDEZ
Corporate Secretary

ANNEX A

THE CURRENT BOARD OF DIRECTORS OF THE COMPANY FOR THE 2022-2023 TERM

Name	Position	Date Elected To The Board	Citizenship	Age
Raul Joseph A. Concepcion	Chairman	July 20, 2022	Filipino	61
Renna C. Hechanova-Angeles	Vice-Chairman & Treasurer	July 20, 2022	Filipino	67
Raul Anthony A. Concepcion	Vice-Chairman	July 20, 2022	Filipino	53
Jose Ma. A. Concepcion III	Director	July 20, 2022	Filipino	65
Ma. Victoria Herminia C. Young	Director	July 20, 2022	Filipino	63
Raissa C. Hechanova-Posadas	Director	July 20, 2022	Filipino	63
Cesar A. Buenaventura	Independent Director	July 20, 2022	Filipino	93
Justo A. Ortiz	Independent Director	July 20, 2022	Filipino	65
Luis Y. Benitez, Jr.	Independent Director	October 26, 2022	Filipino	76

Raul Joseph A. Concepcion, 61, is the Chairman and Chief Executive Officer of the Company since 2008. He is also the president of CCAC and of Concepcion Industries, Inc. (“CII”) as well as the chairman emeritus of the Philippine Appliance Industry Association (“PAIA”). He holds a business administration degree from Simon Fraser University.

Renna C. Hechanova-Angeles, 67, was elected Vice Chairman of the Board and the Treasurer of the Company on July 18, 2013. She is concurrently the vice-chairman and treasurer of CDI, director of CCAC, corporate secretary of Contel Communications, director of the joint venture company between Ayala Land, Inc. and CII, corporate secretary of Republic Commodities Corporation (“RCC”), and executive vice president and corporate secretary of CII. She is also the corporate secretary of Hy-land Realty and Development Corporation. Ms. Angeles holds a B.S. Commerce, Major in Management degree from the Assumption College.

Raul Anthony A. Concepcion, 53, was first elected to the Board of the Company on July 5, 2013 and as Vice-Chairman on July 20, 2022. He is also the president and chief operations officer of Contel Communications, Inc., president of Mondo Cucina, inc., vice president of the joint venture company between Ayala Land, Inc. and CII, and chairman of CDI. Mr. Concepcion is also the founder and chief event officer of Condura Run, one of the premier running events in the Philippines. He is a finalist in the Ernst and Young Entrepreneur of the Year Awards in 2011 and received the Business Excellence Award for showing exceptional, consistent and systematic application of total quality management principles. He holds a B.A. Political Science degree from the University of the Philippines-Diliman and an Executive Master of Business Administration degree from the Asian Institute of Management.

Jose Ma. A. Concepcion III, 65, was elected to the Board of the Company on July 5, 2013. He concurrently serves as the president and CEO of RFM Corporation and chairman of the board of directors of RFM Unilever Ice Cream, Inc. Mr. Concepcion is also the co-chairman of the agri-business and food committee of PCCI. He is likewise a member of various industry associations such as PCCI, Philippine Association of Feed Millers (“PAFMI”), Philippine Association of Flour Millers (“PAFMIL”), Philippine Chamber of Food Manufacturers, Inc. (“PCFM”), Makati Business Club, and Management Association of the Philippines (“MAP”). Mr. Concepcion is active in various socio-civic associations such as the Philippine Center for Entrepreneurship Foundation which he founded, The Search for the Ten Outstanding Students of the Philippines (“TOSP”) and Rotary Club of Makati Central. From 2005 to 2010, he was the presidential consultant for entrepreneurship. Presently, Mr. Concepcion holds the following positions in socio-civic associations: vice chairman and trustee of RFM Foundation, Inc., director of the Laura Vicuna Foundation for Street Children, and vice chairman of the Micro Small and Medium Enterprise Development Council (“MSMED”). He holds a B.S. Business Management degree from the De La Salle University.

Ma. Victoria Herminia C. Young, 63, was elected to the Board of the Company on July 5, 2013. She is a director as well as the vice-president and general manager of the White King Division of RFM Corporation since 2006. She is also a director and general manager of Interbake Commissary Corporation and president of RFM Foundation, Inc. Ms. Young is likewise a trustee of several charitable organizations such as Soul Mission Organization and Ronald McDonald House of Charities. From 2000-2003, she served as a director of the Assumption Alumnae Association. Ms. Young holds a B.S. Management and Marketing degree from the Assumption College.

Raissa C. Hechanova-Posadas, 63, has been a member of the Board of the Company since July 5, 2013. She is concurrently a director of Hy-land Realty and Development Corporation, advisor to the board of directors of BDO Private Bank, Diversity Equity and Inclusion Committee Head and Deputy Membership Head of District 3820 of Rotary International, President of BSL Persons with Disabilities & Co. Inc., and member of the board of trustees of Knowledge Channel Foundation, Inc.. Prior to joining the Company, Ms. Hechanova-Posadas had 25 years of experience in corporate and investment banking at Citigroup where she held the positions of managing director, head of corporate finance unit, and designated business senior credit officer. In addition, she was a member of the Citi Philippines senior management team for ten years, and of the board of directors of several Citigroup legal vehicles in the country. Ms. Hechanova-Posadas holds a B.A. Applied Economics degree from De La Salle University and a Master of Business Administration degree from IMD International Institute for Management Development (formerly IMEDE).

Independent Directors

Cesar A. Buenaventura, 93, has been a member of the Board of the Company since November 27, 2013. He is chairman of Buenaventura Echaz and Partners, Inc. and Mitsubishi Hitachi Powers Systems, Inc., as well as vice chairman of the board of directors of DMCI Holdings, Inc.. Mr. Buenaventura is a director in the boards of DM Consunji, Inc., International Container Terminal Services, Inc (ICTSI), iPeople, Inc., Petronenergy Resources Corp., and Pilipinas Shell Petroleum Corporation. The notable positions he previously held include first Filipino CEO and chairman of the Shell Group of Companies, member of the Monetary Board of the Central Bank of the Philippines, member of the board of regents of the University of the Philippines from 1987 to 1994, member of the board of trustees of the Asian Institute of Management from 1994 to 2007, and president of the Benigno Aquino S. Foundation from 1985 to 2000. He holds a B.S. Civil Engineering from the University of the Philippines and a Master's degree in Civil Engineering, major in Structures from Lehigh University.

Justo A. Ortiz, 65, has been a member of the Board since November 6, 2020. Mr. Ortiz is the Chairman of Philippine Payments Management, Inc, Fintech Philippines Association, Inc., Distributed Ledger Technology Association of the Philippines, Inc. and Union Digital Bank, and Vice Chairman of Union Bank of the Philippines. He holds the position of Director/Trustee in The Insular Life Assurance Co. Ltd., Philippine Trade Foundation, Inc., Pilmico Foods Corporation and Aboitiz Equity Ventures. He is a Member of the Board of Governors of the Management Association of the Philippines and a Member of the Makati Business Club and World Presidents Organization. He was the Chairman of the Board of Union Bank of the Philippines from 2018 to June 2020, and its Chief Executive Officer from 1993 to 2017. Prior to his stint in Union Bank of the Philippines, Mr. Ortiz was Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank, N.A. Mr. Ortiz became a member of the Claustro de Profesores of the University of Santo Tomas (UST) as he was conferred a Doctor of Humanities degree, Honoris Causa, on December 11, 2015. He graduated Magna Cum Laude with a degree in the Economics Honors Program from Ateneo de Manila University.

Luis Y. Benitez, Jr., 76, has been nominated as a member of the Board. Mr. Benitez is a Filipino citizen who currently serves as an independent trustee of Insular Life Assurance Co. Ltd. and independent director of Insular Healthcare, Inc., Philfirst Insurance Corp., and Sta. Clara Construction Corp., and CTBC Bank Philippines. He was a former Vice Chairman, Senior Partner, and Head of the Audit Division for SGV & Co. where he served from 1978 to 2007. Mr. Benitez received his MBA from the Stern School of Business, New York University. He is also a graduate of the Pacific Rim Bankers Program of the University of Washington. Mr. Benitez received his BSBA Major in Accounting from the University of the Philippines. He is a Certified Public Accountant.

KEY OFFICERS

Position	Name	Citizenship	Age
Chairman, Chief Executive Officer of CIC and President of CCAC	Raul Joseph A. Concepcion	Filipino	61
Vice Chairman and Treasurer	Renna C. Hechanova-Angeles	Filipino	67
Vice Chairman and Chairman of CDI	Raul Anthony A. Concepcion	Filipino	53
Chief Communications Officer; Executive Vice President, Business Development and Corporate Marketing, CIC and CCAC	Rafael C. Hechanova, Jr.	Filipino	65
Chief Strategy and Transformation Officer	Ma. Victoria A. Betita	Filipino	55
Chief Finance and Operating Officer; CEO and President, COPI; CEO and President, Alstra	Rajan Komarasu	Singaporean	57
President, CDI	Harold Thomas Pernikar, Jr.	American	46
Chief Consumer Experience Officer, CCAC	Merril Yu	Filipino	66
Managing Director, CCAC; President of CMI	Phillip F. Trapaga	Filipino	59
General Manager, CMI	Anna M. Alejandro	Filipino	42
General Manager, Integrated Logistics, CCAC and CDI	Alexander T. Villanueva	Filipino	51
Chief Product Officer, CIC	Michael Hansson	Filipino	54
General Manager, Shared Services, CCAC; President and COO, Concepcion Business Services, Inc.	Michael Eric I. Sarmiento	Filipino	53
Chief Legal Counsel and Compliance Officer	Omar C. Taccad	Filipino	54
Chief Audit Executive	Marivic Landicho	Filipino	51
Corporate Secretary	Jayson L. Fernandez	Filipino	53
Assistant Corporate Secretary	Roxanne Viel C. Santos	Filipino	38

Raul Joseph A. Concepcion *Please refer to the table of Directors above.*

Renna C. Hechanova-Angeles *Please refer to the table of Directors above.*

Raul Anthony A. Concepcion *Please refer to the table of Directors above.*

Rafael Concepcion Hechanova, Jr., 65, was appointed as Executive Vice President for Business Development and Corporate Marketing of the Company and CCAC on December 30, 1997. He plays a key role in ensuring that the Company continues to do good business across all its markets. He oversees both the Consumer and Business Solutions Groups, including new business units for corporate marketing and business development. Prior to his tenure in CCAC, Mr. Hechanova served as a Director of the Pacific Basin Development Company in Vancouver, Canada. Upon returning to the Philippines and joining Concepcion Industries in 1994, he became responsible for managing the sales and aftermarket service of chillers and AHUs to institutional and commercial customers. In 1998, Mr. Hechanova joined the CCAC leadership as an operating partner managing retail sales and marketing for RLC air conditioning products ensuring that both product and brand development initiatives were based on unique and demanding Filipino insights. This enabled CCAC to launch highly relevant branded communication messages for Carrier, Condura and Kelvinator as well as product innovations including the patented energy saving plug. Mr. Hechanova is also currently a director of Concepcion-Carrier Realty Holdings, Inc. and of Hy-land. He was a director of CAC from 1998 to 2013 and of CCAC from 2006 to 2009. He took up Mechanical Engineering at the De La Salle University and graduated at the British Columbia Institute of Technology.

Ma. Victoria A. Betita, 55, was appointed Chief Strategy and Transformation Officer last November 1, 2021. She was the former Chief Finance Officer of the Company and CCAC from 2011 to 2021. Ms. Betita was the finance director and country controller for Asea Brown Boveri Group from 1996 to 2001. From 2001 to 2005, she was the chief financial officer of CCAC as well as the treasurer and CFO of several Carrier subsidiaries. Prior to re-joining the Company and CCAC in 2011, Ms. Betita held several positions at Deutsche Knowledge Services, Pte. Ltd. She holds a B.S. Management Engineering degree from the Ateneo de Manila University and a Masters in Business Management from the Asian Institute of Management.

Rajan Komarasu, 57, was appointed Chief Finance and Operating Officer last November 1, 2021, and is concurrently the President of COPI and Alstra Incorporated. He was the Chief Financial Officer of CCAC from 2007 to 2011. Mr. Komarasu held several positions with United Technologies Corporation (UTC) primarily in the HVACR segment. Prior to joining the Company, his last role at UTC was Asia director for financial planning and analysis at the climate control and security department in Shanghai, China. Mr. Komarasu holds a Bachelor of Business degree from Curtin University. He is also a Chartered Accountant of Singapore (inactive).

Harold Thomas Perkinar, Jr., 46, is the President of CDI. Prior to joining the CIC Group, he worked at the various offices of AkzoNobel Car Refinishes and AkzoNobel Automotive & Aerospace Coatings in Asia from 2002 to 2012. He served as a product manager, marketing & logistics manager, global product manager and business development manager at AkzoNobel Car Refinishes, and as a commercial manager at AkzoNobel Automotive & Aerospace Coatings. He holds a B.S. International Business and Finance degree from Northeastern University.

Merril Yu, 66, is the Chief Consumer Experience Officer of CCAC. He is a seasoned senior executive with over 25 years of leadership experience who has demonstrated success in managing full-scope operations and building multimillion dollar corporations. An international hotelier who has honed his craft with leading hotel brands such as Four Seasons Hotels, The Peninsula Group, and MGM, among others. Locally, he has taken on senior leadership roles in reputable organizations, such as Megawide Construction Corporation as its Head of Hotels, LBP Corporation as its President, GHM Hotels Philippines, Inc. as Managing Director, Legend Hotels International as COO, and as SVP for SM Hotels & Entertainment. Merrill finished, B.A. Political Science at Duke University. He also attended the Executive Program-Advanced Marketing Management Program, at the Asian Institute of Management.

Phillip A. Trapaga, 59, Mr. Trapaga is the Chairman and President of CMI and was concurrently appointed as Managing Director of CCAC last November 23, 2021. He also had a stint as Director of Channel Sales of CCAC with over thirty years of experience in the manufacturing, telecommunications and consumer durables. Phillip finished Bachelor of Science in Commerce, Major in Financial Institutions at the De La Salle University.

Anna M. Alejandro, 42, is the General Manager and Treasurer of CMI. She has more than 15 years of experience in the field of Financial Planning, Statutory and Management Reporting and Analysis across FMCG and Pharmaceutical industries. Over the last 10 years, Anna has taken on various managerial roles both in the Philippines and the Regional Singapore Office covering the areas of Commercial Finance, Integrated Business Project Planning and Finance Business Partnering. Her most recent role is Senior Regional Commercial Finance Manager of A Menarini Asia Pacific, based in Singapore handling 13 countries across Asia Pacific. She joined Concepcion Midea Inc. Phils. (CMIP) on November 15, 2018 as Finance Director. Anna holds a Bachelor's Degree in Accountancy from the Philippine School of Business Administration.

Alexander T. Villanueva, 51, is the General Manager for Integrated Logistics of CCAC and CDI. From 2006 to 2009, he served as the quality director of CCAC. Previously, he performed roles ranging from quality engineer to head of quality at Ford Motor Company, both in the Philippines and in the U.S., and at Nissan Motor Philippines. Mr. Villanueva holds a B.S. Mechanical Engineering degree from the Mapua Institute of Technology.

Michael Hansson, 54, is the Chief Product Officer of CIC. He is an experienced corporate officer with over 15 years of hands-on experience in product development, engineering, technology management and international expansion, managing teams from various countries. Most of these years were spent with Integrated Microelectronics Inc. (IMI) where he held numerous roles including, Director for Global Operations, Managing Director for Global Test & Systems Development, as well as Global Design and Engineering. His most recent position was CEO for Lean Factories Technologies PTE Ltd. in Singapore. Michael has Master of Science in Computer Science and Engineering from Linkoping University.

Michael Eric I. Sarmiento, 53, was appointed as President & COO of Concepcion Business Services, Inc. (CBSI) on March 9, 2020. CBSI is the Shared Services Co. of CCAC that provides IT, HR, Finance & Accounting, Business Process Re-engineering, & Administrative Services to the Group. Mr. Sarmiento specializes in Finance & IT with almost 20 years of experience in Business & Systems Analysis, Business Intelligence, Data Analytics, IT Project Management & Consulting, and Management Accounting. Prior to joining CIC, he was SVP & General Manager of the ROHQ, Primer Resources Corp, and Deputy CFO of the Intellectual Property Venture Group (IPVG). He graduated from University of Sto. Tomas with a degree in Industrial Engineering and then got his MBA from University of the Philippines, Diliman, Q.C.

Marivic Landicho, 51, is the Chief Audit Executive of the Company. She has held various key positions as Vice President and Chief Audit Executive leading transformative audit initiatives for renowned organizations from the banking and healthcare sectors that includes Metro Pacific Health, St. Luke's Medical Center, China Bank Savings, Inc., and Bank of Makati. Ms. Landicho is a Certified Public Accountant and a Certified Internal Control Auditor. She has a Bachelor of Science in Accountancy degree from De La Salle University.

Omar C. Taccad, 54, is the Chief Legal Counsel and Compliance Officer of the Company. Prior to joining the Company on July 9, 2018 as Vice President for Legal, Governance and Compliance, he was the Head of Subsidiaries Services Division – Corporate Affairs and Legal Services Group of PLDT, Inc., and served as Corporate Secretary or Assistant Corporate Secretary of several subsidiaries of PLDT, Inc., including as Assistant Corporate Secretary of PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation) and ePLDT, Inc. He obtained his Juris Doctor degree from the Ateneo de Manila University and was admitted to the Philippine Bar in 1998.

Jayson L. Fernandez, 53, was elected as Corporate Secretary of the Company on July 18, 2013. He is a Partner in Romulo Mabanta Buenaventura Sayoc & de los Angeles and currently co-chairs its tax department. He obtained his A.B. Management Economics and Juris Doctor degrees from the Ateneo de Manila University and was admitted to the Philippine Bar in 1996.

Roxanne Viel C. Santos Cua, 38, was elected as the Assistant Corporate Secretary of the Corporation on July 15, 2020. She joined Romulo Mabanta Buenaventura Sayoc & de los Angeles in 2017 and is an Associate. She graduated from the Ateneo de Manila University School of Law with a Juris Doctor degree in 2016 and was admitted to the Philippine Bar in 2017.

The Executive Officers are appointed/elected by the Board of Directors at the organizational meeting following the stockholders' meeting, each to hold for a period of one (1) year.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2023
2. SEC Identification Number **A1997-13456** 3. BIR Tax Identification No. **005-029-401-000**
4. Exact name of issuer as specified in its charter - **CONCEPCION INDUSTRIAL CORPORATION**
5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **308 Sen. Gil Puyat Avenue, Makati City, Philippines** **1209**
Address of principal office Postal Code
8. **+632 7721819**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	397,912,491 (as of June 30, 2023)

11. Are any or all of these securities listed on a Stock Exchange.
Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common Stock**

12. Check whether the issuer:

(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 Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

13. The aggregate market value of the voting stock held by non-affiliates of the registrant is P1.7 billion. The price used for this computation is the closing price as of June 30, 2023 is P15.10.

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.



RAJAN KOMARASU
Chief Finance and Operating Officer

July 27, 2023

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Financial Position
As at June 30, 2023 and December 31, 2022
(All amounts in thousand Philippine Peso)

	Notes	2023	2022
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2	1,349,516	1,688,163
Trade and other receivables, net	3	4,065,738	3,455,147
Contract assets		1,197,353	781,668
Inventories, net	4	3,292,932	3,161,979
Prepayments and other current assets		133,511	115,697
Total current assets		10,039,050	9,202,654
Non-current assets			
Property and equipment, net		466,307	474,515
Investment property		40,255	40,255
Investment in associates	5	118,496	90,009
Intangible assets, net	6	126,185	135,843
Goodwill	6	806,682	806,682
Right-of-use assets, net		427,777	360,096
Deferred income tax assets, net		672,369	579,879
Other non-current assets		86,206	80,783
Total non-current assets		2,744,277	2,568,062
Total assets		12,783,327	11,770,716
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables and other liabilities	7	4,795,614	3,896,259
Short-term borrowings	8	5,000	114,000
Lease liabilities		89,049	136,873
Provision for warranty		85,074	68,077
Other provisions		39,055	38,691
Income tax payable		169,933	-
Total current liabilities		5,183,725	4,253,900
Non-current liabilities			
Retirement benefit obligation	12	593,133	570,502
Lease liabilities		365,356	241,914
Provision for warranty		7,401	5,941
Total non-current liabilities		965,890	818,357
Total liabilities		6,149,615	5,072,257
Equity			
Attributable to owners of the Parent Company			
Share capital	13	407,264	407,264
Share premium	13	993,243	993,243
Treasury shares	13	(241,464)	(241,464)
Retained earnings		3,783,068	3,765,573
Other comprehensive loss		(51,816)	(51,816)
		4,890,295	4,872,800
Non-controlling interest		1,743,417	1,825,659
Total equity		6,633,712	6,698,459
Total liabilities and equity		12,783,327	11,770,716

The notes on pages 1 to 11 are integral part of these consolidated financial statements.

ANNEX B

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For the periods ended June 30, 2023 and 2022
(All amounts in thousand Philippine Peso, except earnings per share)

	Notes	<u>For the six months ended</u>		<u>For the three months ended</u>	
		2023	2022	2023	2022
Net sale of goods		6,828,472	6,328,343	4,164,874	3,513,160
Sale of services		404,799	397,171	186,678	125,806
Net sales	9	7,233,271	6,725,514	4,351,552	3,638,966
Cost of sales and services	10	(4,958,389)	(4,543,805)	(3,079,191)	(2,445,783)
Gross profit		2,274,882	2,181,709	1,272,361	1,193,183
Operating expenses	11	(1,840,164)	(1,667,714)	(940,221)	(821,268)
Other operating income (loss), net		22,560	(77,674)	5,366	(21,625)
Operating income		457,278	436,321	337,506	350,290
Interest expense		(14,525)	(13,466)	(9,254)	(7,077)
Income before share in net income (loss) of associates and income tax		442,753	422,855	328,252	343,213
Share in net income (loss) of associates	5	28,487	(23,741)	16,003	(1,825)
Income before income tax		471,240	399,114	344,255	341,388
Income tax expense		(120,931)	(135,350)	(87,170)	(108,268)
Net income for the year		350,309	263,764	257,085	233,120
Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss					
Remeasurement gain (loss) on retirement benefits, net of tax		-	-	-	-
Total comprehensive income for the year		350,309	263,764	257,085	233,120
Net income (loss) attributable to:					
Owners of the Parent Company		216,451	112,459	162,796	133,783
Non-controlling interest		133,858	151,305	94,289	99,337
		350,309	263,764	257,085	233,120
Total comprehensive income attributable to:					
Owners of the Parent Company		216,451	112,459	162,796	133,783
Non-controlling interest		133,858	151,305	94,289	99,337
		350,309	263,764	257,085	233,120
Earnings (loss) per share - basic and diluted	14	0.54	0.28	0.41	0.33

The notes on pages 1 to 11 are integral part of these consolidated financial statements.

ANNEX C**Concepcion Industrial Corporation and Subsidiaries**

Consolidated Statements of Changes in Equity
For the periods ended June 30, 2023 and 2022
(All amount in thousand Philippine Peso)

Notes	Attributable to owners of the Parent Company					Non-controlling interest	Total
	Share capital	Share premium	Treasury shares	Retained earnings	Other comprehensive income (loss)		
Notes	13	13	13				
Balances as at January 1, 2023	407,264	993,243	(241,464)	3,765,573	(51,816)	1,825,659	6,698,459
Comprehensive income							
Net income for the year	-	-	-	216,451	-	133,858	350,309
Remeasurement gain (loss) on retirement benefits, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	216,451	-	133,858	350,309
Transactions with owners							
Cash dividends declared	-	-	-	(198,956)	-	(216,100)	(415,056)
Treasury shares	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	(198,956)	-	(216,100)	(415,056)
Balances as at June 30, 2023	407,264	993,243	(241,464)	3,783,068	(51,816)	1,743,417	6,633,712
Balances as at January 1, 2022	407,264	993,243	(172,108)	4,013,851	(55,913)	1,856,869	7,043,206
Comprehensive income							
Net income for the period	-	-	-	112,459	-	151,305	263,764
Remeasurement gain (loss) on retirement benefits, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	112,459	-	151,305	263,764
Transactions with owners							
Cash dividends declared	-	-	-	(401,855)	-	(241,300)	(643,155)
Treasury shares	-	-	(18,341)	-	-	-	(18,341)
Total transactions with owners	-	-	(18,341)	(401,855)	-	(241,300)	(661,496)
Balances as at June 30, 2022	407,264	993,243	(190,450)	3,724,455	(55,913)	1,766,874	6,645,473

The notes on pages 1 to 11 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For the periods ended June 30, 2023 and 2022
(All amounts in thousand Philippine Peso)

	2023	2022
Cash flows from operating activities		
Income before income tax	471,240	399,114
Adjustments for:		
Provisions for (reversals of):		
Volume rebates, trade discounts and other incentives	517,927	147,597
Warranty cost	74,536	63,211
Commission	33,413	20,733
Impairment of receivables	16,434	(2,698)
Contingencies	(29,857)	30,793
Inventory obsolescence	5,720	7,921
Amortization of right-of-use assets	127,261	70,764
Retirement benefit expense	50,968	45,221
Depreciation and amortization of property and equipment	82,809	77,490
Amortization of intangible assets	9,659	14,693
Interest expense	14,788	13,466
Share in net loss (income) of associates	(28,487)	23,741
Unrealized foreign exchange losses (gains)	(4,654)	40,116
Loss on disposal of property and equipment	346	104
Interest income on bank deposits, short-term placements	(8,965)	(3,390)
Operating income before working capital changes	1,333,138	948,876
Changes in:		
Trade and other receivables	(696,889)	(540,887)
Inventories	(153,114)	(1,098,468)
Prepayments and other current assets	(390,621)	(62,966)
Other non-current assets	(5,423)	(12,170)
Trade payables and other liabilities	198,552	689,937
Cash generated from operations	285,643	(75,678)
Income tax paid	-	(27,977)
Payments of provision for warranty cost	(57,531)	(55,263)
Payments of other provisions	(22,434)	(18,443)
Retirement contributions/ benefits directly paid by the Group	(28,336)	(66,385)
Interest received on bank deposits	3,287	2,217
Net cash provided by (used in) operating activities	180,629	(241,529)
Cash flows from investing activities		
Interest received from short-term placements	2,879	1,278
Additions to property and equipment	(58,833)	(30,862)
Proceeds from disposal of property and equipment	131	-
Net cash used in investing activities	(55,823)	(29,584)
Cash flows from financing activities		
Cash distributions of profits	(239,057)	(542,105)
Proceeds from short-term borrowings	-	1,000
Payment of short-term borrowings	(109,000)	-
Principal repayment of lease liabilities	(101,858)	(69,214)
Interest paid on lease liabilities	(12,610)	(6,817)
Interest paid on short-term borrowings	(928)	(5,623)
Acquisitions of treasury shares	-	(18,341)
Net cash used in financing activities	(463,453)	(641,100)
Net increase (decrease) in cash and cash equivalents	(338,647)	(912,213)
Cash and cash equivalents as at January 1	1,688,163	2,518,403
Cash and cash equivalents as at June 30	1,349,516	1,606,190

The notes on pages 1 to 11 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

As at June 30, 2023 and December 31, 2022 and for the

periods ended June 30, 2023 and 2022

(All amounts are shown in thousand Philippine Peso except number of shares, per share amounts and unless otherwise stated)

Note 1 - General information**1.1 Registration and business**

Concepcion Industrial Corporation (the Parent Company or CIC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 17, 1997 primarily to carry on business as a holding company, including but not limited to the acquisition by purchase, exchange, assignment, gift, importation or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, traffic or otherwise to enjoy and dispose of real and personal property of every kind and description, including land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of, any and all dividends, rentals, interest and income derived therefrom and generally perform acts or things designed to promote, protect, preserve, improve or enhance the value of any such land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock, securities or obligations to the extent permitted by law without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company. CIC's subsidiaries are incorporated and operating in the Philippines. The subsidiaries are engaged in the manufacture, sales, distribution, installation and service of heating, ventilating and air conditioning (HVAC) products and HVAC services; manufacture, assembly, wholesale, retail, purchase and trade of refrigeration equipment; importation, buy and sell, at wholesale, distribute, maintain and repair, elevators, escalators, and all supplies, material, tools, machinery and part/components thereof; rendering various corporate back-office support services directly or through duly licensed service providers and/or professionals, where necessary, exclusively for CIC, its subsidiaries, affiliates and/or related companies, to undertake research, development and commercialization of new, existing or emerging technology to existing or future residential and commercial appliances and equipment, and other products.

CIC and its subsidiaries are herein collectively referred to as the "Group".

CIC's primary shareholders are Foresight Realty & Development Corp., Hyland Realty & Development Corp., and Horizons Realty Inc., entities registered and doing business in the Philippines, which have equally divided equity over CIC. These companies are beneficially owned by Filipino individuals.

CIC's registered office address, which is also its principal place of business, is located at 308 Gil Puyat Avenue, Makati City. As at June 30, 2023 and December 31, 2022, CIC has two (2) regular employees.

1.2 Significant business developments

On July 1, 2022, Alstra purchased 9,300,000 additional shares of stock in Tenex for a total purchase price of P9.3 million. These shares represent 31% of the issued and outstanding capital stock of Tenex. Consequent to this purchase, the equity of Alstra in Tenex increased from 49% to 80%. Tenex became a subsidiary of CIC upon the increase in ownership. As at June 30, 2023, the additional shares was recognized from Deposit for Future Stock Subscription to Investment in Subsidiary.

On December 19, 2019, the BOD approved the proposed increase in authorized share capital of CTC from 200 million shares to 450 million shares at P1 par value per share. The application for the increase in share capital was filed with the SEC on November 3, 2021. On July 17, 2020 and February 2, 2021, the Company received deposit for future stock subscription from CIC amounting to P15.6 million and P20 million respectively. On November 9, 2021, CTC obtained the approval of the increase in share capital with the SEC. The corresponding shares relating to the deposit for future stock subscription amounting to P15.6 million in November 2021 and P20 million in April 2023 were both issued to CIC.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at June 30, 2023 and December 31, 2022 consist of:

	2023	2022
Cash on hand	858	1,909
Cash in banks	897,168	912,691
Short-term placements	451,490	773,563
Total	1,349,516	1,688,163

Cash in banks and short-term placements amounting to P1,022,986 and P325,672 (2022 – P1,281,305 and P404,949) are made with universal and commercial banks, respectively, that earned interest at the prevailing bank deposit rates.

For the period ended June 30, 2023, total interest income earned from cash in banks and short-term placements amounted to P8,965 (2022 – P3,390).

The carrying values of cash and cash equivalents, and short-term investments represent the maximum exposure to credit risk other than cash on hand. While these are also subject to the impairment of PFRS 9, the identified impairment loss was immaterial.

Note 3 - Trade and other receivables, net

Trade and other receivables as at June 30, 2023 and December 31, 2022 consist of:

	2023	2022
Trade receivables		
Third parties	4,803,268	3,968,815
Related parties	11,809	5,629
Provision for volume rebates, trade discounts and other incentives	(922,578)	(637,424)
Provision for impairment of receivables	(195,276)	(177,158)
Net trade receivables	3,697,223	3,159,862
Non-trade receivables, net		
Advances to/Claims from suppliers	122,109	127,204
Related parties	78,356	46,138
Advances to employees	42,838	40,624
Rental deposits	5,663	5,555
Others	119,549	75,764
	368,515	295,285
Total Trade and Other Receivables, net	4,065,738	3,455,147

Provisions

The Group applies PFRS 9 simplified approach in measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 to 60 months before January 1, 2023 and 2022 and the corresponding historical credit losses experienced within this period.

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

- High performing - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- Underperforming - some reminder/follow-ups are performed to collect accounts from counterparty.
- Credit impaired - constant reminder/follow-ups are performed to collect accounts from counterparty.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in such rates.

On that basis, the loss allowance as at June 30, 2023 and December 31, 2022 was determined as follows for both trade receivables and contract assets:

	High performing	Underperforming		Credit impaired	Total
	Current	Up to 6 months past due	6 to 12 months past due	Over 12 months past due	
Expected loss rate	Within 0% to 12%	Within 1% to 27%	Within 1% to 27%	Within 1% to 100%	
2023					
Trade receivables					
Third parties	3,477,538	1,043,396	121,000	161,334	4,803,268
Related parties	2,952	8,857	-	-	11,809
	3,480,490	1,052,253	121,000	161,334	4,815,077
Contract assets	1,197,353	-	-	-	1,197,353
Total	4,677,843	1,052,253	121,000	161,334	6,012,430
Loss allowance	-	-	35,979	159,297	195,276
2022					
Trade receivables					
Third parties	2,653,295	1,016,825	122,608	176,087	3,968,815
Related parties	5,629	-	-	-	5,629
	2,658,924	1,016,825	122,608	176,087	3,974,444
Contract assets	781,668	-	-	-	781,668
Total	3,440,592	1,016,825	122,608	176,087	4,756,112
Loss allowance	-	-	5,392	171,766	177,158

Advances to employees are realized through salary deductions. Rental deposits are expected to be applied to future lease obligations. All these accounts, including non-trade receivables from related parties, and other receivables do not contain impaired assets and are not past due.

The contract assets relate to unbilled work in progress and have the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The maximum exposure to credit risk at the reporting date is the respective carrying values of trade receivables, contract assets, other receivables and due from related parties as at reporting date.

Note 4 - Inventories, net

Inventories, net as at June 30, 2023 and December 31, 2022 consist of:

	Note	2023	2022
At cost			
Raw materials		1,654,982	1,502,860
Finished goods	10	1,578,138	1,510,893
Work in process	10	1,605	572
Inventories-in-transit		87,381	167,780
Spare-parts and supplies used in business		82,267	84,171
		3,404,373	3,266,276
Provision for inventory obsolescence		(111,441)	(104,297)
Inventories, net		3,292,932	3,161,979

For the period ended June 30, 2023, the cost of inventory recognized as expense and included in cost of sales and services amounted to P4,654,628 (2022 – P4,082,124) (Note 10).

Note 5 - Investments in Associates

Details of movement in investment in associates as at June 30, 2023 and December 31, 2022 follow:

	2023	2022
At cost, beginning	260,000	274,700
Additional investments	-	-
Change of ownership from associate to subsidiary	-	(14,700)
At cost, ending	260,000	260,000
Cumulative share in total comprehensive loss, beginning	(169,991)	(145,948)
Share in net income (loss) for the year	28,487	(31,996)
Share in other comprehensive income (loss) for the year	-	1,126
Reversal of accumulated net loss in Tenex	-	6,827
Cumulative share in total comprehensive loss, ending	(141,504)	(169,991)
Investment in Associates	118,496	90,009

As at June 30, 2023 and December 31, 2022, the investment in associate pertains only to CMIP.

Note 6 - Goodwill and intangible assets, net

6.1 Goodwill

Goodwill is the excess of consideration over proportionate share in fair value of net assets.

Goodwill resulted from CIC's acquisition of COPI in 2014, Teko in 2018 and Tenex in 2022.

For the COPI acquisition, the Group applied the proportionate interest approach to account for the resulting NCI from this business combination. The goodwill of P783,983 arising from the acquisition is attributable to an established brand, and customer and product base.

For Teko acquisition, the Group applied the proportionate interest approach to account for its NCI. The goodwill of P18,379 arising from the acquisition is attributable to Teko's web-based platforms, consisting of its website and mobile application.

In 2022 under acquisition method, the Group recognized a goodwill of P4,320 from the acquisition of Tenex. The Group applied the proportionate interest approach to account for its NCI.

Impairment test for goodwill

Discounted cash flow (DCF) method was used as base for estimating the recoverable value of COPI and Teko as at June 30, 2023 and December 31, 2022. The Group did not recognize impairment losses for the period ended June 30, 2023 and December 31, 2022 as the recoverable value exceeds the carrying amount of the cash-generating unit (CGU). Goodwill arising from the Group's acquisition of Tenex was assessed as not impaired since the current carrying amount approximates its fair value as at June 30, 2023.

6.2 Intangible assets, net

Details and movements of intangible assets account at June 30, 2023 and December 31, 2022 are shown below:

	Customer relationship	Customer backlogs	Computer software	Total
Cost				
At January 1, 2023	187,113	13,883	118,562	319,557
Additions (adjustments)	-	-	-	-
At June 30, 2023	187,113	13,883	118,562	319,557
Accumulated amortization				
At January 1, 2023	68,392	13,883	101,440	183,714
Amortization	3,742	-	5,916	9,658
At June 30, 2023	72,134	13,883	107,356	193,372
Net book values at June 30, 2023	114,979	-	11,206	126,185
Cost				
At January 1, 2022	187,113	13,883	118,846	319,842
Additions (adjustments)	-	-	(285)	(285)
At December 31, 2022	187,113	13,883	118,562	319,557
Accumulated amortization				
At January 1, 2022	60,908	13,883	80,526	155,317
Amortization	7,484	-	20,913	28,397
At December 31, 2022	68,392	13,883	101,440	183,714
Net book values at December 31, 2022	118,721	-	17,122	135,843

Note 7 - Trade payables and other liabilities

Trade payables and other liabilities as at June 30, 2023 and December 31, 2022 consist of:

	2023	2022
Trade payables		
Third parties	1,295,957	1,036,070
Related parties	419,953	260,196
Total Trade Payables	1,715,910	1,296,266
Accrued expenses		
Project costs	643,576	553,734
Personnel Costs	381,756	344,238
Outside services	234,752	282,688
Freight	76,988	48,574
Advertising and promotion	58,077	44,489
Rental and utilities	45,439	53,420
Importation costs	39,645	46,177
Professional fees	23,881	56,002
Repairs and maintenance	5,382	5,067
Commission	4,149	1,923
Installation and cleaning costs	126	126
Others	223,521	104,502
Total Accrued expenses	1,737,292	1,540,940
Other liabilities		
Advances on sales contract	425,354	284,702
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	266,821	277,572
Output value-added tax (VAT), net of input VAT	315,897	145,778
Withholding taxes and other mandatory government remittances	19,848	90,962
Related parties	7,721	35,140
Others	306,771	224,899
Total Other Liabilities	1,342,412	1,059,053
Total	4,795,614	3,896,259

Project costs represent costs of HVAC related projects incurred but not yet paid as at reporting date.

Note 8 - Short-term borrowings

Movements of short-term borrowings as at June 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Beginning	114,000	250,000
Borrowings	-	150,000
Payments	(109,000)	(286,000)
Ending	5,000	114,000

As at June 30, 2023 and December 31, 2022, the Group has unsecured interest-bearing short-term loans ranging from three (3) to six (6) months from 5.35% to 7.98% (2022 -5.35% to 7.25%).

Interest expenses on borrowings recognized and paid during the period ended June 30, 2023 amounted P928 (2022 – P5,623).

Note 9 - Revenue from contracts with customers

Details of net sales and services for the periods ended June 30 are as follows:

	2023	2022
Gross sales		
Sale of goods (Point in time)	7,796,251	6,963,479
Sale of services (Over time)	404,799	397,171
	8,201,050	7,360,650
Deductions		
Trade and volume discounts and other incentives	(742,472)	(330,722)
Sales returns	(225,307)	(304,414)
	(967,779)	(635,136)
Net sales and services	7,233,271	6,725,514

The Group revised the breakdown of revenue and related deduction for the period ended June 30, 2022, to conform with current year presentation. The changes did not impact previously reflected net income, financial position and cash flows.

Note 10 - Cost of sales and services

Details of cost of sales and services for the periods ended June 30 are as follows:

	Note	2023	2022
Raw materials used		1,352,109	3,254,974
Labor		96,496	79,193
Overhead		298,774	308,372
Total manufacturing cost		1,747,379	3,642,539
Work-in-process, beginning	4	572	2,587
Work-in-process, ending	4	(1,605)	(5,808)
Cost of goods manufactured		1,746,346	3,639,318
Finished goods inventory, beginning	4	1,510,893	1,140,542
Gross purchases - trading		2,975,527	1,224,483
Finished goods available for sale		6,232,766	6,004,343
Finished goods inventory, ending	4	(1,578,138)	(1,922,219)
Total cost of sales		4,654,628	4,082,124
Cost of installation and services		299,658	450,147
Others		4,103	11,534
Total cost of services		303,761	461,681
Total cost of sales and services		4,958,389	4,543,805

Note 11 - Operating expenses

Details of operating expenses for the periods ended June 30 are as follows:

	2023	2022
Personnel costs	681,533	607,083
Outside services and professional fees	414,188	410,071
Outbound freight	199,693	176,079
Advertising and promotion	119,135	67,179
Amortization of right-of-use assets	93,529	93,919
Warranty cost	77,228	63,105
Rent and utilities	52,540	53,495
Depreciation and amortization	31,344	32,187
Transportation and travel	23,611	14,778
Royalty	21,924	16,766
Taxes and licenses	19,638	25,035
Provision for impairment of receivables	16,726	(6,457)
Amortization of intangible assets	9,130	13,633
Repairs and maintenance	8,642	6,659
Provision for (Reversal of) inventory obsolescence	5,244	7,935
Others	66,059	86,247
	1,840,164	1,667,714

The Group reclassified a portion of the rent expense to amortization of right-of-use assets for the period ended June 30, 2022 to align the expense classification in 2023. The changes did not impact previously reflected net income, financial position and cash flows.

Note 12 - Retirement plan

12.1 CIC

CIC has an established retirement plan which is a non-contributory and of the defined benefit type which provides a retirement benefit ranging from twenty percent (20%) to one hundred twenty-five percent (125%) of basic monthly salary times number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the retirement plan. This retirement plan is in agreement with CCAC's retirement plan that was started on July 1, 1999 since most of the employees of CIC were absorbed from CCAC.

12.2 CCAC

CCAC has an established funded, trustee and non-contributory and of the defined benefit type retirement plan covering all its regular employees. The retirement plan provides lump sum benefits upon retirement, death, total and permanent disability, voluntary separation after completion of ten (10) years of credited service, and involuntary separation (except for cause). Normal retirement age is 60 years or 15 years of credited service, whichever is earlier and provides for retirement benefit equivalent to 125% of the latest monthly salary per year of service.

The Retirement Plan Trustee, as appointed by CCAC in the Trust Agreement executed between CCAC and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek and advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund.

There are no unusual or significant risks to which the Plan exposes CCAC. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the

benefit, the unfunded portion of the claim shall immediately be due and payable from CCAC to the Retirement Fund.

In accordance with the provisions of Bureau of Internal Revenue (BIR) Regulation No. 1-68, it is required that the Retirement Plan be trustee; that there must be no discrimination in benefits that forfeitures shall be retained in the Retirement Fund and be used as soon as possible to reduce future contributions; and that no part of the corpus or income of the Retirement Fund shall be used for, or divided to, any purpose other than for the exclusive benefit of the Plan members. CCAC is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the CCAC's discretion.

12.3 Alstra; Teko; Tenex

These entities have not yet established a formal retirement plan for its employees but pays retirement benefits required under Republic Act (RA) No. 7641 (Retirement Law). RA 7641 provides that all employees between ages 60 to 65 with at least 5 years of service with the entities who may opt to retire are entitled to benefits equivalent to one-half month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. The term one-half month shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month and the cash equivalent of not more than five (5) days of service incentive leaves.

As at June 30, 2023 and December 31, 2022, estimated retirement benefits and obligations for Alstra is deemed immaterial, hence, not provided for.

12.4 COPI

The Company has a funded, non-contributory defined benefit plan which provides a retirement benefit range of twenty percent (20%) to two hundred percent (200%) of plan salary for every year of service to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years and optional retirement date is at age 50 or completion of at least ten (10) years of service.

12.5 CBSI

CBSI has a non-contributory retirement benefit plan which provides a retirement benefit ranging from twenty percent (20%) to one hundred twenty-five percent (125%) of basic monthly salary times number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

12.6 CTC

CTC has established an unfunded, defined benefit retirement plan which provides a retirement benefit equivalent to one hundred twenty-five percent (125%) of basic salary times number of years in service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

The retirement obligation of each entity in the Group is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation of the retirement benefits for each entity in the Group was sought from an independent actuary as at December 31, 2022.

12.7 CDI

In February 2021, CDI's BOD approved the establishment of a non-contributory retirement plan covering all its regular employees. The plan provides lump sum benefits upon retirement, death, total and permanent disability, voluntary separation after completion of at least ten (10) years of credited service, and involuntary separation (except for cause). Normal retirement age is 60 years or 25 years

of credited service, whichever is earlier and provides for retirement benefit equivalent to hundred twenty-five percent (125%) of the latest monthly salary per year of service.

The following are the details of the retirement benefit obligation (asset) and retirement benefit expense as at June 30, 2023 and December 31, 2022:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2023									
Retirement benefit obligation	22,661	337,371	145,728	73,800	8,546	952	3,184	891	593,133
Retirement benefit expense	1,013	21,395	13,930	7,469	6,231	67	551	312	50,968
2022									
Retirement benefit obligation	21,647	315,976	148,297	76,832	3,653	885	2,632	580	570,502
Retirement benefit expense	1,383	56,883	26,205	19,115	5,061	317	1,283	625	110,872

Retirement benefit expense is included as part of personnel costs under operating expenses (Note 11).

Note 13 - Equity

13.1 Share capital

As at June 30, 2023 and December 31, 2022, CIC's authorized share capital amounting to P700,000 is composed of 700 million shares with par value of P1 per share.

The details and movement of share capital as at and for the period ended June 30, 2023 and for the year ended December 31, 2022 follows:

	Number of common shares issued and outstanding	Amount		
		Share capital	Share premium	Treasury shares
January 1, 2022	401,855,091	407,264	993,243	(172,108)
Acquisition of treasury shares	(3,942,600)	-	-	(69,356)
December 31, 2022	397,912,491	407,264	993,243	(241,464)
Acquisition of treasury shares	-	-	-	-
June 30, 2023	397,912,491	407,264	993,243	(241,464)

13.2 Dividend declaration

Cash dividends declared, attributable to owners of CIC, for the period ended June 30, 2023 and for the year ended December 31 are as follows:

Date declared	Date paid	Per share	2023	2022	2021
March 29, 2023	April 25, 2023	0.5	198,956	-	-
February 16, 2022	April 12, 2022	1.0	-	401,855	-
February 10, 2021	April 12, 2021	1.0	-	-	401,955
			198,956	401,855	401,955

For the period ended June 30, 2023 and for the year ended December 31, 2022, NCI from profit distribution of CCAC and COPI amounted to P172,000 and P44,100, respectively (2022 - P202,100 and P39,200, respectively).

13.3 Treasury shares

On February 17, 2016, CIC's BOD approved a non-solicitation share buyback program to be carried out until February 16, 2019. On September 9, 2019, CIC's BOD approved a non-solicitation share buyback program to be carried out until September 9, 2022.

March 20, 2020, the BOD amended the terms of the share buyback program to increase the limit of the common shares that may be repurchased during the first year of the program from P100 million to P300 million.

On July 27, 2022, the BOD extended the share buyback program to another two years or until September 9, 2024. Out of the approved buyback of P300 million, total amount of shares repurchased was P168 million as at June 30, 2023.

As at June 30, 2023 and December 31, 2022, acquisition of treasury shares amounted to P241 million.

Note 14 - Earnings per share

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

Earnings per share for the periods ended June 30 is calculated as follows:

	2023	2022
Net income (loss) attributable to owners of the Parent Company	216,451	112,459
Weighted average common shares - basic and diluted (in '000)	397,912	401,227
Basic and diluted earnings per share	0.54	0.28

The basic and diluted earnings per share are the same each for the period presented as there are no potential dilutive common shares.

Management's Discussion and Analysis of Financial Condition and Results of Operations (based on the Unaudited Consolidated Results)**OVERVIEW OF THE BUSINESS**

Concepcion Industrial Corporation (the "Company" or "CIC"), formerly Concepcion Airconditioning Corporation ("CAC"), is one of the Philippines' most established and leading suppliers of air conditioners, air conditioning solutions, and refrigerators. The Company has expanded its business beyond being a trusted expert in air conditioning and refrigeration, towards becoming a complete consumer and commercial solutions company with a range of solutions and aftermarket services across multiple international and Philippine brands including Carrier, Toshiba, Condura, Kelvinator, Midea and Otis. These solutions are designed to serve a wide array of customers from individuals and single families living in residences, to thousands of people spread across large residential towers, office buildings, entertainment facilities, and commercial and industrial sites. These solutions are also designed to meet a variety of diverse needs, such as reliability, durability, comfort, energy efficiency, environmental impact, ease of use, and aesthetic appeal at varying price points with customized features to match the individual requirements. Moreover, the Company continues to develop these technologies to meet the ever-changing needs of its customers. In addition, the Company offers an array of aftermarket services such as periodic maintenance, parts supply, repairs and other services intended to support its products through their entire life cycle. Moving beyond products, CIC invests heavily on strengthening its relationship with its customers through the development of various platforms and applications designed to ensure a better fit between the product and service offerings to the customer's lifestyle. The Company believes that these aftermarket services, combined with its wide range of air conditioning and refrigeration products catering to various customer needs, offer customers enhanced value that distinguishes the Company's air conditioning and refrigeration solutions from those of its competitors.

As of June 30, 2023, CIC has eight major subsidiaries and two associates. For its subsidiaries, the Company owns 60% of CCAC, 100% of CDI, effectively 51% of COPI through its ownership in Alstra Inc., 100% of CBSI, 100% of CTC, 100% of Alstra Inc., effectively 58% of Teko through its ownership in CTC, and 80% of Tenex through its ownership in Alstra Inc. For its associates, the Company owns effectively 40% of CMI through its ownership in CCAC and 33% of Teko SG through its ownership in CTC.

Carrier Air Conditioning Company (CCAC)

CCAC engages in the manufacture, sale, distribution, installation, and service of heating, ventilating, and air conditioning (HVAC) products and services for residential, commercial, and industrial use. CCAC is a joint venture between CIC and Carrier Air Conditioning Philippines, Inc. (CACPI), which allows it to offer Carrier and Toshiba brand air conditioners and Totaline parts. CCAC also offers other brands such as Condura and Kelvinator. CCAC manufactures a select range of its air conditioning equipment at its factory in Light Industry and Science Park in Cabuyao, Laguna, Philippines. The factory is Philippines' largest air conditioning facility with a capacity of approximately 500,000 units per year and a production area of 19,620 sqm. CCAC's products are distributed and sold primarily in the Philippines. It has a nationwide distribution reach supported by a nationwide aftermarket network. The Company believes CCAC has the largest air conditioning market share in the Philippines in terms of revenues, including leading market positions in the residential, commercial and industrial segments.

Concepcion Durables, Inc. (CDI)

CDI engages primarily in the manufacture, assembly, wholesale, retail, purchase, and trade of refrigeration equipment, including Condura and Kelvinator brand refrigerators and freezers. CDI manufactures a select range of its products at its factory at Light Industry and Science Park in Cabuyao, Laguna, adjacent to CCAC's air conditioning factory. The factory has a capacity of 300,000 units per

year and a production area of 16,420 sqm. CDI has leadership presence in the residential and light commercial (“RLC”) refrigeration market in the Philippines. From 2020 onwards, CDI has continuously expanded its product portfolio from small domestic appliances such as rice cooker, coffee maker, juicer to kitchen and laundry appliances.

Concepcion Midea Inc. (CMI)

CMI is a joint venture between Midea Electric Trading (Singapore) Co. Pte. Ltd. (Midea), and CIC and CCAC. CMI’s primary purpose is to introduce Midea brand products in the Philippine market as a supplier of a full range of appliances such as air conditioners, refrigerators, laundry and kitchen appliances. CMI is also a distributor of Toshiba brand such as refrigerator, laundry and kitchen appliances since 2019. This will not only expand the Company’s multi-brand offering to the Philippine market but will also allow it to expand into the wider white goods market. Established in 1968, Midea is a leading global white goods and air conditioning systems manufacturer, with operations around the world. Midea is a Global Fortune 500 company and has joint venture agreements with Carrier Corporation in selected countries.

Concepcion-Otis Philippines, Inc. (COPI)

COPI is a joint venture between Alstra Inc., a wholly owned subsidiary of CIC, and Otis Elevator Company (Philippines). COPI sells, installs and service Otis brand elevators and escalators in the Philippines. Its solutions include engineering design, supply and installation, project management, testing and commissioning, service repairs and parts, retrofit services on vertical transportation equipment. Otis is the world’s leading brand for elevator and escalator equipment, installation and service.

Concepcion Business Services, Inc. (CBSI)

CBSI’s primary business purpose is to consolidate support services across CIC and its subsidiaries and affiliates particularly in the areas of Finance, Human Resources, Information and Communications Technology, Legal and Compliance, as well as Facilities Management. In 2020, CBSI introduced an online platform, called Concepstore, to enable other subsidiaries to sell directly to consumers.

Cortex Technologies Corporation (CTC)

CTC engages in the research, development and commercialization of new and emerging technologies. CTC also develops strategic partnerships and identifies potential acquisitions, both locally and abroad, to develop solutions that are aligned with CIC’s broader vision of building better lives and businesses and owning the home. CTC works across the enterprise to help facilitate innovation and maintain CIC’s position as a market leader.

Alstra Incorporated (Alstra)

Alstra Inc. was organized primarily as a holding company to make investments in solutions for buildings and the industrial markets. Alstra may also engage in the business of installation, construction, maintenance and supply of equipment for mechanical, electrical, plumbing and fire protection services, facilities management, civil construction, technology services, electronics, devices and equipment in relation to building services and other building solutions-related services, among others.

Teko Solutions Asia Inc. (Teko)

Teko is focused on building and operating a platform to provide appliance repair and maintenance services. It leverages on information technology solutions and innovative business models to transform the appliance services market.

Tenex Services, Inc. (Tenex)

Tenex is positioned to provide HVAC installation, repairs and maintenance services to commercial and business establishments. Effective July 1, 2022, Tenex became a subsidiary of the Company through its ownership in Alstra, Inc. from the latter's purchase of shares from 49% to 80%.

Teko Solutions Pte. Ltd. (Teko SG)

Teko SG is a company incorporated in Singapore. Its purpose of business is to be a holding company for the regional expansion of Teko across Southeast Asia.

Factors Affecting the Company's Results of Operations

Factors affecting the Company's financial and operational results in the first six months of 2023

Macroeconomic Fundamentals: Inflation continued to slow down in June 2023 at 5.4%, coming from 6.1% in May. Based on Philippine Statistics Office, this marked the fifth consecutive month of deceleration in the headline inflation and the lowest in the past 13 months. The Philippine economy is expected to post slower growth, as full-year GDP is seen below 2022 level. Against this macroeconomic backdrop, consumers are expected to shift focus on basic necessities, as the lagged effect of inflation is seen to continue exerting pressure on domestic purchasing power. However, the recently announced wage hike in Metro Manila, which took effect last July 16, may cushion this impact on consumer behavior.

Construction Sector Developments: The construction industry is expected to continue improving gradually with the increasing economic activities, as the government relaxed most of mobility restrictions in the country. Moreover, the government is eyeing to spend 5% to 6% of GDP on infrastructure and is seen to increase up to 12% with the passage of the proposed Public-Private Partnership Act and the enactment of the Republic Act 11954: Maharlika Investment Fund Law.

Commodity Prices: The Company depends on raw materials sourced from third parties to produce the majority of its products. Raw materials represent about 77% of the Company's manufactured cost of sales. Commodity prices have eased slightly from last year's highs; however, the prices remain at elevated levels and continue to affect most businesses and consumer spending. Copper prices have held up well as the market is well-balanced. Muted economic sentiment is seen to continue impacting short-term price dynamics.

Description of Selected Income Statement Items

Net Sales

The Company generates revenues from sales of its heating, ventilation and air conditioning (HVAC) including repairs and maintenance services, refrigeration units, laundry and kitchen appliances through its subsidiaries, CCAC, Tenex, and CDI, including sales and service of elevators and escalators in COPI, and building and operating a platform to provide appliance repair and maintenance services in Teko.

Costs and Expenses

- Cost of sales and services

The Company's cost of sales and services comprises the cost of finished goods, raw materials used for the Company's manufactured products, installation costs, labor, and manufacturing and service overhead.

- Expenses

The Company's operating expenses include employee costs, outside services, freight out, rent and utilities, warranty costs, marketing and advertising costs, transportation, travel and entertainment, provisions for commission, impairment of receivables, inventory obsolescence, legal disputes and assessments, repairs and maintenance, royalties, non-income taxes and licenses, depreciation and amortization, commission expense, supplies, insurance, and professional fees.

- Other net operating income (loss)

The Company's other operating income (loss) comprises of interest expense on loans, foreign exchange losses, net of interest income on bank deposits and short-term placements, commission and service income.

Income tax expense (benefit)

The Company's income tax expense comprises the income taxes accrued and/or paid by the Company and its respective subsidiaries including the deferred income tax assets or tax related to future tax benefits.

Net Income

Net income represents the earnings of the Company and its respective subsidiaries.

Net Income Attributable to Parent

Net income attributable to Parent represents the Company's share at 60% of the net income of CCAC, 100% of the net income of CDI, 100% of the net income of CBSI, 100% of the net loss of CTC, 100% of the net income of Alstra, effectively 51% of the net income of COPI, effectively 58% of the net loss of Teko, and effectively 80% of net loss of Tenex.

Segment information

The Company reviews and analyzes profit or loss into Consumer and Commercial business while assets, liabilities and other accounts are analyzed on a per entity basis - CCAC, CDI and COPI with all other entities as part of Others.

a. Profit or loss

Segment information on reported consolidated profit or loss for the periods ended June 30, as follows (amounts are in millions):

	Consumer business	Commercial business	Others	Total
2023				
Net sales and services	5,340	1,854	39	7,233
Timing of revenue recognition				
Point in time	5,340	1,475	13	6,828
Over time	-	379	26	405
Cost of sales and services	(3,709)	(1,230)	(19)	(4,958)
Gross profit	1,631	624	20	2,275
Operating expenses	(1,399)	(424)	(17)	(1,840)
Other operating income (loss)	14	6	3	23
<i>Interest income*</i>	2	5	2	9
Interest expense	(11)	(3)	(1)	(15)
Share in net loss of associates	28	-	-	28
Income tax benefit (expense)	(59)	(51)	(11)	(121)
Net income (loss) for the six months ended	204	152	(6)	350
2022				
Net sales and services	5,200	1,503	23	6,726
Timing of revenue recognition				
Point in time	5,200	1,122	7	6,329
Over time	-	381	16	397
Cost of sales and services	(3,504)	(1,027)	(13)	(4,544)
Gross profit	1,696	476	10	2,182
Operating expenses	(1,315)	(286)	(67)	(1,668)
Other operating income (loss)	(77)	(9)	8	(78)
<i>Interest income*</i>	1	1	1	3
Interest expense	(6)	-	(7)	(13)
Share in net income of associates	(23)	(1)	-	(24)
Income tax expense (benefit)	(82)	(47)	(6)	(135)
Net income (loss) for the six months ended	193	133	(62)	264

*account included in other operating income (loss)

Consumer business pertains to heating, ventilation and air conditioning (HVAC) products, aftermarket parts and related services for consumer use as well as domestic refrigeration products. It is supported by a vast network of distributors, dealers, retailers and technicians, who sell, install and service the Group's products primarily in the residential and light commercial segments.

Commercial business pertains to heating, ventilation and air conditioning (HVAC) products and services as well as sales and services of elevators and escalators, primarily for industrial and commercial use. It is sold directly to end customers and through a network of accredited sub-contractors.

b. Assets, Liabilities and Other Accounts

Segment information on consolidated assets and liabilities as at June 30, 2023 and December 31, 2022 (in millions) are as follows:

	CCAC	CDI	COPI	Others	Total
2023					
Current assets	6,431	2,152	994	462	10,039
Non-current assets	948	486	904	406	2,744
Current liabilities	3,397	558	670	559	5,184
Non-current liabilities	567	275	9	115	966
2022					
Current assets	5,412	2,376	957	458	9,203
Non-current assets	742	493	918	415	2,568
Current liabilities	2,299	768	585	602	4,254
Non-current liabilities	431	268	4	115	818

CCAC's products and related services include HVAC, and air conditioning products. It is supported by a vast network of distributors, dealers, retailers and technicians who sell, install and service the Group's products in the industrial, commercial and residential property sectors. The management performs review of gross profit per component, while review of segment operating expenses, income tax, and profit or loss are done in total.

CDI is engaged in the manufacturing of refrigerators and freezers and distribution of laundry and kitchen appliances for domestic market.

COPI is engaged in distribution and service of elevators and escalators.

The balances presented in Others are composed of the other entities in the Group including CIC standalone balances.

RESULTS OF OPERATIONS

Quarter Ended June 30, 2023 vs. Quarter Ended June 30, 2022

CIC benefitted from the extreme summer season resulting in Q2 net sales growth of 19.6% versus same period last year. This was mainly coming from the air conditioning business with 35.6% overall Q2 sales growth. This was partly hampered by the decline in elevator and refrigerator sales. The Company's performance was also supported by lower loss from foreign exchange. Impact of higher sales volume was partly offset by lower margins due to aggressive promotions and higher OPEX.

Net sales and services

Consolidated net sales and services for the quarter was at P4.4 billion. This was 51.0% higher than Q1 sales.

Consumer Business generated sales of P3.2 billion, an increase of 11.3% versus same period last year. This was primarily attributed to increase in demand for window room air conditioner inverter models in Q2, thereby reversing the sales decline in Q1. Last quarter's performance was affected by rising inflation and logistical challenges in the last week of March. The summer heat and slowdown in inflation also favorably impacted consumer spending this quarter. Laundry and parts sales also contributed to the higher sales. This was, however, partly offset by lower sales volume of direct cool refrigerator due to overall market decline and lower sales volume of no frost refrigerators brought about by the transition to new models.

Commercial equipment sales reached P1.1 billion for the quarter, a 50.1% increase versus same period last year. This was mainly due to higher project deliveries on VRF ranges and commercial systems. The aftermarket service sales for both air conditioner and elevator businesses also continued to show steady growth at 19.9% for Q2. This was partly offset by lower elevator equipment sales due to a higher base coming from a large project last year.

Gross Profit

CIC registered Q2 consolidated gross profit of P1.3 billion, a 6.6% increase from comparable period in 2022, lifted by higher sales volume of air conditioners. However, as a percentage of sales, margin declined by 3.5 ppts versus last year due to pricing promotions to compete in the market and transitioning to newer models.

Operating Expenses

CIC's total operating expenses stood at P940.2 million for the 3 months ended June 30, 2023, a 14.5% increase versus the same period last year, driven largely by higher volume-related costs, employee costs and advertising and promotions.

Other Operating Income (loss) and Finance Costs

Other operating income ended at P5.3 million, mainly from interest income on time deposits and other income partly offset by foreign exchange loss, but notably lower than last year's recorded loss. Finance cost of P9.3 million pertained to interest expense on lease liabilities and short-term borrowings.

Net Income

CIC recorded a Q2 net income of P257.1 million, a 10.3% growth compared to last year. The favorable result was attributed to higher sales volume for the quarter, lower foreign exchange loss and associate income coming from good CMI sales performance. Profit after tax after minority interest (PATAMI) was P162.8 million, P29.0 million higher than same period in 2022.

Period Ended June 30, 2023 vs. Period ended June 30, 2022

For the first half of the year, the Company achieved 7.5% consolidated sales growth due to better performance in Q2, offsetting the slowdown in Q1. The air conditioning business posted an 18% overall sales growth YTD, offsetting the decline in the elevator equipment and refrigerator businesses. Lesser fluctuations of the Philippine Peso versus the US Dollar and Chinese Yuan yielded lower foreign exchange losses this year versus recorded losses last year. Impact of higher sales volume was partly offset by lower margins due to product mix and aggressive promotions and higher OPEX.

Net sales and services

For the period ended June 30, 2023, the consolidated net sales and services was at P7.2 billion.

Consumer Business in the first half generated sales of P5.3 billion, which accounts for 73.8% of the Company's total sales. This is an increase of 2.7% versus same period last year and primarily attributed to the higher sales of window room air conditioner inverter models in Q2. Laundry and Parts sales continued to show steady quarterly sales growth that contributed to the increase in sales. This was, however, partly offset by lower sales volume of refrigerators due to overall direct cool market decline and transition to new models for no frost.

Commercial Business achieved sales of P1.9 billion, an increase of 23.4% mainly due to higher air conditioning equipment and aftermarket service sales for both air conditioner and elevator businesses. This was partly offset by lower elevator equipment sales due to a higher base coming from a large project last year.

Gross Profit

CIC registered consolidated gross profit of P2.3 billion for the period ended June 30, 2023, a 4.3% increase from comparable period in 2022, lifted by higher sales volume of air conditioners. However, as a percent of sales, margin declined by 1.0 ppts, due to aggressive pricing to compete in the market and transitioning to newer models.

Operating Expenses

CIC's total operating expenses stood at P1.8 billion for the period ended June 30, 2023, a 10.3% increase versus last year, driven largely by higher volume-related costs, employee costs and advertising and promotions.

Other Operating Income (loss) and Finance Costs

Other operating income ended at P22.6 million, mainly from interest income on time deposits and other income partly offset by foreign exchange loss, but notably lower than last year's recorded loss. Finance cost of P14.5 million pertained to interest expense on lease liabilities and short-term borrowings.

Net Income

CIC recorded first half net income of P350.3 million, a 32.8% growth versus last year. The favorable result was attributed to higher sales volume in Q2, lower foreign exchange losses and associate income coming from good CMI sales performance. Profit after tax after minority interest (PATAMI) was P216.5 million, P104.0 million higher than same period in 2022.

CONSOLIDATED FINANCIAL CONDITION

As at June 30, 2023 compared with as at December 31, 2022

The Company's financial and operating strategy enabled it to maintain an optimal and healthy financial condition to weather any external adversities and allowed it to thrive in an increasingly volatile market environment.

Consolidated total assets as at June 30, 2023 amounted to P12.8 billion, an increase of P1.0 billion from end of 2022 of P11.8 billion. The increase in assets was mainly from trade receivables, contract assets and inventory. Consolidated net cash position decreased by P338.6 million from end of 2022.

Total liabilities as at June 30, 2023, amounted to P6.1 billion, an increase of P1.1 billion from December 31, 2022, mainly due to trade payables from inventory purchase.

CONSOLIDATED CAPITAL EXPENDITURES

The Company makes regular capital expenditures annually to support its business goals and objectives, investing in the ongoing upgrade, expansion, and maintenance of its property and equipment relating primarily to machinery and equipment, office equipment and leasehold and building improvements. The Company has historically funded its capital expenditures primarily through working capital derived from operating income.

Year to date June 30, 2023, CIC's capital expenditures totaled to P58.8 million, of that amount the majority was spent on the purchase of machinery and equipment, and software upgrades which represent 78.1% of the total capital expenditures.

WORKING CAPITAL

As at June 30, 2023 and December 31, 2022, the Company's net current assets (the difference between total current assets, including cash and cash equivalents, and total current liabilities), was at P4.9 billion for both years, representing working capital sufficiency.

The Company's current assets consist of cash and cash equivalents, trade and other receivables, contract assets, inventories and prepayments and other current assets. The Company's current liabilities consist of trade payables and other liabilities, short-term borrowings, lease liabilities, provisions for warranty, other provisions, and income tax payable.

CASH FLOWS

The following table sets forth information from the Company's consolidated statements of cash flows for the period indicated (amounts in millions):

	For the periods ended June 30	
	2023	2022
Net cash flows provided by (used in) operating activities	180.6	(241.5)
Net cash flows used in investing activities	(55.8)	(29.6)
Net cash flows used in financing activities	(463.5)	(641.1)
Net increase (decrease) in cash and cash equivalents	(338.6)	(912.2)

The net cash flows provided by operating activities for the period ended June 30, 2023, was at P180.6 million composed of income before provision for income tax of P471.2 million excluding adjustments, changes in working capital, interest received and including actual income tax paid. The increase in cash flow from operating activities was due to the buildup of inventory and higher settlement of payables.

The net cash flows used in investing activities for the period ended June 30, 2023, was at P55.8 million mainly for the acquisition of property and equipment.

The net cash flows used in financing activities for the period ended June 30, 2023, was at P463.5 million relating to dividend payout, short-term borrowings and lease liabilities.

Key Performance Indicators

The Company monitors its financial and operating performance in terms of the following indicators:

	Definition	Unaudited for the periods ended	
		June 30, 2023	June 30, 2022
Gross Profit Margin	Gross Profit/Net Sales	31.5%	32.4%
Profit Before Tax	Profit before Tax/Net Sales	6.5%	5.9%
Net Income (% to Sales)	Net Income/Net Sales	4.8%	3.9%
Net Income/(Loss) Attributable to Shareholders (% to Sales)		3.0%	1.7%
Net Income/(Loss) Attributable to Shareholders (Php Millions)	Net Income/(Loss) Attributable to Shareholders / Net Sales	216.5	112.5
Return on Average Equity	Net Income after Non- Controlling Interest / Average Shareholder's Equity net of Non- Controlling Interest	4.4%	2.2%
Return on Average Assets	Net Income/Average Assets	2.7%	2.1%
Earnings per Share*	Net Income after Non- Controlling Interest / Average Shares Outstanding	0.54	0.28

		Unaudited as at	
		June 30, 2023	June 30, 2022
Current Ratio	Current Assets/Current Liabilities	1.9	1.9
Debt-to-Equity-Ratio	Total Liabilities/Total Equity	0.9	0.9
Asset-to-Equity Ratio	Total Assets/Total Equity	1.9	1.9
Book Value Per Share*	Shareholder's Equity net of Non-Controlling Interest / Total Shares Outstanding	12.3	12.2

*Total Number of Shares (weighted average) as at June 30, 2023, was 397,912,491 (2022 - 401,227,425)

- b. A scanned copy of the certification duly signed by the corporate secretary of the corporate beneficial owner attesting to the authority of the representative to vote for and on behalf of the corporate beneficial owner
 - c. A scanned copy of a valid government-issued ID of the representative of the corporate beneficial owner with photograph
4. Registration shall be validated by the Office of the Corporate Secretary in coordination with the Stock Transfer Agent of the Corporation. The Corporate Secretary shall inform the Stockholder of the validation results.
5. Voting shall be open from October 26, 2023 to November 11, 2023. All Stockholders who wish to vote through a proxy or in absentia shall submit the duly signed proxies or ballots, as the case may be, to the Office of the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to cic.secretary@romulo.com not later than November 11, 2023.
6. The Office of the Corporate Secretary shall tabulate all votes cast *in absentia* together with the votes cast by proxy, and committee organized by the Board will validate the results.
7. Stockholders who vote *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting in absentia for the Special Stockholders' Meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a Stockholder of the Corporation.

II. PARTICIPATION VIA REMOTE COMMUNICATION

1. Stockholders may attend the meeting remotely by viewing the livestream *via* Zoom Meeting (https://us02web.zoom.us/join/tZAqceyvqzlpHNbC3_5jlUjWRaAGIKZnTEyo). The information necessary to attend the meeting shall be sent to all shareholders who are able to register as required herein.
2. For purposes of quorum, only the following Stockholders shall be counted as present:
 - a. Stockholders who have voted *in absentia* within the period of October 26, 2023 to November 11, 2023;
 - b. Stockholders who have sent their proxies to the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to cic.secretary@romulo.com on or before November 11, 2023; and
 - c. Stockholders who have notified the Corporation of their intention to participate in the meeting by remote communication by sending an email to cic.secretary@romulo.com not later than November 11, 2023.
3. Questions and comments on the items in the Agenda may be sent to investorrelations@cic.ph. Questions or comments received on or before November 11, 2023 may be responded to during the meeting. Any questions not answered during the meeting shall be answered by the Corporation's Investor Relations Office via email or by posting on the Corporation's website.

ANNEX D

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **September 21, 2023**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **A1997-13456** 3. BIR Tax Identification No. **005-029-401-000**
4. **Concepcion Industrial Corporation**
Exact name of issuer as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **308 Sen. Gil Puyat Ave. Makati City, Philippines**
Address of principal office
8. **632-7721819**
Issuer's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

1209
Postal Code

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	397,912,491

11. Indicate the item numbers reported herein: Items 4 and 9.

We disclose that at the Special Meeting of the Board of Directors of Concepcion Industrial Corporation (the “Board” and “Company”, respectively) held on September 21, 2023, the Board approved the following:

1. The appointment of Mr. Isaias Ariel Fermin as Chief Executive Officer (CEO) of the Company effective January 1, 2024. Mr. Fermin has held senior leadership positions at renowned multinational companies such as Procter & Gamble, Coca-Cola, Unilever, and Nike, as well as local publicly-listed companies Max’s Group Inc (MGI), Jollibee Foods and PLDT. His extensive background covers brand management, product development, retail and sales operations, supply chain management, and general management. He obtained his degree in Chemical Engineering from the University of the Philippines in Diliman.

The Board’s decision to split the roles of CEO and Chairman aligns with its thrust to follow best governance practice which will contribute to unbiased strategic decisions and improve Board independence. It demonstrates the Board’s unwavering commitment to strengthen the Company’s corporate governance framework and ensure the highest standards of leadership within the organization.

Please see attached press release for full details;

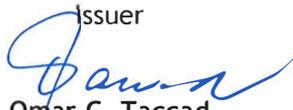
2. The Amendment of Article II and Article IV of the By-Laws summarized in the attached Annex A;
3. To call for a special meeting of the stockholders for the purpose of securing the approval of the proposed amendments to the By-Laws and confirmed the following items in connection therewith:
 - (a) The Special Stockholders Meeting will be held on November 21, 2023 at 10am via remote communication and voting in absentia is expressly authorized (“Special Meeting”).
 - (b) The record date for stockholders entitled to notice of, and to vote at the Special Meeting is October 5, 2023.
 - (c) The last day for filing proxies in connection with the Special Meeting is November 11, 2023.

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 hereunto duly authorized.

Concepcion Industrial Corporation

Issuer



Omar C. Taccad
Chief Compliance Officer
September 21, 2023

September 21, 2023

Date



CIC Appoints Ariel Fermin as its New CEO

FOR IMMEDIATE RELEASE

Statement from Raul Joseph A. Concepcion, Chairman of Concepcion Industrial Corporation

21 Sept 2023 – Today, I am pleased to announce a significant development at Concepcion Industrial Corporation (CIC), a leading provider of consumer lifestyle and building & industrial solutions in the Philippines.

After careful consideration and with full confidence, I, Raul Joseph A. Concepcion, Chairman of CIC, am delighted to inform you of the approval by our Board of Directors for the appointment of Isaias Ariel Fermin, known to many as Ariel, as our new Chief Executive Officer (CEO), effective from January 1, 2024.

This decision marks a pivotal moment for CIC, as it demonstrates our unwavering commitment to strengthening our corporate governance framework. We believe in separating the roles of CEO and Chairman to ensure the highest standards of leadership within our organization. Ariel Fermin is the ideal fit for this role, and we are excited to welcome him to the CIC family.



Ariel Fermin brings a wealth of experience and a distinguished track record of leadership across various industries. Ariel has held senior leadership positions at renowned multinational companies such as Procter & Gamble, Coca-Cola, Unilever, and Nike, as well as local publicly-listed companies Max's Group Inc (MGI), Jollibee Foods and PLDT. His extensive background covers brand management, product development, retail and sales operations, supply chain management, and general management.

As Chairman, I am thrilled to champion broader industry trends and opportunities for CIC, ensuring that we remain at the forefront of our domain. I firmly believe that embracing change is vital for progress, and this strategic move will not only position us to adapt to the evolving world but also set the stage for the next generation of leaders to thrive, innovate, and carry forward the legacy of CIC.

Ariel Fermin, our incoming CEO, has expressed his excitement about joining CIC and leading us into this new chapter. His words, "I am honored to lead CIC during this exciting chapter. I look forward to building 'happy spaces' with CIC and creating



a significant impact in nurturing the family's legacy and steering CIC to a very bright future," resonate deeply with our vision and values.

I have complete faith in Ariel's capabilities, and I am confident that his leadership will contribute significantly to CIC's continued success. Together, we will embark on this journey, uphold our commitment to excellence, and take CIC to even greater heights.

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CIC is one of the Philippines' most established and leading providers of airconditioning solutions, refrigerators, consumer appliances, and building and industrial solutions through a portfolio of six companies – Concepcion-Carrier Airconditioning Company (CCAC), Concepcion Durables Inc. (CDI), Concepcion Midea Inc. Philippines (CMIP), Concepcion Otis Philippines Inc. (COPI), Concepcion Business Services Inc. (CBSI), and Cortex Technologies Corporation (CTC).

FOR MEDIA INQUIRIES, CONTACT:

Atty. Omar Taccad

Rafael Hechanova Jr.

Concepcion Industrial Corporation

investorrelations@cic.ph

ANNEX A

PROPOSED AMENDMENTS TO THE BY LAWS OF
 CONCEPCION INDUSTRIAL CORPORATION
 SEPTEMBER 21, 2023

Article and Section Nos.	From	To
<p>Article II Section 4</p>	<p>Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting.</p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if 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.</p>	<p>Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary <u>at least two (2) weeks prior to the date of the meeting by personal delivery or by mail to each stockholder of record at his last known address, by electronic transmission, or such other manner as may be allowed by applicable law, rules and regulations, including by publication in a newspaper of general circulation in printed or online format.</u> The notice shall state the place, date and hour of the meeting, <u>the means of remote communication, if any, by which stockholders, may be deemed present and vote at such meeting,</u> and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting. <u>As used herein, electronic transmission means the delivery or transfer of documents, data, or information by electronic mail to the electronic address of the stockholder registered in the books of the Corporation, posting in the Philippine Stock Exchange, posting in the Corporation's website, or such other recognized means of electronic transfer of data or information.</u></p> <p>When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any</p>

		<p>notice of the adjourned meeting if 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.</p>
<p>Article II Section 6</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p>	<p>Conduct of Meeting - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders representing a majority of the outstanding capital stock present or duly represented at the meeting. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without need of further notice other than that announced at the meeting.</p> <p><u>The Corporation may opt to hold full virtual meetings, subject to applicable law, rules and regulations of the Securities and Exchange Commission, as may be amended from time to time.</u></p>
<p>Article II Section 7</p>	<p>Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is presented to the Secretary. All proxies must be</p>	<p>Manner of Voting - At all meetings of stockholders, a stockholder may vote in person, <u>through remote communication, in absentia</u>, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed by the Board of Directors and sealed with the corporate seal which, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Unless otherwise provided in the proxy, it shall be valid only for the meeting during which it is</p>

	<p>acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.</p>	<p>presented to the Secretary. All proxies must be acknowledged before the Secretary or a Notary Public and must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction. <u>A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum.</u></p>
<p>Article IV Section 1</p>	<p>Election/ Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation.</p> <p>The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.</p>	<p>Election/ Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the President, <u>the Chief Executive Officer,</u> Treasurer, and the Secretary. At said meeting, the Board may also appoint a Vice-Chairman, and other officers, all of whom need not be directors of the Corporation.</p> <p>The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.</p>
<p>Article IV Section 4</p>	<p>President – The President, who must be a director, shall be the chief executive officer of the Corporation and shall have administration and direction of the day to day business affairs of the Corporation. He shall exercise the following functions:</p> <p>a) To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</p>	<p>President - The President, who must be a director, <u>shall exercise the following functions:</u></p> <p>b) <u>To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</u></p> <p>c) <u>To call for a special meeting of the stockholders or Board of Directors at any time or as provided in the By-Laws;</u></p>

	<ul style="list-style-type: none"> b) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation; c) To have general supervision and management of the business affairs and property of the Corporation; d) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control; e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries; f) To oversee the preparation of the budgets and the statements of accounts of the Corporation; g) To prepare such statements and reports of the Corporation as may be required of him by law; h) To represent the Corporation at all functions and proceedings; i) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors; 	<ul style="list-style-type: none"> d) <u>To sign the verification or petition for dissolution of the Corporation;</u> e) <u>To sign certificates of stock; and</u> f) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u>
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	<ul style="list-style-type: none"> j) To make reports to the Board of Directors and stockholders; k) To sign certificates of stock; and l) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors. <p>The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</p>	
<p>Article IV Section 5 (NEW)</p>		<p><u>Chief Executive Officer - The Chief Executive Officer shall have administration and direction of the day-to-day business affairs of the Corporation. He shall exercise the following functions:</u></p> <ul style="list-style-type: none"> m) <u>To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</u> n) <u>To have general supervision and management of the business affairs and property of the Corporation;</u> o) <u>To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;</u>

		<p>p) <u>Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;</u></p> <p>q) <u>To oversee the preparation of the budgets and the statements of accounts of the Corporation;</u></p> <p>r) <u>To prepare such statements and reports of the Corporation as may be required of him by law;</u></p> <p>s) <u>To represent the Corporation at all functions and proceedings;</u></p> <p>t) <u>To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</u></p> <p>u) <u>To make reports to the Board of Directors and stockholders; and</u></p> <p>v) <u>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</u></p> <p><u>The Chief Executive Officer may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</u></p>
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**MINUTES OF THE SPECIAL MEETING
OF THE STOCKHOLDERS OF
CONCEPCION INDUSTRIAL CORPORATION**

The Special Meeting of the Stockholders of the Concepcion Industrial Corporation (the “Company”) was held on October 26, 2022, at 10:00 a.m., conducted virtually via Zoom.

I. CALL TO ORDER

After welcoming the stockholders to the meeting, the Chairman, Mr. Raul Joseph A. Concepcion, remarked that the Company was holding the meeting in virtual format to allow more shareholders to participate without compromising their health and safety. He thanked the stockholders who have joined the webcast of the proceedings and those who participated through the voting in absentia system or by proxy. Stockholders were also advised that they could submit questions via electronic mail at investorrelations@cic.ph and the Chairman will endeavor to answer questions received within the allotted time. The Chairman then called the meeting to order and introduced the members of the Board of Directors who were also present in the meeting.

The Corporate Secretary, Mr. Jayson L. Fernandez, recorded the minutes of the meeting.

II. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM

Upon request of the Chairman, the Corporate Secretary informed the body that the notice and agenda of the meeting were published in both print format and digital print copy form of the Manila Standard and Business Mirror on September 29 and 30, 2022. The Corporate Secretary further stated that based on the online registration system established by the Company, there are present in person through remote communication, in absentia or duly represented by proxy at the meeting, stockholders who own or hold a total of 340,904,611 shares representing 85.67% of the total issued and outstanding capital stock of the Company. This number has been separately reviewed and confirmed by independent tabulators, Stock Transfer Services, Inc. and Isla Lipana & Co., whose representatives are in attendance. The Corporate Secretary then certified the existence of a quorum for the valid transaction of business.

On the basis of the certification of the Corporate Secretary on the existence of a quorum, the Chairman declared the meeting duly convened and open for transaction of business.

III. ELECTION OF DIRECTOR

The next item on the Agenda was the election of a director of the Company who will serve until the annual stockholders meeting for the year 2023.

The Chairman informed the body that Mr. Luis Y. Benitez, Jr. was nominated as an independent director, and that the Corporate Governance, Nominations & Remuneration Committee of the Board, composed of Mr. Cesar A. Buenaventura as Chairman, Mr. Justo A. Ortiz, Ms. Renna C. Hechanova-Angeles, and himself as members, has reviewed and evaluated the background information of Mr. Luis Y. Benitez, Jr.. Based on the standards specified in the Company's Manual on Corporate Governance and Amended By-Laws, the Corporate Governance, Nominations & Remuneration Committee has determined that Mr. Benitez possesses all of the qualifications and has none of the disqualifications for directorship. Also, the Corporate Governance, Nomination & Remuneration Committee evaluated whether Mr. Benitez has any involvement in the Company's management or any business or other relationships with the Company which could, or could be reasonably perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibility as an independent director. The Corporate Governance, Nomination & Remuneration Committee has determined that Mr. Luis Y. Benitez, Jr. meets all the independence criteria and is qualified for election as an independent director.

Thereafter, a motion was duly made and seconded that the Corporate Secretary be directed to cast the votes of the outstanding shares in accordance with the voting instructions of the stockholders, for the election of the nominee, Mr. Luis Y. Benitez, Jr., and that Mr. Benitez be declared elected as an independent director.

There being no objection to the motion, the Corporate Secretary casted the votes, and with 340,904,611 votes cast in favor of Mr. Luis Y. Benitez, Jr., declared Mr. Luis Y. Benitez, Jr. elected as independent director.

The Chairman gave those present an opportunity to ask questions or object but none was raised on the election of a director.

IV. ADJOURNMENT

There being no further business to discuss, upon motion duly made, seconded and carried, the meeting was adjourned.

The Chairman thanked the stockholders for their attendance.

CERTIFIED CORRECT:

JAYSON FERNANDEZ
Corporate Secretary

A T T E S T:

RAUL JOSEPH A. CONCEPCION
Chairman of the Board