

C S 2 0 1 1 0 2 1 3 7

SEC Registration Number

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

C O R P O R A T I O N A N D S U B S I D I A R I E S

(Company's Full Name)

1 1 6 E A S T M A I N A V E N U E , P H A S E V ,

S E Z , L A G U N A T E C H N O P A R K , B I Ñ A N ,

L A G U N A

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

Mr. Brian Gregory Liu

(Contact Person)

7729-6205

(Company Telephone Number)

SEC Form -IS

(Form Type)

1 2 3 1

Month Day

(Calendar Year)

0 5 3 1

Month Day

(Regular Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

FOURTH AND SEVENTH

Amended Articles Number/Section

Total Amount of Borrowings

29

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



**CIRTEK  
Holdings Philippines Corporation**

**NOTICE OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
CIRTEK HOLDINGS PHILIPPINES CORPORATION**

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** (the "Corporation") will be held at 116 EAST MAIN AVENUE, PHASE V-SEZ, LAGUNA TECHNOPARK, BIÑAN, LAGUNA, 4024 on **Friday, 31 May 2024, at 10:30 a.m.** The meeting will be conducted virtually and registration can be accessed through the following link: [https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-\\_rEFKZQtgzImAAxOLoW](https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-_rEFKZQtgzImAAxOLoW).

The Agenda of the Annual Stockholders' Meeting is as follows:

1. Call to Order
2. Certification of Service of Notice and Existence of Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 26 May 2023
4. President's Report
5. Presentation and Approval of the Audited Financial Statements as of and for the Year Ended 31 December 2023
6. Ratification of All Acts of the Board of Directors and Management
7. Election of Nine (9) Directors (including Three (3) Independent Directors)
8. Appointment of External Auditors
9. Other Business
10. Adjournment

The Board of Directors has fixed **03 May 2024** as the record date for determining the stockholders entitled to notice of, and to vote at the Annual Stockholders' Meeting. Only holders of shares of stock as of the record date will be entitled to vote at the Annual Stockholders' Meeting. The stock and transfer books of the Company will be closed twenty (20) days prior to the meeting.

Pursuant to the Board Resolution approving the holding of the 2024 Annual Stockholders' Meeting via remote communication, issued in accordance with Securities and Exchange Commission ("SEC") Memorandum Circular No. 6, Series of 2020, the Annual Stockholders' Meeting will be held via remote communication.

IF YOU DO NOT EXPECT TO ATTEND THE ANNUAL STOCKHOLDERS' MEETING, YOU MAY EXECUTE AND SEND A PROXY FORM TO THE OFFICE OF THE CORPORATION AT **116 EAST MAIN AVENUE, PHASE V-SEZ, LAGUNA TECHNOPARK, BIÑAN, LAGUNA, 4024, or by e-mail to corporate\_secretary@cirtek.ph**. THE DEADLINE FOR THE SUBMISSION OF PROXIES IS ON **21 May 2024, 10:00 A.M.**

PROXY VALIDATION WILL BE ON **21 MAY 2024, 10:00 A.M.** AT **116 EAST MAIN AVENUE, PHASE V-SEZ, LAGUNA TECHNOPARK, BIÑAN, LAGUNA, 4024.**

Stockholders intending to participate should notify the Corporation by email to **corporate\_secretary@cirtek.ph** on or before **21 May 2024, 10:00 A.M**

Stockholders may vote electronically *in absentia*, subject to validation procedures

The procedures for participating in the meeting through proxy, remote communication, and for casting their votes *in absentia* are set forth in the Information Statement.

  
**DYAN DANIKA G. LIMONG**  
Corporate Secretary


REPUBLIC OF THE PHILIPPINES)  
Sta. Rosa, Laguna ) S.S.

**CERTIFICATION**

I, **JUSTIN LIU**, of legal age, Filipino, with office address at 116 East Main Ave. Ph. V-SEZ, Laguna Technopark, Biñan, Laguna, Philippines, do hereby depose and say:


1. I am the incumbent Corporate Information Officer of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal place of business at No. 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.
2. As such Corporate Information Officer, I hereby certify that none of the members of the Board of Directors and Officers of the Corporation are elective or appointive public officers or employees of the National or any Local Government Agency of the Philippines.
3. This Certification is being issued pursuant to Article IX(B) Section 8 of the Philippine Constitution.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 17 2024 day of \_\_\_\_\_ 2024 at Sta. Rosa, Laguna

  
**JUSTIN LIU**  
Corporate Information Officer

**SUBSCRIBED AND SWORN** to before me this APR 17 2024 day of \_\_\_\_\_ 2024, at Sta. Rosa, Laguna, affiant who is personally known to me exhibiting to me his Tax Identification Number XXXXXXXXXX

Doc. No. 2  
Page No. 2  
Book No. 18  
Series of 2024.

  
**ATTY. BENEDICTO M. JOSE**  
Notary Public for the City of Sta. Rosa  
Until December 31, 2025  
Notarial Commission A.N.C. No. 0087-SRCL  
2F Cardiaz Building, Pearl Road,  
SRCC, Balibago, Sta. Rosa City, Laguna  
MCLE Compliance No. VII-0025591; 01.16.23  
PTR No. 4779655; 01.02.24; Sta. Rosa City  
IBP Lifetime No. 011555; 02.11.2013  
Roll No. 43868

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Hector Villanueva**, Filipino, of legal age and a resident of **4419 Bluebelle Road, Sun Valley Subd., Brgy. Sun Valley, Paranaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Cirtek Holdings Philippines Corporation (the "**Corporation**") and have been its independent director since May 26, 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>
First Metro Philippine Equity Exchange Traded Fund, Inc.	Chairman	January 2013-2015
Philippine Postal Corporation	Postmaster General and CEO	October 2006-2011
Philippine Postal Corporation	Chairman	2004-2006
Polytechnic University of the Philippines	Member, Board of Regents	2002-2006
Philippine Deposit Insurance Co.	Representative to Export & Industry Bank	2002-2006
Philippine Pacific Management Consultancy, Inc.	Chairman and President	2002-2006
First Metro Investment Corporation	Member of the Advisory Board	1998-2004
Sun Star Manila	Publisher and Editor-In-Chief	1998-2001
Government of the Philippines	Press Secretary	1995-1998
Lakas – NUCD-UMDP	National Spokesman	1994-1995
Polytechnic University of the Philippines	Ninoy Aquino Professional Chair in Political Economy	1989
Philippine Electronics Exporter Association	Treasurer	1982
House of Representatives	Director General Congressional Economic Planning Service	1987-1989
Government Service and Insurance System	Office of the President and General Manager	1966-1987
Silicon Technology, Inc.	Vice President	1976-1981
Business Day Corporation	Chairman and Treasurer	1967-1972
Department of Commerce and Industry	Senior Economist	1963-1965
Petroleum Economist	Filoil Refinery Corporation	1962-1963
The Chartered Bank, Manila	Department Manager	1960-1962

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Cirtek Holdings Philippines Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related (other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code) to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.


6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Cirtek Holdings Philippines Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this APR 17 2024 day of APR 17 2024, at Sta. Rosa, Laguna.

  
Hector Villanueva  
Affiant

SUBSCRIBED AND SWORN to before me this APR 17 2024 day of APR 17 2024 at Sta. Rosa, Laguna  
affiant personally appeared before me and exhibited to me his/her Passport No. [REDACTED] issued  
at DFA NCR South on 10 July 2019.

Doc. No. 3;  
Page No. 2;  
Book No. 18;  
Series of 2024;

  
**ATTY. BENEDICTO M. JOSE**  
Notary Public for the City of Sta. Rosa  
Until December 31, 2025  
Notarial Commission A.N.C. No. 0087-SRCL  
2F Cardiaz Building Pearl Road,  
SRCC, Balibago Sta. Rosa City, Laguna  
MCLE Compliance No. VII-0025591; 01.16.23  
PTR No. 4779-35, 01.02.24; Sta. Rosa City  
IBP Lifetime No. 011555, 02.11.2013  
Roll No. 43868

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BERNARDINO M. RAMOS**, Filipino, of legal age and a resident of 206 Balayan Street, Ayala Alabang Village, Muntinlupa City 1780 after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Cirtek Holdings Philippines Corporation (the "Corporation")**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>
GB Distributors, Inc.	Chairman of the Board of Directors	Present
State Investment Trust, Inc. (SITI)	Chairman of the Audit Committee, and member of Executive Committee	Present
State Properties, Inc.	Chairman of the Audit Committee, and member of Executive Committee	Present
State Motor Corporation, a subsidiary of SITI,	Member, Board of Directors and Board Committees	Present
PILAC, Inc., Bunsuran Pawnshop Inc	Member, Board of Directors	Present
Frutas Holdings, Inc.	Member of Audit Committee	Present
Prince Plaza Condominium Corporation	Member, Board of Directors	Present
Alabang Country Club, Inc.	Member, Board of Directors and Board Committees	Present
Philippine Primark Properties, Inc.	Chairman of the Audit Committee	2015-2016
Sony Life Philippines, Inc.	Chairman of the Audit Committee	2006 to 2012
PSI Technologies Inc.	Member, Board of Directors and Board Committees	2008 to 2011
PSI Holdings, Inc.	Member, Board of Directors and Board Committees	2008 to 2011
PSALM (Power Sector Assets and Liabilities Management Corporation)	Technical advisor, Management and Financial Team Advisor	2006 to 2007
SGV& Co. (Affiliated with Ernst & Young)	Partner	2002 to 2005
SGV& Co. (Affiliated with Arthur Andersen & Co.)	Partner	1985 to 2001
SGV& Co.	Audit & Business Advisory Services	December 1966-October 2005
DrsUtomo& Co., (SGV Group affiliated firm in Indonesia)	Partner/Advisor	March 1983-September 1989


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related (other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code) to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Cirtek Holdings Philippines Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this \_\_\_\_\_ day of APR 17 2024, at Sta. Rosa, Laguna.

  
**BERNARDINO M. RAMOS**  
 Affiant

SUBSCRIBED AND SWORN to before me this APR 17 2024 day of \_\_\_\_\_ at Sta. Rosa, Laguna,  
 affiant personally appeared before me and exhibited to me his/her Passport No. [REDACTED] issued  
 at DFA NCR South on 05 July 2017.

Doc. No. 4 ;  
 Page No. 2 ;  
 Book No. 18 ;  
 Series of 2024 ;

  
**ATTY. BENEDICTO M. JOSE**  
 Notary Public for the City of Sta. Rosa  
 Until December 31, 2025  
 Notarial Commission A.N.C. No. 0087-SRCL  
 2F. Cardiaz Building, Pearl Road,  
 SRCC, Balibago, Sta. Rosa City, Laguna  
 MCLE Compliance No. VII-0025591; 01.16.23  
 PTR No. 4779655; 01.02.24; Sta. Rosa City  
 IBP Lifetime No. 011555; 02.11.2013  
 Roll No. 43868



## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Corazon P. Guidote**, Filipino, of legal age and a resident of Lot 12 Block 12 Milestone St. Maries Village Brgy. Pasing Tamo Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Cirtek Holdings Philippines Corporation (the "Corporation")**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):



<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>
Universidad de Manila	Member, Board of Regents	Present
College of the Holy Spirit Alumnae	Member, Board of Trustees	Present
Institute of Corporate Directors	Member of the Teaching Faculty	Present
SM Investment Corporation	Senior Vice President for Investor Relations and Corporate Communication	2006
Office of the President	Presidential Consultant for Investor Relations	2005
ABN AMRO Asia Securities Philippines	Chief Operations Officer	2003
Bangko Sentral ng Pilipinas	Executive Director	2001
Metro Pacific Corporation	Group Vice President	1998
UBS Securities (East Asia) Ltd.	Managing Director and Head of Philippine Equities	1997
Citibank N.A.	Vice-President and Managing Director	1996

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related (other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code) to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Cirtek Holdings Philippines Corporation of any changes in the abovementioned information within five days from its occurrence.


Done, this APR day 17 2024, at Sta. Rosa, Laguna

  
Corazon P. Guidote  
Affiant

APR 17 2024

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ Sta. Rosa, Laguna  
affiant personally appeared before me and exhibited to me his/her Driver's License ID No.   
 issued at Manila on 21 October 2018.

Doc. No. 5 ;  
Page No. 2 ;  
Book No. 18 ;  
Series of 1014 ;

  
**ATTY. BENEDICTO M. JOSE**  
Notary Public for the City of Sta. Rosa  
Until December 31, 2025  
Notarial Commission A.N.C. No. 0087-SRCL  
2F Cardiaz Building, Pearl Road,  
SRCC, Balibago, Sta. Rosa City, Laguna  
MCLE Compliance No. VII-0025591; 01.16.23  
PTR No. 4779655; 01.02.24; Sta. Rosa City  
IBP Lifetime No. 011555; 02.11.2013  
Roll No. 43868

**APPENDIX A**  
**PROCEDURE FOR VOTING AND PARTICIPATION**  
**VIA REMOTE COMMUNICATION**  
**in compliance with Section 49 of the Revised Corporation Code**  
**and MC No. 3, series of 2020**

Cirtek Holdings Philippines Corporation (the "Corporation") shall be conducting its Annual Stockholders' Meeting ("ASM") on **Friday, 31 May 2024, at 10:30 a.m.**, via remote communication. In this regard, stockholders of record as of 03 May 2024 shall be entitled to attend, participate, and vote in the ASM, in accordance with the procedure outlined below:

**I. VOTING VIA REMOTE COMMUNICATION OR IN ABSENTIA**

1. The Stockholders who would like to vote via remote communication or *in absentia* shall register at <https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-rEFKZQtgzImAAxOLoW> **from 10 May 2024 to 21 May 2024, 10:00 A.M.**, where they will be asked to provide the following information:

- a. For individual Stockholders
  - a. Full name;
  - b. Address;
  - c. Birthdate;
  - d. Email address;
  - e. Phone/Mobile number;
  - f. Current photograph, with face fully visible;
  - g. Scanned copy of a valid Government-issued ID;
  - h. For Stockholders with joint accounts, a scanned copy of an authorization letter signed by the other Stockholders, indicating who among them is authorized to cast the vote for the account; and
  - i. For Uncertificated Stockholders, certification from their brokers attesting to the number of shares they are holding.
- b. For corporate Stockholders
  - i. Corporate name;
  - ii. Address;
  - iii. Email address;
  - iv. Phone/Mobile number;
  - v. Scanned copy of the notarized Secretary's Certificate or Board Resolution authorizing the representative of the corporation to cast the vote;
  - vi. Current photograph of the representative authorized to cast the vote for the corporation, with face fully visible;
  - vii. Scanned copy of a valid Government-issued ID of the authorized representative; and
  - viii. For Uncertificated Stockholders, certification from their brokers attesting to the number of shares they are holding.

The submissions of Stockholders shall immediately be validated by the Stock and Transfer Agent of the Corporation in coordination with the Corporate Secretary.

2. Upon validation, the Stockholder will receive an e-mail for the link to join the meeting.
3. The Stockholder may then download the Voting Form from this link: <https://www.cirtekholdings.com/annual-stockholders-meeting-2024> to be submitted to the Office of the Corporate Secretary, Atty. Dyan Danika G. Lim-Ong, at: [corporate\\_secretary@cirtek.ph](mailto:corporate_secretary@cirtek.ph) to be able to cast his/her vote in all the matters included in the agenda of the Corporation's ASM.

**Registered Stockholders shall only be allowed to vote until 27 May 2024, 10:00 A.M. Only the votes submitted before the said date and time shall be tallied.** The votes shall be considered cast for all the shares of the Stockholder.

4. The Stockholders who register and vote via remote communication or *in absentia* are deemed to have given their permission to the collection, use, transfer, disclosure, sharing, storage, and other forms of processing (collectively "Processing"), by the Corporation or any relevant third party, of the personal data they have provided. The Processing of the Stockholders' personal data shall be used for the purpose of voting via remote communication or *in absentia* during the ASM, including for any reason necessary or incidental thereto.

## **II. VOTING BY PROXY**

The Stockholders of the Corporation may also vote by completing the Proxy Form downloadable from this link: <https://www.cirtekholdings.com/annual-stockholders-meeting-2024>. The completed and signed proxy form shall be submitted by the Stockholder to the Corporate Secretary, through electronic mail and/or personal service, **from 10 May 2024 to 21 May 2024, 10:00 A.M.** The Corporate Secretary will then be the one to send the Proxy Forms to the Corporation's Stock and Transfer Agent for validation. Please refer to the details provided below:

*Through Electronic Mail:*  
[corporate\\_secretary@cirtek.ph](mailto:corporate_secretary@cirtek.ph)

*Through Personal Service:*  
116 EAST MAIN AVENUE, PHASE V-SEZ, LAGUNA TECHNOPARK BIÑAN, LAGUNA, 4024

Fax : (63) 49-541-2317  
Contact Person: Justin Liu – Corporate Information Officer

For the purpose of validation, the Stockholder must include the following in transmitting the completed and signed proxy form:

- a. Full name of contact person;
- b. Phone/Mobile number of contact person;
- c. Scanned copy of valid government-issued ID of the Stockholder and his/her appointed proxy (if not the Chairman of the Corporation); and
- d. For Corporate Stockholders, in addition to the above, scanned copy of Secretary's Certificate or Board Resolution authorizing the representative to act as the proxy.

## **III. TABULATION OF VOTES**

Thereafter, the Stock and Transfer Agent of the Corporation shall tabulate the votes cast via remote communication, *in absentia* and by proxy. The results shall be confirmed by the Corporation's independent auditors, R.S. Bernaldo & Associates.

The total votes made via remote communication, *in absentia* and by proxy, as well as the number of shares represented by the same, shall be announced during the ASM.

#### IV. PARTICIPATION IN THE 2024 ASM THROUGH REMOTE COMMUNICATIONS

1. The Stockholders shall attend the meeting on **31 May 2024, at 10:30 A.M.**, through the link to be provided. The ASM shall be broadcasted live via Zoom, which may be accessed either through a web browser or through the Zoom mobile application.
2. The Stockholders who have not voted via remote communication, *in absentia* or submitted their proxies may still attend the ASM through the zoom meeting link indicated above, provided that they are duly validated as stockholders of record. However, to be included in the determination of the quorum, they must notify the Corporate Secretary of the Corporation of their intention to attend the ASM by registering at this link: [https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-\\_rEFKZQtgzImAAxOLoW](https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-_rEFKZQtgzImAAxOLoW) **from 10 May 2024 to 21 May 2024, 10:00 A.M.** Stockholders (or their proxies) whose registration are validated will receive an email containing their usernames and passwords, along with the instructions on how to participate in the Zoom virtual meeting.
3. Uncertificated stockholders (those who hold shares through PCD Nominee accounts), should submit a certification from their brokers attesting to the number of shares they are holding together with a scanned copy of a valid identification card by email to the Office of the Corporate Secretary, Atty. Dyan Danika G. Lim-Ong, at the following e-mail address: [corporate\\_secretary@cirtek.ph](mailto:corporate_secretary@cirtek.ph).
4. The Proxy Form, Information Statement, Audited Financial Statements and Quarterly Financial Statements can be downloaded via the Company website: <https://www.cirtekholdings.com/annual-stockholders-meeting-2024>.
5. In view of the foregoing, the quorum for the ASM shall be determined based on the following:
  1. The Stockholders who were validated and voted *in absentia*;
  2. The Stockholders who submitted their proxy forms and were validated; and
  3. The Stockholders who notified the Corporate Secretary of their intention to attend the ASM and were validated.

**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: **Cirtek Holdings Philippines Corporation**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number **CS201102137**
5. BIR Tax Identification Code **007-979-726**
6. Address of principal office **116 East Main Avenue, Phase V-SEZ** Postal Code: **4024**  
**Laguna Technopark, Biñan Laguna**
7. Registrant's telephone number, including area code **+632 7729 6205 +63 49 541 2317**
8. Date, time and place of the meeting of security holders: **31 May 2024, 10:30 A.M. The meeting will be conducted virtually and registration can be accessed through the following link:**  
  
<https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-rEFKZQtgzImAAxOLoW>  
  
**The meeting can be accessed through the following link:**  
  
<https://us06web.zoom.us/j/87351529984?pwd=RQOm0mVeh51WltMIFNk75M0wr159Ra.>
9. Approximate date on which the Information Statement, including proxy form and other solicitation materials, is first to be sent or given to security holders: **10 May 2024**
10. In case of Proxy Solicitations:  
Name of Person Filing the Statement/Solicitor: **N/A**  
Address and Telephone No.: **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class           | Number of Shares of Common Stock<br>Outstanding or Amount of Debt Outstanding |
|-------------------------------|---|
| <b>Common Shares</b>          | <b>668,505,825</b>  |
| <b>Preferred B-2 A Shares</b> | <b>67,000,000</b>   |
| <b>Preferred B-2 B Shares</b> | <b>20,000,000</b>   |
| <b>Preferred B-2 C Shares</b> | <b>16,936,400</b>   |
| <b>Preferred B-2 D Shares</b> | <b>28,625,500</b>   |
12. Are any or all of registrant's securities listed in a Stock Exchange?  
Yes  No

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

**The Philippine Stock Exchange, Inc. ("PSE") – Common Shares, Preferred B-2 A, Preferred B-2 B, Preferred B-2 C, and Preferred B-2 D Shares**

PART I.

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### **A. GENERAL INFORMATION**

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

a. DATE OF: 31 May 2024

MEETING

TIME OF: 10:30 A.M.

MEETING

PLACE OF: The meeting will be conducted virtually through

MEETING videoconferencing by registration using the following link:

<https://us06web.zoom.us/meeting/register/tZ0uc-yrrTMiE9UX-rEFKZQtqzImAAxOLoW>

The meeting can be accessed through the following link:

<https://us06web.zoom.us/j/87351529984?pwd=RQOm0mVeh51WLtMIFNk75M0wr159Ra.1>

PRINCIPAL OFFICE : 116 East Main Avenue, Phase V-SEZ Laguna Technopark, Biñan Laguna, 4024

The Information Statement may be accessed by the Corporation's stockholders beginning 10 May 2024 at the Corporation's website, <https://www.cirtekholdings.com/annual-stockholders-meeting-2024>

b. Approximate date on which the Information statement is first to be sent or given to security holders : 10 May 2024

Approximate date on which the Information statement is first to be sent or given to security holders

#### Item 2. **Dissenters' Right of Appraisal**

Any stockholder of the Corporation who exercises his right of appraisal must vote against the proposed corporate action in order to avail himself of the appraisal right. As provided in Title X of the Revised Corporation Code, a stockholder may exercise his right of appraisal in the following instances:

a. In case an amendment to the Articles of Incorporation has the effect of:

- a. Changing or restricting the rights of any stockholder or class of shares;
  - b. Authorizing preferences in any aspect's superior to those of outstanding shares of any class;
  - c. Extending or shortening the corporate existence;
- b. The sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;
  - c. A merger or consolidation;
  - d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

In the exercise of the appraisal right, Title X of the Revised Corporation Code provides the procedure on how it may be exercised:

1. A dissenting stockholder files a written demand for payment of the fair value of the shares within thirty (30) days after the date on which the vote was taken. Failure to file a written demand within the thirty (30) day period shall constitute a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificates to the corporation for notation that such shares are dissenting shares. From the time of demand for payment until either abandonment of the corporate action or purchase of the shares of the corporation, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment for the fair value of his shares.
2. If the corporate action is implemented, the corporation shall pay the stockholder the fair value of his shares upon surrender of the certificate/s of stock. Fair value is determined by the value of the shares on the day prior to the date on which the vote was taken, excluding appreciation/depreciation in anticipation of such corporate action.
3. If the fair value is not determined within sixty (60) days from the date of action, it will be determined and appraised by three (3) disinterested persons (one chosen by the corporation, one chosen by the stockholder, and another chosen by both). The findings of the said appraisers will be final, and their award will be paid by the corporation within thirty (30) days after such award is made. Upon such payment, the stockholder shall forthwith transfer his shares to the corporation. No payment shall be made to the dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment.
4. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

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

- (a) Not Applicable. No action to be taken with respect to any substantial interest, direct or indirect, by security holdings or otherwise, of each person who has been a director, officer, or associate of said director or officer of the registrant at any time since the beginning of the last fiscal year or his or her associate.
- (b) As of the date hereof, none of the directors of the Corporation has informed the Corporation of his intention to oppose any of the corporate actions to be acted upon at the stockholders' meeting of the Corporation.



## **B. CONTROL AND COMPENSATION INFORMATION**

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

(a) Number of shares outstanding (as of 31 March 2024)	668,505,825 Common Shares 700,000,000 Preferred A Shares 70,000,000 Preferred B-1 Shares 67,000,000 Preferred B-2A Shares 20,000,000 Preferred B-2B Shares 16,936,400 Preferred B-2C Shares 28,625,500 Preferred B-2D Shares
Number of votes to which each class is entitled	One (1) vote per one (1) Common Share.  One (1) vote per one (1) Preferred A Share.  The Preferred B-1, B-2A, B-2B, B-2C, and B-2D Shares are non-voting shares.

Both the Common Shares and Preferred A shares are entitled to one (1) vote per one (1) share. However, while the Common Shares are registered with the Securities and Exchange Commission ("SEC") and listed with The Philippine Stock Exchange ("PSE"), the Preferred A Shares are not registered with the SEC and not listed with the PSE.

(b) Cut-off date / record date                      03 May 2024

The Corporation's capital stock consists of Common Shares and Preferred A, B-1, B-2A, B-2B, B-2C, and B-2D Shares. The stockholders of Common and Preferred A shares have the same voting rights. Each Common and Preferred A share is entitled to one vote. The stockholders of Preferred B-1, B-2A, B-2B, B-2C, and B-2D Shares are not entitled to vote except in those cases provided by law.

(c) Cumulative Voting for Directors

At the election of directors, each stockholder entitled to vote may vote the shares registered in his name, either in person, by proxy or in absentia, for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owners

- i. Security Ownership of Record and Beneficial Owners of more than five percent (5%) of the Corporation's voting securities as of 31 March 2024:

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	Filipino	536,701,049	80.28%
Common	Camerton, Inc. <sup>1</sup> 116 East Main Ave., Phase V SEZ Laguna Technopark Binan Laguna	Camerton, Inc. 116 East Main Ave., Phase V SEZ Laguna Technopark Binan Laguna	Filipino	110,260,791	16.49%
	<b>Total</b>			<b>646,961,840</b>	<b>96.77%</b>
Preferred A	Camerton, Inc. <sup>2</sup> 116 East Main Ave., Phase V SEZ Laguna Technopark Binan Laguna	Camerton, Inc. 116 East Main Ave., Phase V SEZ Laguna Technopark Binan Laguna	Filipino	700,000,000	100%
	<b>Total</b>			<b>700,000,000</b>	<b>100%</b>

Under PCD account,<sup>3</sup> the following participants hold shares representing more than five percent (5%) of the Corporation's outstanding shares as of 31 March 2024:

Participant	Number of Shares	Percentage
Abacus Securities Corporation	134,966,227	20.19%
COL Financial Group, Inc.	120,319,384	18.00%
Guild Securities, Inc.	38,282,658	5.73%
First Metro Securities Brokerage Corp.	37,248,139	5.57%

<sup>1</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders' Meeting on 31 May 2024.

<sup>2</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders' Meeting on 31 May 2024.

Except as stated above, the Corporation has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than five percent (5%) of the Corporation's outstanding shares or who has a voting power, voting trust, or any similar agreement with respect to shares comprising more than five percent (5%) of the Corporation's outstanding common stock.

- ii. The number of common shares beneficially owned by directors and executive officers as of 31 March 2024 are as follows:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>No. of Shares Held</b>	<b>Citizenship</b>	<b>Percent (%)</b>
Common	Jerry Liu	110,260,792 <sup>3</sup>	Chinese	16.49%
Common	Jorge Aguilar	1	Filipino	0
Common	Brian Gregory Liu	1	Filipino	0
Common	Justin Liu	1	Filipino	0
Common	Hector Villanueva	1	Filipino	0
Common	Ernest Fritz Server	1	Filipino	0
Common	Michael Stephen Liu	1	Filipino	0
Common	Corazon Guidote	1	Filipino	0
Common	Bernardino Ramos	1	Filipino	0

**iii. Voting Trust Holder of 5% or More**

The Corporation is not aware of any person holding more than five percent (5%) of the common shares of the Corporation under a voting trust or similar agreement as there has been no voting trust agreement filed with the Corporation and the SEC.

**iv. Change in Control of the Corporation**

No change in control of the Corporation has occurred since the beginning of the last fiscal year.

**Item 5. Directors and Executive Officers**

The following are the Directors and Officers as of 31 March 2024:

<b>Name of Director/Officer</b>	<b>Position</b>
Jerry Liu	Director and Chairman
Jorge Aguilar	Director, Vice Chairman, President, and Chief Executive Officer
Brian Gregory Liu	Director, Executive Vice President, Treasurer, and Chief Financial Officer
Justin Liu	Director, Executive Vice President, and Corporate Information Officer
Michael Stephen Liu	Director, Executive Vice President, and Chief Technology Officer
Ernest Fritz Server	Director
Hector Villanueva	Independent Director
Corazon Guidote	Independent Director
Bernardino Ramos	Independent Director
Dyan Danika Lim-Ong	Corporate Secretary
Emelita Cruzada	Chief Compliance Officer and Assistant Corporate Secretary

<sup>3</sup> 110,260,791 Shares are indirectly held through Camerton, Inc.

All the Directors and Officers named herein served in their respective positions since 26 May 2023.

The Directors of the Corporation were elected at the 2023 Annual Meeting of the stockholders of the Corporation to hold office until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified.

The Officers were elected by the Board of Directors at the organizational meeting of the Board last 26 May 2023. During the said meeting, the Board also elected the Chairman and Members of the Audit and Risk Management Committee, Sustainability and Compliance Committee, Compensation and Nomination Committee, and Related Party Transaction Committee.

## **Nominees**

### Compensation and Nomination Committee

The Chairman of the Compensation and Nomination Committee of the Corporation is Ernest Fritz Server, and the members are Jerry Liu and Hector Villanueva.

### Nominees

The nominees for election as members of the Board of Directors and as Officers of the Corporation as of the date of sending the Definitive Information Statement are listed below:

### Regular Directors

Jerry Liu  
Michael Stephen Liu  
Brian Gregory Liu  
Justin Liu  
Ernest Fritz Server  
Antonio Callueng

### Independent Directors

Bernardino Ramos  
Corazon Guidote  
Hector Villanueva

### Corporate Secretary

Dyan Danika Lim-Ong

### Chief Compliance Officer / Assistant Corporate Secretary

Emelita Cruzada

The Company's Directors and Officers for the year 2023-2024.

	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>
Jerry Liu	75	Chinese	Chairman and Director
Jorge Aguilar	66	Filipino	Vice Chairman, President, Chief Executive Officer, and Director
Brian Gregory T. Liu	37	Filipino	Executive Vice President, Chief Financial Officer, Treasurer, and Director
Justin T. Liu	42	Filipino	Executive Vice President, Corporate Information Officer, and Director
Michael Stephen T. Liu	39	Filipino	Executive Vice President, Chief Technology Officer, and Director
Ernest Fritz Server	80	Filipino	Director
Hector Villanueva	88	Filipino	Independent Director
Bernardino Ramos	79	Filipino	Independent Director
Corazon Guidote	63	Filipino	Independent Director
Dyan Danika Lim-Ong	39	Filipino	Corporate Secretary
Emelita Cruzada	67	Filipino	Chief Compliance Officer and Assistant Corporate Secretary

The following is a brief profile of the Corporation's Directors and Officers for the year 2023-2024.

Regular and Independent Directors.

**Jerry Liu**, 75 years old, was elected as the Corporation's Chairman and President on 25 May 2012. He is still currently the Chairman of the Corporation. He is also concurrently Chairman of Cirtek Electronics Corporation ("CEC"), Director of Cirtek Land, and Cayon Holdings, Inc. Mr. Liu holds a Bachelor of Science degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East.

**Jorge Aguilar**, 66 years old, was elected as Director, Vice Chairman and President on 10 May 2019. Mr. Aguilar served as a director of the Company from 2011 until 2015. He joined CEC in 1985 and is concurrently EVP/General Manager of CEC, a position he has held since 2004. Mr. Aguilar has a Bachelor of Science degree in Mechanical Engineering from the Manuel L. Quezon University and an MBA from the Collegio de San Juan de Letran.

**Brian Gregory Liu**, 37 years old, was elected as the Executive Vice President and Chief Financial Officer on 2 August 2019. He was formerly the Chief Operating Officer of the Corporation. He was first elected as Director on 11 May 2015. He is concurrently a Managing Director & CFO of CEC, stockholder in Cirtek Land Corporation ("CLC"), and Turbog Trading. Mr. Liu trained as an Operations Trainee in Domino's Pizza from 2001 to 2002, then as an Analyst in Evergreen Stockbrokerage & Securities Inc. from 2003 to 2005. He obtained his degree in Management in Financial Institutions from the De La Salle University in 2009.

**Justin T. Liu**, 42 years old, was elected as Vice President and Corporate Information Officer on 1 February 2019. He is also a President and Director of Figaro Coffee Systems, Inc. Mr. Liu graduated from the De La Salle University with a Bachelor of Science in Business Management and earned his Master's in Finance from the University of San Francisco in 2006.

**Michael Stephen T. Liu**, 39 years old, is currently the EVP & CTO of the Corporation and General Manager of Cirtek Advanced Technology and Solutions ("CATSI"), a Cirtek company catering to the telecom and wireless broadband space. He was first elected as Director on 11 May 2015. Mr. Liu obtained his degree in Electronics and Communications Engineering from De La Salle University in 2007 and is a licensed Electrical Engineer.

**Ernest Fritz Server**, 80 years old, was elected as an Independent Director of the Corporation on 17 February 2011 and was elected as a regular Director in the Annual Stockholders' Meeting held last 30 July 2020. Mr. Server serves as the President of Multimedia Telephony Inc., Vice Chairman of RFM Corporation, Chairman of Arrakis Holdings, Inc., President of Seacage Industries, Inc., President of West Properties, Inc., President of Superior Las Pinas, Inc., a director of ABS CBN Convergence, Inc. and a director of BJS Development Corp. Previously, Mr. Server served as Vice Chairman of the Commercial Bank of Manila, Consumer Bank and Cosmos Bottling Corporation, President of Philippine Home Cable Holdings, Inc. and Philam Fund, and a director of Philippine Township, Inc. Mr. Server graduated from the Ateneo de Manila University in 1963 with degree in Bachelor of Arts degree in Economics and holds an MBA Major in Banking and Finance from the University of Pennsylvania, Wharton Graduate School.

**Hector Villanueva**, 88 years old, was elected as Independent Director on 26 May 2017. He has held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Chairman, Postmaster General & Chief Executive Officer of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief, Sun Star Manila. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

**Bernardino Ramos**, 79 years old, was elected as Independent Director on 2 August 2019. He is a Certified Public Accountant and has a Bachelor of Science degree in Business Administration Major in Accounting from the Far Eastern University and a Manager's Secondment/ On-the-Job Training at Ernst & Young (Formerly Ernst & Whinney) – Chicago, USA. He served as Partner in SGV& Co. (Affiliated with Arthur Andersen & Co. from 1985 to 2001, & Ernst & Young from 2002 to 2005), including almost 7 years as Partner/Advisor of Drs Utomo & Co., SGV Group. He was previously a Technical advisor of PSALM (Power Sector Assets and Liabilities Management Corporation), and also been a Member, Board of Directors and Board Committees of PSI Technologies Inc., Sony Life Philippines, Inc. and Philippine Primark Properties, Inc. At present he is an independent financial consultant, primarily on company/ business acquisitions and advisory on accounting/ financial matters, and also a Chairman of the Board of Directors of GB Distributors, Inc. and Member, Board of Directors and Board Committees of private companies including PSI Holdings, Inc., State Investment Trust, Inc. ("SITI"), State Properties, Inc. and PILAC, Inc., to name a few.

**Corazon P. Guidote**, 63 years old, a Certified Public Accountant, was elected as Independent Director on 31 May 2019. Ms. Guidote is a Bachelor of Science graduate, major in Accountancy at the University of Santo Tomas ("UST") in 1982. The UST College of Commerce eventually recognized her as one of its most outstanding alumnae in 2004. She holds a Master's Degree in Applied Business Economics from the University of Asia and the Pacific where she likewise received an Achievement Award in 1997 from the ABEP Alumni Association. She is now a member of the teaching faculty at the Institute of Corporate Directors currently specializing in the field of Sustainability Reporting otherwise referred to as ESG or (Environmental, Social and Governance). She successfully concluded her 15-year career in Investor Relations on October 2017. It was during this period that her pioneering spirit ushered her into two of her most challenging tasks of setting up the Investor Relations offices; first, at the Bangko Sentral ng Pilipinas ("BSP"), and second at SM Investments Corporation.

The nominees for the Corporation's Directors and Officers for the year 2024-2025 are:

1. Jerry Liu
2. Michael Stephen Liu
3. Brian Gregory Liu
4. Justin Liu
5. Ernest Fritz Server

6. Antonio Callueng

Apart from Mr. Calleung, the background and credentials of the nominees for directorship are the same as above.

Antonio S. Callueng, 66 years old, is currently the VP of Sales and Customer Satisfaction at Cirtek Electronics Corporation. He served as a Director and a Member of the Audit and Risk Management Committee at Cirtek Holdings Philippines Corporation in 2019. Mr. Callueng brings forty-four (44) years of experience in the manufacturing sector, specifically in outsourced assembly and test subcontracting and has been well exposed in customer management and business development in the semiconductor industry. He has also worked as an expatriate in a semiconductor company in Indonesia for eight (8) years before joining Cirtek Electronics Corporation in 2004. Mr. Callueng earned his Bachelor of Science degree in Electronics and Communication Engineering from Feati University in Manila.

### **Independent Directors**

The nominees for Independent Directors of the Corporation for the year 2024-2025 are:

7. Hector Villanueva;
8. Bernardino Ramos; and
9. Corazon Guidote.

They have been nominated by Jerry Liu, one of the current directors of the Corporation. Those nominated for independent director positions are not related to Mr. Liu who nominated them. Moreover, they have signified their acceptance of their nominations. The Certifications of Independent Directors duly executed by the nominees for Independent Directorship, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached hereto.

72Hector Villanueva has been an Independent Director of the Corporation since 26 May 2017 while Corazon Guidote has been an Independent Director since 31 May 2019. Bernardino Ramos has been an Independent Director since 2 August 2019. In accordance with the SEC Memorandum Circular No. 4, Series of 2017, Hector Villanueva may serve as Independent Director of the Corporation until 2026, while Bernardino Ramos and Corazon Guidote may serve as an Independent Directors until 2028.

### **Key Officers**

**Dyan Danika G. Lim-Ong**, 39 years old, was elected as the Company's Corporate Secretary during the organizational meeting of the Company on 28 May 2021. Atty. Lim-Ong is a Partner at Tolosa Javier Lim & Chua Law Firm. She completed her Juris Doctor degree at the University of the Philippines College of Law in 2010 and her Master of Laws degree at the University of Pennsylvania School of Law, graduating with distinction in 2017. Atty. Dyan Danika G. Lim-Ong was formerly a part of the Institutional and Transaction Advisory Group of China Banking Corporation, one of the largest commercial banks in the Philippines. While at China Bank, Atty. Lim-Ong was promoted to Assistant Vice President and worked on trust, treasury, bancassurance and capital raising transactions worth more than US\$1 billion in aggregate, including the largest bond and LTNCD issuance in the bank's history. In 2019, Atty. Lim-Ong left China Bank to become a named partner of Tolosa Javier Lim & Chua Law Firm, where she currently heads the firm's Corporate, Special Projects and Banking/Finance practice areas. Atty. Lim-Ong has advised clients on joint venture agreements, mergers and acquisitions, and other commercial transactions across several key industries such as water, energy, mining, infrastructure and banking and finance. She manages the firm's corporate housekeeping clients and also assists in commercial litigation, energy, data privacy and competition law matters. Atty. Lim-Ong is concurrently a professor at the University of the Philippines College of Law where she teaches Sales and Legal Profession/Legal Ethics.

**Justin Liu** was appointed as the Company's Corporate Information Officer on 1 February 2019.

**Emelita Cruzada** was appointed as the Company's Chief Compliance Officer on 29 April 2021.

**Change in Directors and/or Officers  
(Resignation/Removal or Appointment/Election):**

Mr. Jorge Aguilar is set to retire effective May 15, 2024.

**Significant Employees**

The business of the Corporation is not highly dependent on the services of personnel outside of senior management.

**Family Relationships**

The Corporation's Chairman, Jerry Liu, is the father of Brian Liu, the Corporation's Executive Vice-President, Chief Financial Officer, and Director; Michael Stephen Liu, the Corporation's Executive Vice President, Chief Technology Officer, and Director; and Justin Liu, the Corporation's Executive Vice President, Corporate Information Officer, and Director.

**Involvement in Certain Legal Proceedings**

The Corporation is not aware of the occurrence, during the past five (5) years up to the date hereof of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within two (2) years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

**Certain Relationships and Related Transactions**

The Liu family, primarily through Camerton, Inc., is the largest shareholder in the Corporation, and as of 31 March 2024 owns 110,260,791 shares, or approximately 16.49% of the Corporation's issued and outstanding common shares.

Related party relationship exists when the party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making



financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships.

In the normal course of business, the Cirtek Group has entered into transactions with affiliates. The significant transactions consist of the following:

- a. Advances for operating requirements of Cirtek Holdings, Inc. ("CHI"), former parent of CEC and Cirtek Electronics International Corporation ("CEIC");
- b. Rental of land and lease deposit with CLC, an affiliate, where the manufacturing building 1 and administrative building is situated;
- c. Payments and /or reimbursements of expenses made or in behalf of the affiliates;
- d. Rental of land with Cayon Holdings, Inc., an affiliate, where the building 2 of the Cirtek Group is situated;
- e. Collections made by Camerton in behalf of the Cirtek Group; and
- f. Advances to officers and stockholders.

**Item 6. Compensation of Directors and Executive Officers**

**a. Total Annual Compensation**

The aggregate compensation during the last fiscal year and to be paid in the ensuing fiscal year to the Corporation's President and four (4) most highly compensated officers and to its officers and directors as Cirtek Group is as follows:

<b>Name &amp; Position</b>	<b>Year</b>	<b>Estimated Salary</b>	<b>Estimated Bonus</b>	<b>Estimated Other Annual Compensation</b>
Jerry Liu (Chairman and Director)	2024	<del>₱20</del> million	-	₱5million
Jorge Aguilar (Vice Chairman, President, Chief Executive Officer, and Director)	2024	<del>₱4</del> million	-	₱3million
Brian Gregory T. Liu (Executive Vice President, Chief Financial Officer, Treasurer, and Director)	2024	<del>₱5</del> million	-	₱3million
Michael Stephen T. Liu (Executive Vice President, Chief Technology Officer, and Director)	2024	<del>₱5</del> million	-	₱3million
Aggregate compensation paid to all officers and directors as Cirtek Group unnamed	2024	<del>₱50</del> million	-	₱10million

<b>Name &amp; Position</b>	<b>Year</b>	<b>Estimated Salary</b>	<b>Estimated Bonus</b>	<b>Estimated Other Annual Compensation</b>
Jerry Liu (Chairman and Director)	2023	<del>₱20</del> million	-	₱5million
Jorge Aguilar (Vice Chairman, President, Chief Executive Officer, and Director)	2023	<del>₱10</del> million	-	₱3million
Brian Gregory T. Liu (Executive Vice President, Chief Financial Officer, Treasurer, and Director)	2023	<del>₱5</del> million	-	₱3million
Michael Stephen T. Liu (Executive Vice President, Chief Technology Officer, and Director)	2023	<del>₱5</del> million	-	₱3million
Aggregate compensation paid to all officers and directors as Cirtek Group unnamed	2023	<del>₱50</del> million	-	₱10million

<b>Name &amp; Position</b>	<b>Year</b>	<b>Salary</b>	<b>Estimated Bonus</b>	<b>Other Annual Compensation</b>
Jerry Liu (Chairman and Director)	2022	<del>₱20</del> million	-	₱5million
Jorge Aguilar (Vice Chairman, President, Chief Executive Officer, and Director)	2022	<del>₱10</del> million	-	₱3million
Brian Gregory T. Liu (Executive Vice President, Chief Financial Officer, Treasurer, and Director)	2022	<del>₱5</del> million	-	₱3million
Michael Stephen T. Liu (Executive Vice President, Chief Technology Officer, and Director)	2022	<del>₱5</del> million	-	₱3million
Aggregate compensation paid to all officers and directors as Cirtek Group unnamed	2022	<del>₱50</del> million	-	₱10million

**b. Compensation of Directors**

Under the By-Laws of the Corporation, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Below are the details of the remuneration paid to the Directors in 2023:

Remuneration for Board Meetings Attended in 2023	Remuneration for Committee Meetings Attended in 2023	Total
Php360,000.00	Php24,000.00	Php384,000.00

2023 Annual Total Compensation of each Director pursuant to Section 29 and 49 of the Revised Corporation Code:

Director	Annual Total Compensation
Jerry Liu	Php25,000,000.00
Jorge Aguilar	Php13,000,000.00
Brian Gregory T. Liu	Php8,000,000.00
Justin T. Liu	Php8,000,000.00
Michael Stephen T. Liu	Php8,000,000.00
Ernest Fritz Server	Php240,000.00
Hector Villanueva	Php240,000.00
Bernardino Ramos	Php240,000.00
Corazon Guidote	Php240,000.00

2022 Annual Total Compensation of each Director pursuant to Section 29 and 49 of the Revised Corporation Code:

Director	Annual Total Compensation
Jerry Liu	Php25,000,000.00
Jorge Aguilar	Php13,000,000.00
Brian Gregory T. Liu	Php8,000,000.00
Justin T. Liu	Php8,000,000.00
Michael Stephen T. Liu	Php8,000,000.00
Ernest Fritz Server	Php264,000.00
Hector Villanueva	Php264,000.00
Bernardino Ramos	Php264,000.00
Corazon Guidote	Php264,000.00

**c. Standard Arrangements and Other Arrangements**

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Corporation's Chief Executive Officer, other officers and/or directors.

**d. Employment Contracts, Termination of Employment, Change-in-Control Arrangements**

The Cirtek Group has executed employment contract with some of its key officers. Such contracts provide the customary provision on job description, benefits, confidentiality, non-compete, and

non-solicitation clauses. There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Corporation in the event of change in control of the Corporation.

**Item 7. Independent Public Accountants**

a. The Audit and Risk Management Committee

The Audit and Risk Management Committee is composed of three (3) members, all are independent directors, as follows:

1. Bernardino Ramos (*Chairman*)
2. Hector Villanueva (*Member*)
3. Corazon Guidote (*Member*)

b. The Public Accountant

The Corporation’s external auditor is the accounting firm R.S. Bernaldo & Associates (“RSBA”) with Mr. Romeo De Jesus Jr., as Partner–In-Charge. RSBA has been the Corporation’s external auditor since 2020. The appointment of the external auditor to the Board of Directors was upon the recommendation of the Audit and Risk Management Committee and was approved by the stockholders during the 2022 Annual Stockholders’ Meeting. RSBA is also nominated to audit the Corporation for the fiscal year 2023.

Representatives of RSBA will be present in the annual stockholders’ meeting. RSBA shall have the opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Corporation has engaged the services of RSBA during the three (3) most recent fiscal years. There were no disagreements with RSBA on any matter of accounting or financial disclosure.

d. External Audit Fees and Services

	<b>2022</b>	<b>2023</b>
Audit and Audit-Related Fees	PhP1,606,800.00	PhP1,606,800.00
Other fees (out-of-pocket expenses)	PhP241,020.00	PhP236,000.00
<b>Total Audit and Audit-related Fees</b>	<b>PhP1,847,820.00</b>	<b>PhP1,842,800.00</b>

The Audit Committee approves the policies and procedures for the above services by observing the independence of parties and by carrying out transaction at arms-length basis.

**Item 8. Compensation Plans**

There are no actions to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

There are no outstanding warrants and options held by any of the Corporation’s directors and executive officers.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

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

**Item 10. Modification or Exchange of Securities**

There is no action to be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

There is no action to be taken with respect to any matter specified in Items 9 or 10 above.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

There are no actions or transactions with respect to any mergers, consolidations, acquisitions or similar matters that will be taken up by the registrant.

**Item 13. Acquisition or Disposition of Property**

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

**Item 14. Restatement of Accounts**

There is no action to be taken up with respect to the restatement of any asset, capital, or surplus account of the registrant.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

The following items shall be presented to the stockholders for their approval during the Annual Stockholders' Meeting:

1. Minutes of the Annual Stockholders' Meeting held on 26 May 2023;
2. Audited Financial Statements as of and for the year ended 31 December 2023;
3. Ratification of the Acts of the Board and Management; and
4. Appointment of External Auditor.

The Minutes of the 2023 Annual Stockholders' Meetings is uploaded on the Corporation's website and may be viewed through the following link: <https://www.cirtekholdings.com/minutes>.

The Minutes contain the following information:

1. A description of the voting and vote tabulation procedures used in the previous meeting;
2. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;
3. The matters discussed and resolutions reached; and
4. A record of the voting results for each agenda item.

**Item 16. Matters Not Required to be Submitted**

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

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

There is no action to be taken with respect to amendment of charter, by-laws and other documents.

**Item 18. Other Proposed Action**

There is no action to be taken with respect to any other proposed action.

**Item 19. Voting Procedures**

The vote required for the election of Directors and Independent Directors

At all elections of Directors and Independent Directors, there must be present, either in person or by representative authorized to act by written proxy, or by voting *in absentia*, the owners of a majority of the outstanding capital stock. The election must be by ballot if requested by any voting stockholder or member. Every stockholder entitled to vote shall have the right to vote in person or by proxy, or *in absentia* the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the Corporation, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

The method by which votes will be counted

Each shareholder may vote in person, by proxy, by remote communication, or by voting *in absentia* by the number of shares of stock standing in his name of the books of the Corporation. Each share represents one vote. Voting shall be done through remote communication, in accordance with SEC Memorandum Circular No. 06, Series of 2020. The manner and procedure by which shareholders may vote is described in "**Appendix A**". The Corporate Secretary, Atty. Dyan Danika G. Lim-Ong, shall assist the Corporation's Stock and Transfer Agent in counting the votes to be cast.

No director has informed the Corporation of any intention to oppose the matters to be taken up in the Annual Stockholders' Meeting.

Vote entitlement of the Common and Preferred Shares of the Corporation

Both Common and Preferred A shares are entitled to one (1) vote per one (1) share while Preferred B-1, B-2A, B-2B, B-2C and B-2D Shares are not entitled to vote except in cases provided for by law.

[Signature Page Follows]

**SIGNATURE PAGE**

**The Corporation hereby undertakes, upon written request from Ms. Emelita Cruzada, Chief Compliance Officer, at 116 East Main Avenue, Phase V SEZ Laguna Technopark, Biñan, Laguna, or at [milet.cruzada\\_cirtekholdings@cirtek.ph](mailto:milet.cruzada_cirtekholdings@cirtek.ph), that it shall provide a copy of the registrant's annual report or SEC Form 17-A to each shareholder who requested, without charge. At the discretion of management, a charge may, however, be made for exhibits, provided such charge is limited to reasonable expenses incurred by the registrant in furnishing such exhibits.**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Biñan on May 02,2024

**CIRTEK HOLDINGS PHILIPPINES CORPORATION**

**By:**

  
**EMELITA CRUZADA**  
Chief Compliance Officer

**CIRTEK HOLDINGS PHILIPPINES CORPORATION**  
MANAGEMENT REPORT 2024  
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## **PART I BUSINESS AND GENERAL INFORMATION**

### **ITEM 1 BUSINESS**

Cirtek Holdings Philippines Corporation ("CHPC" or the "Company") is a fully integrated global technology company focused on wireless communication. It began as an Outsourced Semiconductor Assembly and Testing ("OSAT") company in 1984 with only three customers. Now it has evolved into a technology manufacturing company by entering into the high value radio frequency and broadband industry. It has significantly grown its customer base to over 70 major and regular customers across Europe, United States, and Asia.

On 10 February 2011, CHPC was incorporated and registered with the Securities and Exchange Commission ("SEC") and was listed in The Philippine Stock Exchange, Inc. ("PSE") on 18 November 2011. CHPC's principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Binan, Laguna.

CHPC, through its subsidiaries, is an independent full-service solution provider for subcontract manufacturing of semiconductor devices. The Company provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users.

Through its subsidiaries, the Company is primarily engaged in three (3) major activities:

- 1) the design, development and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions
- 2) the manufacture of value-added, highly integrated technology products
- 3) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services

CHPC has two main subsidiaries, namely, Cirtek Electronics Corporation ("CEC") and Cirtek Electronics International Corporation ("CEIC"). On 30 July 2014, CEIC acquired REMEC Broadband Wireless Holdings' manufacturing division, REMEC Broadband Wireless, Inc. ("RBWI"). RBWI was renamed to Cirtek Advanced Technologies and Solutions, Inc. ("CATSI") on 21 November 2014. In 2017, CEIC acquired Quintel Cayman Ltd. ("Quintel") through a reverse triangle merger with its subsidiaries, with Quintel as the surviving corporation.

**Cirtek Electronics Corporation (CEC):** an independent subcontractor for semiconductor assembly, test and packaging services

**Cirtek Electronics International Corporation (CEIC):** sells integrated circuits in the US and subcontracts the production of the same to CEC

**Cirtek Advanced Technologies and Solutions, Inc. (CATSI):** manufactures value-added, highly integrated radio frequency, microwave and millimeterwave technology products

**Quintel Cayman Ltd. (Quintel):** provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks

With CHPC's acquisition of RBWI (now known as CATSI), the Group was able to boost its manufacturing capacity and capability, expand customer base and increase presence in high-growth end markets including telecommunication, automotive, medical, satellite communication, aerospace, and defense.

The Cirtek Group has earned a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. The Cirtek Group has been accredited and certified by several international quality institutions, namely TÜD SÜD Management Service GmbH, TÜV Product Service Asia Ltd., Taiwan Branch,

Defense Supply Center & British Approval Board Telecom, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949, TUV Product Safety Certification, and FCC certification.

### **Business Acquisitions**

On 17 February 2011, the Company's Board of Directors and Stockholders approved the acquisition from Cirtek Holdings, Inc. ("CHI") of 155,511,952 common shares (representing 99.99% of the outstanding capital stock) of CEC and 50,000 shares (representing 100% of the outstanding capital) of CEIC. On 1 March 2011, the two (2) deeds of sale were executed by the Company and CHI in order to implement the transfers.

<u>Corporate Name</u>	<u>Date of Incorporation</u>
Cirtek Electronics Corporation	31 May 1984
Cirtek Electronics International Corporation	4 April 1995

On 30 July 2014, CEIC entered into a sale and purchase agreement with REMEC Broadband Wireless Holdings ("REMEC"), for the purchase of 100% shares of REMEC's manufacturing division, REMEC Broadband Wireless International, Inc. ("RBWI"), a Philippine-based manufacturer of value added, highly integrated technology products. Based on the terms of the sale, REMEC and its remaining subsidiaries will continue to design and market its top-of-class telecommunications products globally under its "REMEC" brand, and REMEC will enter into a manufacturing agreement with RBWI to manufacture REMEC's products under a long-term contract manufacturing relationship. CEIC acquired RBWI for a consideration of US\$7.5 million. CHPC funded the acquisition through a combination of available cash on hand and proceeds from a corporate notes' issuance.

The closing date of the transaction was effective 30 July 2014.

RBWI is primarily engaged in the manufacture, fabrication and design of microwave components and subsystems primarily for export. RBWI was renamed to Cirtek Advanced Technology Solutions, Inc. on 21 November 2014 at the British Virgin Islands and on 18 February 2015 at the SEC.

### **Acquisition of Quintel**

On 28 July 2017, the Parent Company's Board of Directors (BOD) approved the acquisition of Quintel and its subsidiaries for US\$77.0 million, subject to adjustments as stipulated in the Agreement. Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks.

The transaction was structured as a reverse triangle merger whereby Cirtek Corporation Limited ("CCL") was merged with and into Quintel, with the latter as the surviving corporation. Pursuant to the Agreement, all outstanding shares, warrants, and stock options in Quintel were converted to a right to receive the consideration from CHPC and Cirtek Corporation. As a result of the merger, each of CCL's one hundred (100) issued and outstanding shares were converted into and exchanged for one (1) validly issued, fully paid and non-assessable share of the surviving company. On the other hand, each of Quintel's issued and outstanding shares before the merger were cancelled and extinguished and converted automatically into the right to receive a portion of the purchase price. Quintel, being the surviving company, retained the 100 shares originally issued by CCL as its ending capital stock.

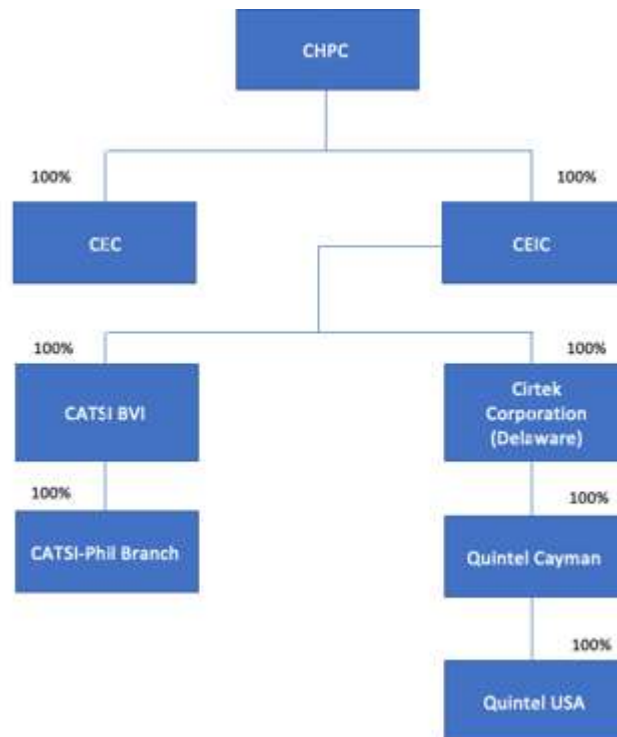
The Group believes that Quintel's cutting edge research and development and product capabilities significantly add to and complement the Group's growing portfolio in wireless communication and is aligned with its business focus on high-growth market segments. Furthermore, being the strategic manufacturing partner of Quintel products places the Group in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

On 4 August 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

From 2020 to 2023, the Cirtek Group's consolidated revenues grew from US\$68.91 million to US\$72.8 million while consolidated net income from US\$8.1 million to US\$7.0 million. For full-year 2023, the Cirtek Group reported consolidated revenues and consolidated net income of US\$72.8 million and US\$8.1 million. Revenues decreased by 14% while net income decreased by 14%.

## CORPORATE STRUCTURE

The corporate structure of the Corporation and its subsidiaries is as follows:



### ***Cirtek Electronics Corporation***

CEC was incorporated with the SEC on 31 May 1984, primarily to engage as an independent subcontractor for semiconductor assembly, test and packaging services.

Prior to the Company's acquisition of CEC in 2011, CEC was majority-owned by Charmview, a holding company incorporated in the British Virgin Islands on 1 November 1994 and is owned by the Liu family, wherein the US\$50,000 authorized capital stock is divided equally among Jerry Liu, Nelia Liu, Michael Liu, Justin Liu, and Brian Gregory Liu.

In 24 March 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred all of its interest in CEC, constituting 155,511,959 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEC became a subsidiary of CHI.

On 1 March 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 155,511,959 shares in CEC in favor of the Company for and in consideration of ₱130,000,000, making CEC a wholly-owned subsidiary of the Company.

CEC owns the manufacturing plants in Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, and other machinery necessary for the manufacture, assembly and testing of semiconductors.

CEC was previously registered with the Board of Investments ("BOI") under Presidential Decree No. 1789 ("PD 1789"), as amended by Batas Pambansa Blg. 391, as a preferred pioneer enterprise for the manufacture and export of integrated circuits. As a registered enterprise, CEC was entitled to certain tax and nontax incentives provided for in PD 1789.

On 24 March 1998, the Philippine Economic Zone Authority ("PEZA") approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid and potential new packages. Beginning 30 October 2002, the manufacture and export of integrated circuits, discrete and hybrid transferred to PEZA from BOI. Since its income tax holiday incentive expired in 2003, CEC is subject to tax at the preferential rate of 5% of its gross income in accordance with Republic Act No. 7916, the law creating the PEZA. In order to maximize the incentives granted under Republic Act No. 7916, CEC applied for the registration of its new products and was granted income tax holiday therefor from 2003 to 2005.

On 27 April 2011, PEZA approved CEC's application for the registration of a new project involving the manufacture of devices which will be used as components for smart phones, automotive sensor applications, battery chargers, and industrial applications.

### ***Cirtek Electronics International Corporation***

CEIC was incorporated under the International Business Companies Act of the British Virgin Islands on 4 April 1995. CEIC was incorporated with a primary purpose of selling integrated circuits principally in the United States of America and subcontracts the production of the same to CEC.

Beginning 8 June 1995, CEIC after securing the sales from its customers abroad, would subcontract the assembly, test and/or packaging of the devices to CEC pursuant to a Master Subcontractor Agreement. Under said agreement, CEIC issued purchase orders to CEC stating therein the type of product it will require, the quantity, delivery date and destination together with such other instructions the former may have. In consideration for its services, CEC was paid a service fee depending on the services contracted for a particular purchase order.

Prior to the Company's acquisition of CEIC in 2011, CEIC was majority-owned by Charmview. In 24 March 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred all of its

interest in CEIC, constituting 50,000 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEIC became a subsidiary of CHI.

On 1 March 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 50,000,000 shares in CEIC in favor of the Company for and in consideration of ₱130,000,000, making CEIC a wholly-owned subsidiary of the Company.

After the reorganization, the Company became the parent company of both CEC and CEIC while CHI remains a holding company of the Liu family, which no longer forms part of the post-reorganization structure of the Company.

#### The Acquisition of the Quintel business

On 31 July 2017, CHPC and Trillium International I, GP, as shareholder representative of Quintel Cayman, Ltd. ("Quintel Cayman") announced the signing of a definitive agreement under which CHPC, through its subsidiaries, acquired 100% of Quintel, a leading provider of advanced high-efficiency, high-performance antenna solutions. The acquisition immediately gave CHPC a significant presence in the large and rapidly growing base station antenna market, estimated to be more than US\$14 billion by 2020.

Established in 2007, Quintel designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns. Quintel's current customers are AT&T and Verizon, and large telecommunication corporations operating in North America and Puerto Rico. Quintel's world headquarters is located in Rochester, New York while the research and development office and sales offices are located in San Jose, California and Buckinghamshire, United Kingdom, respectively. The Rochester, New York and San Jose, California operate under Quintel USA while the Buckinghamshire, United Kingdom operate under Quintel Technology, LTD.

#### **Key Strategies**

The Company's key strategies are designed to allow the Cirtek Group to achieve its mid-term and long-term goals through an efficient mix of organic growth through expanding product lines/more sales teams and mergers and acquisitions. In line with this, shown below are the Company's key strategies for its strategic business units ("SBU"):

##### For Quintel

1. Expand to new geographic markets as the global market for multi-port, multi-frequency base station antennas are expanding rapidly
2. Expand Cirtek / Quintel's product portfolio through new product introduction, licensing and white label branding
3. Improvement in gross margin through lower BOM cost, more efficient outbound logistics, better yield and better quality

##### For CEC

1. Focus on further expanding the semiconductor business
2. Strengthen presence in high-growth market segments such as wireless communication, consumer electronics, automotive sectors
3. Expand sales network in key markets such as Europe, US and Asia

##### For CATSI

1. Consistent growth from RF/Microwave/Milimeterwave Business by at least 20% year on year
2. Expand customer base for RF/Microwave/Milimeterwave Business
3. Acquisition of Remec Broadband Wireless International, Inc.

## CEC PRODUCTS

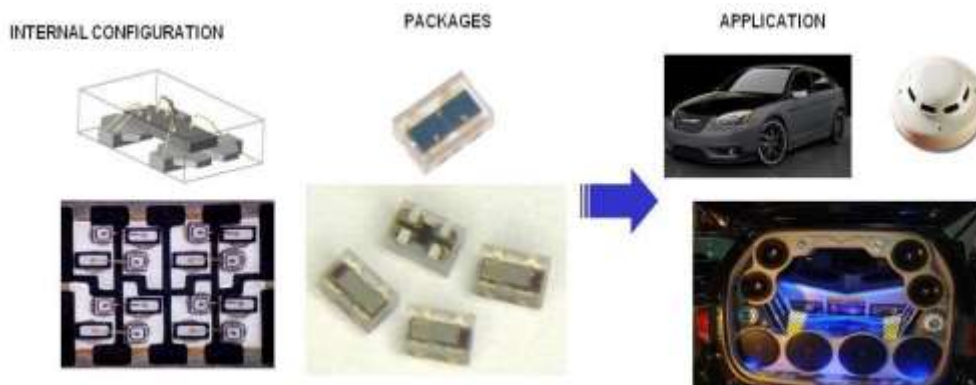
CEC offers a broad range of products that go into various applications. The end application covers practically everything from consumer products to high reliability industrial and military products.

The following are CEC's product lines:

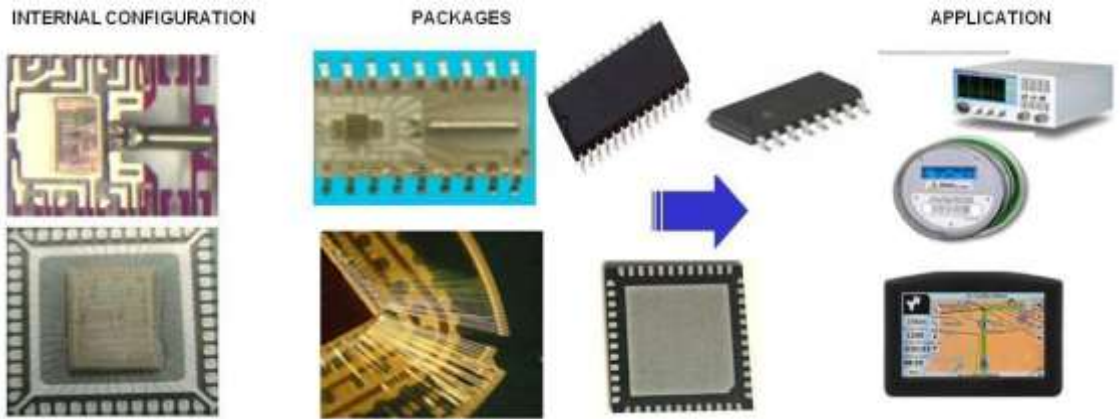
1. Protection products – These products are designed to protect electronic devices from damaging voltage or current spikes. These are in multi-chip Small-outline Integrated Circuit ("SOIC") packages, with up to 32 diodes in a single unit.



2. Light sensors – These optical devices sense the intensity of light and trigger the automatic switching on and off of headlights and the automatic adjustment of air conditioning settings in cars. The package is a transparent custom-body Quad Flat Pack Leadless Package ("QFN").



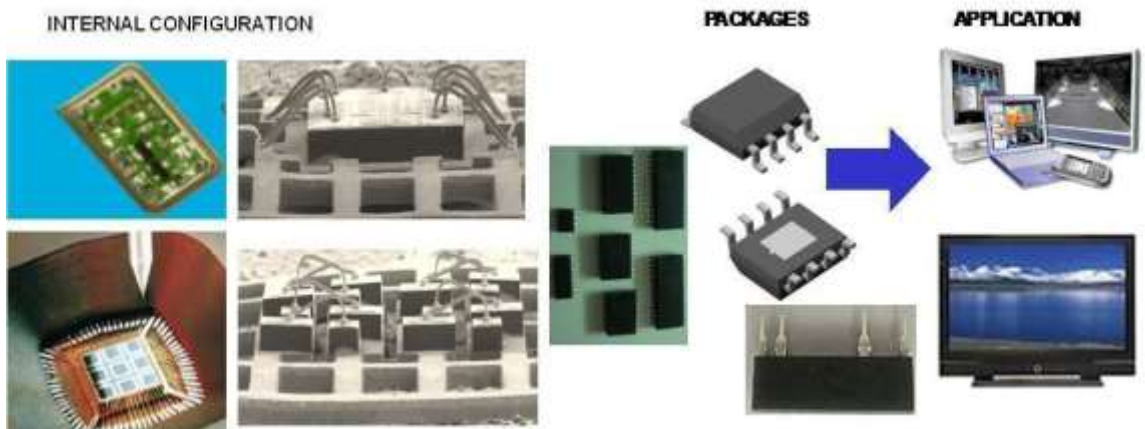
3. Real time clock – These are precision time keeping devices which contain features like calendars, time of day, trickle charger and memory functions. These devices come with tuning fork cylindrical crystals and are packaged in 16/20L SOIC 300mil body version.



4. Voltage control oscillators ("VCO") – This is an electronic oscillator that is designed to be controlled in oscillation frequency by a DC voltage input. Signals may also be fed into the VCO to cause frequency modulation or phase modulation.



5. Electronic Relays – These are opto relays that are used in controlling high voltage and high-power equipment. The control is achieved through the physical isolation of high voltage output and the low voltage input side of the device protecting the circuit components and the users. These are packaged in Plastic Dual-in-line Package ("PDIP") with an LED and a driver IC coupled together, without electrical connection between them.



6. Power management devices – These devices are used in a wide range of power management applications from telecommunications, industrial equipment, portable devices, computers, and networks. These are packaged in SOIC with the die pad exposed.



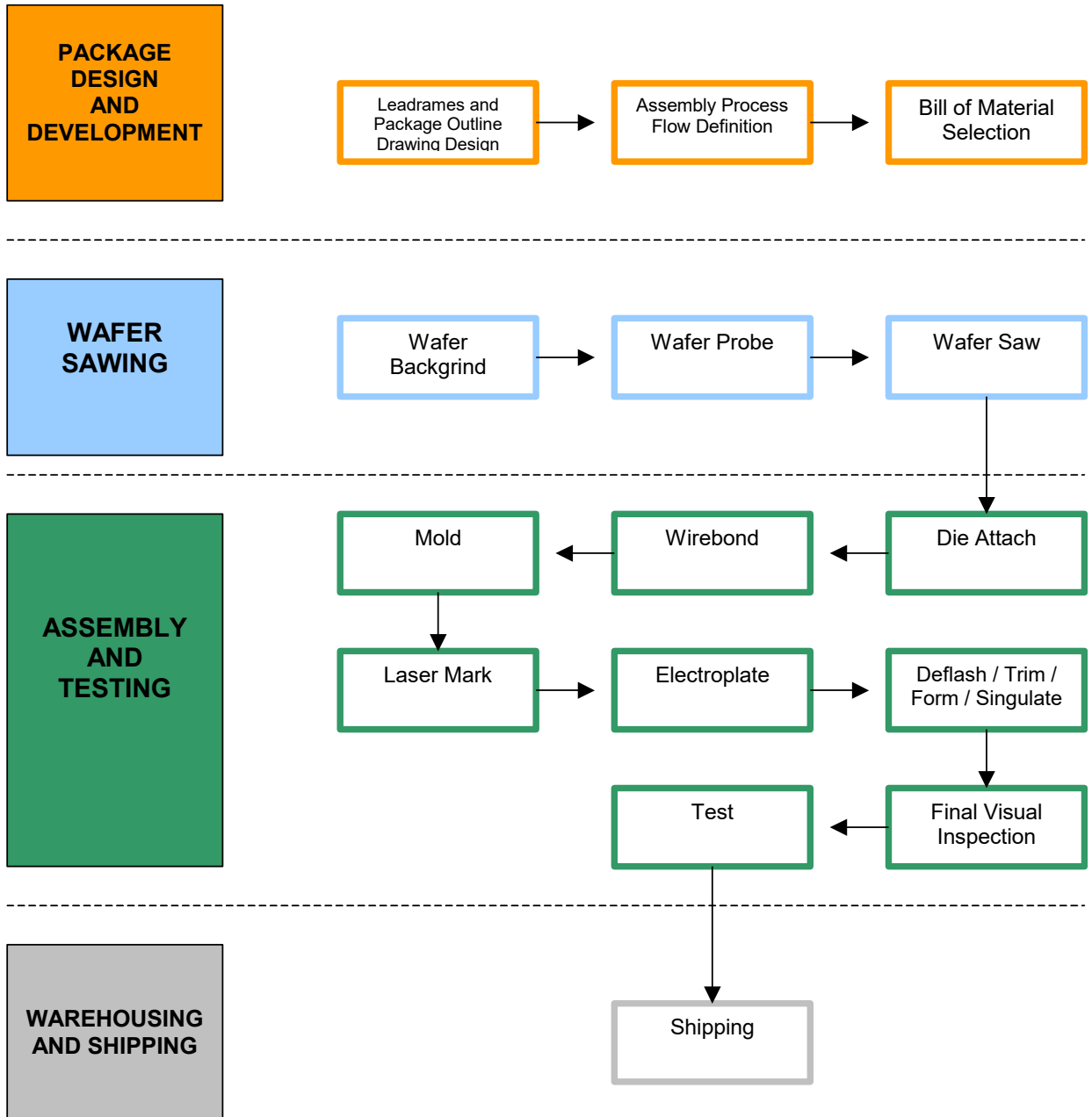
### **CEC MANUFACTURING PROCESS FLOW**

The Company, through its subsidiary CEC, assembles and tests semiconductor devices at its manufacturing complex located on a 12,740 square meter property in Biñan, Laguna. CEC currently leases the property from Cirtek Land, Inc. and Cayon Holdings, Inc., both of which are majority owned by one of the Company's directors, Nelia T. Liu. CEC's manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.



**Process Flow**

The figure below illustrates the typical manufacturing process for the back-end production of semiconductor products:



The back-end semiconductor operation starts with package design and development. The design phase pertains to a.) the determination of the type of package to be used that conforms to industry standards, b.) the substrates that will match the intended package, and c.) the material set that will be used to meet customer specifications. This is followed by tooling selection and ordering.

The development process follows a systematic approach which takes into account the standards required by the end user product. Advanced quality planning is made part of the process to ensure that the critical

quality characteristics are fully understood, characterized, and tested. Customers are involved as they have to approve the design and any changes that will happen later in the development stage.

The development is only deemed complete once critical processes are proven capable and qualification units and lots are produced and tested for reliability internally and or by the customers.

The fundamental package assembly process starts after the Company receives the wafer silicon from customers. Pre-assembly, the wafers are back grinded to the desired thickness, probed for electrical performance and then sawn to dice the wafers to its individual chip size following customer requirements. The individually sawn dies are then mounted on a copper substrate typically using epoxy adhesives. Other packages made by the Company, however, may require other mounting adhesives for enhanced functional performance. Examples of these include, E0201 DFN (used in smart phones) which requires a gold eutectic process or the PQFN (used in charges) which requires solder paste.

The interconnection between die to leads is normally done using gold fine wire. Power packages however use copper clips for higher electrical conductivity. The parts are then encapsulated by an epoxy molding compound, which are usually opaque.

The parts are then electroplated for protection of the metal leads, trimmed and formed into its final shape or sawn into its final dimensions in the case of 0201DFN, ODFN and PQFN.

These assembled units are electrically tested for functional screening. The good parts are then packed per customer specifications and shipped to its intended destination.

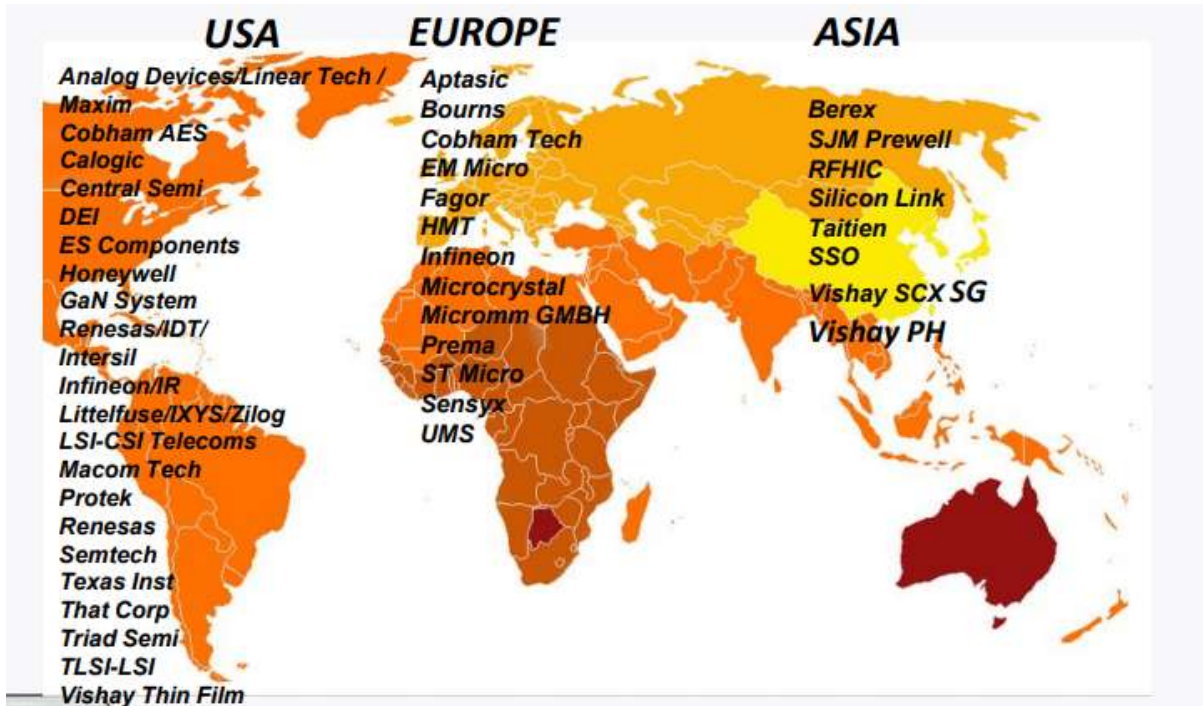
Customers may opt to contract for the entire process flow or for portions thereof, as well require changes, subject to mutual consent to suit the customers' product needs.

### **CEC Customers**

Beginning in 1984 with three (3) customers, the Cirtek Group has significantly grown its customer base to over 72 regular customers as of 31 December 2023. Cirtek, through CEC, aims to broaden its existing customer base, as well as its geographic coverage to mitigate the volatility in the semiconductor industry. The figure below lists the CEC's major customers:

The Company is not dependent upon a single customer or a few customers or industry, the loss of any of which would have a material adverse effect on the Company. The Company has no single customer contributing more than 20% of the Company's total revenues in the last three years of operations. The top customer accounts for only 12% of total revenue while the top 10 customers collectively account for less than 70% of total revenue. Neither is the Company reliant on any specific industry since its products have varied applications in different industries.

Most of the Cirtek Group's customers have been clients of the Company for more than ten (10) years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from three (3) to six (6) months, which the Company uses to project its supply requirements. Payment terms can vary (i.e., be on a cash-on-delivery basis or credit terms of between thirty (30) to forty-five (45) days) depending on the credit standing of the particular customer.



**CEC Competition**

The assembly and testing segment of the semiconductor industry is highly competitive. The Company's competitors in the semiconductor space include Integrated Device Manufacturers ("IDM") with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors, located in the Philippines and in the Asia-Pacific region. Among the Company's competitors are Amkor Technology in Korea and in the Philippines; Advanced Semiconductor Engineering, Inc. or ASE, a Taiwanese company and one of the largest OSAT companies in the world, with branches in Korea and China; Orient Semiconductor Electronics, Ltd. and Silicon ware Precision Industries Co. Ltd. in Taiwan; Unisem and Carsem Semiconductor in Malaysia; Hana Microelectronics in Thailand; STATS Chip Pac Ltd. in Singapore, and other Chinese subcontractors such as Diodes, Inc. and Chiang Jiang Electronic Technology or JCET.

Aside from Cirtek Group, there are two (2) active companies in the semiconductor industry that are listed in the PSE. These are Integrated Micro-Electronics, Inc. ("IMI") and SFA Semicon Philippines Corporation ("SSP").

**CATSI PRODUCTS**

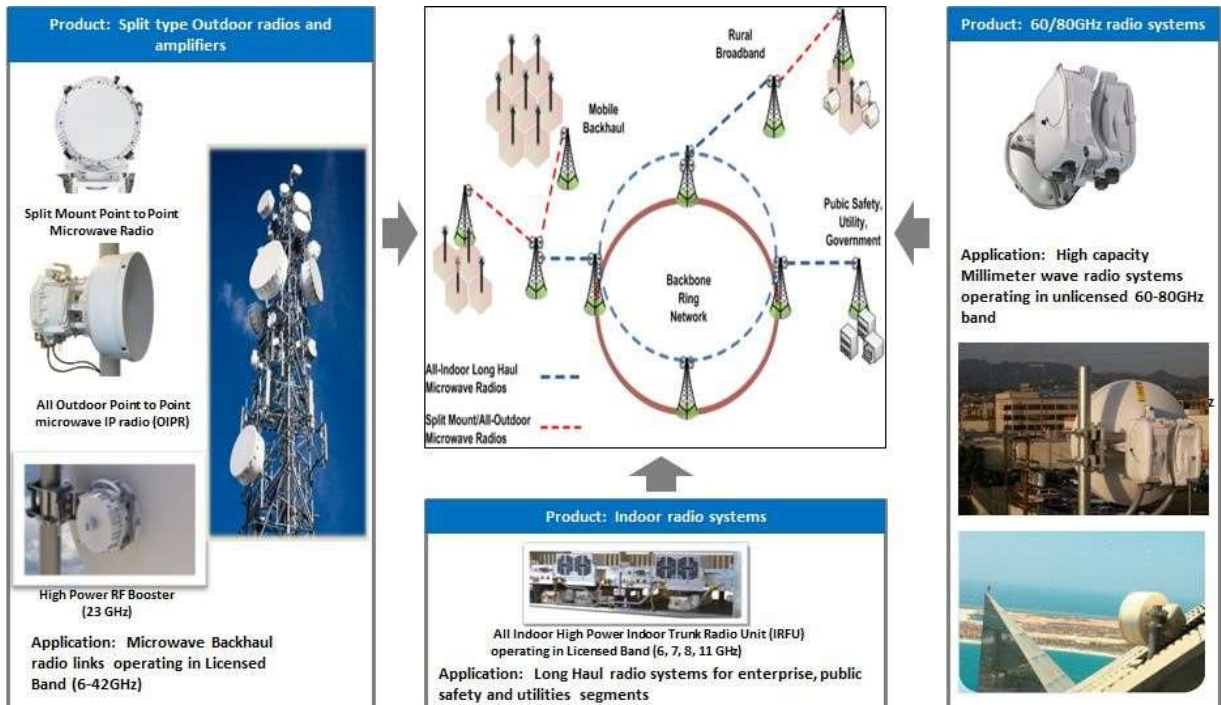
CATSI offers a broad range of microwave products that go into various applications. The end application covers microwave/wireless solutions for carrier and private data networks catering mobile backhaul, service provider, education, enterprise, government/municipalities and healthcare.

The following are CATSI's microwave products:

1. CTT Outdoor Unit ("ODU") – The CTT ODU is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The CTT ODU supports QPSK to 256QAM modulation and 7MHz to 56MHz channel bandwidth.
2. Indoor Radio Frequency Unit ("IRFU") –The IRFU is available in L6, U6, 7GHz, 8GHz, and 11GHz frequency bands. The channel spacing supported for North

American ANSI rates is between 3.75 MHz and 60 MHz. The channel spacing supported for ETSI rates is between 7 MHz and 56 MHz.

3. Outdoor Internet Protocol Radio ("OIPR") – The OIPR is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The supported modulation is QPSK to 256QAM. The channel spacings supported for North American ANSI rates is between 10MHz and 50 MHz. The channel spacings supported for ETSI rates are 7MHz, 14MHz, 28-30MHz, 40MHz and 56MHz.
4. FLEX4G-Ultra High Availability ("UHA") – Flex4G-UHA-UHA operates in the 71-76/81-86 GHz frequency range in compliance with ECC/REC 05/07 Recommendations and is subject to use based on each EU member country's individual regulations for operation in this band. The FLEX4G-UHA uses Binary Phase Shift Keying ("BPSK") modulation and supports a maximum data rate of 1,000 Mbps in a 1,250 MHz channel.

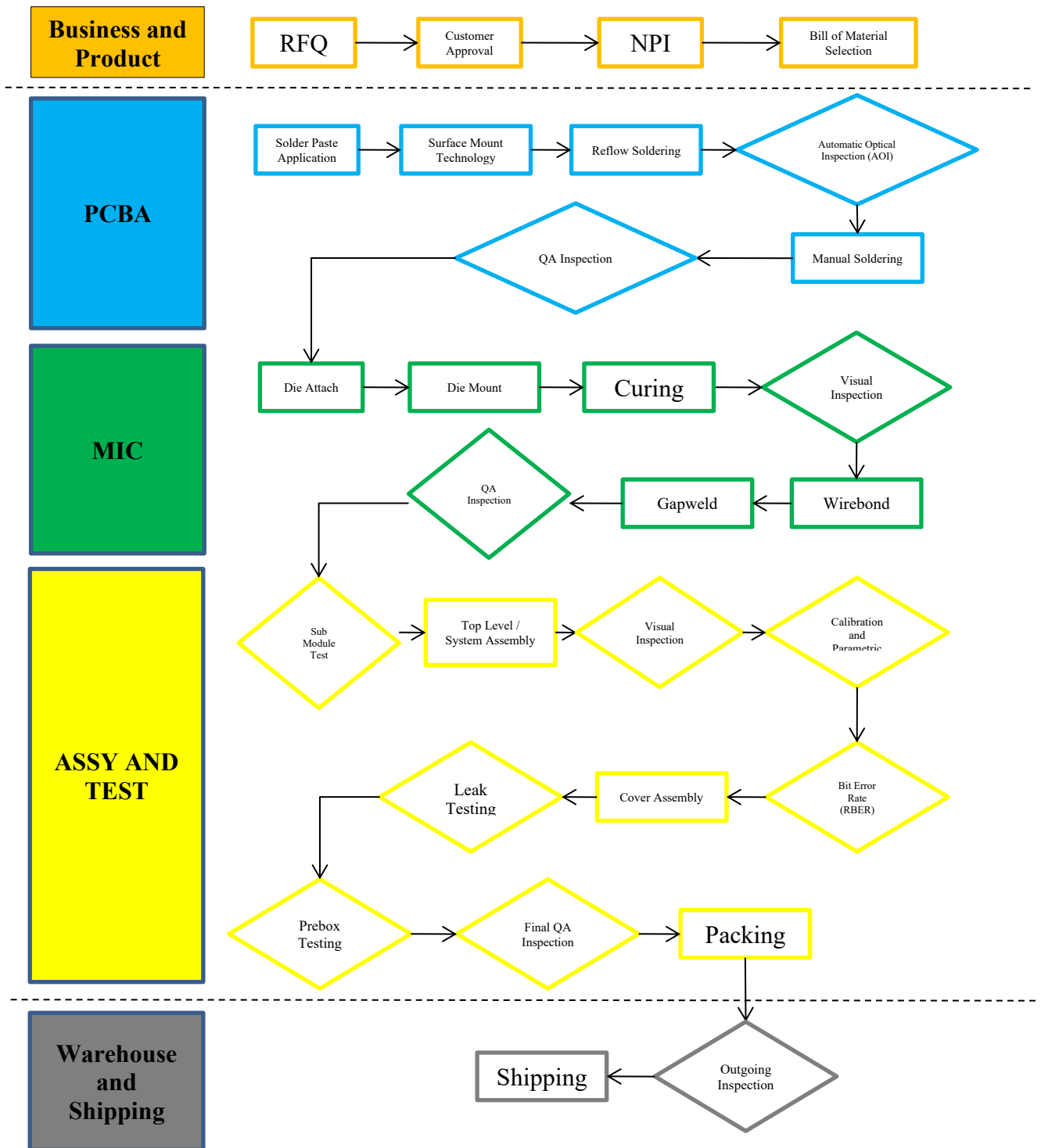


### CATSI MANUFACTURING PROCESS FLOW

The Company assembles and tests microwave products at its manufacturing complex located on a 12,740 square meters property in Biñan, Laguna. CATSI currently leases the property from Cirtek Land, Inc. and Cayon Holdings, Inc., both of which are majority owned by Nelía T. Liu. The manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.

**Process Flow**

The figure below illustrates the typical manufacturing process for the production of microwave products:



The manufacturing process starts with business and product development. The business development pertains to a) RFQ (Request for Quote) from customer and b) customer approval. Once the customer approves the quote, product development proceeds. The product development pertains to a) NPI (New Product Introduction) and b) bill of materials selection. During NPI, the factory will qualify the product and the process (to manufacture the product). The NPI process is considered completed once critical processes are proven capable and qualification units are produced and tested for reliability internally and or by the

customers. If NPI is successful, the bill of materials is finalized. This includes the product BOM, fixtures and packaging. Mass production follows.

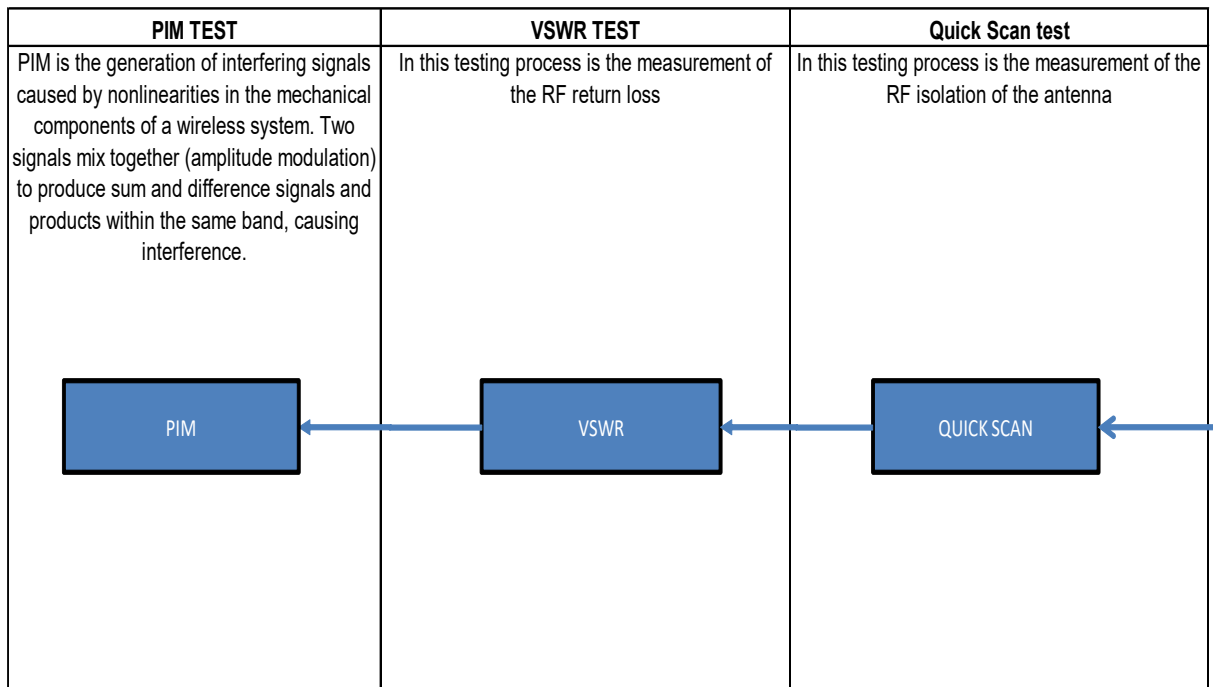
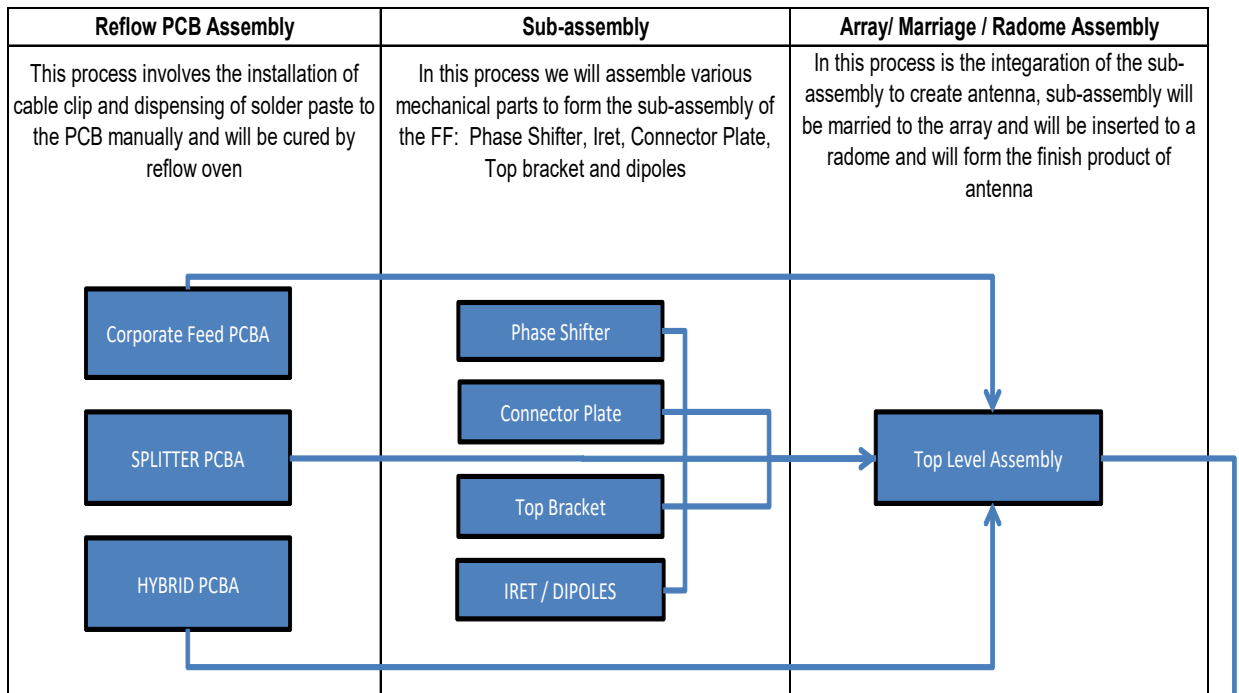
The fundamental assembly process starts with PCBA (Printed Circuit Board Assembly). Solder paste is applied to the PCB, followed by placement of components during SMT pick and place. The populated board is then loaded to the reflow oven for solder paste curing. After the oven reflow, the board undergoes AOI (Automatic Optical Inspection). All boards with reject (assembly rejects, i.e. missing components, wrong part mounted, tombstone, insufficient solder, mis-oriented, tilted, etc.) during AOI are reworked. All boards without rejects proceed to 2<sup>nd</sup> operation or manual soldering (if required).

Some modules/sub-assembly boards from PCBA undergo MIC process (Microwave Integrated Circuit). During this process, a component (MMIC) is attached or mounted to the board with epoxy, either manually or automated. The board is then cured to the required temperature depending on the type of epoxy used. Wire bond/gap weld is performed depending on the required assembly drawing. Inspection follows to ensure conformance to the assembly drawing.

The modules/sub-assembly boards will then undergo test and tune (if required). All passing modules are then integrated to form the ODU (final product) during Top level assembly. System level testing follows (Calibration and Parametric test, Bit Error Rate (BER) Test, etc.). The ODUs should conform to the specifications set by the customer.

Finished products are then packed per customer specifications and shipped to the intended destination.

The figure below illustrates the typical manufacturing process for the production of multiport antennas:  
**Multiport Antennas Proces flow chart**



## **CATSI Customers**

Most of the Cirtex Group's customers have been clients of the company for more than ten (10) years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from three (3) to six (6) months, which the Company uses to project its supply requirements. Payment terms can vary (i.e., be on a cash-on-delivery basis or credit terms of between thirty (30) to forty-five (45) days) depending on the credit standing of the particular customer.

## **CATSI Competition**

The Company's competitors in the RF/Satcom EMS space include large OEMs with international presence such as Benchmark Electronics, Plexus, Flextronics, and MTI Electronics. Among the Company's local competitors for certain product lines are Ionics, IMI, and ATEC.

The Company believes its competitive strength lies in its ability to provide complete turnkey solutions for complex, box build electronic and microwave products. The Company also believes it has unique RF/microwave expertise to deliver vertically integrated products from components to modules and system levels.

## **Quintel Corporation**

Founded in 2007, Quintel designs, develops and delivers advanced high efficiency, high performance antenna solutions that allow mobile operators to increase efficiency, enhance quality-of-service and reduce costs. The company's core technology, Q Tilt, which provides variable linear phase slope across the antenna array and as such, increases site output without expanding the site footprint. The company's corporate offices are located in Rochester and New York and San Jose California and its sales office is located in Buckinghamshire in the United Kingdom. Quintel's team of seasoned professionals understand tower tops better than anyone else in the industry and have pioneered some of the most advanced solutions in the marketplace today. Quintel delivers tremendous value to the industry's leading operators and OEMs, as well as a robust ecosystem of technology and channel partners, across the globe.

Quintel is radically transforming wireless infrastructure with feature-rich antenna technologies that make networks more efficient and more profitable. An innovator in low-impact and high-output solutions, Quintel simplifies rollout complexity with practical antenna solutions that quickly boost capacity and coverage within diverse heterogeneous networks. Quintel's innovative MultiServ and SONwav product lines enable mobile operators to quickly and easily grow their networks and not their budgets.

The following are Quintel's antenna products lines:

### **1. MultiServ – Single Antenna – Multiple Frequency Bands**

Under the MultiServ brand, Quintel sells Multi-Band/ Multi-Port Antennas which are designed to maximize site utilization without compromising site design and network optimization freedoms. This product offers independent tilt for different bands for different arrays while supporting up to 4x4 MIMO at high-bands. The technology of Multiserv also minimizes Passive Intermodulation interference and supports different access technologies (4G, LTE, 3G, 2G).





**Space Efficient Tower Solutions**  
**PIM Efficient Solutions**

Key Highlights of MultiServ product line:

- Smallest form factor (12" wide x 4' / 6' / 8' lengths)
- Advanced aerodynamic design reduces wind loading
- Field proven best-in-class azimuthal roll-off (C/I) RF performance
- Independent tilt-per-band eliminates band combiners
- Most reliable / all internal "Direct Connect" Remote Electrical Tilt (RET) design
- Highest quality in the industry – used at both tier-1 U.S. carriers nationally
- AISG over RF capability
- Broad portfolio with Hexports and Octoports in 65° and 45° and 10 / 12 port antennas
- World's only 12 port antenna 12" wide x 72" or 96" length with 6' high-band arrays

2. SONWav – Directional Antenna – Passive Real-Time Beamforming

Through its SONWav brand, Quintel provides Passive Real-Time Elevation Beamforming Antennas which increases throughput and spectral efficiency at low spectrum bands in a single slimline antenna. This product also offers route to double MIMO freedoms.



**Spectrally Efficient Tower Solutions**

Key Highlights of MultiServ product line:

- SONWav technique designed for Low-Band Serice 700, 800, 850MHz
- Allows Downlink to be Tilt optimized with Power Limited Uplink Services (VoLTE)
- Mitigates Uplink Interference when using IRC in Baseband
- Maximizes Uplink MCS, SINR, CQI and Throughput
- SonWav also has 4x1695-2400MHz Ports (as 2x independent Tilts)
- Optimized Azimuth Patters as per MultiServe Family
- Optimized Rodome & Windload as MultiServe Family

Quintel Manufacturing Process Flow

Cirtek assembles and tests antenna products at its manufacturing complex located in Laguna Technopark in Biñan, Laguna. The manufacturing facility is composed of three buildings, with a total floor area of 22,300 square feet.

The figure below illustrates the typical manufacturing process flow for the production of antenna products:

## Quintel Product Development (Research and Development)

The figure below illustrates the New Product Development process within Quintel:



## Quintel Customers

Quintel's current customers are AT&T and Verizon, large telecommunication corporations operating in North America. In order to reduce the concentration risk of a few major customers, Quintel has been actively seeking business opportunities with new potential customers wherein the initial focus will be on large customers in North America and Europe. The company eventually wants to penetrate the Asian market and provide its products to telecommunication companies in countries such as Singapore and the Philippines.

## Quintel Competition

Quintel's competitors in the Antenna space are made up of a number of well-known companies, most of which sell multiple products directly or indirectly to carriers. These competitors are either diversified telecom infrastructure and service companies, telecom system and component vendors or pure-play antenna makers. Below is a diagram of the competitive landscape of the industry:



## CUSTOMERS

Beginning in 1984 with three (3) customers, the Cirtek Group has significantly grown its customer base to over 72 major and regular customers as of present date. The Cirtek Group's Company's customers are located in various countries, with the bulk of revenues contributed by customers located in Europe and the

United States of America. The figure below illustrates the geographic distribution of customers by revenue contribution, over the past three (3) years.

**CEC**

**% Contribution to Revenue Per Region  
2021-2023**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Asia	25%	24%	31%
Europe	45%	46%	28%
USA	30%	30%	41%

**CATSI**

**% Contribution to Revenue Per Region  
2021-2023**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Asia	67%	65%	64%
Europe	1%	1%	8%
USA	32%	34%	28%

The Company is not dependent upon a single customer or a few customers or industry, the loss of any of which would have a material adverse effect on the Company. The Company has no single customer contributing more than 20% of the Company's total revenues in the last three years of operation. Neither is the Company reliant on any specific industry since its products have varied applications in different industries.

**Quintel**

**% Contribution to Revenue Per Region  
2022-2023**

	<b>2022</b>	<b>2023</b>
Asia	-	-
Europe	-	-
USA	100%	100%

**MARKETING**

The Company appoints non-exclusive sales agents around the globe to promote its products and services. These agents help promote and maintain strong relationships by working closely with customers to address and resolve quality issues and communicate timely responses to specific requirements and delivery issues. The Company through its subsidiaries currently maintains a sales director in the USA and sales agents in the USA, Europe, and Asia.

Cirtek also performs marketing research for technology development by working closely with its customers through collaboration, conducting surveys, and gathering market trends to keep the Company abreast of new packaging techniques and product introductions.

## SUPPLIERS

Direct materials used by the Company in the manufacturing process are leadframes, molding compound, wires (gold and copper) and epoxy adhesives. Silicon wafers are provided by Cirtek's customers.

These direct materials are sourced abroad, mainly from Hongkong, Singapore, Malaysia, and Korea. Shipment is mostly by air, except for the molding compound, which is by sea because of its weight. In order to mitigate the risk of shortage of these direct materials, the Company has at least two suppliers for each material.

## EMPLOYEES

As of December 31, 2023, the Cirtek Group has 932 regular employees.

<b>Position</b>	<b>Total</b>
Managers and Executives	23
Engineers	20
Administration	55
Other support Cirtek Groups	368
Rank and File	466
<b>Total</b>	<b>932</b>

The Cirtek Group is not unionized. However, to foster better employee-management relations, the Cirtek Group has a labor management council ("LMC") composed of committees with representatives from both labor and management. These committees include the committee on employee welfare and benefit, employees cooperative committee, employee discipline committee and sports and recreation committee, among others.

LMCs are established to enable the workers to participate in policy and decision-making processes in establishment, in so far as said processes will directly affect their rights, benefits and welfare, except those which are covered by collective bargaining agreement or are traditional areas of bargaining. The scope of the council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

## INTELLECTUAL PROPERTY

The Company does not believe that its operations are dependent on any patent, trademark, copyright, license, franchise, concession or royalty agreement.

## RESEARCH AND DEVELOPMENT

Research and development work are performed by a team of over 20 experienced engineers with skills developed internally and learned from previous work experiences. Skills are brought in through hiring when necessary while training is a continuing concern to hone the skills of the technical staff.

The Company, in the case of CEC and CATSI, has successfully cooperated with customers on many projects, co-developing with them new technology that are customer specific that will ensure continuing engagement by the customers. This approach ties up customer with the Company over a long period of time generating revenues from a captive market. Quintel's R&D activities cover components, network / system and products.

The Company's technology for CEC and CATSI roadmap covers material development and process improvement to improve on cost and to help maintain the margins. The latest materials are identified to

meet ever increasing demand for higher quality and lower cost. These are product-application specific that are jointly co-developed with the customers bringing benefits to both parties.

The same technology roadmap resulted in bringing down the material and labor cost. For 2016, there was a reduction of 0.5% in cost of sales from new material developed.

Quintel's technology roadmap covers base-station antennas, MIMO, mid-cell and small cell technologies for 5G deployments.

## **GOVERNMENT APPROVAL AND PERMITS**

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company, were obtained by the Company and are in full force and effect. As a holding company, the Company is only required to obtain a mayor's permit, which was issued to the Company on 30 January 2024 by the City of Biñan, Laguna. Such mayor's permit is required to be renewed within the first thirty (30) days from the beginning of January of the following year.

## **REGULATORY FRAMEWORK**

As a PEZA-registered entity, CEC and CATSI are required to submit periodic financial and other reports. CEC is also required to submit quarterly, semi-annual and annual reports to the Department of Environment and Natural Resources as part of its Environmental Compliance Certificate requirements. The failure to comply with these reports and with any other requirements or regulations of these government agencies could expose CEC and CATSI to penalties and the revocation of the registrations.

CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings and liaise with the relevant government agencies.

## **ITEM 2            PROPERTIES**

The Company, through its subsidiary, owns the manufacturing plants in the Laguna Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, and other machinery necessary for the manufacture, assembly and testing of semiconductors. All of these properties are free and clear of liens, encumbrances and other charges, and are not the subject of any mortgage or other security arrangement.

## **ITEM 3            LEGAL PROCEEDINGS**

On 23 October 2019, Otilio Vicente F. Arellano II and Rafael Estrada (the "Complainants") demanded to inspect the Company's records, including a documented blow-by-blow account of corporate decisions, transactions, accounting judgments and estimates. However, Complainants did not provide any legitimate reason for their request to inspect a great volume of corporate documents, contrary to the prevailing rule on the exercise of the right to inspect.

Thus, on 4 November 2019, the Company filed a Petition for Declaratory Relief seeking a declaration of the Company's duties in relation to Complainants' right to inspect under Section 73 of Republic Act No. 11232 or the Revised Corporation Code ("RCC"). Specifically, the Company seeks a judicial declaration and/or confirmation of its right to decline the demand to inspect corporate records on account of bad faith and ill motive. The Petition, docketed as Civil Case No. B-10603, was filed with the Regional Trial Court of the City of Biñan, Branch 153 (RTC Branch 153).

On 17 February 2020, despite the pendency of the Petition for Declaratory Relief, complainants filed a Joint Complaint-Affidavit for alleged violation of Section 73 in relation to Section 16C of the RCC before the Office of the City Prosecutor ("OCP") against the following directors and officers of the Company: Jerry Liu, Jorge Aguilar, Michael Stephen Liu, Brian Gregory Liu, Justin Liu, Ernest Fritz Server, Hector Villanueva, Corazon

Guidote, Emelita Cruzada and Rosario Menguito (the "Respondents"). Respondents received a copy of the Joint Complaint-Affidavit on 17 August 2020.

After submission of all the required pleadings, on 19 January 2021, the OCP issued a Resolution finding probable cause for the offense charged. Respondents received a thereof on 17 March 2021.

On April 5, 2021, a Petition for Review entitled "*Otilio Vicente Arellano II and Rafael Estrada v. Jerry Liu, et al.*," docketed as NPS Docket No. IV-25-INV. No. 20B-00068, was timely filed with the Department of Justice ("DOJ") assailing the 19 January 2021 Resolution of the OCP. The Petition is still pending with the DOJ.

Sometime in April 2021, the accused learned that an Information for violation of Section 73 in relation to Section 161 of the Revised Corporation Code, entitled *People v. Jerry Liu, et al.*, docketed as Criminal Case No. 2560-B-2021 was filed with the Regional Trial Court of the City of Biñan, Branch 152 (RTC Branch 153).

Thus, on 12 April 2021, the Accused filed an Amended Omnibus Motion with the RTC Branch 152, seeking to (a) Dismiss and/or Quash the Information, (b) Withhold the Issuance of a Warrant of Arrest or Recall Warrant of Arrest, if already issued; or in the alternative, (c) Suspend the Proceedings Due to Prejudicial Question

Meanwhile, in an Order dated 9 July 2021, the RTC Branch 153-A dismissed the Petition for Declaratory Relief. On 30 July 2021, the Company filed a Notice of Appeal of the said Order.

In an Order dated 5 July 2021, the RTC Branch 153 suspended the criminal proceedings by reason of prejudicial question, and subsequently upheld such suspension in an Order dated 30 July 2021 in view of the appeal of the civil case for declaratory relief.

On 12 October 2022, the Company filed its Memorandum in Lieu of Appellant's Brief for the Petition for Declaratory Relief (docketed as Civil Case No. B-10603) before the Court of Appeals.

On appeal, the Court of Appeals rendered its Decision dated 28 November 2022 reversing and setting aside the Orders dated 02 December 2020 and 09 July 2021 of the RTC Branch 154 and 153, respectively in the Civil Case No. B-10603. Therein, the Court of Appeals found that the Company cannot be compelled to grant access to inspect its corporate books and records without a lawful and legitimate purpose for such inspection.

On 27 December 2022, Otilio Vicente Arellano II and Rafael Estrada filed their Motion for Reconsideration assailing the Decision dated 28 November 2022 to which petitioner filed their Comment/Opposition dated 23 January 2023. On 13 July 2023, the Court of Appeals rendered its Resolution denying respondents' Motion for Reconsideration and affirming the Decision dated 28 November 2022.

On 02 August 2023, petitioners filed a Motion for Additional Time to File Petition for Review seeking an additional thirty (30) days from 03 August 2023, or until 02 September 2023, within which to file their petition for review on certiorari to the Decision rendered by the Court of Appeals in the case entitled "*Otilio Vicente F. Arellano II and Rafael Estrada vs. Cirtek Holdings Philippines Corporation*" docketed as CA-G.R. SP No. 173046 (Case No. B-10603). However, as of date, no Petition for Review has been received by the Company.

As of date, the criminal proceedings remain suspended, and the case has no material impact to the business or operations of the Company.

Other than the foregoing, there are no pending legal cases against the Company, its Subsidiaries, and their respective management that will have immediate material adverse effect on the financial position and operating results of the Company.

**ITEM 4                    SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

The following items shall be presented to the stockholders for their approval during the annual stockholders' meeting:

1.        Minutes of the Annual Stockholders' Meeting held on 26 May 2023;
2.        Audited Financial Statements as of and for the year ended 31 December 2023;
3.        Ratification of the Acts of the Board and Management; and
4.        Appointment of External Auditor.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### ITEM 5 MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The registrant’s common equity is principally traded in The Philippine Stock Exchange (“PSE”). The high and low sales prices for every quarter ended are indicated in the table below:

	2022		2023	
	HIGH	LOW	HIGH	LOW
<b>Q1</b>	8.05	5.61	3.38	2.79
<b>Q2</b>	6.62	5.41	3.14	2.58
<b>Q3</b>	5.58	4.31	2.72	1.83
<b>Q4</b>	4.64	3.50	2.00	1.52

The price of the Company’s Common shares as of 12 April 2024 trading date was PhP 1.72 per share.

The price of the Company’s Preferred B2-A shares as of 11 April 2024 trading date was \$0.72 per share.

The price of the Company’s Preferred B2-B shares as of 21 April 2024 trading date was \$ 0.70 per share.

The price of the Company’s Preferred B2-C shares as of 08 April 2024 trading date was PhP 49.85 per share.

The price of the Company’s Preferred B2-D shares as of 08 April 2024 trading date was PhP 50.70 per share.

The number of Shareholders of record as of 31 March 2024 is 29.

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

The Company has issued 20,000,000 Preferred B2-B Shares to Camerton, Inc. on 18 December 2020. The Preferred B2-B Shares were listed on PSE on 2 February 2021.

*Top 20 Stockholders of Record as of 31 March 2024 (registered with the SEC)*

Stockholder Name	Number of Common Shares Held	Percentage of Shareholding
PCD Nominee Filipino	536,701,049	80.28
Camerton, Inc.	110,260,791	16.49
PCD Nominee Non-Filipino	21,369,155	3.20
Jose Ivan T. Justiniano or Ma. Jema Justiniano	79,761	0.01
Beant Singh Grewal	37,000	0.01
Anna Loraine Mendoza	17,500	0
Myra Villanueva	14,000	0
Raymond Alvin Mendoza	13,100	0
Fernando Magno Enriquez	12,000	0
Eduardo Lizares	1,000	0
Julius Victor Emmanuel Sanvictores	145	0
Stephen Soliven	122	0
Owen Nathaniel S. Au ITF LI Marcus Au	106	0
Jesus San Luis Valencia	62	0



Dondi Ron R. Limgenco	11	0
Shareholders' Association of The Philippines, Inc.	10	0
Joselito T. Bautista	3	0
Jorge Aguilar	1	0
Rafael Estrada	1	0
Corazon Guidote	1	0
Brian Gregory Liu	1	0
Jerry Liu	1	0
Justin T. Liu	1	0
Michael Stephen Liu	1	0
Hector Villanueva	1	0
Bernardino Ramos	1	0
Ernest Fritz Server	1	0
<b>Total</b>	<b>668,505,825</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred A Shares as of 31 March 2024 (not registered with the SEC)*

<b>Stockholder Name</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Shareholding</b>
Camerton, Inc.	700,000,000	100
<b>Total</b>	<b>700,000,000</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred B-1 Shares as of 31 March 2024 (not registered with the SEC)*

<b>Stockholder Name</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Shareholding</b>
Camerton, Inc.	70,000,000	100
<b>Total</b>	<b>70,000,000</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred TCB2A Shares as of 31 March 2024 (registered with the SEC)*

<b>Stockholder Name</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Shareholding</b>
PCD Nominee Corporation (Filipino)	66,488,220	99.24
PCD Nominee Corporation (Non-Filipino)	401,780	0.60
Knights of Columbus Fraternal Association of the Phils.,	100,000	0.15
George Soriano MA and /or Betty Soriano MA	10,000	0.02
<b>Total</b>	<b>67,000,000</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred TCB2B Shares as of 31 March 2024 (registered with the SEC)*

<b>Stockholder Name</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Shareholding</b>
PCD Nominee Corporation (Filipino)	20,000,000	100
<b>Total</b>	<b>20,000,000</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred TCB2C Shares as of 31 March 2024 (registered with the SEC)*

Stockholder Name	Number of Preferred Shares Held	Percentage of Shareholding
PCD Nominee Corporation (Filipino)	16,879,160	99.662
PCD Nominee Corporation (Non-Filipino)	57,240	0.338
<b>Total</b>	<b>16,936,400</b>	<b>100</b>

*Top 20 Stockholders of Record of Preferred TCB2D Shares as of 31 March 2024 (registered with the SEC)*

Stockholder Name	Number of Preferred Shares Held	Percentage of Shareholding
PCD Nominee Corporation (Filipino)	28,017,740	97.88
PCD Nominee Corporation (Non-Filipino)	207,760	0.73
Knights of Columbus Fraternal Association of the Philippines Inc	400,000	1.40
<b>Total</b>	<b>28,625,500</b>	<b>100</b>

*Dividends Declaration*

The Board of Directors of TECH, in its regular meeting held on 19 January 2024, approved the following:

Declaration of cash dividends of the following shares:

a. Preferred A Shares (Unlisted)

Declaration of cash dividend of US\$0.000012196 per share for each of the Seven Hundred Million (700,000,000) issued and outstanding Preferred A Shares amounting to an aggregate sum of Eight Thousand Five Hundred Thirty-Seven and 1/100 US Dollars (US\$8,537.01), for payment and distribution on 8 March 2024 to shareholders of record as of 22 February 2024. The cash dividend shall be paid in Philippine Pesos at the Bangko Sentral ng Pilipinas ("BSP") exchange rate one day prior to payment date.

b. Preferred B-1 Shares (Unlisted)

Declaration of cash dividend of Php0.06125 per share for each of the Seventy Million (70,000,000) issued and outstanding Preferred B-1 Shares amounting to an aggregate sum of Four Million Two Hundred Eighty-Seven Thousand Five Hundred Pesos (Php4,287,500.00) for payment and distribution on 8 March 2024 to shareholders of record as of 22 February 2024.

c. Preferred B-2 Subseries A Shares ("Preferred B-2A Shares")

Declaration of cash dividend of US\$0.0228125 per share for each of the Sixty-Seven Million (67,000,000) outstanding and issued Preferred B-2A Shares amounting to an aggregate sum of One Million Five Hundred Twenty-Eight Thousand Four Hundred Thirty-Seven US Dollars and Fifty Centavos (US\$1,528,437.50), for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2A Shares shall be made to the entitled shareholders on the following dates:

- i 8 March 2024 to shareholders of record as of 22 February 2024;
- ii 10 June 2024 to shareholders of record as of 24 May 2024;
- iii 9 September 2024 shareholders of record as of 23 August 2024; and
- iv 9 December 2024 shareholders of record as of 22 November 2024.

d. Preferred B-2 Subseries B Shares (“Preferred B-2B Shares”)

Declaration of cash dividend of US\$0.025 per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of Five Hundred Thousand US Dollars (US\$500,000.00), for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2B Shares shall be made to the entitled shareholders on the following dates:

- i 18 March 2024 to shareholders of record as of 1 March 2024;
- ii 18 June 2024 to shareholders of record as of 3 June 2024;
- iii 18 September 2024 shareholders of record as of 3 September 2024; and
- iv 18 December 2024 shareholders of record as of 3 December 2024

e. Preferred B-2 Subseries C Shares and Preferred B-2 Subseries D Shares (“Preferred B-2C and Preferred B-2D Shares”)

Declaration of cash dividend of PhP0.8233 per share for each of Sixteen Million Nine Hundred Thirty-Six Thousand Four Hundred (16,936,400) outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of Thirteen Million Nine Hundred Forty-Three Thousand Seven Hundred Thirty-Eight Pesos and Twelve Centavos (PhP 13,943,738.12), and declaration of cash dividend of PhP0.968825 per share for each of the Twenty-Eight Million Six Hundred Twenty-Five Thousand and Five Hundred (28,625,500) outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of Twenty-Seven Million Seven Hundred Thirty Three Thousand One Hundred and Four Centavos (PhP27,733,100.04), for each Dividend Period.

The schedule of the payment and distribution of the cash dividends for each of Preferred B-2C and Preferred B-2D Shares shall be made to the entitled shareholders on the following dates:

- i 14 March 2024 to shareholders of record as of 28 February 2024;
- ii 14 June 2024 to shareholders of record as of 30 May 2024;
- iii 16 September 2024 shareholders of record as of 30 August 2024; and
- iv 16 December 2024 shareholders of record as of 29 November 2024.

There are presently no restrictions that limit the payment of dividend on common shares of the Company.

Owners of record of more than five percent (5%) of the Company’s voting securities as of 31 March 2024:

<b>Title of Class</b>	<b>Name, Address of Record Owner, and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>% of Class</b>
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	Filipino	536,701,049	80.28%
Common	Camerton, Inc. <sup>4</sup>	Camerton, Inc.	Filipino	110,260,791	16.49%

<sup>4</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders’ Meeting on 31 May 2024.

	116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna			
Common	<b>Total</b>			<b>646,961,840</b>	<b>96.77%</b>
Preferred A	Camerton, Inc. <sup>5</sup> 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Camerton, Inc. 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Filipino	700,000,000	100%
	<b>Total</b>			<b>700,000,000</b>	<b>100%</b>

Under PCD account, the following participants hold shares representing more than five percent (5%) of the Company's outstanding shares as of 31 March 2024.

<b>Participant</b>	<b>Number of Shares</b>	<b>Percentage</b>
Abacus Securities Corporation	134,966,227	20.19%
COL Financial Group, Inc.	120,319,384	18.00%
Guild Securities, Inc.	38,282,658	5.73%
First Metro Securities Brokerage Corp.	37,248,139	5.57%

## **ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **Overview**

Through its subsidiaries, the Company is primarily engaged in three (3) major activities:

- 1) the design, development and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions;
- 2) the manufacture of value-added, highly integrated technology products; and
- 3) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services.

Quintel Solutions is a leading provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks. Quintel is a pioneer of multi-port, multi-frequency wireless tower antennas. These antennas support more frequencies and deliver greater bandwidth, thereby improving customer experience and creating cost-efficiencies and quicker roll-out for mobile operators.

CEIC sells integrated circuits principally in the US and assigns the production of the same to CEC. CEIC acquired Remec Broadband Wireless Inc. ("RBWI") in 30 July 2014, which was renamed as Cirtek Advanced Technologies and Solutions, Inc. ("CATSI"), a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

<sup>5</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders' Meeting on 31 May 2024.

CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEC has over 64 regular customers spread out in Europe, the US and Asia.

Beginning in 1984 with only three (3) customers, the Cirtek Group has significantly grown its customer base to over 72 major and regular customers across Europe, U.S. and Asia, with the bulk of revenues contributed by customers located in Europe and the U.S.

The Cirtek Group has earned a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. The Cirtek Group has been accredited and certified by several international quality institutions, namely TÜD SÜD Management Service GmbH, TÜV Product Service Asia Ltd., Taiwan Branch, Defense Supply Center & British Approval Board Telecom, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949, TUV Product Safety Certification, and FCC certification.

### **Factors Affecting the Company's Results of Operations and Financial Conditions**

***The Cirtek Group's business is highly dependent on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive.***

The pace of innovation in the electronics and communications industries is high. In order to remain competitive, the Cirtek Group must adapt to new technologies required by their customers. They must have the engineering capability for product development to meet their clients' needs.

The demand for the Company's solutions is derived from the demand of end customers particularly for end-use applications in the computing, communications, consumer automotive, and industrial electronics industries. These industries have historically been characterized by rapid technological change, evolving industry standards, and changing customer needs. There can be no assurance that the Company will be successful in responding to these industry demands. New services or technologies may also render the Company's existing services or technologies less competitive. If the Company does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities may require substantial time, effort, and capital investment.

Thus, the Cirtek Group is focused on continuous R&D, new product development, technical innovation and re-engineering. This is done to ensure a strong and consistent pipeline of new products, enhance process capability and to reduce production cost. They have successfully collaborated with their customers in a number of projects, co-developing new technologies that are customer specific, thereby ensuring long-term partnership with customers.

The Cirtek Group develops its own technology, and product roadmaps. The Cirtek Group ensures that it has the skills necessary to meet its customers' needs through training and hiring.

### ***Risks relating to the Company and its business***

1. The growth of the Company is dependent on the successful execution of its expansion plans;
2. Dependence on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive;
3. Risks relating to the contractual right of the customers of the Cirtek Group to place orders in quantities less than the agreed minimum and their requirement for the latter to maintain certain key certifications and meet technical audit standards;
4. Risks relating to working capital being tied up in inventories and inventory obsolescence;
5. Risks relating to delayed or non-payment of customers for products sold or services rendered;
6. Risks relating to the maintenance of governmental approvals;
7. Risks relating to the industry's dependence on the continued growth of outsourcing by OEMs;

8. Risks relating to the Company's exposure to the cyclical nature of the semiconductor industry;
9. Risks relating the competitive nature of the assembly and testing segment of the semiconductor industry;
10. Risks relating to the volatility in the price of raw materials and the availability of supply used by the Company in its production process;
11. Risks relating to intellectual properties;
12. Risks relating to foreign exchange;
13. Risks relating to industrial or labor disputes;
14. Risks relating to the separation of key employees with the Company;
15. Risk that the Company might fail to comply with its loan covenants which might reduce its ability to service its debt obligations; and
16. Risks relating to the implementation of the second package of the Comprehensive Tax Reform Program may have a negative effect on the Company.

### ***Risks Relating to Countries Where the Company Operates***

1. Business, political, operational, financial, and economic risks arising from the Company's operations in the Philippines and other jurisdictions;
2. Risks arising from environmental laws that are applicable to the Company's projects;
3. Risks due to political instability in these various jurisdictions;
4. Risks arising from territorial disputes involving the Philippines and its neighboring countries;
5. Macroeconomic risks in each country of operations;
6. Risks relating to the Company's international expansion and its operation in multiple jurisdictions; and
7. Risks due to natural or man-made catastrophes including severe weather conditions and epidemics, including the COVID-19 pandemic.

### ***Risks on the acquisition of Quintel Cayman, Ltd. and its subsidiaries***

The Company is exposed to several risks due to their recent acquisition of Quintel Cayman, Ltd. and its subsidiaries, Quintel Technology, Ltd. and Quintel USA.

The Company may have potential difficulties in integrating the new business to their existing business model, as their new product offerings may require different marketing and operational strategies. There is also the risk pertaining to the existing customer base of Quintel, as Cirtek may lack knowledge of Quintel's customers' behavior.

There is commercial risk if the Company is unable to turnaround the business of Quintel and make it profitable. Cirtek may not be able maintain Quintel's existing product licenses, while Quintel's R&D may be unable to produce new projects in its pipeline or create new tech or innovations to satisfy their customers. As a result, the Company would not be able to meet their projected level of sales or return of investment for their new business.

To manage these risks, Cirtek, in its acquisition of Quintel, carried out extensive due diligence covering operations, accounting and tax, legal, and Intellectual Property. The Company also commissioned third party studies to validate Quintel's technologies, current products, future product offerings, and Quintel's industry position in the base station antenna market in North America.

Cirtek is also investing in the key areas of sales and marketing and R&D. Cirtek identified and signed up the key senior management, R&D, and sales and marketing personnel in Quintel, offering incentive and retentions programs. Quintel will also be hiring additional sales representatives to focus on the North American market and to build presence in new markets such as South America and Asia. Quintel will also increase its R&D personnel to support and fast-track the introduction of new products to the market.

Quintel also introduced Cirtek to its key customers, AT&T and Verizon, who positively received the news of Cirtek assuming ownership of Quintel.

The Company believes the acquisition of Quintel will create significant synergies. Cirtek, being the sole contract manufacturer of Quintel, understands the Quintel antennas. The Company foresees significant benefits through collaborative value engineering, R&D, and cost reduction. Cirtek has begun implementing cost-reduction program to improve gross margins. This would include lower material costs, lower labor hours, and lower inbound and outbound logistics costs.

***Some of the Cirtek Group's customers have the contractual right to place orders in quantities less than the agreed minimum. The customers also require that the latter maintain certain key certifications and meet technical audit standards in order to be an accredited assembly and testing subcontractor.***

The Company is required to maintain certain certifications, which include among others, ISO9001, ISO14001, QS9000/TS16949, Defense Supply Center of Columbus, and British Approval Board Telecom, TUV Product Safety Certification, and FCC certification. In addition, the Company must pass annual audits conducted by its customers in order to maintain its status as an accredited assembly and testing subcontractor. The failure by the Company to maintain any of its key accreditations could have a material adverse effect on the Cirtek Group's financial condition, or results of operation.

The Company has managed to consistently obtain all customary international accreditations certifying to its world-class standards of process and manufacturing from quality institutions such as TUV, Defense Supply Center of Columbus, and British Approval Board Telecom. This allows it to meet various industry requirements and standards. The Company continually monitors industry requirements and standards issued by applicable international accreditation bodies and implements the changes or adjustments necessary to remain compliant with the levels of standard imposed on competitive industry members.

***The Company may be exposed to risk of inventory obsolescence and working capital tied up in inventories.***

The Company may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Inventory obsolescence may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. The Company is cognizant of these risks and accordingly exercises due diligence in materials planning. The Company also provisions in its inventory systems and planning a reasonable amount for obsolescence. It works with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. In addition, the Company often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, cancelled, or entered in the end-of-life phase, the customers assume the risk and compensates the Company for the excess inventory.

***The Cirtek Group may be exposed to liquidity risk from delayed payments of customers, as well as credit risks on its receivables from clients.***

The Cirtek Group may encounter difficulty with cash inflows due to delayed payments of customers, which in turn may affect their working capital cycle.

The Company is also exposed to credit risk if its customers are unable to fully settle amounts due for services and products delivered, as well as other claims owed to the Company.

That said, the Company believes it has been highly efficient in its collection of accounts receivables. It likewise believes it has a solid financial position which should mitigate liquidity risk that may result from delayed payment of customers.

Meanwhile, credit risk is managed in accordance with the Company's credit risk policy, which requires the evaluation of the creditworthiness of each customer. Cirtek requires new customers to undergo an initial evaluation period of six months, to pay cash upon delivery of products or services. Existing customers are given a credit term of between 30 to 45 days, which the Company strictly implements.

The Company carries out the necessary due diligence customary for the business prior to booking orders from new customers, and it also strictly enforces its collection policies to all customers. The Company has not made any significant write-off of receivables in its operating history.

***CEC and CATSI are required to maintain governmental approvals***

As PEZA-registered entities, the Subsidiaries are required to submit certain periodic reports to PEZA such as annual reports, quarterly reports, and audited financial statements. They are also required to submit quarterly, semi-annual, and annual reports to the Department of Energy and Natural Resources as part of its Environmental Compliance Certificate requirements. CEC's and CATSI's failure to comply with these reports and with any other requirements or regulations of these government agencies could expose them to penalties and the revocation of the registrations.

CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings, and liaise with the relevant government agencies.

***The Company's industry is dependent on the continuous growth of outsourcing by OEMs***

The Company belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the computing, communications, consumer automotive, and industrial electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

The Company's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, the Company's future growth could be limited.

The Company believes that its global footprint, with sales reaching Asia, Europe, the U.S., Africa, and South America, its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to the Company.

***The RF, Microwave and Millimeterwave segment of the wireless communication industry is competitive and characterized by rapid technological changes***

The Company operates in a highly competitive industry. As a result of the rapid technological changes, regulation and changing customer needs, there can be no assurance that the Company will be successful in responding to these industry demands.

The Company offers full turnkey solutions at very competitive price points. The Company also has unique and strong manufacturing capabilities to build components, modules, up to system level.

***The Company is exposed to the cyclical nature of the semiconductor industry***

The semiconductor industry's growth is largely driven by end markets in communications, data processing, consumer electronics, the automotive industry, and the industrial sector for which semiconductors are critical components. The industry has historically been cyclical and affected by economic downturns. The Company currently derives 35% of its sales and operating profits from the assembly and testing services it provides other semiconductor companies worldwide. During periods of weak demand or excess capacity, the Cirtek Group's customers may opt not to continue with, or cancel, existing orders. These events would have a material adverse effect on the Company's business, financial condition and results of operations.



To mitigate this risk, the Cirtek Group continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor and customers provide order forecasts that enable them to properly plan direct material purchases. They have also implemented an internal reporting system, which allows senior management to monitor profitability for each of the products on a weekly basis. The Cirtek Group believes that these measures allow it to respond quickly and make the necessary adjustments, which has proven crucial in maintaining its competitiveness.

In addition, the products have diverse end-user applications in different industries, which allow it to cope with upswings and downswings in demand. Customers are also geographically dispersed among Europe, U.S. and Asia. Thus, because of this diversity, the Cirtek Group is not dependent on a single market. In 2023, 41% of Cirtek's revenue came from the U.S., 28% from Europe, and 31% from Asia.

***Significant competition in the assembly and testing segment of the semiconductor industry could adversely affect the Company's business.***

The assembly and testing segment of the semiconductor industry is highly competitive. Cirtek competes with both local and foreign firms to provide these back-end processes to semiconductor manufacturers. The Company's competitors include Integrated Device Manufacturers ("IDM") with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors. In order to remain competitive, the Company has to price its services and products reasonably, as well as maintain the quality in its manufacturing processes and deliver its products on a timely basis.

The Company has in place, strict procedures to ensure the quality of its products. Through the Quality Assurance division of its subsidiary CEC, the Company ascertains its processes and products are compliant with its client's requirements and it conducts regular audits of manufacturing procedures. The Company believes it has a dedicated and experienced management team that understands the industry's requirements and technology trends that allows the Company to be highly competitive.

At least 65% of the Company's product portfolio pertains to customer specific applications, which cannot be easily replicated by competitors. Moreover, accreditation of a qualified supplier normally takes a minimum of nine months. Hence, once its requirements are met, it is not easy for a customer to transfer to a competitor.

As a PEZA-registered entity, CEC enjoys certain incentives like preferential 5% gross income tax, duty free importation of materials, and reduced power rate I non-registered entities which enables it to price its products competitively. It likewise continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor.

***The volatility in the price of raw materials and the availability of supply used by the Company in its production process could affect its profitability***

A significant increase in the price of or a significant reduction in the supply of raw materials could adversely affect the cost of sales and other expenses. For certain products, raw materials such as gold and copper can account for up to 40% of cost of goods sold.

While these risks are uncontrollable, the Company's practice has been to bill its customers for any price adjustments whenever the cost of direct materials such as gold increases. Customers also are required to submit order forecasts ranging from three to six months, which the Company uses to project its supply requirements.

Moreover, in order to ascertain access to raw materials at all times, the Company as a policy, maintains at least three to four suppliers for each of the raw materials it uses for production. The Company also has clients who provide certain raw materials to them for exclusive use in these client's products, which serve to reduce the production costs.

***The Company may be exposed to risks related to intellectual property***

The Cirtek Group, has an intellectual property ("IP") portfolio mainly lodged with Quintel. On the other hand, as the Cirtek Group is also subcontracted for the manufacturing of technology products and semiconductor packages, it also constantly deals with its customers' IPs. In most cases, the design for the technology products manufactured by the Cirtek Group originates from its customers. These design materials from the Cirtek Group's customers may be patented, or may have their patents pending.

As such, in the Cirtek Group's dealing with its own and its customers' IPs such as patents or copyrights, there is a risk that the Cirtek Group or its customers' IPs may be leaked or be the subject of infringement by the Cirtek Group's employees or third parties with access to the IPs. The Cirtek Group's failure to protect its own or its customers' IPs may expose it to legal liability, reputational risk, loss of business to competition or damage the Cirtek Group's customer relationships and affect its ability to obtain future business.

To mitigate the risk, the Cirtek Group adheres to a strict risk management process, which encompasses IP risk assessment and mitigation. The Cirtek Group's manufacturing process is also stringent, in that, each step in the manufacturing process is closely overseen to prevent any leakage of IP material. As an example, Cirtek-employed engineers are stationed in the China Contract Manufacturer factory to do surveillance of Antenna manufacturing and other related activities to protect from any leakage the designs and specifications of Quintel's antennas. Moreover, those assigned to the manufacturing process only cover a specific portion of the entire process, to ensure that only a limited number of key employees are aware of the complete process or design.

To further manage the risk, the Cirtek Group is Raising awareness of the importance of IP across the organization.

As of the date of this Preliminary Information Statement, there has been no intellectual property claim or disputes involving the Cirtek Group or between the Cirtek Group and its customers.

***The Company is exposed to foreign exchange risk***

The Company uses the US\$ as its functional currency and is therefore exposed to foreign exchange movements, primarily in the Philippine Peso currency. Its expenses denominated in Philippine Peso are local expenses such as labor, utilities, and local content and comprise around 40% of the Company's total expense.

The Company follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US\$ currencies. To further manage foreign exchange risk, the Company from time to time enters into currency swaps and forward contracts.

***The Company is exposed to the risk of industrial or labor disputes***

The Company has maintained a harmonious relationship between management and staff. Cirtek provides employee benefits and complies with labor standards. The Company is not unionized; however, to foster better employee-management relations, there is a labor management council composed of committees with representatives from both labor and management. Labor management councils are established to enable the workers to participate in policy and decision-making processes, in so far as said processes will directly affect their rights, benefits and welfare, except those which are covered by collective bargaining agreement or are traditional areas of bargaining. The scope of the council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

More than half of the Cirtek Group's workforce consists of contractual employees. These are the direct employees of the Group's subcontractors who perform specific services or certain aspects of the manufacturing process. Such arrangements involve a "trilateral relationship" among: (i) the Cirtek Group, as the principal who decides to outsource the job, work or service to a contractor; (ii) the contractor who

has the capacity to independently undertake the performance of the service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service for the Group.

Under the Labor Code of the Philippines, the Cirtek Group, as principal in the contracting relationship, may be held liable as an indirect employer to the contractual employees, in the same manner and extent that it is liable to its own employees. Such liability is to the extent of the work performed under the contract and arises when the contractor fails to pay the wages of its employees or violates any provision of the Labor Code. The principal can then seek reimbursement from the contractor/agency.

The Cirtek Group nevertheless continues to be exposed to the risk of industrial or labor disputes. The occurrence of such events could have a material adverse effect on the Company's business, financial condition, or results of operation. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the subsidiaries' development schedule, and the diversion of resources and management's attention.

In order to mitigate the risks, the Cirtek Group ensures its full compliance with the requirements of a legitimate contracting arrangement. As regards its regular employees, the Cirtek Group has likewise ensured its adherence to the rules and requirements provided for under the law and pertinent regulations. To date, there are no pending labor-related claims filed by any contractual employee against any member of the Cirtek Group.

#### ***Risk on the separation of key employees***

The Cirtek Group relies on the continued employment of, and its ability to attract, qualified engineers, key managers, and technical personnel to ensure its continued success. The competition for such skilled workforce is strong, as seen in aggressive head hunting of employees.

The Cirtek Group gives attractive compensation packages that combine standard remuneration and performance incentives. The Cirtek Group provides continuous training and development to managers and direct employees. These training sessions include technical and managerial courses.

Key employees are also bound by employment contracts which have standard confidentiality, non-compete and non-solicitation clauses.

#### ***Risk that the Company might fail to comply with its loan covenants which might reduce its ability to service its debt obligations***

A significant portion of the Company's long term loan facilities impose certain covenants which it has to comply with, failure to do so, and if the particular covenant would not be waived, will constitute a default event and allow the lender to accelerate the repayment term such that the outstanding debt could become immediately due and payable.

Such an event would increase the debt obligations in the current period and might reduce the Company's ability to service them.

To mitigate this risk, the Company strictly monitors its compliance with its loan covenants and ensure that the concerned ratios are within the set limits. Moreover, the Senior Management of the Group is reviewing the credit risk strategy and significant credit risk policies of the bank.

As of the date of this Prospectus, the Company is in compliance with all of the debt covenants imposed to it by creditors.

#### **Basis of Presentation, Statement of Compliance, Basis of Consolidation and Summary of Significant Accounting Policies**

##### Basis of Preparation

The consolidated financial statements of the Cirtek Group ("Group") are prepared on a historical cost basis except for financial asset at FVPL, which are carried at fair value, and noncurrent assets held for sale, which are stated at the lower of carrying amount and fair value less costs to sell. The consolidated financial statements are presented in United States (US) dollars (\$), which is the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest US dollar except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements of the Cirtek Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC). PFRS includes statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) Interpretations issued by the Philippine Interpretations Committee.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of 30 September 2023 and 31 December 2022 (*see* Notes 1 and 5):

	Country Incorporation	of Functional Currency	Direct	Percentage of Ownership		
				2023	2022	
				Indirect	Direct	Indirect
CEC	Philippines	USD	100%		100%	
CEIC	BVI	USD	100%		100%	
CATS	BVI	USD		100%		100%
CATS – Philippine Branch	Philippines	USD		100%		100%
RBW Realty and Property, Inc. (RBWRP)	Philippines	USD		100%		100%
Cirtek Corporation Quintel	Cayman Islands	USD		100%		100%
Quintel USA	United States of America	USD		100%		100%

Subsidiaries are entities over which the Parent Company has control. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the stand-alone financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

#### Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 (previously PAS 39) is measured at fair value with changes in fair value recognized either in profit or loss. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

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

#### Common control business combinations

Where there are group reorganizations and business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e., controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such group reorganizations and business combinations similar to a pooling-of-interests method. The assets and liabilities of the acquired entities and that of the Parent Company are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received is also accounted for as an equity transaction.

The Group records the difference as equity reserve and is presented as a separate component of equity in the consolidated balance sheet. Comparatives shall be restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following pronouncements starting 1 January 2019. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

##### 1. Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal

and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments are not applicable to the Group.

## 2. PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

### Right-of-Use (ROU) Asset

At the commencement date, the Company measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Company;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The Company depreciates the ROU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing a ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

ROU asset is presented as a separate line item on the statement of financial position.

#### Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Company recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

Lease liabilities is presented as a separate line item on the statement of financial position.

### 3. Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- a. Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;
- b. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).



The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in consolidated statement of income. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in OCI.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

#### 4. Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments are not expected to have any significant impact on the consolidated financial statements.

#### 5. Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- a. Whether an entity considers uncertain tax treatments separately;
- b. The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- c. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- d. How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

This interpretation is not expected to be relevant to the Group because there has been no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred income taxes as of 31 December 2019 and 2018.

#### - Annual Improvements to PFRSs 2015-2017 Cycle

1. Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

2. *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in consolidated statement of income, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

3. *Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements upon adoption.

*Effective beginning on or after 1 January 2020*

1. *Amendments to PFRS 3, Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted. These amendments will apply on future business combinations of the Group.

2. Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

*Effective beginning on or after 1 January 2021*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- a. A specific adaptation for contracts with direct participation features (the variable fee approach);
- b. A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted.

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On 13 January 2016, the Financial Reporting Standards Council deferred the original effective date of 1 January 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result

in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2018 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

## **Summary of Significant Accounting Policies**

### *Adoption of New and Revised Accounting Standards*

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Cirtek Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

### *New and Revised PFRSs with Material Effect on Amounts Reported in the Current Year*

The following new and revised PFRSs have been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 3, *Definition of a Business*

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. It narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing reference to an ability to reduce costs. It adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired. It removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. It adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective beginning on or after 1 January 2020.

- Amendments to PAS 1 and PAS 8, *Definition of Material*

The definition of material has been amended as follows: information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general- purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after 1 January 2020.

### *New and Revised PFRSs Applied with No Material Effect on the Financial Statements*

- The Group will adopt the following standards and interpretations enumerated below when they

become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, to have significant impact on the financial statements.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The following are the amendments to PFRS 16:

- provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and
- require lessees to apply the exemption retrospectively in accordance with PAS 8, but not require them to restate prior period figures.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin.

It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 Financial Instruments and PFRS 15 Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The following are the amendments in reference to the conceptual framework:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, *Lease Incentives* - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to PAS 41, *Taxation in fair value measurements* - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after 1 January 2023. Earlier application of the January 2020 amendments continues to be permitted.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

#### *Deferred*

- Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On 13 January 2016, the FRSC decided to postpone the original effective date of 1 January 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

1. it is expected to be settled in normal operating cycle;
2. it is held primarily for the purpose of trading;
3. it is due to be settled within twelve (12) months after the reporting period; or
4. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

### Fair Value Measurement

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

When measuring fair value, the Group takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Group considers the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

## **Financial Assets**

### *Initial Recognition and Measurement*



The Group recognizes a financial asset in its consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures receivables that do not have a significant financing component at their transaction price.

#### *Classification*

- Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortized costs include cash and cash equivalents, trade and other receivables, due from related parties, rental deposit, loans to employees, security deposits presented under other current assets, other financial asset at amortized cost, and loans to employees and miscellaneous deposits presented under other non-current assets.

##### *a) Cash and Cash Equivalents*

Cash includes cash on hand and in banks. Cash in banks are deposits held at call with banks that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

##### *b) Receivables*

Receivables are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Financial Asset at Fair Value through Other Comprehensive Income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at financial asset at fair value through other comprehensive income pertains to an investment in unquoted equity shares.

#### *Reclassification*

When, and only when, the Group changes its business model for managing financial assets, it shall reclassify all affected financial assets in accordance with Note 4.03.02. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

#### *Effective Interest Method*

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

#### *Impairment*

The Group shall measure expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted general approach in accounting for impairment.

#### ○ General Approach

The Group applied the general approach to cash and cash equivalents, other receivables, amounts owed by related parties, rental deposit, security deposits, other financial assets at amortized cost, and miscellaneous deposit. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to twelve (12)-month expected credit losses.

The Group compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (*i.e.* there is no longer a significant increase in credit risk since initial recognition), then the Group shall measure the loss allowance at an amount equal to twelve-month expected credit losses at the current reporting date.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Group performs the assessment of significant increases in credit risk on an individual basis.

The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

○ Simplified Approach

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

#### *Derecognition*

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

#### *Write-off*

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

### Financial Instruments - Effective 1 January 2018

#### *Financial assets*

##### *Initial recognition and measurements*

Financial assets are classified as financial assets measured at amortized cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15 (refer to the Revenue Recognition policy).

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, *i.e.*, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described below:

1. *Financial assets at amortized cost* - This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss, when the asset is derecognized, modified or impaired.

As of 31 December 2023, this category includes the Group's cash and cash equivalents, trade and other receivables, amounts owed by related parties, investment in Philippine government securities, rental and security deposits, loans to employees and miscellaneous deposits.

2. *Financial assets designated at FVTOCI (equity instruments)* - Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

As of 31 December 2023, this category includes the Group's investment in unquoted shares.

3. *Financial assets designated at FVTOCI (debt instruments)* - The Group measures debt instruments at FVTOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As of 31 December 2023, the Group has no debt instruments classified as financial assets designated at FVTOCI.

4. *Financial assets at FVTPL* - Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as "Unrealized mark-to-market gain" (positive net changes in fair value) or "Unrealized mark-to-market loss" (negative net changes in fair value) in profit or loss.

As of 31 December 2023, this category includes the Group's investment in Unit Investment Trust Fund (UITF).

#### *Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### *Financial liabilities*

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, short-term loans, amounts owed to related parties and long-term debts.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as described below.

*Financial liabilities – FVTPL* - Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability at FVTPL.

*Loans and borrowings* - This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well through the amortization process.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well through the amortization process.

This category generally applies to interest-bearing loans and borrowings.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

### Impairment of Financial– Assets - Effective 1 January 2018

Beginning 1 January 2018, upon adoption of PFRS 9, the Group recognizes an allowance for expected credit losses (“ECLs”) for all financial assets except debt instruments held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables that do not contain significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

For financial assets at amortized costs being individually assessed for ECLs, the Group applied lifetime ECL calculation. This involves determination of probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial Instruments - Effective Prior to 1 January 2018

#### *Financial assets*

##### *Initial recognition*

Financial assets within the scope of PAS 39 are classified as either financial assets at FVTPL, loans and receivables, HTM investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at

initial recognition and, where allowed and appropriate, re-evaluates such classifications at every reporting date.

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVTPL, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, *i.e.*, the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables, financial assets at FVTPL, HTM investments, AFS financial asset, amounts owed by related parties, loans to employees (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet) and deposits (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet).

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or purchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVTPL are carried in the consolidated balance sheet at fair value with gains or losses recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value when their risks and economic characteristics are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVTPL.

Financial assets designated as FVTPL are designated by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

As of 31 December 2023, the Group designated its investment in UITF as financial asset at FVTPL.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective



interest method, less impairment. This method uses an EIR that exactly discounts estimated cash receipts through the expected life of the financial assets to the net carrying amount of the financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Assets in this category are included in current assets except for maturities greater than twelve (12) months after the end of the reporting period, which are classified as noncurrent assets.

As of 31 December 2023, the Group has designated as loans and receivables its cash in banks and cash equivalents, trade and other receivables, amounts owed by related parties, loans to employees (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet) and deposits (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet).

#### *HTM investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold it to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. Gains and losses are recognized in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

As of 31 December 2023, the Group has HTM investments in Philippine government securities.

#### *AFS financial assets*

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or change in market conditions.

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized directly in OCI until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in profit or loss.

As of 31 December 2023, the Group's AFS financial asset pertains to investment in unquoted equity shares.

#### *Financial liabilities*

##### *Initial recognition*

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVTPL, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, short-term loans, long-term debt and amounts owed to related parties.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by PAS 39.

Gains and losses on liabilities held for trading are recognized in profit or loss.

The Group does not have a financial liability at FVTPL as of 31 December 2023.

### *Other financial liabilities*

Other financial liabilities are initially recognized at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

As of 31 December 2023, the Group's other financial liabilities includes trade and other payables, short-term loans, amounts owed to related parties and long-term debt.

### Impairment of Financial– Assets - Effective Prior to 1 January 2018

The Group assesses at each balance sheet date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognized in profit or loss.

### *Financial assets carried at amortized cost*

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (*i.e.*, the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is

reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

#### *Financial assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Inventories

Inventories includes raw materials, spare parts and other materials which are stated at the lower of cost or net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined using first-in, first-out ("FIFO") method. For finished goods and work-in-process, costs are determined on a standard cost basis. Standard costs take into account normal levels of materials and supplies, labor, efficiency and capacity utilization. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statements of comprehensive income. The amount of reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are used in operation or sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

#### Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment

can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Land is not depreciated. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

<b>Category</b>	<b>Number of Years</b>
Machinery and equipment	7-15
Buildings and improvements	5-25
Facility and production tools	5-8
Furniture, fixtures and equipment	2-5
Transportation equipment	5-7

Construction in progress is a property under construction and development which is initially measured at cost. Cost includes construction costs, professional fees, taxes and licenses and other expenses which are directly related with the construction of the project. Subsequently, upon completion, this will form part of property, plant and equipment and will be measured at cost less accumulated depreciation and accumulated impairment losses.

The residual value, useful lives and depreciation method of the Group's property, plant and equipment is reviewed, and adjusted prospectively if appropriate, if there is an indication of a change since the last reporting date.

Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group) in accordance with PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, and the date the asset is derecognized.

The property, plant and equipment's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

#### Noncurrent Assets Held for Sale

Non-current assets and disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell except for the following assets which shall continue to be measured in accordance with the corresponding standards:

- Non-current assets that are accounted for in accordance with the fair value model in PAS 40, *Investment Property*;
- Deferred tax assets;
- Assets arising from employee benefits;
- Financial assets within the scope of PFRS 9, *Financial Instruments*;
- Non-current assets that are measured at fair value less costs to sell in accordance with PAS 41, *Agriculture*; and

- Contractual rights under insurance contract as defined in PFRS 4, *Insurance Contracts*.

#### Investment Properties

Investment properties, which are properties held to earn rentals is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Land is not depreciated. Depreciation of building and improvements is computed using straight-line method based on the estimated useful life of twenty-five (25) years.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

The estimated residual value, useful life and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Investment property is derecognized by the Group upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

#### Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset with finite life is amortized over its economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit ("CGU") level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment can be supported. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group recognizes an intangible asset acquired in a business combination if it is identifiable and distinguishable from goodwill. The Group considers an intangible asset as identifiable if:

1. it is separable, *i.e.*, there is evidence of exchange transactions for the asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the Group is involved in those transactions; or
2. it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations (“contractual-legal” criterion).

The Group’s intangible assets recognized from business combination pertain to customer relationship, trademark and technology. Trademark and customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing. The Group estimates that technology will have an economic life of ten (10) years.

#### Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

3. the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
4. its intention to complete and its ability to use or sell the asset;
5. how the asset will generate future economic benefits;
6. the availability of resources to complete the asset; and
7. the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit, which is estimated to be five (5) to ten (10) years. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. The Group has designated as nonfinancial assets its prepaid expenses, advances to suppliers, property, plant and equipment, intangible assets, project development costs and other assets. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the nonfinancial asset’s recoverable amount. A nonfinancial asset’s estimated recoverable amount is the higher of a nonfinancial asset’s or CGU’s fair value less costs to sell and its value in use (VIU) and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. Where the carrying amount of a nonfinancial asset exceeds its estimated recoverable amount, the nonfinancial asset is considered impaired and is written down to its estimated recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the nonfinancial asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the nonfinancial asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior years. Such reversal is recognized in profit or loss.

### Capital Stock

Capital stock, which consists of common stock and preferred stock, is measured at par value for all shares issued. Proceeds and/or fair value of consideration received in excess of par value, if any, are recognized as additional paid-in capital (APIC).

### Subscription Receivable

The unpaid portion of the subscribed shares is deducted from capital stock and is measured at subscription price for all shares subscribed.

### Deposit for future stock subscription

Deposit for future stock subscription represent the amount received that will be applied as payment in exchange for a fixed number of the Parent Company's own shares of stock. When the Parent Company does not have sufficient unissued authorized capital stock but the Board of Directors ("BOD") and stockholders have approved for a proposed increase in authorized capital stock that has been presented for filing or has been filed with the Philippine SEC as of the balance sheet date, the deposit for future stock subscription is presented in the equity section of the consolidated balance sheet. Otherwise, this is presented in the liability section of the consolidated balance sheet.

### Retained Earnings

The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividends on capital stock. Retained earnings may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

The Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting duly called for such purpose, and by the Philippine SEC. Cash and property dividends on preferred and common stocks are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to paid-in capital.

### Equity Reserve

Equity reserve represents the effect of the application of the pooling-of-interests method and the difference of carrying amount and consideration of reissued Parent Company shares held by a subsidiary.

### Parent Company Shares Held by a Subsidiary

These shares represent the Parent Company's common shares acquired by its subsidiary. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these equity instruments. Any difference between the carrying amount and the consideration, if reissued, is charged or credited to Equity Reserve.

### Other Comprehensive Income

Other comprehensive income comprises items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group includes net changes in fair values of financial assets at FVTOCI and AFS financial assets, and remeasurements on retirement benefit obligation.

### Revenue Recognition - Effective 1 January 2018

Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

#### Sale of goods

Revenue from sale of goods is recognized at the point in time when the goods have been transferred to the customer (*i.e.*, upon delivery). The Group's normal credit term is thirty (30) to one hundred twenty (120) days upon delivery.

Revenue is measured based on the transaction price the Group expects to be entitled to. The Group's contracts with customers generally provide customers with discounts. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Variable considerations include discounts and right of return. Discounts and returns are not significant to the Group.

#### Contract balances

- **Contract assets.** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- **Trade receivables.** A receivable represents the Group's right to an amount of consideration that is unconditional (*i.e.*, only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities - Financial assets at amortized cost (debt instruments).
- **Contract liability.** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

#### Interest Income

Interest income is recognized as it accrues using the effective interest method.

#### Costs and Expenses Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

#### Cost of sales

Cost of sales is recognized when the related sale has met the criteria for recognition.

#### Operating expenses

Operating expenses are recognized in the period in which they are incurred.



## Leases

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

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

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

The Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

## Retirement Benefits Costs

Defined benefit plans

CEC and CATSI are covered by a noncontributory defined benefit retirement plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the

effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in other comprehensive income until full settlement of the obligation.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value and when, and only when, reimbursement is virtually certain.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group has a defined contribution plan covering substantially all employees of Quintel USA and Quintel Technology, Inc.

#### Foreign Currency-denominated Transactions

The consolidated financial statements are presented in US dollars, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

#### Income Taxes

##### Current income tax

Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial reporting date. Current income tax for the current and prior periods, shall, to the extent unpaid, be recognized as a liability in the consolidated balance sheet. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and be presented as part of "Other current assets" in the consolidated balance sheet.

## Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to offset current tax assets against current tax liabilities exist and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be settled or recovered. Subsidiaries file income tax returns on an individual basis. Thus, the deferred income tax assets and deferred income tax liabilities are offset on a per entity basis.

## Earnings Per Share ("EPS")

Basic EPS is calculated by dividing the net income for the year attributable to common shareholders

by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends and stock split.

For the purpose of calculating diluted earnings per share, the net income and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

#### Operating Segments

The Group operating businesses are organized and managed separately according to the nature of products as well as the geographical locations of businesses. The segments are segregated as follows:

- (a) manufacture and sale of semiconductor packages based in the Philippines through CEC;
- (b) manufacture and sale of radio frequency, microwave, and millimeter wave products based in the Philippines through CATSI - Philippine Branch; and
- (c) sale of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks based in the U.S. through Quintel. Information with respect to these subsidiaries is disclosed in Note 4. The Group operates and derives its revenue from its domestic operation and from its operation in the U.S. through Quintel.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

#### Contingencies

Contingent liabilities are not recognized but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefit is probable.

#### Events After the Balance Sheet Date

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

## Results of Operations

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

	For the Three Months Ended March 31	
<i>In US\$ Thousands except EPS</i>	2024 (Unaudited)	2023 (Unaudited)
<b>NET SALES</b>	<b>\$15,237</b>	\$17,111
<b>COST OF SALES</b>	<b>10,838</b>	12,423
<b>GROSS PROFIT</b>	<b>4,399</b>	4,688
<b>NET INCOME</b>	<b>1,507</b>	1,571
<b>Basic/Diluted EPS</b>	<b>(0.002)</b>	(0.0016)
<b>EBITDA</b>	<b>3,863</b>	4,900

### ***For the three-month period ending March 31, 2024 compared to the three-month period ending March 31, 2023***

#### *Revenue*

The Company achieved a consolidated revenue of US\$15.2 million for the three months ending March 31, 2024, a decrease of 11% from US\$17.1 million for the same period in 2023. The decrease was mainly due to the decrease in revenue from semiconductor and Quintel business and due to lower volume of orders compared to that in 2023. In order to mitigate the losses incurred, the Company aims to broaden its existing customer base, as well as its geographic coverage.

Revenue contribution from Quintel for the three-month period ending March 31, 2024 amounted to US\$4.0 million, a 37% decrease compared to US\$6.3 million in the same period in 2023.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the three months ending March 31, 2024 amounted to US\$4.2 million, a 113% increase compared to the US\$2.0 million for same period in 2023.

Revenues from the semiconductor business amounted to US\$7.1 million in 2024 compared to US\$8.8 million for the same period in 2023, a 20% decrease.

#### *Cost of Sales and Gross Margin*

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales decreased by 13% to US\$10.8 million for the three months ending March 31, 2024 from US\$12.4 million for the same period in 2023.

The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories used decreased by 20% to US\$6.0 million for the three months ending March 31, 2024, from US\$7.4 million for the same period in 2023.
- Depreciation and amortization decreased by 3% to US\$1.4 million for the three months ending March 31, 2024, from US\$1.5 million for the same period in 2023.
- Salaries, wages and employees' benefits decreased by 8% to US\$1.7 million for the three months ending March 31, 2024, from US\$1.9 million for the same period in 2023.
- Utilities decreased by 36% to US\$824 thousand for the three months ending March 31, 2024, from US\$1.3 million for the same period in 2023.

The Company's gross margin was 29% for the three months ending March 31, 2024 compared to the 27% gross margin recorded for the same period in 2023.

#### *Operating Expenses*

The Company's operating expenses for the three months ending March 31, 2024 amounted to US\$2.2 million, 15% lower compared to the US\$2.6 million recorded during the same period in 2023. The decrease was due to:

- Salaries, wages and employees' benefits decreased by 39% to US\$957 thousand for the three months ending March 31, 2023 from US\$1.6 million for the same period in 2023.
- Commissions decreased by 54% to US\$163 thousand for the three-months ending March 31, 2024, from US\$357 thousand for the same period in 2023.
- Professional fees decreased by 63% to US\$108 thousand for the three months ending March 31, 2024, from US\$293 thousand for the same period in 2023.
- Taxes and licenses decreased by 12% to US\$46 thousand for the three months ending March 31, 2024 from US\$53 thousand for the same period in 2023.
- Entertainment, amusement and recreation decreased by 31% to US\$17 thousand for the three months ending March 31, 2024 from US\$24 thousand for the same period in 2023.
- Depreciation and amortization decreased by 5% to US\$13.5 thousand for the three months ending March 31, 2024 from US\$14.2 thousand for the same period in 2023.

#### *Income Before Income Tax*

For the three months ending March 31, 2024, the Company recorded a net income before income tax of US\$1.5 million, a decrease of 5% compared with US\$ 1.6 million recorded for the same period in 2023.

#### *Provision for / Benefit from Income Tax*

Provision for income tax for the three months ending March 31, 2024 amounted to US\$230 thousand compared with a provision for income tax of US\$33.9 thousand for the same period in 2023.

#### *Net Income After Tax*

The Company's net income after tax for the three months ending March 31, 2024 amounted to US\$1.5 million, a decrease of 4% compared with US\$1.6 million for the same period in 2023.

#### *Total Comprehensive Income*

The Company's total comprehensive income for the three months ending March 31, 2024 amounted to US\$1.5 million, compared to US\$ 1.2 million for the same period in 2023, a 30% increase.

### **Financial Condition**

***For the three-month period ending March 31, 2024 compared to the period ending December 31, 2023***

*Assets*

The Company's cash and cash equivalent for the three months ending March 31, 2024 amounted to US\$31 million, compared with US\$36.7 million for the period ending December 31, 2023, a decrease of US\$5.7 million or 16%.

Trade and other receivables for the three months ending March 31, 2024 amounted to US\$35.7 million, compared with US\$33.4 million for the period ending December 31, 2023, a 7% increase.

Inventory levels for the three months ending March 31, 2024 amounted to US\$58 million, 2% lower than the US\$59 million for the period ending December 31, 2023.

Amounts owed by related parties for the three months ending March 31, 2024 amounted to US\$135 thousand same as the US\$194 thousand for the period ending December 31, 2023.

Non-current assets, comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the three months ending March 31, 2024 amounted to US\$148 million compared with US\$150 million for the period ending December 31, 2023, a decrease of 1%.

*Liabilities*

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the three months ending March 31, 2024, current liabilities were at US\$39 million, compared with US\$44 million the period ending December 31, 2023, a decrease of 11%.

For the three months ending March 31, 2024, the Company's non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US\$25.8 million compared with US\$26.3 million for the period ending December 31, 2023, a 2% decrease.

*Equity*

The Company's shareholders' equity for the three months ending March 31, 2024 amounted to US\$213 million compared with US\$215 million for the period ending December 31, 2023.

**Liquidity and Capital Resources**

For the three months ending March 31, 2024, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate notes' issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the three months ending March 31, 2024 and the same period in 2023.

<i>In US\$ Thousands</i>	<b>For the three months ending March 31</b>	
	<b>2024</b>	<b>2023</b>
Net cash flows provided by/ (used for) operating activities	1,217	8,723
Net cash flows provided by/ (used for) investing activities	(327)	(631)
Net cash flows provided by/ (used for) financing activities	(5,792)	(6,198)
Net increase (decrease) in cash equivalents	(5,705)	1,792

#### *Net Cash Flows from Operating Activities*

Net cash outflow from used for operating activities was US\$1.2 million for the three months ending March 31, 2024, compared with US\$8.7 million for the same period in 2023.

For the three months ending March 31, 2024, net income before tax was US\$1.5 million. After adjustments for depreciation, interest income/expense, operating net unrealized foreign exchange gains, income before working capital was US\$1.6 million. Changes in working capital, interest received and income taxes resulted in a net cash flow from operating activities of US\$1.2 million.

#### *Investing Activities*

Net cash outflow from investing activities amounted to US (\$327) million for the three months ending March 31, 2024. Investing activities mainly involved increase in PPE and increase in non-current assets.

#### *Financing Activities*

Net cash flow used in from financing activities for the three months ending March 31, 2024 amounted to US (\$5.8) million. Major financing activities involved proceeds from avilment of commercial paper, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2023 net cash flow financing activities amounted to US\$ (6.2) million.

#### **Material Changes to the Company's Unaudited Income Statement as of March 31, 2024 compared to the Reviewed Income Statement as of March 31, 2023 (increase/decrease of 5% or more)**

- 11% decrease in net sales  
Sales decrease for the business segments: CEC and Quintel
- 6% decrease in Gross Profit  
The decreased in GP is due to lower sales brought about by the decrease of revenue from Semiconductor business of 20% and decrease in revenues from Quintel of 37%
- 5% decrease in Income Before income Tax  
Lower sales and lower operating profit margins
- 4% decrease in Net Income After Tax  
Lower sales and lower operating profit margins

#### **Material Changes to the Company's Unaudited Balance Sheet as of March 31, 2024 compared to the Audited Balance Sheet as of December 31, 2023 (increase/decrease of 5% or more)**

- 16% decrease in Cash and Cash Equivalent



Increase in working capital requirements

- 7% increase in Trade and Other Receivables – Net  
More collection from customer
- 11% decrease in Short-term Loans  
Payment of short-term credit
- 3% Increase in Income Tax Payable  
Increase in taxable income of CEC and CATSI mainly from sale of scrap

## KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

<i>Amounts in thousand US\$, except ratios, and were indicated</i>	<b>Full year 2022</b>	<b>Full year 2023</b>	<b>2024 Three months</b>
EBITDA	22,310	20,869	3,863
EBITDA Margin	26%	29%	25%
Sales Growth/(Decline)	21%	(14%)	(11%)
Current Ratio (x)	2.5x	3.06x	3.32x
Earnings per share (US\$)	0.004	(0.004)	(0.0019)

*Note:*

*\*Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2024 and 2023*

*\*\*Earning per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

### ▪ *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

<b><i>In US\$ 000</i></b>	<b>For the years ended December 31</b>		<b>For Three Months Ended March 31</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Net income	11,343	8,598	1,507
Add back:			
Interest expense/income-net	4,718	3,783	411
Provision for / Benefit from	661		38

income tax		603	
Depreciation and Amortization	7,569	7,884	1,908
<b>EBITDA</b>	<b>24,291</b>	<b>20,869</b>	<b>3,863</b>

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

<i>In US\$ 000</i>	For the years ended December 31		For Three Months Ended March 31
	2022	2023	2024
EBITDA	24,291	20,869	3,863
Deduct:			
Interest expense/income-net	(4,718)	(3,783)	(411)
Provision for / Benefit from income tax	(661)	(603)	(38)
Depreciation and amortization	(7,569)	(7,884)	(1,908)
<b>Net Income</b>	<b>11,343</b>	<b>20,869</b>	<b>3,863</b>

- *Sales growth*

Sales growth is a key indicator of the Company's ability to grow the business

- *Current ratio*

Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- *Earnings per share*

Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

## **FINANCIAL RISK DISCLOSURE**

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

**CIRTEK HOLDINGS PHILIPPINES CORPORATION**  
**FINANCIAL SOUNDNESS INDICATORS**  
**MARCH 31, 2024 AND DECEMBER 31, 2023**

<b>Ratios</b>	<b>Formula</b>	<b>MARCH 31, 2024</b>	December 31, 2023
(i) Current Ratio	Current Assets/Current Liabilities	<b>3.32</b>	3.06
(ii) Debt/Equity Ratio	Bank Debts <sup>1</sup> / Total Equity	<b>0.19</b>	0.20
(iii) Net Debt/Equity Ratio	Bank Debts <sup>1</sup> -Cash & Equivalents/Total Equity	<b>0.17</b>	0.19
(iii) Asset to Equity Ratio	Total Assets/Total Equity	<b>1.30</b>	1.33
(iv) Interest Cover Ratio	EBITDA <sup>2</sup> /Interest Expense	<b>9.40</b>	5.45
(v) Profitability Ratios			
GP Margin	Gross Profit/Revenues	<b>0.29</b>	0.29
Net Profit Margin	Net Income/Revenues	<b>0.10</b>	0.11
EBITDA Margin	EBITDA/Revenues	<b>0.25</b>	0.28
Return on Assets	Net Income/Total Assets <sup>3</sup>	<b>0.00</b>	0.03
Return on Equity	Net Income/Total Equity <sup>3</sup>	<b>0.01</b>	0.04

1 Sum of short-term loans and long-term debts

2 EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

3 Based on balances as at March 31, 2024 and December 31, 2023

**Results of Operations**

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

	<b>For the Years Ended</b>	
<i>In US\$ Thousands except EPS</i>	<b>2023</b>	2022
<b>NET SALES</b>	<b>\$72,844</b>	\$84,774
<b>COST OF SALES</b>	<b>(51,758)</b>	(62,496)
<b>GROSS PROFIT</b>	<b>21,086</b>	22,278
<b>NET INCOME</b>	<b>7,689</b>	9,486

<b>Basic/Diluted EPS</b>	<b>(\$0.004)</b>	\$0.004
EBITDA	<b>\$20,869</b>	\$24,291

***For the period ending 31 December 2023 compared to the period ending 31 December 2022***

*Revenue*

The Company recorded consolidated revenue of US\$72.8 million for the period ending December 31, 2023, a decrease of 14% from US\$84.8 million for the same period in 2022. The decrease accounted for was mainly due to 4% decrease in revenue of semiconductor business; 1% decrease in revenue of from the RF/MW/mmW business and 37% decrease in Quintel business. The decrease accounted for was mainly due to lower volume of orders compared to that in 2022. In order to mitigate the losses incurred, the Company aims to broaden its existing customer base, as well as its geographic coverage.

Revenue contribution from Quintel for the period ending 31 December 2023 amounted to US\$17.3 million compared to US\$27.4 million for the same period in 2022.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the period ending 31 December 2023 amounted to US\$19.6 million, a 1% decrease compared to the US\$19.8 million for same period in 2022.

Revenues from the semiconductor business amounted to US\$36 million for the period ending 31 December 2023 compared to US\$37.6 million for the same period in 2022 a 4% decrease.

*Cost of Sales and Gross Margin*

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales decreased by 17% to US\$51.8 million for the period ending 31 December 2023 from US\$62.5 million for the same period in 2022. The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories used decreased by 15% to US\$31.6 million for the period ending 31 December 2023 from US\$37.2 million for the same period in 2022.
- Salaries, wages and employees' benefits decreased by 17% to US\$7.4 million for the period ending 31 December 2023 from US\$8.9 million for the same period in 2022.
- Utilities decreased by 26% to US\$3.9 million for the period ending 31 December 2023, from US\$5.3 million for the same period in 2022.
- Inward freight and duties and others decreased by 74% to US\$976 thousand for the period ending 31 December 2023, from US\$3.7 million for the same period in 2022.

The Company's gross margin was 29% for the period ending 31 December 2023, compared to 26% gross margin recorded for the same period in 2022.

**Operating Expenses**

The Company's operating expenses for the period ending 31 December 2023 amounted to US\$9.0 million, 6% lower compared to the US\$9.7 million recorded during the same period in 2022. The decrease is due to:

- Salaries, wages and employees' benefits decreased by 15% to US\$4.1 million for the period ending 31 December 31, 2023, from US\$4.9 million for the same period in 2022.
- Commissions decreased by 26% to US\$999 thousand for the period ending 31 December 31, 2023, from US\$1.4 million for the same period in 2022.
- Taxes and licenses decreased by 15% to US\$360 thousand for the period ending 31 December 31, 2023, from US\$423 thousand for the same period in 2022.
- Entertainment, amusement and recreation decreased by 41% to US\$99 thousand for the period ending 31 December 2023, from US\$166 thousand for the same period in 2022.
- Depreciation and amortization decreased by 25% to US\$60 thousand for the period ending 31 December 2023 from US\$80 thousand for the same period in 2022.

### **Income Before Income Tax**

For the period ending 31 December 2023, the Company recorded a net income before income tax of US\$9.2 million, a decrease of 23% compared with US\$12million recorded for the same period in 2022. The decrease was brought about by the decrease of revenue. The decrease accounted for was mainly due to lower volume of orders compared to that in 2022. In order to mitigate the losses incurred, the Company aims to broaden its existing customer base, as well as its geographic coverage.

### **Provision for / Benefit from Income Tax**

Benefit from income tax for the period ending 31 December 2023 amounted to US\$0.60 million compared with a provision for income tax of US\$0.66 million for the same period in 2022.

### *Net Income After Tax*

The Company's net income from continuing operations for the period ending 31 December 2023 amounted to US\$8.6million, a decrease of 24% compared with US\$11.3 million for the same period in 2022. The decrease was brought about by the decrease of revenue.

### **Total Comprehensive Income**

The Company's total comprehensive income for the period ending 31 December 2023 amounted to US\$7.7 million, compared to US\$9.5 million for the same period in 2022, a decrease of 19% mainly due to the decrease of Revenue. The decrease accounted for was mainly due to lower volume of orders compared to that in 2022. In order to mitigate the losses incurred, the Company aims to broaden its existing customer base, as well as its geographic coverage.

### **Financial Condition**

#### ***For the period ending December 31, 2023 compared to the period ending December 31, 2022***

#### *Assets*

The Company's cash and cash equivalent for the period ending 31 December 2023 amounted to US\$36.7 million, compared with US\$44.3 million for the period ending 31 December 2022, a decrease of US\$7.6 million or 17%. The recent decrease in cash and cash equivalents is attributed to several key factors such as higher operating costs associated with the scaling of our business operations. To address these challenges, the Company has implemented a series of strategic measures such as optimizing of the Company's operational processes to reduce costs and improve efficiency.

Trade and other receivables for the period ending 31 December 2023 amounted to US\$33.4 million, compared with US\$36.5 million for the period ending 31 December 2022, a 9% decrease. The decrease

accounted for was mainly due to delay in the payment of customers. The Company will continue to have an intensive collection drive to further reduce the receivable from customers.

Inventory levels for the period ending 31 December 2023 amounted to US\$59.4 million, 12% lower compared with US\$67.6 million for the period ending 31 December 2022.

Due from related parties for the period ending 31 December 2023 amounted to US\$0.19 million compared to US\$0.34 million for the period ending 31 December 2022.

Non-current assets, comprised of Other financial asset at amortized cost, investment property, property, plant and equipment (PPE), intangible assets, right-of-use-asset, deferred income taxes and other noncurrent assets for the period ending 31 December 2023 amounted to US\$150 million compared with US\$156 million for the period ending 31 December 2022.

#### *Liabilities*

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, Dividend payable, Lease liability-current portion, deposit for future stock subscription and income tax payable. For the period ending 31 December 2023, current liabilities were at US\$44.0 million, compared with US\$63.2 million the period ending 31 December 2022, a decrease of 30%.

For the period ending 31 December 2023, the Company's non-current liabilities, comprised of long-term debt – net of current portion, lease liability, retirement benefit obligation, and deferred income tax liability amounted to US\$26.3 million compared with US\$30.5 million for the period ending 31 December 2022, a 14% decreased.

#### *Equity*

The Company's shareholders' equity for the period months ending 31 December 2023 amounted to US\$214.5 million compared with US\$217.8 million for the period ending 31 December 2022

### **Liquidity and Capital Resources**

For the period ending 31 December 2023, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate note's issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next twelve (12) months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the period months ending December 31, 2023 and the same period in 2022.

<i>In US\$ Thousands</i>	<b>For the years ended</b>	
	<b>2023</b>	<b>2022</b>
Net cash flows provided by/ (used for) operating activities	26,666	38,457
Net cash flows provided by/ (used for) investing activities	(2,120)	(21,745)
Net cash flows provided by/ (used for) financing activities	(32,944)	(44,005)
Net increase (decrease) in cash equivalents	(7,595)	(27,118)

### *Net Cash Flows from Operating Activities*

Net cashflow used for operating activities was US\$26.7 million for the period ending 31 December 2023, compared with net cash inflow of US\$38.5 million for the same period in 2022.

### *Investing Activities*

Net cash outflow used for investing activities amounted to US\$(2.1) million for the period ending 31 December 2023 compared to US\$(21.7) million in the same period in 2022. Investing activities mainly involved decrease in PPE.

### *Financing Activities*

Net cash flow from financing activities for the period ending 31 December 2023 amounted to US\$(32.9) million. Major financing activities involved proceeds from availment of short-term loans, less acquisition of parent company shares by subsidiary, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2022 net cash flow from financing activities amounted to US\$(44.0) million.

### **Material Changes to the Company's Audited Income Statement as of December 31, 2023 compared to the Audited Income Statement as of December 31, 2022 (increase/decrease of 5% or more)**

- 14% decrease in net sales
  - Decrease in revenue contribution of CEC, CATSI and Quintel
- 17% decrease in cost of sales
  - Decrease in raw materials, spare parts, supplies and other inventories used, salaries, wages and employees' benefits, Utilities, Inward freight duties and others
- 6% decrease in operating expenses
  - Decrease in Salaries, wages and employees' benefits, Commissions, Entertainment, Taxes and licenses, and Depreciation and amortization
- 23% decrease in Income Before income Tax
  - Decrease in revenue

### **Material Changes to the Company's Audited Balance Sheet as of December 30, 2023 compared to the Audited Balance Sheet as of December 31, 2022 (increase/decrease of 5% or more)**

- 17% decrease in Cash and Cash Equivalent
  - Decrease in net cash flow from financing activities
- 9% decrease in Trade and Other Receivables – Net
  - More collection for certain major customers
- 18% decrease in Long-term debt
  - Payment to Long-term loans

### **KEY PERFORMANCE INDICATORS**

The Company's top five (5) key performance indicators are listed below:



<i>Amounts in thousand US\$, except ratios, and were indicated</i>	<b>2021 Full Year</b>	<b>2022 Full Year</b>	<b>2023 Full Year</b>	<b>2024 Three months</b>
EBITDA	20,804	24,291	20,869	3,863
EBITDA Margin	30%	29%	29%	25%
Sales Growth/Decline	2%	21%	(14%)	(11%)
Current Ratio (x)	2.36x	2.5x	3.06x	3.32x
Earnings per share (US\$)	0.004	0.004	(0.004)	(0.0019)

*Note:*

*\*Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2023 and 2022 and Q1 of 2024*

*\*\*Earning per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

▪ *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDAR Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

	<b>For the years ended December 31</b>		
<i><b>In US\$ 000</b></i>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Net income	8,140	11,343	8,598
Add back:			
Interest expense/income-net	5,469	4,718	3,783
Provision for / Benefit from income tax	(105)	661	603
Depreciation and Amortization	7,301	7,569	7,884
<b>EBITDA</b>	<b>20,804</b>	<b>24,291</b>	<b>20,869</b>

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	<b>For the years ended December 31</b>		
<i><b>In US\$ 000</b></i>	<b>2021</b>	<b>2022</b>	<b>2023</b>
EBITDA	20,804	24,291	20,869
Deduct:			
Interest expense/income-net	(5,469)	(4,718)	(3,783)

Provision for / Benefit from income tax	(105)	(661)	(603)
Depreciation and amortization	(7,301)	(7,569)	(7,884)
<b>Net Income</b>	<b>8,140</b>	<b>11,343</b>	<b>8,598</b>

- *Sales growth*

Sales growth is a key indicator of the Company's ability to grow the business

- *Current ratio*

Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- *Earnings per share*

Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

### **Plan of Operation**

a. There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way. There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There are no seasonal aspects that may have a material effect on the financial condition of the Company. The Company can satisfy its cash requirements for the next twelve months without raising additional funds. Nonetheless, the Company is looking to raise additional funds in the next twelve months to further increase its liquidity.

b. The Company's investments in research and development carry significant cost. Such research and development are necessary to Quintel's product development and intellectual property creation leading to various patents that further improve Quintel's position as a leading innovator in the industry.

c. As of this writing, there are no known expected purchase or sale of plant and significant equipment.

d. As of this writing, there are no known expected significant changes in the number of employees.

### **FINANCIAL RISK DISCLOSURE**

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US\$1 Million for capital expenditure for full year 2023 from the proceeds of the Company's Commercial Paper and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

As of December 31, 2023, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period; and
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- Any Significant Elements of Income or Loss (from continuing operations)
- Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)
- Seasonal Aspects that has Material Effect on the FS

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2023 AND 2022**

Ratios	Formula	December 31, 2023	December 31, 2022
(i) Current Ratio	Current Assets/Current Liabilities	<b>3.06</b>	2.47
(ii) Debt/Equity Ratio	Bank Debts/Total Equity	<b>0.20</b>	0.28
(iii) Net Debt/Equity Ratio	Bank Debts/Cash & Equivalents/Total Equity	<b>0.19</b>	0.08
(iii) Assets to Equity Ratio	Total Assets/Total Equity	<b>1.33</b>	1.43
(iv) Interest Cover Ratio	EBITDA / Interest Expense	<b>5.45</b>	5.15
(v) Profitability Ratio			
GP Margin	Gross Profit/Revenues	<b>0.29</b>	0.26
Net Profit Margin	Net Income/Revenues	<b>0.11</b>	0.13
EBITDA Margin	EBITDA Revenues	<b>0.28</b>	0.29
Return on Assets	Net Income/Total Assets	<b>0.03</b>	0.04
Return on Equity	Net Income/Total Equity	<b>0.04</b>	0.05

<sup>1</sup> Sum of short-term loans and long-term debts

<sup>2</sup> EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

<sup>3</sup> Based on balances as at December 31, 2023 and 2022.

## Results of Operations

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

	<b>For the Years Ended</b>	
<i>In US\$ Thousands except EPS</i>	<b>2022</b>	2021
<b>NET SALES</b>	<b>\$84,774</b>	\$70,178
<b>COST OF SALES</b>	<b>(62,496)</b>	(49,648)
<b>GROSS PROFIT</b>	<b>22,278</b>	20,530
<b>NET INCOME</b>	<b>11,344</b>	8,140
<b>Basic/Diluted EPS</b>	<b>\$0.004</b>	\$0.004
EBITDA	<b>\$22,310</b>	\$20,804

### ***For the period ending December 31, 2022 compared to the period ending December 31, 2021***

#### *Revenue*

The Company recorded consolidated revenue of US\$84.8 million for the period ending December 31, 2022, an increase of 21% from US\$70.18 million for the same period in 2021. The increase accounted for was mainly due to 104% increase in revenue of Quintel business and 11% increase in semiconductor business.

Revenue contribution from Quintel for the period ending December 31, 2022 amounted to US\$27.4 million compared to US\$13.5 million for the same period in 2021 resulting in an increase.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the period ending December 31, 2022 amounted to US\$19.8 million, a 14% decrease compared to the US\$23.0 million for same period in 2021. The decrease accounted for was mainly due to lower volume of orders compared in 2021. In order to mitigate the losses incurred, the Company aims to broaden its existing customer base, as well as its geographic coverage.

Revenues from the semiconductor business amounted to US\$37.6 million for the period ending December 31, 2022 compared to US\$33.7 million for the same period in 2021, showing a 11% increase.

#### *Cost of Sales and Gross Margin*

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales increased by 26% to US\$ 62.5 million for the period ending December 31, 2022 from US\$49.7 million for the same period in 2021. The increase was mainly due to:

- Raw materials, spare parts, supplies and other inventories used increased by 47% to US\$37.2 million for the period ending December 31, 2022 from US\$25.3 million for the same period in 2021.
- Depreciation and amortization increased by 7% to US\$7.4 million for the period ending December 31, 2022 from US\$7.0 million for the same period in 2021.

- Utilities increased by 54% to US\$5.3 million for the period ending December 31, 2022, from US\$3.4 million for the same period in 2021.
- Inward freight and duties and others decreased by 11% to US\$3.7 million for the period ending December 31, 2022, from US\$4.2 million for the same period in 2021.

The Company's gross margin was 26% for the period ending December 31, 2022, compared to 29% gross margin recorded for the same period in 2021.

### **Operating Expenses**

The Company's operating expenses for the period ending December 31, 2022 amounted to US\$9.7 million, 18% higher compared to the US\$8.2 million recorded during the same period in 2021. The increase is due to:

- Salaries, wages and employees' benefits increased by 44% to US\$4.9 million for the period ending December 31, 2022, from US\$3.4 million for the same period in 2021.
- Commissions increased by 90% to US\$1.4 million for the period ending December 31, 2022, from US\$0.71 million for the same period in 2021.
- Entertainment, amusement and recreation increased by 47% to US\$0.17 million for the period ending December 31, 2022, from US\$0.11 million for the same period in 2021.
- Transportation and travel increased by 27% to US\$0.12 million for the period ending December 31, 2022 from US\$0.10 million for the same period in 2021.
- Insurance increased by 23% to US\$0.12 million for the period ending December 31, 2022 from US\$0.94 million for the same period in 2021.

### **Income Before Income Tax**

For the period ending December 31, 2022, the Company recorded a net income before income tax of US\$12 million, an increase of 49% compared with US\$8.0 million recorded for the same period in 2021.

### **Provision for / Benefit from Income Tax**

Benefit from income tax for the period ending December 31, 2022 amounted to US\$0.66 million compared with a provision for income tax of US\$(0.11) million for the same period in 2021.

### *Net Income After Tax*

The Company's net income from continuing operations for the period ending December 31, 2022 amounted to US\$11.3 million, an increase of 39% compared with US\$8.1 million for the same period in 2021. The increase was brought about by the increase of revenue.

### **Total Comprehensive Income**

The Company's total comprehensive income for the period ending December 31, 2022 amounted to US\$9.5 million, compared to US\$8.1 million for the same period in 2021, an increase of 17% mainly due to the increase of revenue.

## **Financial Condition**

### ***For the period ending December 31, 2022 compared to the period ending December 31, 2021***

#### *Assets*

The Company's cash and cash equivalent for the period ending December 31, 2022 amounted to US\$44.3 million, compared with US\$71.4 million for the period ending December 31, 2021, a decrease of US\$27 million or 38%.

Trade and other receivables for the period ending December 31, 2022 amounted to US\$36.5 million, compared with US\$61.4 million for the period ending December 31, 2021, a 41% decrease. The decrease accounted for was mainly due to payment from customers. The Company will continue to have an intensive collection drive to further reduce the receivables from customers.

Inventory levels for the period ending December 31, 2022 amounted to US\$67.6 million, 15% higher compared with US\$58.8 million for the period ending December 31, 2021.

Due from related parties for the period ending December 31, 2022 amounted to US\$0.34 million compared to US\$0.19 million for the period ending December 31, 2021.

Non-current assets, comprised of Other financial asset at amortized cost, investment property, property, plant and equipment (PPE), intangible assets, right-of-use-asset, deferred income taxes and other noncurrent assets for the period ending December 31, 2022 amounted to US\$156 million compared with US\$142 million for the period ending December 31, 2021.

#### *Liabilities*

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, Dividend payable, Lease liability-current portion, deposit for future stock subscription and income tax payable. For the period ending December 31, 2022, current liabilities were at US\$63.2 million, compared with US\$83.9 million the period ending December 31, 2021, a decrease of 25%.

For the period ending December 31, 2022, the Company's non-current liabilities, comprised of long-term debt – net of current portion, lease liability, retirement benefit obligation, and deferred income tax liability amounted to US\$30.5 million compared with US\$38.7 million for the period ending December 31, 2021, a 21% decreased.

#### *Equity*

The Company's shareholders' equity for the period months ending December 31, 2022 amounted to US\$217.8 million compared with US\$217.0 million for the period ending December 31, 2021.

## **Liquidity and Capital Resources**

For the period ending December 31, 2021, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate note's issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next twelve (12) months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next twelve (12) months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the period months ending December 31, 2022 and the same period in 2021.

<i>In US\$ Thousands</i>	<b>For the years ended</b>	
	<b>2022</b>	<b>2021</b>
Net cash flows provided by/ (used for) operating activities	38,457	29,434
Net cash flows provided by/ (used for) investing activities	(21,745)	181
Net cash flows provided by/ (used for) financing activities	(44,005)	10,609
Net increase (decrease) in cash equivalents	(27,118)	39,599

#### *Net Cash Flows from Operating Activities*

Net cashflow used for operating activities was US\$38.5 million for the period ending December 31, 2022, compared with net cash inflow of US\$29.4 million for the same period in 2021.

This was mainly due to increase in accounts payables.

#### *Investing Activities*

Net cash outflow used for investing activities amounted to US\$(21.7) thousand for the period ending December 31, 2022 compared to US\$181 thousand in the same period in 2021. Investing activities mainly involved increase in PPE.

#### *Financing Activities*

Net cash flow from financing activities for the period ending December 31, 2022 amounted to US\$(44.0) million. Major financing activities involved proceeds from availment of short-term loans, less acquisition of parent company shares by subsidiary, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2021 net cash flow from financing activities amounted to US\$10.6 million.

#### **Material Changes to the Company's Audited Income Statement as of December 31, 2022 compared to the Audited Income Statement as of December 31, 2021 (increase/decrease of 5% or more)**

- 21% increase in net sales
  - Increase in revenue contribution of CEC and Quintel
- 26% increase in cost of sales
  - Increase in raw materials, spare parts, supplies and other inventories used, Depreciation and Utilities
- 18% increase in operating expenses
  - Increase in Salaries, wages and employees' benefits, Commissions, Entertainment, Transportation and travel
- 49% increase in Income Before income Tax
  - Increase in revenue



**Material Changes to the Company's Audited Balance Sheet as of December 30, 2022 compared to the Audited Balance Sheet as of December 31, 2021 (increase/decrease of 5% or more)**

- 38% decrease in Cash and Cash Equivalent
  - Decrease in net cash flow from financing activities
- 41% decrease in Trade and Other Receivables – Net
  - More collection for certain major customers
- 59% decrease in Long-term debt
  - Payment to Long-term loans

**KEY PERFORMANCE INDICATORS**

The Company's top five (5) key performance indicators are listed below:

<i>Amounts in thousand US\$, except ratios, and were indicated</i>	<b>2020 Full Year</b>	<b>2021 Full Year</b>	<b>2022 Full Year</b>
EBITDA	19,658	20,357	22,310
EBITDA Margin	29%	29%	26%
Sales Growth/Decline	(14%)	2%	21%
Current Ratio (x)	1.46x	2.36x	2.5x
Earnings per share (US\$)	0.006	0.006	0.004

*Note:*

*\*Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2020 and 2021*

*\*\*Earning per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

▪ *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation, and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDAR Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

**For the years ended December 31**

<b><i>In US\$ 000</i></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net income	6,597	8,140	9,487
Add back:			
Interest expense/income-net	5,303	5,469	4,633
Provision for / Benefit from income tax	447	(105)	661
Depreciation and Amortization	7,311	7,301	7,530
<b>EBITDA</b>	<b>19,658</b>	<b>20,804</b>	<b>22,310</b>

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

<b><i>In US\$ 000</i></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
EBITDA	19,658	20,804	22,310
Deduct:			
Interest expense/income-net	(5,303)	(5,469)	(4,633)
Provision for / Benefit from income tax	(447)	(105)	661
Depreciation and amortization	(7,311)	7,301	7,530
<b>Net Income</b>	<b>6,597</b>	<b>8,140</b>	<b>9,487</b>

- *Sales growth*

Sales growth is a key indicator of the Company's ability to grow the business.

- *Current ratio*

Current ratio measures a company's short-term liquidity, *i.e.* its ability to pay its debts that are due within the next twelve (12) months. It is expressed as the ratio between current assets and current liabilities.

- *Earnings per share*

Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

## **Plan of Operation**

a. There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way. There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There are no seasonal aspects that may have a material effect on the financial condition of the Company. The Company can satisfy its cash requirements for the next twelve months without raising additional funds. Nonetheless, the Company is looking to raise additional funds in the next twelve months to further increase its liquidity.

b. The Company's investments in research and development carry significant cost. Such research and development are necessary to Quintel's product development and intellectual property creation leading to various patents that further improve Quintel's position as a leading innovator in the industry.

c. As of this writing, there are no known expected purchase or sale of plant and significant equipment.

d. As of this writing, there are no known expected significant changes in the number of employees.

## **FINANCIAL RISK DISCLOSURE**

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US\$16.3 Million for capital expenditure for full year 2022 from the proceeds of the Company's Commercial Paper and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

As of December 31, 2023, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;

Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period; and

- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
  - o Any Known Trends, Events or Uncertainties (Material Impact on Sales)
  - o Any Significant Elements of Income or Loss (from continuing operations)

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2022 AND 2021**

<b>Ratios</b>	<b>Formula</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
(i) Current Ratio	Current Assets/Current Liabilities	<b>2.47</b>	2.36
(ii) Debt/Equity Ratio	Bank Debts <sup>1</sup> / Total Equity	<b>0.28</b>	0.57
(iii) Net Debt/Equity Ratio	Bank Debts <sup>1</sup> -Cash & Equivalents/Total Equity	<b>0.08</b>	0.24
(iii) Asset to Equity Ratio	Total Assets/Total Equity	<b>1.43</b>	1.57
(iv) Interest Cover Ratio	EBITDA <sup>2</sup> /Interest Expense	<b>5.15</b>	0.50
(v) Profitability Ratios			
GP Margin	Gross Profit/Revenues	<b>0.26</b>	0.29
Net Profit Margin	Net Income/Revenues	<b>0.13</b>	0.12
EBITDA Margin	EBITDA/Revenues	<b>0.29</b>	0.04
Return on Assets	Net Income/Total Assets <sup>3</sup>	<b>0.04</b>	0.03
Return on Equity	Net Income/Total Equity <sup>3</sup>	<b>0.05</b>	0.05

<sup>1</sup> Sum of short-term loans and long-term debts

<sup>2</sup> EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

<sup>3</sup> Based on balances as at December 31, 2022 and 2021

**ITEM 7 FINANCIAL STATEMENTS**

Please see attached Audited Financial Statements ending 31 December 2023.

**ITEM 8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no changes in and disagreements with the accountants regarding accounting and financial disclosure.

The previous external auditor of the Company was SGV & Co., with Mr. Kristopher S. Catalan as the handling partner.

The Stockholders, upon recommendation by the management and the Audit and Risk Management Committee, approved the appointment of R.S. Bernaldo & Associates ("RSBA") as the Company's external auditor on 30 July 2020.

Management, after careful study, deemed that the audit requirements of the Company will be best addressed by RSBA.

**ITEM 9 INDEPENDENT PUBLIC ACCOUNTANT AND AUDIT-RELATED FEES**

The Corporation's public accountant is the accounting firm, R.S. Bernaldo & Associates. They are being recommended for election, approval, and ratification for the current fiscal year. The appointment of the external auditor to the Board of Directors is upon recommendation by the Audit and Risk Management Committee with Mr. Bernardino Ramos as the Chairman of the Committee.

External Audit Fees and Services

	<b>2022</b>	<b>2023</b>
Audit and Audit-Related Fees	1,606,800.00	1,606,800.00
Other fees (out-of-pocket expenses)	241,020.00	236,000.00
<b>Total Audit and Audit-related Fees</b>	<b>1,847,820.00</b>	<b>1,842,800.00</b>

The Audit Committee approves the policies and procedures for the above services by observing the independence of parties and by carrying out transaction at arms-length basis.

## PART III – CONTROL AND COMPENSATION INFORMATION

### ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The Directors of the Corporation were elected at the annual meeting of the stockholders of the Corporation to hold office until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified.

The Officers were elected by the Board of Directors at the Organizational Meeting of the Board on 26 May 2023. The Board also elected during the said meeting the Chairman and members of the Audit & Risk Management Committee, Sustainability and Compliance Committee, Compensation and Nomination Committee and Related Party Transaction Committee.

The following is a brief profile of the Corporation's Directors and Officers for the year 2023-2024.

Regular and Independent Directors.

**Jerry Liu**, 75 years old, was elected as the Corporation's Chairman and President on May 25, 2012. He is still currently the Chairman of the Corporation. He is also concurrently Chairman of Cirtek Electronics Corporation ("CEC"), Director of Cirtek Land, and Cayon Holdings, Inc. Mr. Liu holds a Bachelor of Science degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East.

**Jorge Aguilar**, 66 years old, was elected as Director, Vice Chairman and President on May 10, 2019. Mr. Aguilar served as a director of the Company from 2011 until 2015. He joined CEC in 1985 and is concurrently EVP/General Manager of CEC, a position he has held since 2004. Mr. Aguilar has a Bachelor of Science degree in Mechanical Engineering from the Manuel L. Quezon University and an MBA from the Collegio de San Juan de Letran.

**Brian Gregory Liu**, 37 years old, was elected as the Executive Vice President and Chief Financial Officer on August 2, 2019. He was formerly the Chief Operating Officer of the Corporation. He was first elected as Director on May 11, 2015. He is concurrently a Managing Director & CFO of CEC, stockholder in Cirtek Land Corporation ("CLC"), and Turbog Trading. Mr. Liu trained as an Operations Trainee in Domino's Pizza from 2001 to 2002, then as an Analyst in Evergreen Stockbrokerage & Securities Inc. from 2003 to 2005. He obtained his degree in Management in Financial Institutions from the De La Salle University in 2009.

**Justin T. Liu**, 42 years old, was elected as Vice President and Corporate Information Officer on February 1, 2019. He is also a President and Director of Figaro Coffee Systems, Inc. Mr. Liu graduated from the De La Salle University with a Bachelor of Science in Business Management and earned his Master's in Finance from the University of San Francisco in 2006.

**Michael Stephen T. Liu**, 39 years old, is currently the EVP & CTO of the Corporation and General Manager of Cirtek Advanced Technology and Solutions ("CATSI"), a Cirtek company catering to the telecom and wireless broadband space. He was first elected as Director on May 11, 2015. Mr. Liu obtained his degree in Electronics and Communications Engineering from De La Salle University in 2007 and is a licensed Electrical Engineer.

**Ernest Fritz Server**, 80 years old, was elected as an Independent Director of the Corporation on February 17, 2011 and was elected as a regular Director in the Annual Stockholders' Meeting held last July 30, 2020. Mr. Server serves as the President of Multimedia Telephony Inc., Vice Chairman of RFM Corporation, Chairman of Arrakis Holdings, Inc., President of Seacage Industries, Inc., President of West Properties, Inc., President of Superior Las Pinas, Inc., a director of ABS CBN Convergence, Inc. and a director of BJS Development Corp. Previously, Mr. Server served as Vice Chairman of the Commercial Bank of Manila, Consumer Bank and Cosmos Bottling Corporation,

President of Philippine Home Cable Holdings, Inc. and Philam Fund, and a director of Philippine Township, Inc. Mr. Server graduated from the Ateneo de Manila University in 1963 with degree in Bachelor of Arts degree in Economics and holds an MBA Major in Banking and Finance from the University of Pennsylvania, Wharton Graduate School.

**Hector Villanueva**, 88 years old, was elected as Independent Director on 26 May 2017. He has held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Chairman, Postmaster General & Chief Executive Officer of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief, Sun Star Manila. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

**Bernardino Ramos**, 79 years old, was elected as Independent Director on August 2, 2019. He is a Certified Public Accountant and has a Bachelor of Science degree in Business Administration Major in Accounting from the Far Eastern University and a Manager's Secondment/ On-the-Job Training at Ernst & Young (Formerly Ernst & Whinney) – Chicago, USA. He served as Partner in SGV& Co. (Affiliated with Arthur Andersen & Co. from 1985 to 2001, & Ernst & Young from 2002 to 2005), including almost 7 years as Partner/Advisor of Drs Utomo & Co., SGV Group. He was previously a Technical advisor of PSALM (Power Sector Assets and Liabilities Management Corporation), and also been a Member, Board of Directors and Board Committees of PSI Technologies Inc., Sony Life Philippines, Inc. and Philippine Primark Properties, Inc. At present he is an independent financial consultant, primarily on company/ business acquisitions and advisory on accounting/ financial matters, and also a Chairman of the Board of Directors of GB Distributors, Inc. and Member, Board of Directors and Board Committees of private companies including PSI Holdings, Inc., State Investment Trust, Inc. ("SITI"), State Properties, Inc. and PILAC, Inc., to name a few.

**Corazon P. Guidote**, 63 years old, a Certified Public Accountant, was elected as Independent Director on May 31, 2019. Ms. Guidote is a Bachelor of Science graduate, major in Accountancy at the University of Santo Tomas ("UST") in 1982. The UST College of Commerce eventually recognized her as one of its most outstanding alumnae in 2004. She holds a Master's Degree in Applied Business Economics from the University of Asia and the Pacific where she likewise received an Achievement Award in 1997 from the ABEP Alumni Association. She is now a member of the teaching faculty at the Institute of Corporate Directors currently specializing in the field of Sustainability Reporting otherwise referred to as ESG or (Environmental, Social and Governance). She successfully concluded her fifteen-year career in Investor Relations in October 2017. It was during this period that her pioneering spirit ushered her into two of her most challenging tasks of setting up the Investor Relations offices; first, at the Bangko Sentral ng Pilipinas ("BSP"), and second at SM Investments Corporation.

The nominees for the Corporation's Directors and Officers for the year 2024-2025 are:

1. Jerry Liu
2. Michael Stephen Liu
3. Brian Gregory Liu
4. Justin Liu
5. Ernest Fritz Server
6. Antonio Calleung

Apart from Mr. Calleung, the background and credentials of the nominees for directorship are the same as above.

Antonio Callueng, 66 years old, is currently the VP of Sales and Customer Satisfaction at Cirtek Electronics Corporation. He served as a Director and a Member of the Audit and Risk Management Committee at Cirtek Holdings Philippines Corporation in 2019. Mr. Callueng brings forty-four (44)



years of experience in the manufacturing sector, specifically in outsourced assembly and test subcontracting and has been well exposed in customer management and business development in the semiconductor industry. He has also worked as an expatriate in a semiconductor company in Indonesia for 8 years before joining Cirtek Electronics Corporation in 2004. Mr. Callueng earned his Bachelor of Science degree in Electronics and Communication Engineering from Feati University in Manila.

### **Independent Directors**

The nominees for Independent Directors of the Corporation for the year 2024-2025 are:

7. Hector Villanueva;
8. Bernardino Ramos; and
9. Corazon Guidote.

They have been nominated by Jerry Liu, one of the current directors of the Corporation. Those nominated for independent director positions are not related to Mr. Liu who nominated them. Moreover, they have signified their acceptance of their nominations. The Certifications of Independent Directors duly executed by the nominees for Independent Directorship, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached hereto. Hector Villanueva has been an Independent Director of the Corporation since May 26, 2017, while Corazon Guidote has been an Independent Director since May 31, 2019. Bernardino Ramos has been an Independent Director since August 2, 2019. In accordance with the SEC Memorandum Circular No. 4, Series of 2017, Hector Villanueva may serve as Independent Director of the Corporation until 2026, while Bernardino Ramos and Corazon Guidote may serve as an Independent Directors until 2028.

### **Key Officers**

**Dyan Danika G. Lim-Ong**, 39 years old, was elected as the Company's Corporate Secretary during the organizational meeting of the Company on May 28, 2021. Atty. Lim-Ong is a Partner at Tolosa Javier Lim & Chua Law Firm. She completed her Juris Doctor degree at the University of the Philippines College of Law in 2010 and her Master of Laws degree at the University of Pennsylvania School of Law, graduating with distinction in 2017. Atty. Dyan Danika G. Lim-Ong was formerly a part of the Institutional and Transaction Advisory Group of China Banking Corporation, one of the largest commercial banks in the Philippines. While at China Bank, Atty. Lim-Ong was promoted to Assistant Vice President and worked on trust, treasury, bancassurance and capital raising transactions worth more than US\$1 billion in aggregate, including the largest bond and LTNCD issuance in the bank's history. In 2019, Atty. Lim-Ong left China Bank to become a named partner of Tolosa Javier Lim & Chua Law Firm, where she currently heads the firm's Corporate, Special Projects and Banking/Finance practice areas. Atty. Lim-Ong has advised clients on joint venture agreements, mergers and acquisitions, and other commercial transactions across several key industries such as water, energy, mining, infrastructure and banking and finance. She manages the firm's corporate housekeeping clients and also assists in commercial litigation, energy, data privacy and competition law matters. Atty. Lim-Ong is concurrently a professor at the University of the Philippines College of Law where she teaches Sales and Legal Profession/Legal Ethics.

**Justin Liu** was appointed as the Company's Corporate Information Officer on February 1, 2019.

**Emelita Cruzada** was appointed as the Company's Chief Compliance Officer on April 29, 2021.

### **Change in Directors and/or Officers (Resignation/Removal or Appointment/Election):**

Mr. Jorge Aguilar is set to retire effective May 15, 2024.

## **ITEM 11 EXECUTIVE COMPENSATION**

<b>Name &amp; Position</b>	<b>Year</b>	<b>Estimated Salary</b>	<b>Estimated Bonus</b>	<b>Estimated Other Annual Compensation</b>
Jerry Liu (Chairman and Director)	2024	₱20million	=	₱5million
Jorge Aguilar (Vice Chairman, President, Chief Executive Officer, and Director)	2024	₱4million	=	₱3million
Brian Gregory T. Liu (Executive Vice President, Chief Financial Officer, Treasurer, and Director)	2024	₱5million	=	₱3million
Michael Stephen T. Liu (Executive Vice President, Chief Technology Officer, and Director)	2024	₱5million	=	₱3million
Aggregate compensation paid to all officers and directors as Cirtek Group unnamed	2024	₱50million	=	₱10million

<b>Name &amp; Position</b>	<b>Year</b>	<b>Salary</b>	<b>Estimated Bonus</b>	<b>Other Annual Compensation</b>
Jerry Liu (Chairman and Director)	2023	₱20million	=	₱5million
Jorge Aguilar (Vice Chairman, President, Chief Executive Officer, and Director)	2023	₱10million	=	₱3million
Brian Gregory T. Liu (Executive Vice President, Chief Financial Officer, Treasurer, and Director)	2023	₱5million	=	₱3million
Michael Stephen T. Liu (Executive Vice President, Chief Technology Officer, and Director)	2023	₱5million	=	₱3million
Aggregate compensation paid to all officers and directors as Cirtek Group unnamed	2023	₱50million	=	₱10million

## Compensation of Directors

Under the By-Laws of the Company, by resolution of the BOD, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the BOD shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the BOD may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Each of the Directors is entitled to a per diem of PhP8,000.00 for every Board of Directors meeting attended. Each member of the Audit and Risk Management Committee, Sustainability and Compliance Committee, Compensation and Nomination Committee, and Related Party Transactions Committee is entitled to a fee of PhP8,000.00 for every committee meeting attended.

Below are the details of the remuneration paid to the Directors in 2023:

<b>Remuneration for Board Meetings Attended in 2023</b>	<b>Remuneration for Committee Meetings Attended in 2023</b>	<b>Total</b>
Php 360,000.00	Php 24,000.00	Php 384,000.00

## Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Corporation's Chief Executive Officer, other officers and/or directors.

## Employment Contracts, Termination of Employment, Change-in-Control Arrangements

The Cirtex Group has executed employment contract with some of its key officers. Such contracts provide the customary provision on job description, benefits, confidentiality, non-compete, and non-solicitation clauses. There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Corporation in the event of change in control of the Corporation.

## Warrants and Options

There are no outstanding warrants and options held by any of the Company's directors and executive officers.

## ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Owners of record of more than five percent (5%) of the Corporation's voting securities as of March 31, 2024:

<b>Title of Class</b>	<b>Name, Address of Record Owner, and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>% of Class</b>
-----------------------	--	--	--------------------	------------------------------	-------------------

Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	Filipino	536,701,049	80.28%
Common	Camerton, Inc. <sup>6</sup> 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Camerton, Inc. 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Filipino	110,260,791	16.49%
	<b>Total</b>			<b>646,961,840</b>	<b>96.77%</b>
Preferred A	Camerton, Inc. <sup>7</sup> 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Camerton, Inc. 116 East Main Ave., Phase V SEZ Laguna Technopark Biñan, Laguna	Filipino	700,000,000	100%
	<b>Total</b>			<b>700,000,000</b>	<b>100%</b>

Under PCD account,<sup>3</sup> the following participants hold shares representing more than five percent (5%) of the Corporation's outstanding shares as of March 31, 2024:

Participant	Number of Shares	Percentage
Abacus Securities Corporation	134,966,227	20.19%
COL Financial Group, Inc.	120,319,384	18.00%
Guild Securities, Inc.	38,282,658	5.73%
First Metro Securities Brokerage Corp.	37,248,139	5.57%

Except as stated above, the Corporation has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than five percent (5%) of the Corporation's outstanding shares or who has a voting power, voting trust, or any similar agreement with respect to shares comprising more than five percent (5%) of the Corporation's outstanding common stock.

The number of common shares beneficially owned by directors and executive officers as of March 31, 2024 are as follows:

Title of Class	Name of Beneficial Owner	No. of Shares Held	Citizenship	Percent
Common	Jerry Liu	110,260,792	Chinese	16.494%

<sup>6</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders' Meeting on 31 May 2024.

<sup>7</sup> Camerton, Inc. has appointed Jerry Liu who shall vote the shares on its behalf in all meetings including the forthcoming Annual Stockholders' Meeting on 31 May 2024.

Common	Jorge Aguilar	1	Filipino	0%
Common	Brian Gregory Liu	1	Filipino	0%
Common	Justin Liu	1	Filipino	0%
Common	Hector Villanueva	1	Filipino	0%
Common	Ernest Fritz Server	1	Filipino	0%
Common	Michael Stephen Liu	1	Filipino	0%
Common	Corazon Guidote	1	Filipino	0%
Common	Bernardino Ramos	1	Filipino	0%

### Voting Trust Holder of Five Percent (5%) or More

The Corporation is not aware of any person holding more than five percent (5%) of the common shares of the Corporation under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Corporation and the Securities and Exchange Commission.

### Description of any arrangement which may result in a change in control of the Corporation

No change in control of the Corporation has occurred since the beginning of the last fiscal year.

## ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Liu family, primarily through Camerton, Inc., is the largest shareholder in the Corporation, and as of March 31, 2024 owns 110,260,791 shares, or approximately 16.494% of the Corporation's issued and outstanding common shares.

Related party relationship exists when the party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships.

In the normal course of business, the Group has entered into transactions with affiliates. The significant transactions consist of the following:

- Advances for operating requirements of Cirtek Holdings, Inc. ("CHI"), former parent of CEC and Cirtek Electronics International Corporation ("CEIC");
- Rental of land and lease deposit with Cirtek Land Corporation ("CLC"), an affiliate, where the manufacturing building 1 and administrative building is situated;
- Payments and /or reimbursements of expenses made or on behalf of the affiliates;
- Rental of land with Cayon Holdings, Inc. (Cayon), an affiliate, where the building 2 of the Group is situated;
- Collections made by Camerton in behalf of the Cirtek Group; and
- Advances to officers and stockholders.

The consolidated balance sheets and consolidated statements of comprehensive income include the following significant account balances resulting from the above transactions with related parties:

- Amounts owed by related parties as of 31 December 2023

#### Amounts owed by Related Parties

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Written-off /Reclassification	Current	Non-Current	Balance at end of period
Related parties under common control							
RBWPI	\$ 148,697	-		\$ (148,697)	-		\$ 0
Cayon Holdings, Inc	192,431	1,915					194,346
<b>TOTAL</b>	<b>\$ 341,128</b>	<b>\$ 1,915.06</b>	<b>\$ -</b>	<b>\$ (148,697)</b>	<b>\$ -</b>		<b>\$ 194,346</b>

The above related parties, except the stockholders, are entities under the common control of the ultimate parent company.

Transactions with CHI, Charmview Enterprises Ltd (CEL)

The amount owed by an officer amounting to US\$7.7 million as of December 31, 2010 was transferred in 2011 to CEL, the former ultimate parent of CEC and CEIC. CEL now owns 40% interest in Camerton, the parent of CHPC.

The amounts owed by and to CHI as of December 31, 2010 represent advances for working capital in the normal course of business when CEC and CEIC were then still subsidiaries of CHI.

For purposes of settling outstanding balances with the Group and as part of corporate restructuring in preparation for the planned Initial Public Offering (IPO) of the Parent Company, on March 17, 2011, CHI, CEL and the officer, with the consent of the Group, entered into assignment agreements whereby CHI absorbed the amounts owed by CEL and by the officer as of March 17, 2011 amounting to US\$7.7 million and US\$0.8 million, respectively.

The Group, with the consent of the related parties, entered into assignment agreements whereby the Parent Company absorbed the amount owed by CEIC to CHI totaling US\$3.6 million representing unpaid advances of US\$2.3 million and dividends of US\$1.3 million as of March 17, 2011.

Thereafter, on March 18, 2011, the Parent Company and CHI, in view of being creditors and debtors to each other as a result of the assignment agreements above, entered into a set-off agreement for the value of the Group's liability aggregating US\$6.8 million. The amount represents the above-mentioned total liability of US\$3.6 million and the balance outstanding from the Parent Company's purchase of CEC and CEIC amounting to US\$3.2 million, as revalued from the effect of foreign exchange rate.

Transactions with CLC

CLC is an entity under the common control of the ultimate parent company. CEC had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of fifty (50) years starting January 1, 1999. The lease was renewable for another twenty-five (25) years at the option of CEC. The lease agreement provided for an annual rental of \$151,682, subject to periodic adjustments upon mutual agreement of both parties.

On January 1, 2005, CEC terminated the lease agreement with CLC but has continued to occupy the said land for no consideration with CLC's consent. With the termination of the lease agreement, the Cirtex Group has classified the rental deposit amounting to PhP60.1 million (\$1.1 million and \$1.2 million as of December 31, 2018 and 2017, respectively) as current asset as the deposit has become due and demandable anytime from CLC.

On January 1, 2011, CEC entered into an agreement with CLC to lease the land where CEC's Building 1 is located. The agreement calls for a fixed annual rate of PhP0.64 Million (\$0.01 Million) for a period of ten (10) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. The total rent expense charged to operations amounted to \$0.01 million in both years.

CEC also entered into an agreement with Cayon starting January 1, 2011 to lease the land where CEC's Building 2 is located. The agreement calls for an annual rental of PhP282,144 for a period of ten (10) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. Total rent expense charged to operations amounted to US\$0.002 million and US\$0.01 million in 2021 and 2020, respectively. The amounts are unsecured, non-interest bearing and due and demandable and will be settled in cash. No guarantees have been given.

The Group, as lessee, entered into leasing arrangements with its related parties as disclosed in Notes 20 and 24 in its 2023 Audited Financial Statement. The following are the amounts of lease liabilities. Movement in the lease liabilities is as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2023	2022	2023	2022
Not later than one (1) year	\$ 128,547	\$ 169,407	\$ 123,527	\$ 163,484
Later than one (1) year but not later than five (5) years	108,688	104,605	88,742	99,584
Later than five (5) years	12,189	120,877	7,562	96,305
	<b>249,424</b>	<b>394,889</b>	<b>219,831</b>	<b>359,373</b>
Discount	(29,593)	(35,516)	-	-
Present value of minimum lease payments	<b>219,831</b>	<b>359,373</b>	<b>219,831</b>	<b>359,373</b>
Current lease liabilities	<b>123,527</b>	<b>163,484</b>	<b>123,527</b>	<b>163,484</b>
Non-current lease liabilities	\$ <b>96,304</b>	\$ <b>195,889</b>	\$ <b>96,304</b>	\$ <b>195,889</b>

Movement in the lease liabilities is as follows:

	2023	2022
Balance, January 1	\$ 359,373	\$ 591,422
Finance incurred	5,021	5,924
Finance cost paid	(5,021)	(5,924)
Lease payments	(139,542)	(232,049)
Balance, December 31	\$ 219,831	\$ 359,373

The Group used its incremental borrowing rate of 5.0% to 5.5% to measure the present value of its lease liabilities since the implicit rate was not readily available.

The Group is compliant with the terms and conditions of the lease contracts.



## PART IV – CORPORATE GOVERNANCE

### ITEM 14 CORPORATE GOVERNANCE

The Corporation is committed to the ideals of good corporate governance. In compliance with the SEC requirement, the Corporation is studying best practices in good corporate governance to further improve the current corporate governance practices of the Corporation and to develop an efficient and effective evaluation system to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

Corporate governance rules/principles were established to ensure that the interest of stakeholders is always taken into account; those directors, officers and employees are conducting business in a safe and sound manner; and those transactions entered into between the Corporation and related interests are conducted at arm's length basis and in the regular course of business. There are no incidences of deviation from the Corporation's Manual of Corporate Governance.

The Corporation has three (3) independent directors that gives the assurance of independent views and perspective.

### ITEM 15 EXHIBITS AND SCHEDULES

Schedule	Contents
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries
II	Schedule of All Effective Standards and Interpretations Under Philippine Financial Reporting Standards
III	Reconciliation of Retained Earnings Available for Dividend Declaration
IV	Financial Soundness Indicators
<i>Supplementary Schedules</i>	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Gross and Net Proceeds of a Listed Company with recent offering of securities (Commercial Paper) to the Public
I	Capital Stock

**(b) Reports on SEC Form 17-C**

The following disclosures were filed during the period May 2023 to April 2024:

May 26, 2023            The Corporation disclosed the results of the Annual Stockholders' Meeting held today, 26 May 2023, via teleconferencing, as follows:

I. Directors

The following were elected directors of TECH for the year 2023-2024:

1. Mr. Jerry Liu
2. Mr. Jorge Aguilar
3. Mr. Justin Liu
4. Mr. Michael Stephen Liu
5. Mr. Brian Gregory Liu
6. Mr. Ernest Fritz Server
7. Mr. Bernardino Ramos – Independent Director
8. Mr. Hector Villanueva – Independent Director
9. Ms. Corazon Guidote – Independent Director

II. Shareholders' Approval

The shareholders approved and/or ratified the following:

1. Minutes of the Annual Stockholders' Meeting held on 27 May 2022;
2. Acts, resolutions, and proceedings of the Board of Directors and Management of TECH since the last Annual Stockholders' Meeting held on 27 May 2022;
3. Audited Financial Statements as of and for the year ended 31 December 2022;
4. Appointment of R.S. Bernaldo & Associates as external auditor of TECH for the calendar year 2023;

May 26, 2023            The Corporation disclosed the results of the Organizational Meeting of the Board of Directors. The list of elected officers to serve for the years 2023-2024 are as follows:

<b>Name of Person</b>	<b>Position/Designation</b>
Jerry Liu	Chairman of the Board
Jorge Aguilar	Vice Chairman and President & CEO
Justin Liu	Executive Vice-President and Corporate Information Officer
Brian Gregory Liu	Executive Vice-President, Chief Financial Officer and Treasurer
Michael Stephen Liu	Executive Vice-President and Chief Technology Officer
Dyan Danika G. Lim-Ong	Corporate Secretary
Emelita Cruzada	Chief Compliance Officer and Assistant Corporate Secretary

List of Committees and Membership

<b>Name of Committees</b>	<b>Members</b>	<b>Position/Designation</b>
Audit and Risk Management Committee	Bernardino Ramos	Chairman
	Corazon Guidote	Member
	Hector Villanueva	Member
Sustainability and Compliance Committee	Corazon P. Guidote	Chairman
	Bernardino Ramos	Member
	Hector Villanueva	Member
Compensation and Nomination Committee	Ernest Fritz Server	Chairman
	Hector Villanueva	Member
	Jerry Liu	Member
Related Party Transactions Committee	Hector Villanueva	Chairman
	Bernardino Ramos	Member
	Corazon Guidote	Member

June 16, 2023

The Board of Directors of TECH, in its regular meeting held on 16 June 2023, approved the following:

1. Approval of the Adjustment of the Dividend Rate in relation to the subsequent declaration of dividends of the Preferred B-2 Subseries B Shares ("Preferred B-2B Shares") of the Company from 6.1250% to 10.1250% effective 18 June 2023.

The Company is preparing for the forthcoming adjustment of the Dividend Rate that is expected two and a half (2.5) years after the issue date, or the Step-Up Date on 18 June 2023, of the 20,000,000 Preferred B-2B Shares, where the Initial Dividend Rate of 6.1250% per annum shall be accordingly adjusted by adding a Step-Up Spread of 400 basis points, resulting to a Step-Up Rate of 10.1250% per annum.

By way of background, the Board of Directors of the Company on 1 September 2020 approved the following:

1. The designation of Subseries of Preferred B-2 Shares consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B-2 Subseries B Shares and to denominate the Preferred B-2 Shares issued in 2017 consisting of 67 Million Preferred B-2 Shares as Preferred B-2 Subseries A Shares.

2. The Features, Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission ("SEC") for the Preferred B-2 Subseries B Shares.

3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and subsequent offer to qualified buyers for an offer price of up to One US Dollar (USD1.00) per share, and the listing of such shares with The Philippine Stock Exchange ("PSE").

On 7 October 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Company's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B-2 Subseries A and Preferred B-2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares; and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B-2 Shares shall be designated by the Board of Directors of the Company in subseries at a future date.

The Board of Directors of TECH, in its special meeting held on 10 November 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B-2 Subseries B Shares of the Company at the subscription price of One US Dollar (USD1.00) per share. Hence, on 18 December 2020, TECH issued Preferred B-2B Shares to Camerton, Inc.

On 20 January 2021, The PSE approved the application for listing of its 20,000,000 U.S. Dollar Denominated Preferred B-2B Shares issued to Camerton, Inc. by way of private placement. TECH has complied with all post-approval requirements for the listing of the shares subject of the private placement transaction. TECH's Preferred B2-B Shares, with the stock symbol "TCB2B", was listed on 2 February 2021.

June 19, 2023

Cirtek Holdings Philippines Corporation (the "Corporation") do hereby give notice in the Adjustment of the Dividend Rate in relation to the subsequent declaration of dividends of the Preferred B-2 Subseries B Shares of the Corporation from 6.1250% to 10.1250% effective 18 June 2023. The adjustment in the Dividend Rate of the 20,000,000 Preferred B2-B shares is expected on the two and a half (2.5) years anniversary of the issue date, or the Step-Up Date on June 18, 2023, when the Initial Dividend Rate of 6.1250% shall be accordingly adjusted by adding a Step Up Spread of 400 bps, resulting to a Step-Up Rate of 10.1250%. The adjusted dividend rate of 10.1250% will take effect on the third Quarterly Dividend Payment for the year 2023. The Board of Directors of the Corporation, during its meeting held on 16 June 2023 approved the foregoing adjustment. By way of background, On 7 October 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Corporation's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B2 Subseries A and Preferred B2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares, and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B2 Shares shall be designated by the Board in subseries at a future date.

The Board of Directors of TECH, in its special meeting held on 10 November 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B2 Subseries B Shares of the Company at the subscription price of One US Dollar (USD1.00) per share.

On 18 December 2020, the stock certificates and shares were thereafter issued to Camerton, Inc.;

On 20 January 2021, the PSE approved the application for listing of its 20,000,000 U.S. Dollar Denominated Preferred B2-B Shares issued to Camerton, Inc. by way of private placement. TECH has complied with all post-approval requirements for the listing of the shares subject of the private placement transaction. TECH's Preferred B2-B Shares, with the stock symbol "TCB2B", listed on February 2, 2021. Based on the Features, Terms, and Conditions of the Preferred B-2 Subseries B Shares ("Features, Terms and Conditions"), unless the Preferred B-2 Subseries B Shares shall have been redeemed by the Issuer on the Step-Up Date, or two and a half (2.5) years from Issue Date, the Dividend Rate shall be adjusted by adding a Step Up Spread of four hundred (400) basis points of the Initial Dividend Rate of 6.125% per annum. Since the Issue Date of the Preferred B-2 Subseries B Shares is on 18 December 2020, the Step-Up Date is on 18 June 2023. Further, based on the Features, Terms and Conditions, the Issuer may redeem, in whole and not in part, after giving not less than thirty (30) nor more than sixty (60) days' writ-ten notice prior to the intended date of redemption:

a) As and if approved by the Board of Directors, two and a half (2.5) years from Issue Date, which is the same as the Step-Up Date ("Early Redemption Date"), or on any Dividend Payment Date thereafter (each, an "Optional Redemption Date"); or

b) At any time, if an Accounting Event, Tax Event or Change of Control Event ("Events"), as defined in the Features, Terms and Conditions, has occurred and is continuing.

However, due to the absence of any of the Events and the Company's decision not to exercise its option to redeem the Preferred B-2 Subseries B Shares by the Early Redemption Date or Optional Redemption Date, the Company's management have decided, in accordance with the Features, Terms and Conditions, to adjust the dividend rate of Preferred B-2 Shares Subseries B Shares to Step Up Rate of 10.125% effective on its Step-Up Date, or on 18 June 2023, pursuant to the approval of the Board of Directors in a Regular Board Meeting held on 16 June 2023.

June 20, 2023

The Board of Directors of TECH, in its regular meeting held on 16 June 2023, approved the following:

1. Approval of the Adjustment of the Dividend Rate in relation to the subsequent declaration of dividends of the Preferred B-2 Subseries B Shares ("Preferred B-2B Shares") of the Company from 6.00% to 10.00% effective 18 June 2023.

The Company is preparing for the forthcoming adjustment of the Dividend Rate that is expected two and a half (2.5) years after the issue date, or the Step-Up Date on 18 June 2023, of the 20,000,000 Preferred B-2B Shares, where the Initial Dividend Rate of 6.00% per annum shall be accordingly adjusted by adding a Step-Up Spread of 400 basis points, resulting to a Step-Up Rate of 10.00% per annum.

By way of background, the Board of Directors of the Company on 1 September 2020 approved the following:

1. The designation of Subseries of Preferred B-2 Shares consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B-2 Subseries B Shares and to denominate the Preferred B-2 Shares issued in 2017 consisting of 67 Million Preferred B-2 Shares as Preferred B-2 Subseries A Shares.  
2. The Features, Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission ("SEC") for the Preferred B-2 Subseries B Shares.  
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and subsequent offer to qualified buyers for an offer price of up to One US Dollar (USD1.00) per share, and the listing of such shares with The Philippine Stock Exchange ("PSE").

On 7 October 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Company's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B-2 Subseries A and Preferred B-2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares; and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B-2 Shares shall be designated by the Board of Directors of the Company in subseries at a future date.

The Board of Directors of TECH, in its special meeting held on 10 November 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B-2

Subseries B Shares of the Company at the subscription price of One US Dollar (USD1.00) per share. Hence, on 18 December 2020, TECH issued Preferred B-2B Shares to Camerton, Inc.

On 20 January 2021, The PSE approved the application for listing of its 20,000,000 U.S. Dollar Denominated Preferred B-2B Shares issued to Camerton, Inc. by way of private placement. TECH has complied with all post-approval requirements for the listing of the shares subject of the private placement transaction. TECH's Preferred B2-B Shares, with the stock symbol "TCB2B", was listed on 2 February 2021.

June 20, 2023

By way of background, the Board of Directors of Cirtek Holdings Philippines Corporation ("TECH"), in its regular meeting held on 20 January 2023, approved the declaration of cash dividend of US\$0.015 per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2 Subseries B Shares ("Preferred B-2B Shares") amounting to an aggregate sum of Three Hundred Thousand US Dollars (US\$300,000.00), for each Dividend Period on September and December 2023.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Features, Terms and Conditions of the Preferred B-2B Shares, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 18 September 2023 to shareholders of record as of 1 September 2023; and
- ii. 18 December 2023 to shareholders of record as of 1 December 2023.

In its regular meeting held on 16 June 2023, the Board of Directors of TECH approved the adjustment of the dividend rate from 6.00% per annum to 10.00% per annum effective 18 June 2023. Consequently, the cash dividend for the September and December Dividend Periods shall be adjusted to US\$0.025 per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of Five Hundred Thousand US Dollars (US\$500,000.00) per Dividend Period.

August 17, 2023

a. Preferred B-2 Subseries A Shares ("Preferred B-2A Shares")

The Board of Directors of Cirtek Holdings Philippines Corporation ("TECH"), in its regular meeting held on 20 January 2023, approved the declaration of cash dividend of US\$0.0228125 per share for each of the Sixty-Seven Million (67,000,000) outstanding and issued Preferred B-2 Subseries A Shares amounting to an aggregate sum of One Million Five Hundred Twenty-Eight Thousand Four Hundred Thirty-Seven and 50/100 US Dollars (US\$1,528,437.50), for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 8 March 2023 to shareholders of record as of 21 February 2023;
- ii. 8 June 2023 to shareholders of record as of 24 May 2023;
- iii. 8 September 2023 shareholders of record as of 24 August 2023; and
- iv. 11 December 2023 shareholders of record as of 24 November 2023.

b. Preferred B-2 Subseries B Shares ("Preferred B-2B Shares")

By way of background, the Board of Directors of Cirtek Holdings Philippines Corporation ("TECH"), in its regular meeting held on 20 January 2023, approved the declaration of cash dividend of US\$0.015 per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2 Subseries B Shares ("Preferred B-2B Shares") amounting to an aggregate sum of Three Hundred Thousand US Dollars (US\$300,000.00), for each Dividend Period on September and December 2023.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Features, Terms and Conditions of the Preferred B-2B Shares, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 18 September 2023 to shareholders of record as of 1 September 2023; and
- ii. 18 December 2023 to shareholders of record as of 1 December 2023.

In its regular meeting held on 16 June 2023, the Board of Directors of TECH approved the adjustment of the dividend rate from 6.00% per annum to 10.00% per annum effective 18 June 2023. Consequently, the cash dividend for the September and December Dividend Periods shall be adjusted to US\$0.025 per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of Five Hundred Thousand US Dollars (US\$500,000.00) per Dividend Period.

#### c. Preferred B-2 Subseries C Shares

The Board of Directors of Cirtek Holdings Philippines Corporation ("TECH"), in its regular meeting held on 20 January 2023, approved the declaration of cash dividend of PhP0.8233 per share for each of Sixteen Million Nine Hundred Thirty-Six Thousand Four Hundred (16,936,400) outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of Thirteen Million Nine Hundred Forty-Three Thousand Seven Hundred Thirty-Eight Pesos and Twelve Centavos (PhP13,943,738.12) for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 14 March 2023 to shareholders of record as of 27 February 2023;
- ii. 14 June 2023 to shareholders of record as of 30 May 2023;
- iii. 14 September 2023 shareholders of record as of 30 August 2023; and
- iv. 14 December 2023 shareholders of record as of 29 November 2023.

#### d. Preferred B-2 Subseries D Shares

The Board of Directors of Cirtek Holdings Philippines Corporation ("TECH"), in its regular meeting held on 20 January 2023, approved the declaration of cash dividend of PhP0.968825 per share for each of the Twenty-Eight Million Six Hundred Twenty-Five Thousand and Five Hundred (28,625,500) outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of Twenty-Seven Million Seven Hundred Thirty-Three Thousand One Hundred Pesos and Four Centavos (PhP27,733,100.04), for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of

the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 14 March 2023 to shareholders of record as of 27 February 2023;
- ii. 14 June 2023 to shareholders of record as of 30 May 2023;
- iii. 14 September 2023 shareholders of record as of 30 August 2023; and
- iv. 14 December 2023 shareholders of record as of 29 November 2023.

January 4, 2024

Press Release

PEZA Board approves the application of Cirtek to launch an Electric Motorcycle Assembly in the Philippines

January 19, 2024

a. Preferred B-2 Subseries A Shares ("Preferred B-2A Shares")

The Board of Directors of Cirtek Holdings Philippines Corporation, in its regular meeting held on 19 January 2024, approved the Declaration of Cash Dividend of US Dollars 0.0228125 (US\$0.0228125) per share for each of the Sixty-Seven Million (67,000,000) outstanding and issued Preferred B-2 Subseries A Shares ("Preferred B-2A Shares") amounting to an aggregate sum of One Million Five Hundred Twenty-Eight Thousand Four Hundred Thirty-Seven and 50/100 US Dollars (US\$1,528,437.50), for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer in the Prospectus of the Preferred B-2A Shares, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 8 March 2024 to shareholders of record as of 22 February 2024;
- ii. 10 June 2024 to shareholders of record as of 24 May 2024;
- iii. 9 September 2024 shareholders of record as of 23 August 2024; and
- iv. 9 December 2024 shareholders of record as of 22 November 2024.

b. Preferred B-2 Subseries B Shares ("Preferred B-2B Shares")

The Board of Directors of Cirtek Holdings Philippines Corporation, in its regular meeting held on 19 January 2024, approved the Declaration of Cash Dividend of US Dollars 0.025 (US\$0.025) per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2 Subseries B Shares ("Preferred B-2B Shares") amounting to an aggregate sum of Five Hundred Thousand US Dollars (US\$500,000.00), for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer of the Preferred B-2B Shares, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 18 March 2024 to shareholders of record as of 1 March 2024;
- ii. 18 June 2024 to shareholders of record as of 3 June 2024;
- iii. 18 September 2024 shareholders of record as of 3 September 2024; and
- iv. 18 December 2024 shareholders of record as of 3 December 2024

c. Preferred B-2 Subseries C Shares ("Preferred B-2C Shares")

The Board of Directors of Cirtek Holdings Philippines Corporation, in its regular meeting held on 19 January 2024, approved the Declaration of Cash Dividend of PhP 0.8233 per share for each of Sixteen Million Nine Hundred Thirty-Six Thousand Four Hundred



(16,936,400) outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of Thirteen Million Nine Hundred Forty-Three Thousand Seven Hundred Thirty-Eight Pesos and Twelve Centavos (PhP 13,943,738.12) for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 14 March 2024 to shareholders of record as of 28 February 2024;
- ii. 14 June 2024 to shareholders of record as of 30 May 2024;
- iii. 16 September 2024 shareholders of record as of 30 August 2024; and
- iv. 16 December 2024 shareholders of record as of 29 November 2024.

d. Preferred B-2 Subseries D Shares ("Preferred B-2D Shares")

The Board of Directors of Cirtek Holdings Philippines Corporation, in its regular meeting held on 19 January 2024, approved the Declaration of cash dividend of PhP 0.968825 per share for each of the Twenty-Eight Million Six Hundred Twenty-Five Thousand and Five Hundred (28,625,500) outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of Twenty-Seven Million Seven Hundred Thirty-Three Thousand One Hundred and Four Centavos (PhP 27,733,100.04) , for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:

- i. 14 March 2024 to shareholders of record as of 28 February 2024;
- ii. 14 June 2024 to shareholders of record as of 30 May 2024;
- iii. 16 September 2024 shareholders of record as of 30 August 2024; and
- iv. 16 December 2024 shareholders of record as of 29 November 2024.

March 22, 2024

The Board of Directors of TECH, in its special meeting held on 22 March 2024, approved the following:

Schedule of the 2024 Annual Stockholders' Meeting ("ASM") and setting of the record date of the stockholders who are entitled to vote during the ASM. The ASM for this year shall be on 31 May 2024 and the record date for such ASM is on 03 May 2024.

April 19, 2024

The Board of Directors of TECH, in its regular meeting held on 19 April 2024, approved the Separate And Consolidated Audited Financial Statements ("AFS") of the Corporation as of and for the Year Ended 31 December 2023;

**(c) Disclosures on the Attendees of the Shareholders' Meeting and Voting Results under Section 49 of the Revised Corporation Code**

May 26, 2023

The following attended the 2023 Annual Shareholders' Meeting:

1. Camerton, Inc.;
2. Jorge Aguilar;
3. Corazon P. Guidote;
4. Brian Gregory Liu;

5. Jerry Liu;
6. Justin Liu;
7. Bernardino Ramos;
8. Michael Stephen Liu;
9. Hector Villanueva;
10. Ernest Fritz Server; and
11. Some stockholders of PCD Nominee Filipino;

The voting results of the agenda discussed last 2023 Annual Shareholders' Meeting are as follows:

#### I. Directors

The following were elected directors of the Corporation for the years 2023-2024:

1. Mr. Jerry Liu
2. Mr. Jorge Aguilar
3. Mr. Justin Liu
4. Mr. Michael Stephen Liu
5. Mr. Brian Gregory Liu
6. Mr. Ernest Fritz Server
7. Mr. Bernardino Ramos – Independent Director
8. Mr. Hector Villanueva – Independent Director
9. Ms. Corazon Guidote – Independent Director

#### II. Shareholders' Approval

The shareholders approved and/or ratified the following:

1. *Minutes of the Annual Stockholders' Meeting held on 27 May 2022;*

With stockholders holding 810,475,291 shares representing 99.99% of the total issued and outstanding capital stock of the Corporation entitled to vote, who registered their votes during the meeting, and who voted in favor of the approval of the Minutes of the Annual Stockholders' Meeting held 27 May 2022, the Minutes was approved by the stockholders.

2. *Acts, resolutions, and proceedings of the Board of Directors and Management of TECH since the last Annual Stockholders' Meeting held on 27 May 2022;*

With stockholders holding 810,475,291 shares representing 99.99% of the total issued and outstanding capital stock of the Corporation entitled to vote, who registered their votes during the meeting, and who voted in favor of the approval of the ratification of all acts of the Board and Management of the Corporation since the last Annual Stockholders' Meeting held on 27 May 2022, the approval of the ratification of all acts of the Board and Management was ratified by the stockholders.

3. *Audited Financial Statements as of and for the year ended 31 December 2022;*

With stockholders holding 810,475,291 shares representing 99.99% of the total issued and outstanding capital stock of the Corporation entitled to vote, who registered their votes during the meeting, and who voted in favor of the approval of the approval of the 2022 Annual Financial Statements, the 2022 Audited Financial Statements of the Corporation was approved by the stockholders.

4. *Appointment of R.S. Bernaldo & Associates as external auditor of TECH for the calendar year 2023;*

With stockholders holding 810,475,291 shares representing 99.99% of the total issued and outstanding capital stock of the Corporation entitled to vote, who registered their votes during the meeting, and who voted in favor of the reappointment of R.S. Bernaldo & Associates, with Romeo De Jesus, Jr. as the handling partner, as the Company's external auditor was ratified by the stockholders.

**(d) Other Disclosures under Section 49 of the Revised Corporation Code**

1. Voting Procedure Used in Previous Meeting

The vote required for the election of Directors and Independent Directors

At all elections of Directors and Independent Directors, there must be present, either in person or by representative authorized to act by written proxy, or by voting *in absentia*, the owners of a majority of the outstanding capital stock. The election must be by ballot if requested by any voting stockholder or member. Every stockholder entitled to vote shall have the right to vote in person or by proxy, or *in absentia* the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the Corporation, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

The method by which votes will be counted

Each shareholder may vote in person, by proxy, by remote communication, or by voting *in absentia* by the number of shares of stock standing in his name of the books of the Corporation. Each Common and Preferred A share is entitled to one vote. The stockholders of Preferred B-1, B-2A, B-2B, B-2C, and B-2D Shares are not entitled to vote except in those cases provided by law. Voting shall be done through remote communication, in accordance with SEC Memorandum Circular No. 06, Series of 2020. The manner and procedure by which shareholders may vote is described in "Appendix A". The Corporate Secretary, Atty. Dyan Danika G. Lim-Ong, assisted the Corporation's Stock and Transfer Agent in counting the votes to be cast.

2. Material information on the current stockholders, and their voting rights

Total Current Stockholders of the Corporation is 29.

The Corporation's capital stock consists of Common Shares and Preferred A, B1, B2-A, B2-B, B2-C, and B2-D Shares. The stockholders of Common and Preferred A shares have the same voting rights. Each Common and Preferred A share is entitled to one vote. The stockholders of Preferred B1, B2-A, B2-B, B2-C, and B2-D Shares are not entitled to vote except in those cases provided by law.

3. Appraisals and performance report for the board and the criteria and procedure for Assessment

The Board has adopted a policy that allows the Company to provide rewarding and appropriate compensation packages that combine standard remuneration and performance incentives to its employees. Ensure that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders.

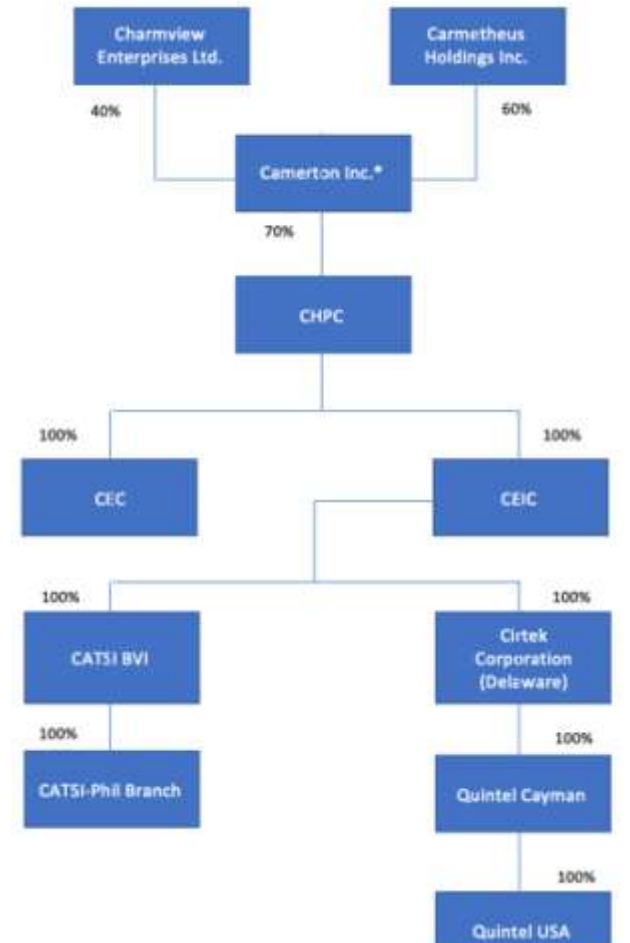
The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:

- a. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
- b. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
- c. Defining the duties and responsibilities of the President who shall be ultimately accountable for the Company's organizational and operational controls; and appointing a President with the appropriate ability, integrity, and experience to fill the role;
- d. Evaluation of proposed senior management appointments;
- e. Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Company's personnel and human resources policies, compensation plan and the management succession plan;
- f. Institutionalizing the internal audit and enterprise risk management ("ERM") functions; and
- g. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

#### 4. Director's disclosures on self-dealing and related party transactions.

The Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. The Company established an RPT Policy between the Company or any of its subsidiaries or affiliates and a related party which shall be subject to review and approval to ensure that the transactions are at arm's length, the terms are fair, and they will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders. Related party transactions shall be reviewed, approved, and disclosed in accordance with this Policy consistent with the principles of transparency and fairness. The Board of Directors of the Company, through its Related Party Transactions Committee ("RPT Committee"), shall have oversight authority over this Policy. The RPT Committee consists of three (3) members of the Board of Directors, all of whom are Independent Directors. Related party transactions shall be reviewed, approved, and disclosed in accordance with the RPT Policy of the Corporation and consistent with the principles of transparency and fairness.

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE**  
**COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-**  
**SUBSIDIARIES**



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of 31 December 2023		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Philippine Financial Reporting Standards</b>				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases	✓		
<b>Philippine Accounting Standards</b>				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of 31 December 2023</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
<b>Philippine Interpretations</b>				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of 31 December 2023</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS19The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation IFRIC-21	Levies	✓		
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration			✓
Philippine Interpretation IFRIC-23	Uncertainty over Income Tax Treatments	✓		
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance-No Specific Relation to Operating Activities			✓



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of 31 December 2023</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
Philippine Interpretation SIC-15	Operating Leases- Incentives			✓
Philippine Interpretation SIC-25	Income Taxes- Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets- Web Site Costs			✓

III. Reconciliation of Retained Earnings Available for Dividend Declaration  
As of 31 December 2023

<b>Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)</b>		<b>11,405,202</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total	-	-
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	10,988,032	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total	-	10,988,032
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>417,170</b>
<b>Add/Less: Net Income (Loss) for the current year</b>		<b>15,134,967</b>
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total	-	-
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total	-	-
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total	-	-
<b>Adjusted Net Income/Loss</b>		<b>15,552,137</b>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>		
Depreciation on revaluation increment (after tax)	-	
Sub-total	-	-

<b>Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)</b>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	-
<b>Total Retained Earnings, end of the reporting period available for dividend</b>	<b>15,552,137</b>

#### FOOTNOTES

- (1) *The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.*
- (2) *Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.*
- (3) *Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.*
- (4) *This Reconciliation of Retained Earnings Available for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.*

IV Financial Soundness Indicators

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2023 AND DECEMBER 31, 2022**

Ratios	Formula	December 31, December	
		2023	31, 2022
(i) Current Ratio	Current Assets/Current Liabilities	<b>3.06</b>	2.47
(ii) Debt/Equity Ratio	Bank Debts/Total Equity	<b>0.20</b>	0.28
(iii) Net Debt/Equity Ratio	Bank Debts/Cash & Equivalents/Total Equity	<b>0.19</b>	0.08
(iii) Assets to Equity Ratio	Total Assets/Total Equity	<b>1.33</b>	1.43
(iv) Interest Cover Ratio	EBITDA / Interest Expense	<b>5.45</b>	5.15
(v) Profitability Ratio			
GP Margin	Gross Profit/Revenues	<b>0.29</b>	0.26
Net Profit Margin	Net Income/Revenues	<b>0.11</b>	0.13
EBITDA Margin	EBITDA Revenues	<b>0.28</b>	0.29
Return on Assets	Net Income/Total Assets	<b>0.03</b>	0.04
Return on Equity	Net Income/Total Equity	<b>0.04</b>	0.05

<sup>1</sup> Sum of short-term loans and long-term debts

<sup>2</sup> EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

<sup>3</sup> Based on balances as at December 31, 2023 and December 31, 2022

**SUPPLEMENTARY SCHEDULES**

**SCHEDULE A**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**  
**AS OF AND FOR THE YEAR-ENDED DECEMBER 31, 2023**

	Name of issuing entity and association of each issue	Amount shown on the balance sheet	Value based on market quotations at end of reporting period	Income received or accrued
Cash and cash equivalents	N/A	\$ 36,703,356	\$ 36,703,356	\$ 12,843
Trade and other receivables	N/A	33,356,802	33,356,802	
Amounts owed by related parties	N/A	404,278	404,278	
Other current assets:			-	
Loans to employees	N/A	561,233	561,233	
Security deposits	N/A	45,818	45,818	
Other financial assets at			-	
amortized cost	N/A	479,468	479,468	
Other noncurrent assets:			-	
Rental deposits	N/A	1,134,033	1,134,033	
Miscellaneous deposits	N/A	154,842	154,842	
		<b>\$ 72,839,830</b>	<b>\$ 72,839,830</b>	<b>\$ 12,843</b>

**SCHEDULE B**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM**  
**DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND**  
**PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**AS OF AND FOR THE YEAR-ENDED DECEMBER 31, 2023**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Written-off /Reclassification	Current	Non-Current	Balance at end of period
Related parties under common control							
RBWPI	\$ 148,697	-		\$ (148,697)	-		\$ 0
Cayon Holdings, Inc	192,431	1,915					194,346
<b>TOTAL</b>	<b>\$ 341,128</b>	<b>\$ 1,915.06</b>	<b>\$ -</b>	<b>\$ (148,697)</b>	<b>\$ -</b>		<b>\$ 194,346</b>

SCHEDULE C

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM**  
**RELATED PARTIES WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR-ENDED DECEMBER 31, 2023**

Receivables from related parties which are eliminated during the consolidation  
 (under Trade and Other Receivables)

Name and designation of debtor	Amount	Additions	Amount Collected	Amounts written off	Current	Noncurrent	the end of period
Quintel USA	\$ 1,216,999		(1,216,999)		\$ 82,957		\$ 82,957

Amounts owed by related parties which are eliminated during the consolidation

Name and designation of debtor	Amount	Additions	Amount Collected	Amounts written off	Current	Noncurrent	the end of period
<b>CHPC</b>							
CEC	\$ 45,984,962	\$ 11,051,182	(16,094,811)		\$ 40,941,333		\$ 40,941,333
CEIC	54,625,739	17,900,000	(10,287,801)		62,237,938		62,237,938
CATS	37,575,408	7,837,058	(20,367,637)		25,044,829		25,044,829
RBWPI	212,371				212,371		212,371
Quintel	15,245,001				15,245,001		15,245,001
<b>Total</b>	<b>\$ 153,643,481</b>	<b>\$ 36,788,240</b>	<b>(46,750,249)</b>	<b>\$ -</b>	<b>\$ 143,681,472</b>	<b>\$ -</b>	<b>\$ 143,681,472</b>
<b>CEIC</b>							
CHPC	\$ -				\$ -		\$ -
CEC	25,912,768	\$ 7,047,658	(4,188,600)		28,771,826		28,771,826
CATS	1,694,609	\$ 449,843	(157,759)		1,986,693		1,986,693
Quintel	82,478,692				82,478,692		82,478,692
<b>Total</b>	<b>\$ 110,086,069</b>	<b>\$ 7,497,501</b>	<b>(4,346,359)</b>	<b>\$ -</b>	<b>\$ 113,237,211</b>	<b>\$ -</b>	<b>\$ 113,237,211</b>
<b>CATS</b>							
RBWPI	\$ -				\$ -		\$ -
CEC	4,423,702	254,095	(4,677,797)		0		0
<b>Total</b>	<b>\$ 4,423,702</b>	<b>\$ 254,095</b>	<b>(4,677,797)</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 0</b>
<b>RBW</b>							
CATS	\$ 4,750,384	\$ 148,198	(9,129)		\$ 4,889,453		\$ 4,889,453
<b>Total</b>	<b>\$ 4,750,384</b>	<b>\$ 148,198</b>	<b>(9,129)</b>	<b>\$ -</b>	<b>\$ 4,889,453</b>	<b>\$ -</b>	<b>\$ 4,889,453</b>
<b>TOTAL</b>	<b>\$ 272,903,636</b>	<b>\$ 44,688,034</b>	<b>(55,783,533)</b>	<b>\$ -</b>	<b>\$261,808,136</b>	<b>\$ -</b>	<b>\$ 261,808,136</b>

**SCHEDULE D**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER**  
**ASSETS**  
**AS OF DECEMBER 31, 2023**

Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Goodwill	\$ 55,541,157	\$ -	\$ -	\$ -	\$ -	\$ 55,541,157
Product development costs	9,069,547	1,101,774	(2,022,415)			8,148,906
Customer relationship	23,736,500					23,736,500
Trademark	7,472,800					7,472,800
<b>Total</b>	<b>\$ 95,820,004</b>	<b>\$ 1,101,774</b>	<b>(2,022,415)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,899,363</b>



**SCHEDULE E**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT**  
**AS OF DECEMBER 31, 2023**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Notes Payable	N/A	\$ 8,644,426	\$ 21,103,073

**SCHEDULE F**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED**  
**PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**  
**AS OF DECEMBER 31, 2023**

<b>Indebtedness to related parties (Long-term loans from related companies)</b>		
<b>Name of related party</b>	<b>Balance at beginning of period</b>	<b>Balance at end of period</b>
<b>Not Applicable</b>		

**SCHEDULE G**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF**  
**OTHER ISSUERS**  
**AS OF DECEMBER 31, 2023**

**Guarantees of Securities of Other Issuers**

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

SCHEDULE H

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK**  
**AS OF DECEMBER 31, 2023**

TITLE OF ISSUE	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	1,200,000,000	668,505,825	-	194,929,318	9	-
Preferred A shares	700,000,000	700,000,000	-	700,000,000	-	-
Preferred B shares	160,000,000	-	-	-	-	-
Preferred B-1 shares	70,000,000	70,000,000	-	70,000,000	-	-
Preferred B-2 shares	200,000,000	67,000,000	-	-	-	-
Preferred B-2B shares		20,000,000	-	-	-	-
Preferred B-2C shares		16,936,400	-	-	-	-
Preferred B-2D shares		28,625,500	-	-	-	-