

COVER SHEET

- - - - 1 4 7 5 8 4
SEC Registration Number

P R E M I E R E H O R I Z O N A L L I A N C E
C O R P O R A T I O N
(Company's Full Name)

U N I T E - 1 7 0 5 1 7 F E A S T T O W E R P S E
E X C H A N G E R O A D O R T I G A S C E N T E R

P A S I G C I T Y
(Business Address: No., Street City / Town / Province)

ANA MARIA A. KATIGBAK
Contact Person

8817 6791
Company Telephone Number

2020 AMENDED DEFINITIVE INFORMATION STATEMENT

1 2 3 1
Month Day
Fiscal Year

FORM TYPE

1 2 1 7
Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

N/A

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

Remarks: Please use BLACK ink for scanning purposes

**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 **Premiere Horizon Alliance Corporation**

3. **Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **147584**

5. BIR Tax Identification Code **043-002-727-376**

6. **Unit 1705 East Tower, Philippine Stock Exchange Bldg.,
Exchange Rd., Ortigas Center, Pasig City**

Address of principal office

1605
Postal Code

7. Registrant's telephone number, including area code **(02) – 8632-7715**

8. **December 17, 2020 at 3:00 p.m. via remote communication or in absentia**
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders
November 27, 2020.

10. **In case of Proxy Solicitations:**

Name of Person Filing the Statement/Solicitor : Premiere Horizon Alliance Corporation

***Address and Telephone No. : Unit 1705 East Tower Philippine Stock Exchange Bldg.,
Exchange Rd., Ortigas Center, Pasig City 1605; Tel. no. (02)-8632-7715***

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

Title of Each Class

Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding

Common

2,254,117,253*

1,815,480,889 Listed

*175,000,000 shares are part of the outstanding shares and are covered by a pending listing application. 263,636,364 shares were recently subscribed on October 29, 2020 and a listing application will be filed.

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:

Philippine Stock Exchange - common shares



December 11, 2020

Securities and Exchange Commission
 Secretariat Building, PICC Complex,
 Roxas Boulevard, Pasay City, 1307

Attention: Dir. Vicente Graciano P. Felizmenio, Jr.
Market and Securities Regulation Dept.

Re: 2020 Amended Definitive Information Statement


Gentlemen:

We respectfully submit the Amended Definitive Information Statement (“DIS”) of PREMIERE HORIZON ALLIANCE CORPORATION (“PHA”) in relation to the conduct of its annual stockholders’ meeting to be held on December 17, 2020 at 3:00 P.M. *via teleconference* at Pasig City, Philippines. Incorporated therein are PHA’s actions on the following comments of the Securities and Exchange Commission on PHA’s Preliminary Information Statement:

<u>Checklist of Requirements</u>	<u>SEC Remarks</u>	<u>PHA Actions</u>
D. Other Matters Item 9. Approval and ratification of Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology Inc. (or "SPT Shareholders")	The Company is advised that the intended purchase of up to 55% ownership is covered by the MTO Rule, unless and until the Commission is fully satisfied that the transactions are “not intended to circumvent or defeat the objectives” of the rule (SRC-IRR 19.3.1).	This is noted. We further note that the subscription to up to 2,539,393,939 shares will be out of the proposed increase in authorized capital stock under SRC Rule 19.3.1.2 and is not intended to circumvent or defeat the objectives of the tender offer rules under SRC Rule 19.3.1.
Per Amended DIS: “Under SRC Rule 19.3.1.2, 2015 SRC Rules, the mandatory tender offer requirement shall not apply to any purchase of shares from an increase in authorized capital stock.”	Exemptions from the MTO Requirement are not absolute. Please revise the disclosure on page 12 of the Amended DIS to fully reflect what is stated in the SRC-IRR, i.e., Rule 19.3.1. <i>Unless the acquisition of equity</i>	Complied. Please see page 12 of the DIS.

	<i>securities is intended to circumvent or defeat the objectives of the tender offer rules, the mandatory tender offer requirement shall not apply to the following:...</i>	
SRC Rule 20.3.3.5 Information Statement and Management Report shall be uploaded to Issuer's Website for downloading by interested parties	Upload the LATEST AMENDED Definitive Information Statement and Management Report on the <u>Company's website</u> and PSE Edge.	Complied. The latest Amended Definitive Information Statement and Management Report may be viewed and downloaded at the Company's website: https://premierehorizon.com/

Very truly yours,



ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

SECRETARY'S CERTIFICATE

I, **ANA MARIA KATIGBAK**, of legal age, Filipino citizen, and with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, Metro Manila, after being sworn to in accordance with law, do hereby certify:

1. I am the duly elected and qualified Assistant Corporate Secretary of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Corporation"), a Corporation duly organized and existing under the laws of the Philippines, with principal place of business and postal address at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City;

2. As such Assistant Corporate Secretary of the Corporation, I hereby certify that at the meeting of the Board of Directors held on June 25, 2020 *via* teleconference, during which meeting a quorum of the Board was present and acting throughout, the Board unanimously adopted and approved the following resolutions:

"RESOLVED, that pursuant to Sections 49 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6 (Series of 2020), the Board of Directors of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Company") authorizes, as it hereby authorizes, the holding and conduct by remote communication or *in absentia* of the Corporation's 2020 Annual Stockholders' Meeting and any postponements or adjournments thereof as may be determined by the President of the Company;

RESOLVED FURTHER, that the stockholders of the Company be, as they are hereby, authorized to attend the meeting and cast their votes by proxy, remote communication or *in absentia*, in accordance with the mechanisms and procedures to be issued by the Corporate Secretary;

RESOLVED FINALLY, that management and the proper officers of the Company be, as they are hereby, authorized to perform all acts, and to sign, execute, file and deliver, for and on behalf of the Company, any and all documents which may be required by the Securities and Exchange Commission in relation to the Annual Stockholders' Meeting."

3. I hereby certify that the foregoing resolutions are still valid, binding and effective.

IN WITNESS WHEREOF, I have affixed my signature this OCT 01 2020 at Makati City, Metro Manila.


ANA MARIA KATIGBAK
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this OCT 01 2020 at Makati City, Philippines, affiant who is personally known to me and whose identity I have confirmed through her Passport No. 1893381A issued on February 7, 2017 at DFA Manila, Philippines, bearing the affiant's photograph and signature.

Doc. No. 456;
Page No. 3;
Book No. III;
Series of 2020.




NOTARY PUBLIC
PORTIA JESSICA J. MACLAN
Appointment No. M-54
Notary Public for Makati City
Until December 31, 2021
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 8116532; 01-02-2020; Makati City
IBP No. 102138; 01-02-2020; Makati Chapter
Roll No. 73308



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **PREMIERE HORIZON ALLIANCE CORPORATION** (the “Company” or “PHA”) will be held virtually by remote communication or *in absentia* on Thursday, December 17, 2020 at 3:00 p.m. at Pasig City. Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link <https://us02web.zoom.us/j/87935184087?pwd=R08vanJWUHA2dGNXSFcvSTJBT1oxUT09> The password to attend the meeting shall be provided by the Company to all stockholders of record as of November 20, 2020 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure below).

The following is the agenda of the meeting:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the Annual Meeting of Stockholders held on October 24, 2019
4. Management Report & Audited Financial Statements for year ended December 31, 2019
5. Ratification of acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditor
8. Approval and ratification of Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or “SPT Shareholders”)
9. Approval and ratification of subscriptions by SPT shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA
10. Approval of increase in authorized capital stock and amendment of Articles of Incorporation of PHA
11. Approval of subscriptions by SPT shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA
12. Waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT shareholders and existing creditors who are related parties
13. Other matters
14. Adjournment

Only stockholders of record as of November 20, 2020 or their proxies shall be entitled to attend and vote at the virtual meeting. Stockholders who wish to attend the virtual meeting by remote communication or *in absentia* must email to investors@premierehorizon.com their request to attend, not later than the close of business on December 7, 2020.

Individual stockholders who wish to be represented at the virtual meeting by proxy must either: (a) submit an original, duly signed and accomplished proxy form (which may be downloaded from the website) by post or courier to the Office of the Corporate Secretary at the Corporation's principal office located at Unit 1705 East Tower Philippine Stock Exchange Bldg., Exchange Road, Ortigas Center, Pasig City; or (b) email a scanned copy of proxy form in PDF, JPEG or similar format to investors@premierehorizon.com not later than the close of business on December 7, 2020 and transmit the original signed copy not later than the meeting date. The Company shall validate the

requests, and the proxies, and email to the stockholders and/or proxy holders the instructions and password on how to access the virtual stockholders' meeting.

If you own shares through your broker or your shares are lodged with the Philippine Depository Trust Corporation, please secure from your broker, bank or other fiduciary allowed by law a duly signed and accomplished proxy form, which you or your broker, bank or other fiduciary must submit to the Company in the same manner above and not later than December 7, 2020. In accordance with Rule 20.11.2.18 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code, proxies executed by brokers shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he had duly obtained the written consent of the persons in whose account the shares are held.

Corporate shareholders shall likewise be required to submit a notarized secretary's certificate attesting to the authority of the representative or proxy holder to attend and vote at the virtual stockholders' meeting. The same must be submitted to the Company in the same manner above and not later than December 7, 2020. Otherwise, the Company may likewise not recognize you as a stockholder of record.

Validation of proxies will take place on December 11, 2020.

Pursuant to SEC Notice dated April 20, 2020, a copy of this Notice of meeting and accompanying annex containing a brief statement of the rationale and explanation of each item in the agenda, Definitive Information Statement, Management Report, SEC Form 17-Q, Proxy Form and other documents related to the meeting are available at the Company's website at <https://premierehorizon.com/>

For any questions about the meeting, you may email investors@premierehorizon.com.

Makati City, Metro Manila, November 23, 2020.


ROBERTO V. SAN JOSE
Corporate Secretary



Copies of the Notice, Proxy Form, Definitive Information Statement, Management Report, Audited Financial Statements of the Corporation as of December 31, 2019, Quarterly Report (SEC Form 17-Q) for the period ended September 30, 2020 and other related materials for the Annual Stockholders' Meeting can be accessed through the following options:

1. Scan the QR code using your smart phone's QR code reader.
2. Visit the Company's website at <https://premierehorizon.com/>
3. Visit the PSE Edge Portal.
4. Request for a copy by sending an email to investors@premierehorizon.com.

**ANNEX TO THE NOTICE OF THE
2020 ANNUAL STOCKHOLDERS' MEETING**

AGENDA

Details and Rationale

1. Call to order

The Chairman of the Board of Directors, Mr. Augusto Antonio C. Serafica, will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Mr. Roberto V. San Jose, will certify that copies of the Notice and Definitive Information Statement have been sent to all stockholders of record as of November 20, 2020 and whether the attendees present and represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of minutes of previous stockholders' meeting

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website <https://premierehorizon.com/>

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

“RESOLVED, that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on October 24, 2019 be, as it is hereby, approved.”

4. Management report and audited financial statements

The Chairman and President, Mr. Augusto Antonio C. Serafica, will present the Management Report, the Company's operational highlights and financial results and the audited financial statements for the year ended December 31, 2019. The audited financial statements were prepared by the Company's independent auditors, SyCip Gorres Velayo & Co., and approved by the Company's Audit and Governance Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Philippine Stock Exchange, Securities and Exchange Commission and Bureau of Internal Revenue.

Questions will be entertained from the stockholders after the presentation.

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for the year ended December 31, 2019. The following is the proposed resolution:

“RESOLVED, that the Annual Report of Management as presented by the President, and the Company's audited financial statements for the year ended December 31, 2019 be, as it is hereby, approved.”

5. Ratification of previous corporate acts

The stockholders will be requested to ratify the acts, contracts, resolutions and deeds of the Board of Directors and management of the Company that were significant towards achieving the Company's performance and results. The following is the proposed resolution:

“RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company

from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."

6. Election of directors

It is proposed to elect the following members of the Board of Directors. The biographical profiles of the Director-Nominees were provided in the Information Statement that has been posted in the Company's website at <https://premierehorizon.com/>. The Director-Nominees are the following;

For Regular Directors

1. Augusto Antonio C. Serafica
2. George Edwin Y. Sycip
3. Winston A. Chan
4. Raul Ma. F. Anonas
5. Victor Y. Lim
6. Ramon A. Recto
7. Danilo A. Antonio

For Independent Directors

8. Felipe A. Judan
9. Ramon G. Santos

7. Appointment of external auditors

Upon the favorable recommendation of the Company's Audit and Governance Committee, the Company's external auditor, SyCip Gorres Velayo & Co., is proposed to be reappointed for the current year 2020-2021. The following is the proposed resolution:

"RESOLVED, that the accounting firm SyCip Gorres Velayo & Co. be, as it is hereby, reappointed as the Company's external auditor for the current year 2020-2021."

8. Approval and Ratification of Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or "SPT Shareholders")

The stockholders will be requested to approve and ratify the Memorandum of Agreement and related transactions entered into by the Board of Directors and management of the Company and Mr. Marvin Dela Cruz on behalf of the SPT shareholders. Details of the agreement and the transactions are discussed in the Information Statement.

The following is the proposed resolution:

"RESOLVED, that the stockholders of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "**Corporation**") hereby approve, ratify and confirm, the execution of the memorandum of agreement and subscription agreements for the subscription to a total of 2,803,030,303 common shares (the "**Subscription Shares**") representing 55% of the resulting outstanding capital stock of the Corporation, at a price of Php0.33per share for a total consideration of Php925.0 Million, of which Php300 Million will be payable in cash and the balance of Php625 Million will be payable through cash and/or infusion of Squidpay Technology, Inc. shares;

RESOLVED FURTHER, that the Board of Directors be, as it is hereby, authorized to finalize and approve the terms and conditions to implement the foregoing transactions;

RESOLVED FURTHER, that the following officers of the Corporation:

Chairman/President : Mr. Augusto Antonio C. Serafica, Jr.
and
Chief Operating Officer : Mr. Raul Ma. F. Anonas

be, as they are hereby, authorized to sign, execute and deliver the memorandum of agreement, subscription agreements, and other contracts, certifications, notices and documents, and to perform any and all acts which may be necessary, requisite and proper to implement the foregoing resolution;

RESOLVED FINALLY, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or "**SEC**") and Philippine Stock Exchange (or "**PSE**") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE.

9. Approval and Ratification of subscriptions by SPT shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA

The stockholders will be requested to approve the subscriptions by and issuance to SPT shareholders of 263,636,364 common shares out of the existing unissued capital stock of the Company. Details of the agreement and the transactions are discussed in the Information Statement.

The following is the proposed resolution:

*"RESOLVED, that the stockholders of Premiere Horizon Alliance Corporation (the "**Corporation**") approve, ratify and confirm the issuance of 263,636,364 common shares out of the existing unissued authorized capital stock of the Corporation to the shareholders of Squidpay Technology, Inc. according to the breakdown of shares approved by the Corporation's Board of Directors;*

***RESOLVED FURTHER**, that the execution of the subscription agreements and all acts to implement the subscription agreements performed by the following officers of the Corporation:*

*Chairman/President : Mr. Augusto Antonio C. Serafica, Jr.
and
Chief Operating Officer : Mr. Raul Ma. F. Anonas*

be, as they are hereby, approved, ratified and confirmed"

10. Approval of increase in authorized capital stock and amendment of Articles of Incorporation of PHA

The stockholders will be requested to approve the following:

- (i) An increase in the Corporation's authorized capital stock from Five Hundred Sixty Three Million Five Hundred Fifty Six Thousand Pesos (Php563,556,000) divided into Two Billion Two Hundred Fifty Four Million Two Hundred Twenty Four Thousand (2,254,224,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, to up to One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors; and

- (ii) The corresponding amendment to Article Seven of the Corporation's Articles of Incorporation.

Details of the proposed increase in authorized capital stock and amendment of the Articles of Incorporation are discussed in the Information Statement. The following is the proposed resolution:

“RESOLVED, that the increase of the Corporation's authorized capital stock from Five Hundred Sixty Three Million Five Hundred Fifty Six Thousand Pesos (Php563,556,000) divided into Two Billion Two Hundred Fifty Four Million Two Hundred Twenty Four Thousand (2,254,224,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, to up to One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors, thereby amending the SEVENTH Article of the Articles of Incorporation be, as it is hereby, approved;

RESOLVED FINALLY, that the directors and officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all documents which may be required to implement the foregoing resolutions and secure the approval by the Securities and Exchange Commission of the amendment to the Corporation's Articles of Incorporation.”

11. Approval of subscriptions by SPT shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA

The stockholders will be requested to approve the subscriptions by SPT shareholders and existing creditors to the proposed increase of the Corporation's authorized capital stock. Details of the proposed subscriptions are discussed in the Information Statement. The following is the proposed resolution:

“RESOLVED, that the following subscriptions by the shareholders of Squidpay Technology, Inc. (the **“SPT Shareholders”**) and existing creditors to the increase in authorized capital stock of the Corporation be, as it is hereby, approved:

Name	Number of Shares to be subscribed shall not be more than the following:	Price per share (Php)	Amount subscribed (Php) shall not be more than the following:
SPT Shareholders	2,539,393,939	0.33	837,999,999.87
Creditors	303,030,303	0.33	99,999,999.99

RESOLVED FURTHER, that the Board of Directors be, as it is hereby, authorized to approve the breakdown of shares for the subscriptions by the SPT Shareholders and existing creditors, and to finalize the other terms and conditions to implement the foregoing transaction;

RESOLVED FURTHER, that the following officers of the Corporation:

Chairman/President : Mr. Augusto Antonio C. Serafica, Jr.
and
Chief Operating Officer : Mr. Raul Ma. F. Anonas

be, as they are hereby, authorized to sign, execute and deliver the subscription agreements, and other contracts, certifications, notices and documents, and to perform any and all acts which may be necessary, requisite and proper to implement the foregoing resolution;

RESOLVED FINALLY, *that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or “SEC”) and Philippine Stock Exchange (or “PSE”) for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE.*

12. Waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT shareholders and existing creditors who are related parties

The PSE Rules on Additional Listing require the consent by a majority of the Corporation’s minority stockholders to waive the requirement of a rights/public offer of shares in connection with the issuance of shares to related parties. Details of the proposed transaction are discussed in the Information Statement. The following is the proposed resolution:

RESOLVED, that the stockholders hereby waive the requirement of the Philippine Stock Exchange of a rights or public offering in relation to the subscriptions to the increase in authorized capital stock of the Corporation by the shareholders of Squidpay Technology, Inc. and existing creditors who are related parties.

13. Other matters

Management may address questions sent in by the stockholders.

14. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

**PREMIERE HORIZON ALLIANCE CORPORATION
ANNUAL STOCKHOLDERS' MEETING
December 17, 2020**

PROXY FORM

This proxy is being solicited on behalf of the Board of Directors and Management of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") for voting at the Annual Stockholders' Meeting to be held virtually by remote communication or *in absentia* on December 17, 2020 at 3:00 p.m. with **Record Date November 20, 2020**.

I, the undersigned stockholder of the Company, do hereby appoint, name and constitute either of the Company's **President, AUGUSTO ANTONIO C. SERAFICA, JR.**, or **Corporate Secretary, ROBERTO V. SAN JOSE**,

or

as my attorney-in-fact and proxy, to represent me at the Annual Stockholders' Meeting of the Company to be held on December 17, 2020 and any adjournment(s) or postponement(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before such meeting or adjournment(s) or postponement(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items below as I have expressly indicated by marking the same with an "X".

AGENDA ITEMS	ACTION		
Item 1. Call to Order	No action necessary.		
Item 2. Proof of notice and certification of quorum	No action necessary.		
	FOR	AGAINST	ABSTAIN
Item 3. Approval of the minutes of the Annual Stockholders' Meeting held on October 24, 2019			
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2019			
Item 5. Approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company			
Item 6. Election of directors			
For Regular Director:			
Augusto Antonio C. Serafica, Jr.			
George Edwin Y. Sycip			
Winston A. Chan			
Raul Ma. F. Anonas			
Ramon A. Recto			
Victor Y. Lim			
Danilo A. Antonio			
For Independent Director:			
Felipe A. Judan			
Ramon G. Santos			
Item 7. Approval of the appointment of SGV & Co. as the external auditor of the Company for 2020-2021			
Item 8. Approval and ratification of the Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or " SPT Shareholders ")			
Item 9. Approval and ratification of subscriptions by SPT Shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA			
Item 10. Approval of increase in authorized capital stock and amendment of articles of incorporation of PHA			
Item 11. Approval of subscriptions by SPT Shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA			
Item 12. Waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with			

the issuance of shares to SPT Shareholders and existing creditors who are related parties			
Item 13. Other Matters	According to Proxy's Discretion		
Item 14. Adjournment			

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:
 FOR the approval of the minutes of the Annual Stockholders' Meeting held on October 24, 2019;
 FOR the approval of the Management Report and Audited Financial Statements for year ended December 31, 2019;
 FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;
 FOR the election of the following directors: Augusto Antonio C. Serafica, Jr., George Edwin Y. Sycip, Winston A. Chan, Raul Ma. F. Anonas, Ramon A. Recto, Victor Y. Lim, Danilo A. Antonio, Felipe A. Judan (Independent Director) and Ramon G. Santos (Independent Director);
 FOR the approval of the appointment of SGV & Co. as the external auditor of the Company for 2020-2021;
 FOR the approval and ratification of the Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the SPT Shareholders;
 FOR the approval and ratification of subscriptions by SPT Shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA;
 FOR the approval of the increase in authorized capital stock and amendment of the articles of incorporation of PHA;
 FOR the approval of the subscriptions by SPT Shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA;
 FOR the approval of the waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT Shareholders and existing creditors who are related parties;
 and to authorize the Proxy to vote according to the discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No member of the Board of Directors or executive officer since the beginning of the last fiscal year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

VALIDATION OF PROXIES

The proxy forms and supporting documents should be received by PHA on or before 5:00 p.m. of December 7, 2020 at the principal office of the Company. Proxy forms shall be validated on December 11, 2020.

REVOCAION OF PROXIES

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

Signed this _____ 2020 at _____
 (DATE) (PLACE)

Printed Name of Stockholder

Signature of Stockholder or Authorized Signatory

[*N.B.: Partnerships, corporations and associations must attach certified resolutions or extracts thereof designating the Proxy/Representative and authorized signatories]

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH THE COMPANY) **ON OR BEFORE 5:00 P.M. of DECEMBER 7, 2020.**

INFORMATION STATEMENT
(SEC FORM 20-IS)

<p><u>PART I.</u> <u>INFORMATION REQUIRED IN INFORMATION STATEMENT</u></p>
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A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

Premiere Horizon Alliance Corporation (the “Company” or “PHA”) will be holding its Annual Stockholders’ Meeting on December 17, 2020 at 3:00 p.m. at Pasig City via remote communication or *in absentia* pursuant to the resolution of the Board of Directors at a board meeting held on June 25, 2020.

Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link <https://us02web.zoom.us/j/87935184087?pwd=R08vanJWUHA2dGNXSFCvSTJBT1oxUT09>. The password to attend the meeting shall be provided by the Company to all stockholders of record as of November 20, 2020 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure in the Notice of Annual Stockholders’ Meeting).

The complete mailing address of the principal office is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders is on November 27, 2020.

Item 2. Dissenters' Right of Appraisal

There are no matters to be taken up during the annual stockholders’ meeting with respect to which the law allows the exercise of the appraisal right by any dissenting stockholder. The Revised Corporation Code limits the exercise of the appraisal right only in the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who votes against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be

made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

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

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting other than their re-election to their respective positions.

The Company has not been informed in writing by any person of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

The complete mailing address of the principal office of is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders will be on November 27, 2020.

Item 4. Voting Securities and Principal Holders Thereof

The record date to determine the stockholders entitled to notice and to vote at the meeting is on November 20, 2020.

As of November 20, 2020, there are 1,990,480,889 unclassified common shares entitled to notice and to vote at the meeting, of which 1,629,548,876 shares are registered under Filipinos and 143,003,303 shares are registered under foreign ownership. Each common share is entitled to one vote. The Company has 1,990,480,889 common shares listed and traded in the Philippine Stock Exchange ("PSE").

The election of the board of directors for the current fiscal year will be taken up and all stockholders entitled to vote may vote by proxy. The stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. A stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected 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. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of voting securities as of the record date

The following are the registered and beneficial owners of more than 5% of the voting securities as of November 20, 2020:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial owner and relationship with record owner (direct)	Citizenship	No. of Shares	Percentage
Common	PCD Nominee	PCD Nominee	Filipino	1,629,548,876	81.87%

	Corporation G/F Makati Stock Exchange 6767 Ayala Avenue Makati City Stockholder	Corp. is the record owner* *The Corporation has no information of any beneficial owner holding more than 5% interest in shares lodged under PCD Nominee Corp. The Corporation has not been informed of the identities of the designated proxies authorized to vote the shares.			
Common	PCD Nominee Corporation G/F Makati Stock Exchange 6767 Ayala Avenue Makati City Stockholder	PCD Nominee Corp. is the record owner* The Corporation has no information of any beneficial owner holding more than 5% interest in shares lodged under PCD Nominee Corp The Corporation has not been informed of the identities of the designated proxies authorized to vote the shares.	Foreign	143,003,303	07.18%

(2) Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Company as of November 20, 2020:

Title of Class	Name of Beneficial Owner; Relationship with Issuer	Amount and Nature of Beneficial Ownership (direct & indirect)	Citizenship	Percentage held
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Common	Augusto Antonio C. Serafica, Jr., Chairman and President	116,570,001 (D&I)	Filipino	5.86%
Common	George Edwin Y. Sycip, Director	2,010,000 (D)	Filipino	0.10%
Common	Raul Ma. Anonas, Director	21,250,001(D&I)	Filipino	1.07%
Common	Victor Y. Lim, Director	83,000 (D)	Filipino	0.00%
Common	Winston A. Chan, Director	2,500 (D)	Filipino	0.00%
Common	Ramon A. Recto, Director	1 (D)	Filipino	0.00%
Common	Danilo A. Antonio, Director	10,000 (D)	Filipino	0.00%
Common	Felipe A. Judan, Independent Director	10,000 (D)	Filipino	0.00%
Common	Ramon G. Santos, Independent Director	2,500 (D)	Filipino	0.00%
Common	Manolo P. Tuason, SVP/CFO	700,000 (I)	Filipino	0.04%
Total				7.07

(3) Voting trust Holders of 5% or More

There are no persons holding five percent (5%) or more of a class under a voting trust or similar arrangement.

(4) Changes in Control

There has been no change in control in year 2019 and as of the date of this Information Statement.

Item 5. Directors and Executive Officers

A. Directors and Key Corporate Officers

For information required of Directors and Corporate Officers and the nominees for directors, please refer to **Annex "A."**

Also attached as **Annex "B"** is a certification that no directors or officers are connected with any government agencies or its instrumentalities.

The nominees for the Board of Directors of the Corporation for the current year pre-screened by the Nominations Committee are the following:

Augusto Antonio C. Serafica, Jr.
George Edwin Y. Sycip
Winston A. Chan
Raul Ma. F. Anonas
Victor Y. Lim
Ramon A. Recto
Danilo A. Antonio
Felipe A. Judan (Independent)
Ramon G. Santos (Independent)

All nominees are Filipino citizens. The aforementioned nominees are expected to attend the annual stockholders' meeting.

Nomination and Election of Independent Directors

The incumbent Independent Directors are: Felipe A. Judan and Ramon G. Santos. The incumbent directors have certified that they possess all the qualification and none of the disqualifications provided under the Securities and Regulation Code ("SRC").

The following are the details of the nominations for Independent Director received and approved by the Nominations Committee:

Nominee for Independent Director	Person Submitting the Nomination	Relation of Nominee to the Nominator
Felipe A. Judan	Raul Ma. F. Anonas	None
Ramon G. Santos	Raul Ma. F. Anonas	None

In compliance with the Corporation's Revised Manual of Corporate Governance, the Nominations and Compensation Committee, now known as the Corporate Governance Committee, was constituted and members thereof were duly elected for the year 2019 consisting of Ramon G. Santos, as Chairman, Felipe A. Judan and Victor Y. Lim as members.

The Corporate Governance Committee was created to accept and pre-screen nominees for the election of the Board Directors as well as Independent Directors conformably with the criteria prescribed under existing SEC rules and the Corporation's Revised Manual of Corporate Governance; to prepare and make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors. The Corporation complies with the requirements of Rule 38 of the SRC on the nomination and election of Independent Directors.

The Corporate Governance Committee has determined certain criteria for nomination to the Board including the following guidelines: the nature of the businesses of the corporations which the nominee is a director; the age of the director; number of directorship/active memberships and officership in other organizations; and possible conflicts of interest.

Family Relationship

There is no family relationship up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen to become directors or executive officers of the Corporation.

Involvement in Certain Legal Proceedings

The Corporation is not a party to any legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. It is not involved in any claims or lawsuits involving damages that may materially affect it or its subsidiaries.

However, the Corporation's subsidiaries are involved in the following material legal issues:

- (a) Digiwave Solutions Inc. (DSI), a wholly-owned subsidiary of the Company, is currently involved in two (2) pending issues:
 - (1) Civil Case No. Q-10-68354 filed by E-MPA Fires Company against Blue Skies Philko, Inc. and DSI for Specific Performance and Damages with the Regional Trial Court ("RTC") of Quezon City, Branch 224. The case is still in the trial stages.

Digiwave Solutions Inc. is the defendant in a civil case for damages filed by E-MPA Fires docketed as E-MPA Fires vs. DSI, Q-10-68354 for Specific Performance and Damages

with the National Capital Regional Trial Court – Quezon City, Branch 88. The defense is scheduled to present its next witness, Atty. Stephen E. Cascolan, on the next hearing date.

(b) Goshen Land Capital, Inc. (GLCI), a 55% owned subsidiary of the Company, is currently involved in four (4) pending matters:

- (1) Petition for Cancellation of Entry No. 328630-36-211 in Transfer Certificate of Title (“TCT”) No. T-66332 filed by Rosaline N. Abance against National Grid Corp., the Register of Deeds of the Province of Benguet, Solicitor General, Land Registration Authority and Goshen Land Capital, Inc., with the Regional Trial Court, First Judicial Region, Branch 8, La Trinidad, Benguet. GLCI is a party-in-interest due to its existing project at the Summerfields Subdivision, covered by the TCT. The next hearing is set on September 14, 2017 for the purpose of terminating presentation of evidence by the parties.
- (2) Petition for Cancellation of Entry No. 328630-36-211 in Transfer Certificate of Title (“TCT”) No. T-66332 filed by Rosaline N. Abance against National Grid Corp., the Register of Deeds of the Province of Benguet, Solicitor General, Land Registration Authority and Goshen Land Capital, Inc., with the Regional Trial Court, First Judicial Region (“FJR”), Branch 8, La Trinidad, Benguet. GLCI is a party-in-interest due to its existing project at the Summerfields Subdivision, covered by the TCT. The next hearing is on May 22, 2018, for the manifestation of National Grid Corp. on its Comment/Opposition on the reduction of the annotated easement. Meanwhile, a negotiation on the claims of Ms. Abance against GLCI is being made. It will be presented to the court as compromise.
- (3) Judicial Titling filed by Remedios Sucdad, Jenniclaire S. Bartolome, Sunshine Villagracia, Peterson A. Sucdad, Mark Anthony A. Sucdad, Cedric Sucdad, Antonio P. Sucdad, Romeo Abenes, and Gloria Abenes, with the RTC Branch 8 of La Trinidad, Benguet for the Registration of Parcels of Land under Act No. 496 as Amended by P.D. 1529. GLCI is a party-in-interest due to an existing Memorandum of Agreement with the lot-owner of the GLCI-owned Blue Ridge Mountains Project. We are yet to receive order of hearing date for the opposition filed against our application of titling.
- (4) Judicial Titling filed by Remedios Sucdad, Jenniclaire S. Bartolome, Sunshine Villagracia, Peterson A. Sucdad, Mark Anthony A. Sucdad, Cedric Sucdad, Antonio P. Sucdad, Romeo Abenes, and Gloria Abenes, with the RTC Branch 8 of La Trinidad, Benguet for the Registration of Parcels of Land under Act No. 496 as Amended by P.D. 1529. GLCI is a party-in-interest due to an existing Memorandum of Agreement with the lot-owner of the GLCI-owned Blue Ridge Mountains Project. The cases were re-raffled to the following courts: (i) LRC Case Number 10-LRC-0033 – Branch 10, RTC, FJR, La Trinidad, Benguet (Remedios Sucdad, et al.); (ii) LRC Case Number 10-LRC-0036 – Branch 8, RTC, FJR, La Trinidad, Benguet (Remedios Sucdad, et al); (iii) LRC Case Number 10-LRC-0034 – Branch 10, RTC, FJR, La Trinidad, Benguet (Antonio P. Sucdad); (iv) LRC Case Number 10-LRC-0035 – Branch 62, RTC, FJR, La Trinidad, Benguet (Romeo Abenes); and (v) LRC Case Number 10-LRC-0037 – Branch 8, RTC, FJR, La Trinidad, Benguet (Gloria Abenes). The current issue being resolved is the Opposition filed by a certain Leuterio claiming ownership of land covering an area of 20,000 sq. m. within the title application. The case has been temporarily archived pending receipt by the court of a joint survey to determine the exact technical description/location of the portion claimed by Leuterio. GLCI’s technical findings compared with the geodetic description submitted by Leuterio are in conflict with each other. This matter is currently being resolved by the parties.

The outcome of these lawsuits or claims cannot be presently determined. In the opinion of Management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Corporation.

Furthermore, its director, George Edwin Y. SyCip is involved in the following legal proceedings:

- (1) Victory Fund Limited, Harvest All Investment Limited, Bondeast Private Limited, and Hedy S. C. Yap Chua (collectively, "Complainants"), who are minority stockholders of Alliance Select Foods International, Inc. ("Alliance") filed a complaint against Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. SyCip, Teresita Ladanga, Grace Dogillo, Arak Ratborihan, Raymond See, Marie Grace Vera Cruz, and Antonio Pacis (collectively, the "Respondents") who were or still are directors and/or officers of Alliance, for Syndicated *Estafa* and Falsification of Public Documents before the Office of the City Prosecutor in Manila ("OCP-Manila"). The OCP-Manila dismissed both complaints (*i.e.*, Syndicated *Estafa* and Falsification of Public Documents charges, and the Perjury counter-charge) through a *Joint Resolution* dated July 12, 2016. The Complainants then filed a *Petition for Partial Review* dated August 29, 2016 in the Department of Justice ("DOJ") which was denied in its *Joint Resolution* dated March 31, 2017.

The Complainants filed a *Motion for Partial Reconsideration* dated April 17, 2017, which the DOJ granted in its *Joint Resolution* dated March 27, 2018. The DOJ affirmed the dismissal of the Complainants' charges of Syndicated *Estafa* and Falsification of Public Documents against the Respondents but found probable cause to charge the Dees, George SyCip, Teresita Ladanga, Grace Dogillo, and Arak Ratborihan with simple *Estafa* under paragraph 2(a), Article 315 of the Revised Penal Code.

Mr. SyCip received the March 27, 2018 Resolution on April 5, 2018. He has timely filed his Motion for Reconsideration on April 15, 2018 to dispute the factual and legal findings of the DOJ. The Motion for Reconsideration is currently pending resolution.

- (2) On February 13, 2014, Dr. Albert Hong Hin Kay acting in his personal capacity and ON behalf of three foreign corporations who are all stockholders of Alliance Select Foods International, Inc. ("Alliance"), filed a complaint against Mr. SyCip and Alliance's Assistant Corporate Secretary, Atty. Annsley Bangkas, for alleged violation of the complainant corporations' right to inspect under Secs. 74 and 75, in relation to Sec. 144, of the Corporation Code. The case was titled *Harvest All Investment Limited, et al. v. Annsley Bangkas, et al.*, initially docketed as I.S. No. XV-14-INV-14B-00503 at the Office of the City Prosecutor in Pasig ("OCP Pasig"). Thereafter, the same foreign corporations filed on March 11, 2014 another criminal case for alleged violation of the right to inspect, this time against the following members of the Board: Mr. SyCip, Jonathan and Alvin Dee, and Ibarra Malonzo. The case was titled *Harvest All Investment Limited, et al. v. George SyCip, et al.*, initially docketed as I.S. No. XV-14-INV-14C-00974, at the OCP-Pasig. These cases were consolidated and transferred to the DOJ and redocketed as NPS Docket Nos. XVI-INV-15B-00033 (formerly I.S. No. XV-14-INV-14B-00503) to 00034 (formerly I.S. No. XV-14-INV-14C-00974). These cases were initially dismissed; however, on December 4, 2017, the DOJ reversed its previous rulings through its Resolution dated December 4, 2017 and found probable cause to indict Mr. SyCip and his co-respondents. Mr. SyCip filed a Motion for Reconsideration dated December 19, 2017 which is currently pending resolution.

At the same time, Albert and Hedy Yap-Chua filed a petition for inspection of Alliance's corporate books and records before the Regional Trial Court of Pasig on May 12, 2014. The petition, titled *Hedy S. C. Yap-Chua, et al. v. George E. SyCip, et al.*, is docketed as Commercial Case No. 14-219 (the "Civil Inspection Case") and is currently pending before Branch 161 of the Regional Trial Court of Pasig. The petition for inspection is also based on the same Inspection Request in the abovestated criminal cases.

As a result of the issuance of the DOJ Resolution dated December 4, 2017, two (2) *Informations* for violation of Sec. 74 in relation to Sec. 144 of the Corporation Code were filed in January 2018 before the Metropolitan Trial Court of Pasig ("MeTC Pasig"). The criminal cases, titled *People of the Philippines v. Annsley Bangkas, et al.*, are docketed as Criminal Case Nos. M-PSG-18-00148-CR to 00149-CR and were raffled to Branch 72 of the MeTC-Pasig. The MeTC-Pasig issued an *Order* dated February 23, 2018 finding that there is probable cause for the issuance of warrants of arrest against all of the accused including Mr. SyCip and directed the issuance of such warrants. However, the trial court failed to rule on a previously filed Motion to Suspend Due to a Prejudicial Question in relation to the Civil

Inspection Case. At the hearing scheduled on April 10, 2018, the parties were given time to comment on pending incidents in the case.

Notwithstanding the existence of the legal proceedings involving Mr. SyCip, the Company does not find the same to be material to the evaluation of his ability or integrity to occupy the position of director for the current year, and to be elected again as director for the year 2018-2019.

Other than the above mentioned cases, the Corporation is neither aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of Annex C, SRC Rule 12 nor is it aware of the occurrence of any of the following events, which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Corporation during the past five (5) years and up to the date of this Information Statement:

1. any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Corporation was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior that time;
2. any conviction 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 offenses of any director, person nominated to become a director, executive officer, promoter, or control person;
3. 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 the involvement in any type of business, securities, commodities or banking activities a director, person nominated to become a director, executive officer, promoter or control person of the Corporation; and
4. judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Corporation found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions.

The Corporation, in the regular and ordinary course of business, has entered into transactions with associates, affiliates, subsidiaries and other related parties principally consisting of cash advances and reimbursement of expenses, guarantees and inter-company charges.

Related Party Transactions

1. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including the amount of outstanding balances and its terms and conditions including whether they are secure, and the nature of the consideration to be provided in settlement. The Company recognized

impairment losses for the years ended December 31, 2018 and 2017 amounting to Php 0.06 million and – Nil -, respectively.

Please refer to pages 58 and 59 of the Company's 2018 consolidated audited financial statements attached herein as Annex "B" for the Company's transactions and account balances with related parties done in the normal course of business.

2. In 2008, the Company has entered into a Joint Venture Agreement (JVA) with various landowners for the development of certain lots. Pursuant to such JVA, the landowners shall contribute the title and the interest to the lots and the Company shall provide the necessary funding and expertise to undertake and complete the implementation of the residential project development as development manager, and as exclusive marketing agent of the project. The Company shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15% of the selling price. The Company recognizes the share of the landowners as liability upon sale of the related real estate inventories. These amounts are payable on demand.

3. Compensation of the Company's key management personnel consists of short-term employee benefits amounting to Php 23.86 million, Php 37.82 million, Php24.50 million, and Php 12.80 million, in 2018, 2017, 2016, and 2015, respectively. There are no post-employment benefits in 2017, 2016, and 2015. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Company's retirement plan.

Resignation of Directors

No director has declined to stand for re-election to the Board of Directors since the date of the last annual meeting because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices, and the required disclosures relevant to the existence thereof.

Significant Employees

The Corporation has no significant employees who are not Executive Officers but expected to make a significant contribution to the business.

Item 6. Compensation of Directors and Executive Officers

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated executive officers other than the CEO who served as executive officers, and all officers and directors as a Group as of October 16, 2020 (including the preceding two fiscal years, and current fiscal year – estimated only):

Name / Principal Position	Year	Salary	Bonus	Other Annual Compensation
Augusto C. Serafica Chairman/President & CEO	2020	3,700,000.00 (Est)		
	2019	4,810,000.00		
	2018	4,810,000.00		
Raul Ma. F. Anonas EVP & COO	2020	1,425,000.00 (Est)		
	2019	3,510,000.00		
	2018	3,510,000.00		
Manolo B. Tuason	2020	2,000,000.00 (Est)		

SVP & CFO	2019	2,600,000.00
	2018	2,470,000.00
Andres A. del Rosario SVP & Treasurer	2020	2,000,000.00 (Est)
	2019	2,600,000.00
	2018	2,470,000.00
Executive Officers Aggregate amount (Unnamed)	2020	3,520,000.00 (Est)
	2019	3,510,000.00
	2018	3,630,000.00
Directors	2020	324,000.00 (Est)
	2019	442,745.00
	2018	526,000.00

Compensation of Directors

Under Section 30 of the Revised Corporation Code, in the absence of any provision in the By-Laws of the Corporation, the directors shall not receive any compensation as such directors, except for reasonable *per diem* allowance (an average of Php 25,000.00 per meeting for each director) for their attendance at each board meeting. Any such compensation, other than per diems, may be granted to directors by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. Provided, further, that the total yearly compensation shall not be more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

Since the date of their elections, the directors have served without compensation. The directors did not receive any amount or form of compensation for committee participation or special assignments. As of this date, no standard or other arrangements have been made in respect of director's compensation aside from the compensation received as herein stated.

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated, directly or indirectly, during the Corporation's last completed fiscal year and the ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The executive officers of the Corporation are covered by employment contracts corresponding to their respective job descriptions. There are no arrangements for compensation or payment from the Corporation in the event of a resignation, retirement or termination of the executive officer's employment or change in control of the Corporation.

Warrants and Options

There are no options and/or warrants held by the Corporation's directors and key executives.

Item 7. Independent Public Accountants

The Corporation's current independent public accountant recommended for re-election for the current year is SyCip, Gorres, Velayo & Co. ("SGV & Co."). Ms. Jennifer D. Ticlaio is the engagement partner assigned by SGV & Co. to lead the audit of the Corporation's financial statements. SGV was the auditor for the previous fiscal year ended 2019.

The General Requirements of SRC Rule 68, as amended, under Part 3(b)(iv)(ix), requires that Independent Auditors or in the case of an audit firm, the signing partner of the regulated entities, shall be rotated after every five (5) years of the engagement and a two (2) year cooling off period shall be observed in the reassignment of the same signing partner or individual auditor. The Corporation has engaged SGV & Co. as its external auditor for the past five (5) years, with Mr. Alexis Zaragoza as the new Partner In-Charge beginning audit year 2016. The previous Partner In-Charge was Jose Pepito Zabat III, who handled the audit from year 2011 up to 2015.

Duly authorized representatives of SGV & Co. will be present at this year's Annual Meeting of Stockholders and are expected to respond to appropriate questions. SGV auditors will also be given the opportunity to make a presentation or statement in case they decide to do so.

The 2014 to 2019 audit of the Corporation by SGV & Co. is in compliance with the requirement that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

There was no event in the past years where SGV & Co. and the Corporation had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The following are members of the Audit Committee, now renamed as the Audit and Risk Oversight Committee:

Chairman	:	Felipe A. Judan (Independent Director)
Members	:	Ramon G. Santos Victor Y. Lim

Management is requesting the stockholders to approve appointment of SGV & Co. as the external auditor of the Company for the current year 2020.

Item 8. Financial and Other Information

The Audited Financial Statement (prepared in accordance with SRC Rule 68, as amended, and Rule 68.1), Statement of Management's Responsibility as of December 31, 2019, Management's Discussion and Analysis of Financial Condition and the Results of Operation for the last three years (required under Part IV (c) of Rule 48), and Market Price of Shares and Dividends are part of the attached **Management Report**.

Status of Operations and Management Plans

The Group reported liquidity gap on currently maturing liabilities amounting to Php1.64 billion. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial position and financial performance of the Group are also expected to be significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

- a. Reduction and efficient management of operating expenses;
- b. Negotiate interest reduction and/or principal payment extensions and deferrals;
- c. Secure all the unsecured loans with the assets of the Group;
- d. Divest a portion of the Group's assets and investments to generate cash;
- e. Abstain financial support from shareholders and/or officers for gap funding of operations; and
- f. Actively seek out partnerships and new investors as a way of generating funds.

D. OTHER MATTERS

Item 9. Approval and ratification of Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or "SPT Shareholders")

On October 29, 2020, Premiere Horizon Alliance Corporation (the “Company” or “PHA”) entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the “Subscription Shares”) or up to 55% ownership in PHA. Subscription to these shares will be at Php0.33 per share for a total consideration of Php925.0 Million, of which Php300 Million will be in cash and the balance of Php625 Million will be via a combination of cash and/or infusion of Squidpay Technology, Inc (“SPTI”) shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.

Under the Memorandum of Agreement, certain shareholders of SPTI, and not SPTI as a whole, will own 55% of PHA. Thus, there is no conflict in SPTI becoming a subsidiary of PHA in the future. SPTI becoming a subsidiary of PHA will depend on the acceptable valuation and the final agreement of the parties on whether the subscription price will be paid in cash or in shares or a combination of both cash and shares.

The Subscription Shares consist of 263,636,364 shares to be issued out of the current unissued capital stock of PHA and up to 2,539,393,939 shares to be subscribed out of an increase of authorized capital stock to be applied for by PHA, such that, the aggregate shares held by the Investors shall constitute fifty-five percent (55%) of the resulting issued and outstanding capital stock of PHA after the increase. **Under SRC Rule 19.3.1, 2015 SRC Rules, unless the acquisition of equity securities is intended to circumvent or defeat the objectives of the tender offer rules, the mandatory tender offer requirement shall not apply to any purchase of shares from an increase in authorized capital stock. (SRC Rule 19.3.1.2)**

The parties also executed the subscription agreements covering the 263,636,364 PHA shares to be issued from the unissued authorized capital stock, at a price of Php0.33 per shares or total consideration of Php87.0 million payable in cash. The remaining 2,539,393,939 shares will be issued from an increase in authorized capital stock of PHA to Php6.0 Billion, which will be subject to the approval of the shareholders in the Annual Shareholders Meeting scheduled on December 17, 2020.

Upon completion of the transactions contemplated in the Memorandum of Agreement, the SPT Shareholders are expected to own up to 55% of the resulting outstanding capital stock after the increase in authorized capital stock. In view of the foregoing, the stockholders are requested to approve the transactions in compliance with the PSE Rule on Backdoor Listing. The Comprehensive Corporate Disclosure on Backdoor Listing is attached as Annex “C.”

The SPT Shareholders are the majority owners of Squidpay Technology, Inc., a rising payment solutions company that aims to provide a convenient electronic payment and collection system through the use of stored value cards and mobile applications.

Below is a breakdown of the ownership of the investor group led by Marvin Dela Cruz and the creditor group before and after the increase in capital stock and subscription:

	Pre-Transaction		Fully Paid Subscription		After Increase and Post-Transaction	
Existing shareholders	1,990,480,889	100.00%	1,990,480,889	88.30%	1,990,480,889	39.06%
Marvin Dela Cruz			242,424,243	10.75%	To be finalized	
Raissa Abainza Queri			12,121,212	0.54%	To be finalized	
Enrico Alfonso Tamayo			3,030,303	0.13%	To be finalized	
Harrison Yap			3,030,303	0.13%	To be finalized	
Rogelio de Rama			3,030,303	0.13%	To be finalized	
MDC Group			263,636,364	11.70%	2,803,030,303	55.00%
Creditor Group					303,030,303	5.95%
	1,990,480,889	100.00%	2,254,117,253	111.70%	5,096,541,495	100.00%

NOTE: The final individual ownership structure of the investor groups cannot yet be determined as of this time since these are still being finalized and are subject to changes during the subscription period. The final ownership structure will be disclosed by the Company in the first quarter of January 2021.

The terms and conditions of the foregoing transactions and execution of the agreements were approved by the PHA Board of Directors at its meeting held on the same day, October 29, 2020.

PHA will continue to be an investment holding company that focuses on businesses in countryside development. The Company's partnership with the SPT Shareholders will help in the financial inclusivity of the unbanked.

Item 10. Approval and ratification of subscriptions by SPT shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA

On October 29, 2020, PHA and the SPT Shareholders executed the subscription agreements covering the 263,636,364 PHA shares to be issued from the unissued authorized capital stock, at a price of Php0.33 per shares or total consideration of Php87.0 million payable in cash. The subscription to 263,636,364 PHA shares represents 11% of the resulting outstanding capital stock. In this regard, the stockholders are requested to approve the transaction in compliance with the PSE Rule on Additional Listing of Shares.

The terms and conditions of the subscription agreements and its execution were approved by the PHA Board of Directors at its meeting held on the same day, October 29, 2020.

Item 11. Amendment of Articles of Incorporation to Increase the Capital Stock to up to Php 2.5 Billion and Subscriptions to the Increase

Management proposes to increase the Company's authorized capital stock from Five Hundred Sixty Three Million Five Hundred Fifty Six Thousand Pesos (Php563,556,000) divided into Two Billion Two Hundred Fifty Four Million Two Hundred Twenty Four Thousand (2,254,224,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, to up to One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors. The stockholders are requested to approve such increase in authorized capital stock and authority of the Board, as well as the corresponding amendment to the Seventh Article of the Corporation's Articles of Incorporation.

The stockholders are also requested to approve the following subscriptions by shareholders of Squidpay Technology Inc. (the "SPT Shareholders") and certain existing creditors to the proposed increase in the Corporation's authorized capital stock:

<i>Name</i>	<i>Number of Shares to be subscribed shall not be more than the following:</i>	<i>Price per share (Php)</i>	<i>Amount subscribed (Php) shall not be more than the following:</i>
<i>SPT Shareholders</i>	<i>2,539,393,939</i>	<i>0.33</i>	<i>837,999,999.87</i>
<i>Creditors</i>	<i>303,030,303</i>	<i>0.33</i>	<i>99,999,999.99</i>

The existing creditors of PHA are not related to SPTI. The shares will be made available once the shareholders of PHA and the Securities and Exchange Commission approve PHA's proposal to increase its capital stock. The appropriate disclosure will be made once all corporate approvals are obtained.

The subscription price of the SPT Shareholders will be payable in cash and/or SPT shares. The existing creditors will pay for their respective subscriptions in cash and/or conversion of debt to equity.

Assuming that the shares approved by the stockholders for subscription are fully subscribed, the capital structure of PHA before and after the increase in authorized capital stock are as follows:

	<u>Before</u>	<u>After</u>
Authorized capital stock	Php 563,556,000	PHP 1,500,000,000
Issued/outstanding shares	2,254,117,253	5,096,541,495
Par value	0.25	0.25

Item 12. Waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT shareholders and existing creditors who are related parties

In compliance with the PSE Rule on Additional Listing, the minority shareholders present or represented at the meeting are requested to give their consent to a waiver of the rights/public offer requirement in connection with the issuance of shares to related parties among the SPT Shareholders and the existing creditors.

With regard to the share subscriptions of the SPT Shareholders, the transactions qualify as exceptions to the rights/public offer requirement since the subscription price of Php 0.33 is at a premium over the prevailing Market Price, which is defined as the weighted average of the closing prices for a period of 30 trading days prior to the execution of the Memorandum of Agreement on October 29, 2020.

Item 13. Action with Respect to Reports

The following items will be submitted to the shareholders for their approval or ratification:

1. Approval of the minutes of the Annual Meeting of Stockholders held on October 24, 2019
2. Management Report & Audited Financial Statements for year ended December 31, 2019
3. Ratification of acts of the Board of Directors and Management

Copies of the Corporation's Management Report, Audited Financial Statements for year ended December 31, 2019 are available in the website of the Corporation. Approval of the foregoing constitutes a ratification by the stockholders of the Corporation's performance for the year 2019.

Approval of the Minutes of the Annual Stockholders' Meeting held on October 24, 2019 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events which transpired during the meeting.

Item 14. Matters Not Required to Be Submitted

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Corporation for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

Item 15. Voting Procedures

- i. Method of voting

For the approval of the increase in authorized capital stock and corresponding amendment to the Articles of Incorporation, the favorable vote by stockholders representing at least two-thirds (2/3) of the outstanding capital stock shall be necessary.

In all other items for approval except for the election of directors, the favorable vote by stockholders representing at least a majority of the outstanding capital stock shall be sufficient.

For the election of directors, the nine (9) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

During the election of directors, every stockholder entitled to vote shall have the right to vote the number of shares of stock registered in his own name in the stock and transfer book 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 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.

At least two seats or at least 20% of the number of directors to be elected, whichever is lesser, shall be allotted for the election of independent directors as required by the SRC and Corporation's Code of Corporate Governance.

- ii. Since the virtual meeting will be held by remote communication or *in absentia*, the votes of the stockholders shall be taken and counted based only on the proxy forms (in case a shareholder intends to be represented and vote by proxy) received by the Corporation not later than December 7, 2020 and validated by the Company's stock and transfer agent, Stock Transfer Services, Inc. Due to technical limitations, there shall be no available online voting facilities on the day of the stockholders' meeting.

PART II. INFORMATION REQUIRED IN PROXY FORM

Item 1. Identification

This proxy is solicited by the Board of Directors and Management of Premiere Horizon Alliance Corporation. The solicited proxy shall be exercised by Mr. Augusto Antonio C. Serafica, Jr., President of the Corporation or the stockholder's authorized representative.

Item 2. Instruction

- a. For agenda items other than election of directors, the proxy form shall be accomplished by marking in the appropriate box either "FOR", "AGAINST" or "ABSTAIN" according to the stockholder's/proxy's preference.

For election of directors, the stockholder/proxy shall mark with an "X" the space across the name of his chosen nominee for regular and independent director.

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders' Meeting held on October 24, 2019;

FOR the approval of the Management Report and Audited Financial Statements for year ended December 31, 2019;

FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors: Augusto Antonio C. Serafica, Jr., George Edwin Y. Sycip, Winston A. Chan, Raul Ma. F. Anonas, Ramon A. Recto, Victor Y. Lim, Danilo A. Antonio, Felipe A. Judan (Independent Director) and Ramon G. Santos (Independent Director);

FOR the approval of the appointment of SGV & Co. as the external auditor of the Company for 2020-2021;

FOR the approval and ratification of the Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or "SPT Shareholders");

FOR the approval and ratification of subscriptions by SPT Shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA;

FOR the approval of the increase in authorized capital stock and amendment of the articles of incorporation of PHA;

FOR the approval of the subscriptions by SPT Shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA;

FOR the approval of the waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT Shareholders and existing creditors who are related parties;

and to authorize the Proxy to vote according to the discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

- b. The matters to be taken up in the meeting are enumerated opposite the boxes on the form. The names of the nominee directors are likewise enumerated opposite an appropriate space.
- c. The proxy forms should be received by PHA on or before 5:00 p.m. of December 7, 2020 (i) by email to investors@premierehorizon.com or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City. In case a proxy form is emailed to the Corporation not later than 5:00 p.m. of December 7, 2020, the original signed copies of the proxy form should also be **received** by the Corporation by delivery or mail on or before December 11, 2020 in time for validation procedures. Proxy forms shall be validated on December 11, 2020. Proxy forms not received within the prescribed period shall not be counted as part of the quorum for the meeting and the votes therein shall not be recognized.

PLEASE USE THE ATTACHED PROXY FORM

Item 3. Revocability of Proxy

A stockholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting.

Item 4. Persons Making the Solicitation

This solicitation is made by the Corporation. No director has informed the Corporation in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting. Solicitation of proxies will be done mainly by mail. Certain employees of the Corporations will also solicit proxies in person or by telephone. The estimated amount to be spent by the Corporation to solicit proxies for the Board of Directors is Php 30,000.00. The cost of solicitation will be borne by the Corporation.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No member of the Board of Directors or executive officer since the beginning of the last calendar year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

The Corporation does not intend to bring any matter before the meeting other than those set forth in the Notice of the Annual Meeting of Stockholders and does not know of any matter to be brought before the meeting by others. If any other matter does come before the meeting, the proxy shall vote

in the manner indicated by the stockholder, or if no such indication is made, in accordance with proxy's discretion.

The Company will provide without charge to each person solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's head office and addressed to:

Attention: Maricel Marinay
Premiere Horizon Alliance Corporation
Unit 1705 East Tower, Philippine Stock
Exchange Bldg., Exchange Rd., Ortigas Center,
Pasig City
Telephone No.: (02) 8632-7715

III. SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on **November 25, 2020 and amended on December 9 and 11, 2020.**

PREMIERE HORIZON ALLIANCE CORPORATION

By:


ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

**PREMIERE HORIZON ALLIANCE CORPORATION
BOARD OF DIRECTORS & MANAGEMENT TEAM
As of November 2020**

PHA BOARD OF DIRECTORS

#	Name	Position
1	Augusto Antonio C. Serafica, Jr.	Chairman
2	Raul Ma. F. Anonas	Director
3	George Y. Sycip	Director
4	Winston A. Chan	Director
5	Ramon A. Recto	Director
6	Victor Y. Lim	Director
7	Danilo A. Antonio	Director
8	Ramon G. Santos	Independent Director
9	Felipe A. Judan	Independent Director
10	Roberto V. San Jose	Corporate Secretary
11	Ana. Maria A. Katigbak	Assistant Corporate Secretary
12	Stephen E. Cascolan	Assistant Corporate Secretary

**Augusto Antonio C. Serafica, Jr.
(Chairman / President & CEO)**

Mr. Serafica (age 58) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in March 2011 until December 2014. Mr. Serafica is the President & CEO of Premiere Horizon and was again elected as Chairman on February 6, 2018. Mr. Serafica is also the current Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is also a Regular Director of Marcventures Holdings Inc. and Bright Kindle Resources Inc. Mr. Serafica is a veteran investment banker with expertise in mergers and acquisitions, fundraising and placement and business development. Industries that he is quite versed with are mining, real estate, and technology. Mr. Serafica is also the past Chairman of the AIM Alumni Association and is the Chairman of the Board of Trustees of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy from San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

**Raul Ma. F. Anonas
(Executive Vice President & COO / Director)**

Mr. Anonas (age 57) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

**George Y. SyCip
(Director)**

Mr. SyCip (age 63) was elected as Regular Director on February 06, 2018. Mr. SyCip is the President of Halanna Management Corporation and a Founder and Principal in Galaxaco China Group LLC. Mr. SyCip advises a variety of companies in their cross-border endeavors between the US, Europe, Asia and Africa. Mr. SyCip had a career in banking, including serving as Chief Financial Officer of United Savings Bank, a leading provider of banking services to California's Asian communities and a major originator of home mortgages in the State during the 1980s. He now sits on several corporate boards

including Alliance Select Foods International, Inc., Asian Alliance Investment Corporation, Beneficial Life Insurance Company, Bank of the Orient, and Paxys, Inc. He is also an Advisor to the Board of Cityland Development Corporation. Mr. SyCip currently serves as a Trustee or Director of several nonprofit organizations, including the International Institute of Rural Reconstruction, Give2Asia, Global Heritage Fund, and the California Asia Business Council. Mr SyCip received his A.B. in International Relations/Economics 'With Distinction' from Stanford University and his M.B.A. from Harvard Graduate School of Business Administration.

Winston A. Chan
(Director)

Mr. Chan (age 63) was elected as Regular Director on February 06, 2018. He is a retired partner of SGV/EY and former managing partner of SGV/EY Advisory Service Line. Mr. Chan has more than 28 years of management consulting experience. Mr. Chan is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA). He is a member of the Management Association of the Philippines (MAP), and the board of directors of the Harvard Club of the Philippines (HCP). He is the chairman of the ICT committee of the SGV Foundation. Mr. Chan completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, The Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM). He has also attended numerous training programs of Andersen Continuing Education Center in St. Charles, Illinois, both as participant and faculty. He obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran.

Ramon A. Recto
(Director)

Mr. Recto (age 87) was elected as Regular Director on December 18, 2012. He is currently the President of Marcventures Holdings, Inc., Chairman & President of C.M.E. Technology Philippines, Inc., and Director of Crown Equities, Inc. Mr. Recto is a graduate of Master of Industrial Management and a holder of Bachelor of Science in Mechanical Engineering and Electrical Engineering degree from the University of the Philippines.

Victor Y. Lim
(Director)

Mr. Lim (age 73) was elected as Regular Director on July 28, 2015. He is currently the Chairman of V2S Property Developers, Inc., President of Yuchengco Lim Development Corporation, Chairman of National Affairs Committee of the Financial Executives Institute of the Philippines FINEX, Trustee of the Ateneo Scholarships Foundation, Secretary of the International Association of Financial Executives Institute, Director of the Ateneo Alumni Association, and member of the Management Association of the Philippines. Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management.

Danilo A. Antonio
(Director)

Mr. Danilo Antonio (age 65) became a Regular Director of Premiere Horizon Alliance Corporation on December 2019. Mr. Antonio brings to PHA more than three decades of high-level experience in property development, encompassing all types of land uses and all major project phases. He is the co-founder of The Land Company (LANDCO), the Punta Fuego developer. Mr. Antonio was also an executive of the Ayala Land. He was a director of Bonifacio Land, COO of Eton Properties Philippines, Managing Director of Filinvest Festival Mall, General Manager of SM Cinemas and Business Development Adviser of Rockwell Land. He was also Board Chairman of Canyon Woods and Director of Punta Fuego Beach Resort. Mr. Antonio is also an educator and a public servant. He was appointed as Undersecretary of OPARR (Office of the Presidential Assistant for Rehabilitation and Recovery) in December 2013 and led the fund raising of Php28 billion worth of rehabilitation assistance for the Yolanda victims. Mr. Antonio is a director of Asian Center for Entrepreneurship (ACE) as a Guru in the Master in Entrepreneurship Program, now under the Ateneo Graduate School of Business. He was also a faculty of the Asian Institute of Management in the Real Property Management and Development (RPDM) of its MBA Program. Mr. Antonio has earned his Bachelor of Arts degree in

Economics (Summa Cum Laude) from De La Salle University and Master in Business Management degree (with Distinction) from the Asian Institute of Management.

Ramon G. Santos
(Independent Director)

Mr. Ramon G. Santos (age 70) was elected as Independent Director on February 06, 2018. Mr. Santos served in the Philippine Army for 33 years and retired with a rank of Brigadier General in 2005. He was appointed as Undersecretary in October 2005 with the Office of Presidential Adviser for the Peace Process (OPAPP). Mr. Santos is a Professorial Lecturer at the Institute of Graduate Studies of the Philippine State College of Aeronautics. He is currently working as Senior Technical Consultant at the OPAPP. Mr. Santos is currently the President of Green Power Panay Inc., CEO of Tirad Pass Consulting, Director of the Education and Training Committee of One Eye Security Consultancy and Senior Vice President of the Professional Training Institute of Kali, Inc. Mr. Santos has a PhD and Masters in Development Administration from the Philippine Christian University. He also finished his Master in Strategic Studies at the US Army War College in the USA.

Felipe A. Judan
Independent Director

Mr. Felipe "Philip" Judan (age 71) became a Regular Director of Premiere Horizon Alliance Corporation on December 2019. Mr. Judan brings with him decades of experience and expertise in the logistics and shipping industry. He served as an Undersecretary of Maritime Affairs at the Department of Transportation from 2016 to 2018. He had direct oversight of: Maritime Industry Authority (Marina), Philippine Coast Guard (PCG), Philippine Ports Authority (PPA), Cebu Ports Authority (CPA), and Philippine Merchant Marine Academy (PMMA). He was also the COO and Director of Southwest Maritime Group of Companies from 1993 to 2016. He was President of the various subsidiaries like Southwest Tankers, Inc., Southwest Gas Corporation, SW United Professional Services, Inc to name a few. He was also the President of the National Shipping Corporation of the Philippines (NSCP) from 1987 to 1994. He was Chairman of Interpacific Shipping Corporation, a shipping agency subsidiary of NSCP based in California USA. He was also a former director of Philippine National Construction Corporation and National Trucking & Forwarding Corporation. Sportswise, Mr. Judan has been the President of the Federation of Philippine Amateur Senior Golfers Association, Inc. (FPASGI) and the Confederation of ASEAN Senior Golfers Associations (CASGA). Mr. Judan was born and raised in Muñoz, Nueva Ecija. He graduated "Cum Laude" with a BSBA Degree from the University of the East in 1968. As a Certified Public Accountant, he worked with SGV and was sent as a Scholar to the Asian Institute of Management for his Masters in Business Management Degree.

Atty. Roberto V. San Jose
(Corporate Secretary)

Atty. San Jose (age 78) was elected as Director on May 27, 2015 and has been the Corporate Secretary of the Company since 1996. He is a member of the Philippine Bar and is a Name Partner of the Castillo Laman Tan Pantaleon and San Jose Law Offices. He is Chairman and Director of Mabuhay Holdings Corp., and Director and/or Corporate Secretary of CP Group of Companies, CP Equities Corp., Atlas Resources Management Group, and MAA Consultants, Inc. He is also currently the Corporate Secretary of Alsons Consolidated Resources, Inc., Solid Group, Inc., Philweb Corporation, FMF Development Corp., and Anglo Philippines Holdings Corp. Atty. San Jose graduated from De La Salle University with an A.B. Pre-Law degree (Summa Cum Laude). He holds a Law Degree from the University of the Philippines where he graduated Magna Cum Laude and Class Valedictorian. He placed 1st in the 1966 Philippine Bar Examinations

Atty. Ana Maria Katigbak-Lim
(Assistant Corporate Secretary)

Atty. Katigbak (age 50) is a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. She is also a Director or Officer of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Mabuhay Holdings, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc., and PhilWeb Corporation. She is a member of the U.P. Women Lawyers'

Circle (WILCOI) and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines. She also took up Summer Institute of International and Comparative Law at the Cornell Law School – Universite Paris I Pantheon–Sorbonne.

SUBSIDIARY HEADS

West Palawan Premiere Development Corporation (WPP)

Danilo A. Antonio (President)

Mr. Antonio brings to WPP more than three decades of high-level experience in property development, encompassing all types of land uses and all major project phases. He is the co-founder of The Land Company (LANDCO), the developer of Punta Fuego. Mr. Antonio was also an executive of Ayala Land. He was a Director of Bonifacio Land, COO of Eton Properties Philippines, Managing Director of Filinvest Festival Mall, General Manager of SM Cinemas and Business Development Adviser of Rockwell Land. He was also Board Chairman of Canyon Woods and Director of Punta Fuego Beach Resort. Mr. Antonio is also an educator and a public servant. He was appointed as Undersecretary of OPARR (Office of the Presidential Assistant for Rehabilitation and Recovery) in December 2013 and led the fund raising of Php28 billion worth of rehabilitation assistance for the Yolanda victims. Mr. Antonio is a Director of the Asian Center for Entrepreneurship (ACE) as a Guru in the Master in Entrepreneurship Program, now under the Ateneo Graduate School of Business. He was also a faculty of the Asian Institute of Management in the Real Property Management and Development (RPDM) of its MBA Program.

Alexander T. Lichauco (General Manager)

Mr. Lichauco has over 20 years of entrepreneurial, operations, investment finance and teaching experience in multiple economic cycles and varying market conditions. Core areas of expertise include investment finance, operations management, financial engineering, creative industry and software development in varying software languages and protocols. He is well versed in the creation and origination of various operating companies and has more than 7 years of teaching experience in a major university in the Philippines. He acquired his MBA degree with Excellence distinction from the Fordham Graduate School of Business in New York and earned his BS Management degree from the Ateneo De Manila University.

Premiere Georesources and Development Inc. (PGDI)

Carlos C. Cruz President & CEO

Eng. Carlos Cruz has been the President of Premiere Georesources and Development Inc. since 2011. He has over 30 years experience in the field of construction and in open pit mining and dam construction, and is knowledgeable on the current trends in site development, excavation, and general earthmoving. He has managed contract mining activities for more than 25 years. Companies serviced include Nickel Asia Corporation, Marcventures Mining and Development Corporation, Benguet Corporation and Philex Mining Corp. Mr. Cruz also engaged in various real estate projects for clients like Filinvest Development Corporation, Sta. Lucia Realty and Development Corporation, Fil-Estate Development Corporation, Asian Pacific Estates and Development Corporation, Palmera Homes, JAKA Realty Corporation including the AFP Northern Luzon Command Subdivision Project. General engineering and earthworks were likewise undertaken for companies like Kawasaki Steel Corporation, Hopewell Power Corporation, D.M. Consunji, Inc., China Harbor Engineering Company and TOYO-Agno River Flood Control System. Mr. Cruz has a Bachelor of Science degree in Civil Engineering and holds a Civil Engineer professional license.

Goshen Land Capital, Inc.

Alexander L. Bangsoy
(President & CEO)

Atty. Alexander Bangsoy is the President and CEO of Goshen Land Capital, Inc., one of the biggest real estate companies in Northern Luzon in the Philippines. He was recently appointed by President Noynoy Aquino a board seat at the John Hay Management Corporation (JHMC), a subsidiary of the Bases Conversion Development Authority (BCDA). He was nominated as an Ernst & Young 2013 Entrepreneur of the Year by the Philippine Stock Exchange and was one of the top 12 finalists for the award. Locally, Atty. Bangsoy was nominated as an Outstanding Citizen of Baguio in 2013. Atty. Bangsoy graduated with a Bachelor of Science degree major in Accounting from Saint Louis University. He holds a degree of Doctor in Jurisprudence (JD) from the Ateneo College of Law and a Masters in Entrepreneurship from the Asian Institute of Management. He took up the Owner/President Management Program Batch 45 at the Harvard Business School, Boston, U.S.A and he continued his study at the Kellogg School of Management, Chicago and took the Accelerating Sales Force Performance. He is currently the administrator of the Manahan Bldg. in Session Road in Baguio City, former Legal Consultant to the National Power Corp. of the Office of the President, a leader of Tuloy Pinoy and an active Member of Gawad Kalinga and Legal Aid.

PHA MANAGEMENT TEAM

#	Name	Position
1	Augusto Antonio C. Serafica, Jr.	President & CEO
2	Raul Ma. F. Anonas	EVP/COO
3	Andres A. Del Rosario	SVP/Treasurer
4	Manolo B. Tuason	SVP/CFO
5	Alexander T. Lichauco	FVP/GM, WPP
6	Ana Liza G. Aquino	FVP/Investor Relations/CFO, GLCI
7	Joseph Jeeben R. Segui	FVP/Corp Finance Head/CFO, PGDI
8	Stephen E. Cascolan	VP Legal
9	Paolo A. Martinez	AVP/Comptroller

Augusto Antonio C. Serafica, Jr.
(President & CEO)

Mr. Serafica (age 58) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in March 2011 until December 2014. Mr. Serafica is the President & CEO of Premiere Horizon and was again elected as Chairman on February 6, 2018. Mr. Serafica is also the current Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is also a Regular Director of Marcventures Holdings Inc. and Bright Kindle Resources Inc. Mr. Serafica is a veteran investment banker with expertise in mergers and acquisitions, fundraising and placement and business development. Industries that he is quite versed with are mining, real estate, and technology. Mr. Serafica is also the past Chairman of the AIM Alumni Association and is the Chairman of the Board of Trustees of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy from San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

Raul Ma. F. Anonas
(Executive Vice President & COO)

Mr. Anonas (age 57) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

Andres A. Del Rosario
(Senior Vice President & Treasurer)

Mr. Andres A. del Rosario (age 57) was elected as a Regular Director of PGDI in 2017. Mr. Del Rosario has extensive experience in corporate finance, investment banking, treasury, and business development. The exposure to different projects throughout his investment banking career as well as banking proper, has given him ample experience to a range of financial products and services, corporate restructuring and due diligence reviews. In looking at new projects or investments, all of these experiences come in to play to ensure that these are beneficial to the company. Mr. Del Rosario is also the SVP and Treasurer of Premiere Horizon Alliance Corporation, a publicly listed company. He is also the Treasurer of Goshen Land Capital, Inc. and West Palawan Premiere Development Corporation. He used to be Treasurer of Marventures Holdings, Inc., and a Director of Asian Alliance Investment Corporation. He is a graduate of AB Economics at the Ateneo de Manila University.

Manolo B. Tuason
(Senior Vice President & CFO)

Mr. Tuason has over 40 years experience in the field of financial management and backroom operations that include management information system, treasury management and control, financial and management accounting, auditing, administration and personnel management. Mr. Tuason is currently the SVP and CFO of Premiere Horizon Alliance Corporation. Mr. Tuason earned his Bachelor of Commerce major in Accounting degree from De La Salle University where he graduated with Honors. Mr. Tuason is a Certified Public Accountant and also took up a Masters in Business Administration at Ateneo de Manila University.

Alexander T. Lichauco
(First Vice President / General Manager, WPP)

Mr. Lichauco has over 20 years of entrepreneurial, operations, investment finance and teaching experience in multiple economic cycles and varying market conditions. Core areas of expertise include investment finance, operations management, financial engineering, creative industry and software development in varying software languages and protocols. He is well versed in the creation and origination of various operating companies and has more than 7 years of teaching experience in a major university in the Philippines. He acquired his MBA degree with Excellence distinction from the Fordham Graduate School of Business in New York and earned his BS Management degree from the Ateneo De Manila University.

Ana Liza G. Aquino
(First Vice President / Investor Relations Officer / CFO, GLCI)

Ms. Aquino has over 15 years experience in operations management in the IT Outsourcing industry. She has in-depth knowledge of the software development life cycle with over 10 years experience in managing software development projects for US clients. She is currently the First Vice President of PHA and the Investor Relations Officer with over 5 years experience in Corporate Finance, Mergers & Acquisition and Corporate Affairs. Since late 2019, she has also been designated as the CFO of Goshen Land Capital, Inc., the real estate subsidiary of PHA. Ms. Aquino has an Executive MBA degree from the Asian Institute of Management and earned her AB Management Economics degree from the Ateneo de Manila University.

Joseph Jeeben R. Segui
(First Vice President / Corporate Finance Head / CFO, PGDI)

Mr. Segui has over 8 years experience in corporate finance, mergers and acquisition, corporate valuation, financial modeling and financial analysis. Mr. Segui is the First Vice President and the head of Corporate Finance of Premiere Horizon Alliance Corporation. He is also the CFO of Premiere Georesources and Development Inc. Mr. Segui also worked as a Consultant at Mitchell Madison Group at their Los Angeles, USA office. Mr. Segui has a Bachelor of Science in Mathematics degree from the University of the Philippines, Diliman, where he graduated a Summa Cum Laude. He also passed the CFA Level 1 examinations.

Stephen E. Cascolan
(Vice President / Legal Head)

Atty. Cascolan has 15 years extensive experience in litigation, legal and administrative work. Atty. Cascolan is the Vice President and Legal Head of Premiere Horizon Alliance Corporation. He is also the Managing Partner of the Benipayo and Partners Law Firm. Atty. Cascolan also previously worked with the Commission on Human Rights, the Public Attorney's Office, Office of the President-ODESLA, Philippine Overseas Employment Administration and the Office of the Ombudsman, all in executive level capacities. Atty. Cascolan has a Bachelor of Laws degree from the University of the East. He completed his BA Philippine Studies major in Journalism and Creative Writing degree at the University of the Philippines.

Paolo A. Martinez
(Assistant Vice President / Comptroller)

Mr. Martinez has over 10 years experience in accounting, audit, financial management, tax planning and management. A CPA by profession, Mr. Martinez is currently the Assistant Vice President and Group Financial Controller of Premiere Horizon Alliance Corporation. Mr. Martinez has a Bachelor of Science in Accountancy degree from Pamantasan ng Lungsod ng Maynila. He is currently enrolled in the Executive Masters in Business Administration program of the Asian Institute of Management.

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

SECRETARY'S CERTIFICATE

I, **ANA MARIA KATIGBAK**, of legal age, Filipino citizen, and with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, Metro Manila, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Corporation"), a Corporation duly organized and existing under the laws of the Philippines, with principal place of business and postal address at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.


IN WITNESS WHEREOF, I have affixed my signature this NOV 25 2020 at Makati City, Metro Manila.


ANA MARIA KATIGBAK
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this NOV 25 2020 at Makati City, Philippines, affiant who is personally known to me and whose identity I have confirmed through her Passport No. 1893381A issued on February 7, 2017 at DFA Manila, Philippines, bearing the affiant's photograph and signature.

Doc. No. 201
Page No. 42
Book No. IV
Series of 2020.




NOTARY PUBLIC
PORTIA JESSICA J. MACLAN
Appointment No. M-54
Notary Public for Makati City
Until December 31, 2021
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 8116532; 01-02-2020; Makati City
BP No. 102138; 01-02-2020; Makati Chapter
Roll No. 73308

COVER SHEET

1 4 7 5 8 4

SEC Registration
Number

P R E M I E R E H O R I Z O N A L L I A N C E
C O R P O R A T I O N

(Company's Full Name)

U N I T 1 7 0 5 1 7 T H F L O O R , E A S T T O
W E R P H I L I P P I N E S T O C K E X C H A N G E
C E N T R E , E X C H A N G E R O A D O R T I G A S
C E N T E R , P A S I G C I T Y

RAUL MA. F. ANONAS

Contact Person

Tel No. 8632-7715

Company Telephone Number

SEC FORM 17-C

1 2 3 1
Month Day
Fiscal Year
Meeting

FORM TYPE

0 5
Month Day
Annual

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

PSE No.
SEC No. 147584
FILE No.

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FELIPE A. JUDAN**, Filipino, of legal age and a resident of 55 P. Aguirre cor. Sun Flower Sts. Pilar Village, Las Pinas, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since December 13, 2019.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Department of Transportation	Undersecretary-Maritime Affairs	2016-2018
Southwest Maritime Group of Companies	COO / Director	1993 - 2016
Southwest Tankers Inc.	President	1993-2016
Southwest Gas Corporation	President	1993-2016
Krazy Krepes Philippines, Inc.	President	1993-2016
Golden Albatros Shipping Corporation	President	1993-2016
S.W. United Professional Services, Inc.	President	1993-2016
National Shipping Corporation of the Philippines	President	1987-1994
Interpacific Shipping Corporation	Chairman	1987-1993


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am NOT related to any director/officer/substantial shareholder of the Company 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. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of



the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 28 2020 day of PASIG CITY.


FELIPE A. JUDAN
Affiant

SUBSCRIBED AND SWORN to before me this SEP 28 2020 day of _____ at PASIG CITY, affiant personally appeared before me and exhibited to me his TIN Number 115-307-396.

Doc. No. 31;
Page No. 8;
Book No. 3;
Series of 2020.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 184 (2020-2021)
For Pasig City, Paleros and San Juan City
Roll No. 48377; MCLE VI-0025705; 04-02-19
104 LAM 01459; O.E. No. 519206; 06-21-2001
T-411240; 01-17-2001; 01-04-20, Pasig
City, Paleros and San Juan City
Notary Public, Pasig City, Paleros and San Juan City

COVER SHEET

1 4 7 5 8 4

SEC Registration
Number

P R E M I E R E H O R I Z O N A L L I A N C E
C O R P O R A T I O N

(Company's Full Name)

U N I T 1 7 0 5 1 7 T H F L O O R , E A S T T O
W E R P H I L I P P I N E S T O C K E X C H A N G E
C E N T R E , E X C H A N G E R O A D O R T I G A S
C E N T E R , P A S I G C I T Y

RAUL MA. F. ANONAS

Contact Person

Tel No. 8632-7715

Company Telephone Number

SEC FORM 17-C

1 2 3 1
Month Day
Fiscal Year
Meeting

FORM TYPE

0 5
Month Day
Annual

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

PSE No.
SEC No. 147584
FILE No.

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RAMON G. SANTOS, Filipino, of legal age and a resident of 35 Evangelista Street AFPOVAI, Taguig City,, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since February 6, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):


COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Military (ARMY)	Brigadier General	1973-2005
Office of the Presidential Adviser for the Peace Process (OPAPP)	Undersecretary	October 2005
DENR	Under Secretary for Social Mobilization	2006-2007
DOE	Usec for Renewable Energy	2007-2010
Office of Civil Defense (NDRRMC)	Director	2010-2014
Office of Civil Defense (ARMM)	Executive Director	2010-2015
Office of Senator Pia Cayetano	Regent to State University as Senate Representative	2014-2017
Institute of Graduate Studies (Philippine State College of Aeronautics)	Professional Lecturer	2016-2017
Office of the Presidential Adviser for the Peace Process (OPAPP)	Senior Technical Consultant	2016-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am NOT related to any director/officer/substantial shareholder of the Company 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. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 25 2020 day of _____, at PASIG CITY.


RAMON G. SANTOS
Affiant

SUBSCRIBED AND SWORN to before me this SEP 25 2020 day of _____ at PASIG CITY, affiant personally appeared before me and exhibited to me his Passport No. P6085632A issued at DFA, Manila on February 19, 2018.

Doc. No. 32 ;
Page No. 8 ;
Book No. CCLIII ;
Series of 2020.

REWIN R. BONDAYA
NOTARY PUBLIC
PARRA, CATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 6422914/1-2-20
BP NO. 058101/ASPT, M.A. 6412019-20
ROLL NO. 31923
TIN NO. 210-0000000-000
MOBILE NO. 0917-1234567
2ND FLOOR, ARRAVAL BLDG. (URBANO)
DELASSOAVE, MALINAO, PASIG CITY

C07903-2020

ANNEX "C"

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C**

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

1. Date of Report (Date of earliest event reported)
Nov 3, 2020
2. SEC Identification Number
147584
3. BIR Tax Identification No.
002-727-376-000
4. Exact name of issuer as specified in its charter
Premiere Horizon Alliance Corporation
5. Province, country or other jurisdiction of incorporation
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Unit 1705, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City
Postal Code
1605
8. Issuer's telephone number, including area code
(02) 8632-7715
9. Former name or former address, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P 0.25 PAR VALUE	1,990,480,889

11. Indicate the item numbers reported herein
Item No. 9 Other Item

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.





Premiere Horizon Alliance Corporation

PHA

PSE Disclosure Form BL-1 - Comprehensive Corporate Disclosure on Backdoor Listing *Reference: Rules on Backdoor Listing*

Subject of the Disclosure

Additional Information on the MOA entered by PHA with an investor group.

Background/Description of the Disclosure

On October 29, 2020, Premiere Horizon Alliance Corporation (the "Company" or "PHA") entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at Php0.33 per share for a total consideration of Php925.0 Million, of which Php300 Million will be in cash and the balance of Php625 Million will be via a combination of cash and/or infusion of Squidpay Technology, Inc ("SPTI") shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.

The Subscription Shares consist of 263,636,364 shares to be issued out of the current unissued capital stock of PHA and 2,539,393,939 shares to be subscribed out of an increase of authorized capital stock to be applied for by PHA, such that, the aggregate shares held by the Investors shall constitute fifty-five percent (55%) of the resulting issued and outstanding capital stock of PHA after the increase.

The parties also executed the subscription agreements covering the 263,636,364 PHA shares to be issued from the unissued authorized capital stock, at a price of Php0.33 per shares or total consideration of Php87.0 million payable in cash.

The remaining 2,539,393,939 shares will be issued from an increase in authorized capital stock of PHA to 6.0 Billion common shares, which will be subject to the approval of the shareholders in the upcoming Annual Shareholders Meeting scheduled for December 17, 2020.

Mr. Dela Cruz and his group are the majority owners of Squidpay Technology, Inc. a rising payment solutions company that aims to provide a convenient electronic payment and collection system through the use of stored value cards and mobile applications.

The terms and conditions of the foregoing transactions and execution of the agreements were approved by the PHA Board of Directors at its meeting held on the same day, October 29, 2020.

This disclosure is to provide additional information on the matter.

Date of Approval by Board of Directors	Oct 29, 2020
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	N/A
Date of Approval by Relevant Regulatory Agency	N/A
Date of Approval by Securities and Exchange Commission, if applicable	TBA

Comprehensive Corporate Disclosure**The nature and description of the proposed transaction, including the timetable for implementation, and related regulatory requirements if applicable**

The transaction involves the subscription of a group of investors to new shares. Summarized below is the schedule of subscription and applicable regulatory requirements:

Oct 29, 2020 MOA signing and subscription and full payment by the investor group to 263.6M new shares at Php0.33 per share corresponding to 11.7% post subscription from the remaining unissued capital stock out of the total authorized capital stock of 2.254B shares.

Dec 17, 2020 Annual shareholders meeting. Seek shareholder approval and ratification for:

- i. an increase in the company's Authorized Capital Stock of 3.746B shares to a total ACS of 6.0B shares; and
- ii. the subscription to 2.803B shares by the investor group consisting of:
 - a. 263.6M fully paid shares; and
 - b. 2.54B partially paid shares (25% paid-up)

iii. approval of the transaction in compliance with the PSE Rules on Backdoor Listing and Additional Listing of Shares

Collectively, the above subscription will allow the investor group to own 55% of PHA, post-subscription to the increase in authorized capital stock.

Dec 18, 2020 Signing of the Subscription Agreement covering 2.54B new shares.

January 2021 Application to SEC for the increase in ACS of 3.746B shares to get to a total of 6.0B shares post increase in ACS.

Q1 2021 Target for SEC approval of the increase in ACS.

The reason/purpose of the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

As a countryside enabler, PHA is involved in three business pursuits: mining, real estate, and tourism. Mining helps put value to natural resources, real estate unlocks countryside land values, and tourism helps promote the countryside's natural beauty and provides a source of income to local residents. Consistent with our vision and mission of invigorating the countryside, PHA also intends to enter the Fintech industry by making SquidPay Technology, Inc. ("SPT") a subsidiary (subject to a valuation beneficial to PHA shareholders). PHA envisions to help empower the unbanked and the general population through SPT's electronic payment and collection system. The need to partner with the investor group is vital as it includes the necessary cash infusion and new business partnerships. Synergizing the four businesses will allow PHA to increase shareholder value further.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any arrangements for payment on a deferred basis

The aggregate value of the consideration is Nine Hundred Twenty-Five Million Pesos (Php925,000,000.00), representing Two Billion Eight Hundred Three Million Thirty Thousand Three Hundred three (2,803,030,303) common shares of PHA valued at Php 0.33 per share. This shall be paid as follows:

1. The amount of Eighty-Seven Million Pesos (Php87,000,000.00) upon execution of the agreement;
 2. One Hundred Thirteen Million Pesos (Php113,000,000.00) on or before 18 December 2020;
 3. One Hundred Million Pesos (Php100,000,000.00) before the filing of the increase of authorized capital stock of PHA;
- and

Six Hundred Twenty-Five Million Pesos (Php625,000,000.00) consisting of cash and/or assets, including shares held by Investors in SPT, to be paid or delivered not later than twenty-four (24) months from the signing of the agreement, or at a mutually agreed period of the parties. The proposed acquisition of SPT shares is subject to an acceptable valuation that will be beneficial to PHA shareholders.

The basis upon which the consideration or the issue value was determined

The issue value of Php 0.33 per share approximates the consolidated audited net book value per share of PHA as of December 31, 2019.

For cash considerations, the detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

Of the Transaction consideration, Php300M cash will be paid to PHA within the next few months while the balance of Php625M will be paid in either cash, assets or a combination of both within a two-year period. Given these, PHA's plans for usage of proceeds only cover the initial Php300M.

The Php300M proceeds will be used to continue PHA's primary business as an investment holding company. The biggest use (42% of the proceeds) will be to fund the continuing business development activities of the subsidiaries. The second biggest (29%) use will be for debt and liabilities servicing. The remaining balance of 29% will be used for taxes and licenses as well as for PHA's operating expenses. The table summarizes the uses as well as the timetable of disbursements.

2020 2021

Advances to subsidiaries for business development 80 45

Debt and liability services 74 12

Taxes and licenses 51 3

Operating expenses 5 30

Subtotal 210 90

Total 300

Please see Section F of Annex G.

The listed company must present a statement of active business pursuits and objectives which details the steps undertaken and proposed to be undertaken by the Issuer in order to advance its business

There is no change in PHA's business pursuits and objectives. The company will continue to undertake existing business plans in the mining, real estate and tourism industries.

Effects in the listed company before and after the transaction on the following:

Increase in authorized capital stock

From	563,556,000
To	1,500,000,000

Nature of business

From	Investment Holding Company
To	Investment Holding Company

Corporate Name

From	Premiere Horizon Alliance Corporation
To	Premiere Horizon Alliance Corporation

Board of Directors

Name	(Regular or Independent)
Augusto Antonio C. Serafica, Jr.	Regular
George Edwin Y. Sycip	Regular
Raul Ma. F. Anonas	Regular
Winston A. Chan	Regular
Ramon A. Recto	Regular
Victor Y. Lim	Regular
Danilo A. Antonio	Regular
Ramon G. Santos	Independent
Felipe A. Judan	Independent

Principal Officers

Name	Position/Designation
Augusto Antonio C. Serafica, Jr	President & CEO
Raul Ma. F. Anonas	EVP / Chief Operating Officer
Manolo B. Tuason	SVP / Chief Finance Officer
Andres A. Del Rosario	SVP / Treasurer
Ana Liza G. Aquino	Vice President & Investor Relations Officer
Joseph Jeeben R. Segui	First Vice President
Paolo Antonio A. Martinez	Assistant Vice President / Controller

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Please see attached Annex H	0	0	0	0

Capital structure**Issued Shares**

Type of Security /Stock Symbol	Before	After
Common shares	1,990,480,889	5,096,541,496

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common shares	1,990,480,889	5,096,541,496

Treasury Shares

Type of Security /Stock Symbol	Before	After
None	-	-

Listed Shares

Type of Security /Stock Symbol	Before	After
Common shares	1,815,480,889	1,815,480,889

Effect(s) on the public float, if any	From 92.93% to 36.30%
Effect(s) on foreign ownership level, if any	From 7.49% to 2.93%

Additional information on the unlisted company

Nature and business
Squidpay Technology Inc., was registered in the Philippines Securities and Exchange Commission on May 21, 2020. The Company's primary purpose is to provide online and offline payment solutions for automated fare collections, bills payment, e-commerce payments, merchants payment services and electronic loading. It's principal office is located in 2402D Philippine Stock Exchange Center, San Antonio, Pasig City.
Please See Annex I for the AOI and Annex J for the BS and IS as of 9 Nov 2020.
Discussion of major projects and investments
Please see Annex K.

List of subsidiaries and affiliates, with percentage holdings

Name of Subsidiary or Affiliate	% Ownership
---------------------------------	-------------

None	0
------	---

Capital structure

Authorized capital stock

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Subscribed Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Paid-Up Capital

Amount	100,000,000
Number of Shares	400,000,000

Issued Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Outstanding Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Par Value

Type of Security	Amount
Common	0.25

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
Marvin Dela Cruz	300,000,000	75
Raissa Abainza Queri	55,000,000	13.75
Enrico Alfonso Tamayo	20,000,000	5
Harrison Hao Yap	20,000,000	5
Rogelio De Rama	5,000,000	1.25

Board of Directors

Name	(Regular or Independent)
Marvin Dela Cruz	Regular
Raissa Abainza Queri	Regular
Enrico Alfonso Tamayo	Regular
Harrison Hao Yap	Regular
Rogelio De Rama	Regular

Principal Officers

Name	Position/Designation
Marvin Dela Cruz	CEO
Raissa Abainza Queri	Corporate Secretary
Enrico Alfonso Tamayo	President
Harrison Hao Yap	Treasurer
Alexander Julio Valera	Assistant Corporate Secretary

The interest which the directors of the parties to the transaction have in the transaction

The new Investor group's fund infusion will enhance the working capital of PHA thereby ensuring its continuous operation plus the ability to pursue its mission as a countryside developer. The directors of PHA have no personal interest in the transaction.

Other than the acquisition of PHA shares, the investor group have no other personal interest in the transaction

Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders

The infusion of cash by the investor group provided liquidity that allowed for the preservation of PHA's asset values. Furthermore, with the possible significant investment into SPT, PHA's shareholder values may be enhanced.

The PHA shareholders can vote in favor of, against, or abstain on the transaction and the increase in authorized capital stock during the PHA Annual Stockholders' Meeting on December 17, 2020.

The proposed acquisition of SPT shares is subject to an acceptable valuation that will be beneficial to PHA shareholders.

Other Relevant Information

Clarification on the difference in PSE's records on the number of issued shares of PHA

The issued shares as of reporting date is 1,990,480,889 and not 1,815,480,889 as indicated in the PSE records. This is because the subscription receivable for the 175,000,000 shares has been fully collected and issued as of December 31, 2019. The information on the collection of the subscription receivables were reported in the 2019 Annual Report.

Ownership Structure

Please see attached Annex H.

Board of Directors

Upon closing on December 18, 2020 (after the AGM on December 17, 2020), the new investor will nominate 4 directors to the BOD (3 regular members and 1 independent) out of the total nine board seats.

Information on New Subscribers

For information on the new subscribers, please see Annex L.

Filed on behalf by:

Name	Raul Ma. Anonas
Designation	Executive Vice President, CIO/ COO

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (the "Agreement") is executed on the 29th day of October, 2020 in Mandaluyong City, by and between:

MARVIN DELA CRUZ, RAISSA ABAINZA QUERI, ENRICO ALFONSO TAMAYO, HARRISON YAP, and ROGELIO DE RAMA, Filipinos, all of legal age, and with address at 2402D West Tower, Philippine Stock Exchange Center, Pasig City, represented herein by **MARVIN DELA CRUZ** (hereinafter collectively referred to as "Investors", and each, an "Investor");

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.**, and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as "PHA").

(the Investors and PHA are hereinafter collectively referred to as "Parties", and each, a "Party")

RECITALS**WHEREAS:**

- A. PHA is a stock corporation established in 1988 and engaged in the business of an investment holdings company and whose shares are listed in the Philippine Stock Exchange;
- B. Collectively, the Investors are the legal and/or beneficial owners of one hundred percent (100%) of the outstanding capital stock of Squidpay Technology Inc. ("SPT"), a corporation duly organized and existing under the laws of the Philippines and engaged in the business offline and online payment solutions, among others;
- C. PHA is the beneficial owner of fifty-five percent (55%) of the outstanding capital stock of Premiere Georesources and Development Inc. ("PGDI"), a corporation duly organized and existing under the laws of the Philippines and engaged in the business of mining;
- D. PGDI, in turn, owns ninety-eight and 55/100 percent (98.55%) of the outstanding capital stock of Palawan Star Mining Ventures Inc. ("PSMVI"), and ninety-eight and 88/100 percent (98.88%) of the outstanding capital stock of Pyramid Hill Mining & Industrial Corporation ("PHMIC"), both mining companies and with valid Mineral Production Sharing Agreements with the Republic of the Philippines covering areas located in the Province of Palawan;



E. PHA is the beneficial owner of eighty-five percent (85%) of the outstanding capital stock of West Palawan Premiere Development Corp. ("WPP"), a corporation duly organized and existing under the laws of the Philippines and engaged in the business of real estate development, which development projects are located in the Province of Palawan;

F. PHA owns fifty-four and 99/100 percent (54.99%) of the outstanding capital stock of Goshen Land Capital, Inc. ("GLCI"), a corporation duly organized and existing under the laws of the Philippines and engaged in the business of real estate development, which development projects are located in the City of Baguio;

G. PHA acknowledges the strategic value-added which the Investors and SPT brings into PHA and its subsidiaries as strategic investors and accepts the Investors' proposal to subscribe such number of shares in PHA's authorized capital stock and pay for the same in cash and/or assets including shares held in SPT such that the Investors shall, upon completion of the contemplated transactions in this Agreement, own fifty-five percent (55%) of the outstanding capital stock of PHA.

H. At the same time, the Investors acknowledge the strategic value-added which PHA can bring into SPT, and verily, upon completion of the contemplated transactions in this Agreement, SPT may become a subsidiary of PHA.

NOW THEREFORE, for and in consideration of the foregoing premises, and of the mutual covenants and stipulations contained herein, the Parties agree as follows:

ARTICLE 1 DEFINITION OF TERMS

1.1. For purpose of this Agreement:

"Agreement" has the meaning set forth in the opening paragraph.

"Balance of the Total Consideration" shall have the meaning set forth in Section 2.2.4.

"BSP" shall mean Bangko Sentral ng Pilipinas.

"Business Day" shall mean any day which is not a Saturday, Sunday, or a day on which banks are authorized or required to close in Pasig City, Philippines.

"Close" or "Closing" shall mean the completion of the subscription of the Subscription Shares, and payment of the amounts under Sections 2.2.1, 2.2.2 and 2.2.3.

"Closing Date" shall have the meaning set forth in Section 4.1.

"Closing Notice" shall have the meaning set forth in Section 4.1.



"Corporate Approvals" shall mean the approval of at least majority of the members of the Board of Directors and approval by the stockholders representing at least two-thirds (2/3) of the total issued and outstanding capital stock of the relevant company.

"Dispute" shall have the meaning set forth in Section 9.1.

"GLCI" shall have the meaning set forth in the sixth recital.

"GLCI Properties" shall mean the properties listed in **ANNEX "D"**.

"Investor" or "Investors" shall have the meaning set forth in the Parties clause.

"Indemnified Party" means a Party who is entitled to indemnification from another Party under Section 8.1.

"Indemnifying Party" means a Party who is responsible for indemnifying another Party under Section 8.1.

"Lien" means with respect to any Person, any security interest, mortgage, pledge, charge, hypothecation, assignment, encumbrance, lien (statutory or other), preference, priority or other security arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under any recording or notice statute, any arrangement for the deposit of funds of such Person which cannot be terminated without the consent of the obligee of any indebtedness of such Person, and any sale and repurchase agreement or lease having substantially the same effect as any of the foregoing).

"Long Stop Date" means the date which is One Hundred Eighty (180) days from the signing of this Agreement.

"Losses" has the meaning set forth in Section 8.1.

"MPSA" or "MPSAs" shall mean Mineral Production Sharing Agreement No. 172-2001-IV issued in favor of PSMVI and Mineral Production Sharing Agreement No. 173-2001-IV issued in favor of PHMIC.

"Party" means a party to this Agreement and named in the Parties clause.

"Person" means any individual, partnership, corporation, firm, trust, unincorporated association, joint venture, Philippine governmental authority, or any other entity of whatever nature.

"PGDI" shall have the meaning set forth in the third recital.

"PHA" shall have the meaning set forth in the Parties clause.

"PHA Closing Documents" shall have the meaning set forth in Section 4.2.

A handwritten signature in black ink, appearing to be the initials 'RFA' or similar, located at the bottom right of the page.

"PHMIC" shall have the meaning set forth in the fourth recital.

"Philippines" means the Republic of the Philippines.

"Price Per Share" shall mean Thirty-Three Centavos (Php0.33).

"PSMVI" shall have the meaning set forth in the fourth recital.

"SEC" shall mean the Philippine Securities and Exchange Commission.

"Shareholders' Agreement" shall mean the shareholders' agreement to be discussed by the Parties for execution pursuant to this Agreement.

"SPT" shall have the meaning set forth in the second recital.

"Subscription Agreement" shall mean the subscription agreements representing the subscriptions of the relevant Investors to part of the Subscription Shares as set forth in Section 2.3 and 2.4.

"Subscription Shares" shall mean a total of Two Billion Eight Hundred Three Million Thirty Thousand Three Hundred Three (2,803,030,303) common shares of PHA composed of: (a) Two Hundred Sixty-Three Million Six Hundred Thirty-Six Thousand Three Hundred Sixty-Four (263,636,364) common shares out of the current unissued capital stock of PHA; and (b) Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) common shares from an increase of authorized capital stock to be applied for by PHA, such that, the aggregate shares held by the Investors shall constitute fifty-five percent (55%) of the resulting issued and outstanding capital stock of PHA.

"Total Consideration" shall mean Nine Hundred Twenty-Five Million Pesos (Php925,000,000.00), comprising of: (a) Eighty-Seven Million Pesos (Php87,000,000.00) covering the subscription out of the unissued portion of the current authorized capital stock of PHA under Section 2.2.1; (b) One Hundred Thirteen Million Pesos (Php113,000,000.00) under Section 2.2.2; (c) One Hundred Million Pesos (Php100,000,000.00) under Section 2.2.3; and (d) the Balance of the Total Consideration of Six Hundred Twenty-Five Million Pesos (Php625,000,000.00) under Section 2.2.4;

"Transaction Documents" shall mean this Agreement, the Subscription Agreement, the Shareholders' Agreement, and any other agreements contemplated in this Agreement.

"WPP" shall have the meaning set forth in the fifth recital.

"WPP Properties" shall mean the properties listed in ANNEX "C".

1.2. Interpretation. In this Agreement, unless the context otherwise requires:



(a) Words importing the singular number shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter gender and vice versa;

(b) Any reference to Articles, Sections, Schedules or Annexes is a reference to articles and sections of, and schedules or annexes to, this Agreement;

(c) Any reference to any document instrument or agreement (i) shall include all annexes, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemental from time to time in accordance with the terms thereof and in effect at any given time;

(d) The headings to the Articles, Sections and paragraphs herein are inserted for ease of reference only and shall not affect the interpretation thereof or of this Agreement;

(e) Any reference to "writing" or cognate expressions include a reference to telex, cable, facsimile transmission or comparable means of communications;

(f) Any reference to a Person includes its permitted successors and permitted assigns;

(g) The words "include", "includes" and "including" are not limiting and shall be deemed to be followed by the words "without limitation", whether or not so followed;

(h) The words "hereof", "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document;

(i) Any reference to "days" shall mean calendar days, unless the term "Business Days" is used. References to a time of day shall mean such time in Manila, Philippines, unless otherwise specified;

(j) This Agreement is the result of negotiations among, and has been reviewed by, the Parties and their respective advisors. Accordingly, this Agreement shall be deemed to be the product of all the Parties.

ARTICLE 2

AGREEMENT TO SUBSCRIBE/SUBSCRIPTION OF SHARES

2.1. Agreement to Subscribe. Subject to the terms and conditions of this Agreement, the Investors agree to subscribe to the Subscription Shares at the Price Per Share and pay the Total Consideration in the manner pursuant to this Agreement.

2.2. Payment of the Total Consideration. In consideration for the subscription by the Investors to the Subscription Shares, the Investors shall pay PHA the Total



Consideration by means of immediately available funds in the form of cash, manager's/cashier's check, wire transfer, or other similar means, as follows:

- 2.2.1. The amount of Eighty-Seven Million Pesos (Php87,000,000.00) upon the execution of this Agreement;
- 2.2.2. One Hundred Thirteen Million Pesos (Php113,000,000.00) on or before 18 December 2020;
- 2.2.3. One Hundred Million Pesos (Php100,000,000.00) before the filing of the increase of authorized capital stock of PHA pursuant to Section 2.4 and 3.1.2; and
- 2.2.4. Six Hundred Twenty-Five Million Pesos (Php625,000,000.00) in accordance with Section 4.4 (the "Balance of the Total Consideration").

2.3. Execution of the Subscription Agreement Upon Signing of This Agreement. Upon signing of this Agreement and the full payment of the amount under Section 2.2.1 herein, the Investors and PHA shall execute a Subscription Agreement substantially in the form in **ANNEX "A"** to subscribe to Two Hundred Sixty-Three Million Six Hundred Thirty-Six Thousand Three Hundred Sixty-Four (263,636,364) common shares out of the current unissued capital stock of PHA. Within ten (10) Business Days from this occurrence, PHA shall pay the documentary stamp tax and file the tax return corresponding to the original issuance of shares, update its Stock and Transfer Book, file a General Information Sheet with the SEC to reflect the foregoing, provide the Investors with proof thereof and issue the stock certificate corresponding to the foregoing shares.

2.4. Execution of the Subscription Agreement for the Increase of the Authorized Capital Stock. Upon full payment of the amounts under Section 2.2.2 and 2.2.3, the Investors and PHA shall execute a Subscription Agreement substantially in the form in **ANNEX "A"** to subscribe to Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) partially paid common shares out of the increase in authorized capital stock of PHA. Within ten (10) Business Days from SEC approval of the increase in authorized capital stock, PHA shall pay the documentary stamp tax and file the tax return corresponding to the original issuance of shares, update its Stock and Transfer Book and file a General Information Sheet with the SEC to reflect the foregoing.

2.5. Exclusivity. From the date of this Agreement until Closing (unless terminated earlier), PHA shall not directly or indirectly, solicit any offers from, or be involved in any discussions or negotiations with, or enter into any agreement or arrangement with, or provide any information (unless required by law or governmental regulations) about the business of PHA to any third parties with respect to the (i) subscription or issuance of the Subscription Shares to the Investors; or (ii) any other similar transaction(s) as those contemplated under this Agreement.



ARTICLE 3
UNDERTAKINGS PRIOR TO CLOSING

3.1. Undertakings of PHA. Immediately after the signing of this Agreement and /or prior to Closing, PHA and/or its subsidiaries, as applicable and unless clearly specified, shall:

- 3.1.1. Secure Corporate Approvals for the amendment of the articles of incorporation and increase of the authorized capital stock of PHA by at least Three Billion Seven Hundred Forty-Five Million Seven Hundred Seventy-Six Thousand (3,745,776,000) common shares or such number sufficient to cover the Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) common shares to be subscribed by the Investors out of the increase of the authorized capital stock of PHA on or before 18 December 2020.
- 3.1.2. File the application for the amendment of the articles of incorporation and increase of authorized capital stock with the SEC immediately after the payment is made by the Investors under Section 2.2.2 and Section 2.2.3 and secure the Certificate of Amendment and Certificate of Increase of Authorized Capital Stock from the same, pursuant to Section 3.1.1.
- 3.1.3. Update PHA's Stock and Transfer Book to accurately reflect the current list of shareholders following the approval of the SEC of the amendment of the articles of incorporation and increase of authorized capital stock of PHA in Section 3.1.2.
- 3.1.4. File an amended General Information Sheet with the SEC which accurately reflects additional subscription of the Investors of Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) common shares coming from the increase of authorized capital stock of PHA, pay the corresponding documentary stamp taxes to the same and provide proof thereof.
- 3.1.5. Operate its business, including that of PGDI, PHMIC, PSMVI, GLCI and WPP, consistent with past practice.
- 3.1.6. Not make any sale or disposition of the real or personal properties of PHA, PHMIC, PSMVI, GLCI and WPP, unless in the ordinary course of business or with the consent of the Investors.
- 3.1.7. Not cause any amendment, cancellation, or termination of any contract, agreement, arrangement, permit, license, or other authorization relating to the business of PHA, PHMIC, PSMVI, GLCI and WPP, or enter into a contract, agreement, arrangement, permit,

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license or other authorization relating to their business, unless in the ordinary course of business.

3.1.8. Not perform, take any action, implement any policy or incur or permit to exist any act, transaction, event, or occurrence which would be inconsistent with the representations and warranties set forth in this Agreement.

3.1.9 Subject to mutual agreement by the Parties, not: make any dividend declaration and payment or other distributions; make any change in the level of borrowing or in its working capital requirements; repay any borrowing or indebtedness in advance of its stated maturity; cause any increase or decrease in the levels of debts or receivables of PHA; cause any change in accounting methods, principles, or practices by PHA; cause any material adverse change in the financial position or in the prospects of the PHA and ensure that no event, fact or matter has occurred which is likely to give rise to such change; or enter into a new contract, liability, or commitment (whether in respect of capital expenditure or otherwise unless in the usual course of business).

3.1.10 Cause the election of three (3) regular directors and one (1) independent director nominated by the Investors to the PHA Board on or before 18 December 2020.

3.1.11 Cause the appointment of the Chairman, Chairman of the Executive Committee, Treasurer, Chief Operating Officer, and Chief Finance Officer nominated by the Investors on or before 18 December 2020.

3.2. Undertakings of the Investors. Prior to Closing, the Investors shall:

3.2.1. Execute the necessary documents in connection with the application by PHA for the increase of its authorized capital stock and amendment of its articles of incorporation with the SEC as well as those pertaining to the election/appointment of the directors and/or officers to be nominated by the Investors.

3.2.2. The Investor shall reasonably assist PHA in completing the necessary requirements under Section 3.1.1 and 3.1.2.

3.3. Shareholders' Agreement. On or before 18 December 2020, the Investors shall enter into a Shareholders' Agreement which will include, among others, matters relating to the management of PHA, and the option (but not the obligation) to purchase from the Investors the Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) Subscription Shares issued out of the increase of authorized capital stock in the event that the subscription receivables on these shares remain unpaid within the period under Section 4.4 at a price of not more than Thirty-Three Centavos (Php0.33) per share less the amount of the unpaid subscriptions.



3.4. Management Plans. On or before 18 December 2020, the Parties shall convene to discuss and agree to prepare a business plan, debt repayment plan and organization/management team plan.

ARTICLE 4 CLOSING AND POST CLOSING

4.1. Closing. Within five (5) Business Days from the receipt of PHA of the approval from the SEC of its application for the increase of its authorized capital stock and amendment of its articles of incorporation, PHA shall notify in writing the Investors of such approval (the "Closing Notice"). The Parties shall then agree to meet to effect Closing, which shall be no more than fifteen (15) Business Days from receipt of the Closing Notice (the "Closing Date"). The Closing shall take place at the offices of PHA located at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City or at such other date and place as the Parties shall designate.

4.2. On Closing Date (unless otherwise specified or waived), PHA shall deliver to the Investors (the "PHA Closing Documents")

4.2.1. A sworn and notarized certificate in the form attached hereto as **ANNEX "B"** executed by a duly authorized representative of PHA certifying to: (a) the truth and correctness of the representations and warranties under Section 5.1 as of Closing Date, in accordance with Section 6.1.3; and (b) stating that there has been no action or proceeding instituted to restrain or prohibit any of the transactions contemplated in this Agreement, in accordance with Section 6.2.1.

4.2.2. Proof of payment of the documentary stamp taxes over the Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) common shares subscribed by the Investors out of the increase of the authorized capital stock of PHA.

4.2.3. A General Information Sheet duly filed with the SEC reflecting the Two Billion Five Hundred Thirty-Nine Million Three Hundred Ninety-Three Thousand Nine Hundred Thirty-Nine (2,539,393,939) common shares subscribed by the Investors out of the increase of the authorized capital stock of PHA.

4.2.4. Proof of recording of the subscription of the Investors to the increase of authorized capital stock in the Stock and Transfer Book of PHA or similar document.

4.3. Non-Compliance with Closing Obligations. In the event that a Party fails to materially comply with any obligations under this Agreement (whether such failure amounts to repudiatory breach or not), the Parties may, upon agreement: (a) proceed to Closing to the extent reasonably practicable; or (b) postpone Closing to such date as the



Parties may agree, in which case the provisions of this Agreement shall apply as if that other date is the Closing.

4.4. Payment of the Balance of the Total Consideration. The Balance of the Total Consideration consisting of cash and/or assets including shares held by Investors in SPT shall be completely paid or delivered by the Investors to PHA not later than twenty-four (24) months from signing of this Agreement, or at a period mutually agreed by the Parties. The Balance of the Total Consideration shall be paid by the Investors in cash and/or assets including shares held by the Investors in SPT. All regulatory approvals relating to the assignment of assets and/or SPT shares shall be obtained not later than twenty-four (24) months from Closing or as otherwise agreed by the Parties. The Investors shall reasonably assist PHA in completing the necessary requirements to implement the deed of assignment of assets and/or SPT shares.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

5.1. Representations and Warranties of PHA. PHA hereby represents and warrants to the Investors, as of the date of this Agreement and as of Closing Date:

(a) Corporate Matters and Capital Structure

(i) PHA, PGDI, PSMVI, PHMIC, GLCI and WPP are duly incorporated and are validly existing under the laws of the Philippines, and have full power, authority and legal right to own their assets and carry on their businesses.

(ii) PHA has available shares for the Subscription Shares and has duly secured the required Corporate Approvals for its issuance.

(iii) PHA is the beneficial owner of eighty-five percent (85%) of the outstanding capital stock of WPP.

(iv) PHA is the legal and beneficial owner of at least sixty-nine and 22/100 percent (69.22%) of the outstanding capital stock of PGDI equivalent to Three Billion Seven Hundred Seventy-Five Million Three Hundred Seventy-Nine Thousand Nine Hundred Fifty (3,775,379,950) common shares.

(v) PHA is the legal and beneficial owner of at least fifty-four and 99/100 percent (54.99%) of the outstanding capital stock of GLCI equivalent to Eighty-Seven Million Nine Hundred Ninety-Nine Thousand Seven Hundred and Three (87,999,703) common shares.

(vi) PGDI is the legal and beneficial owner of at least ninety-eight and 55/100 percent (98.55%) of the outstanding capital stock of PSMVI equivalent to One Hundred Seventy Million (170,000,000) common shares.



(vii) PGDI is the legal and beneficial owner of at least ninety-eight and 88/100 percent (98.88%) of the outstanding capital stock of PHMIC equivalent to Two Hundred Twenty Million (220,000,000) common shares.

(viii) PHA has obtained the consent of all governmental and non-governmental third parties, including creditors, as applicable, to complete the transactions contemplated in this Agreement.

(ix) Each of the Transaction Documents has been duly authorized and, when executed by PHA and/or its relevant subsidiary or affiliate, as applicable, will constitute its valid and legally binding obligation, enforceable in accordance with its terms. It is solvent and there has been no petition filed, order made, or effective resolution passed for the rehabilitation, liquidation, dissolution, or winding up of PHA and/or its relevant subsidiary or affiliate as applicable.

(x) The execution and performance by PHA of any of its obligations under this Agreement and any of the Transaction Documents contemplated thereby do not: (i) conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default, or require any consent under, any indenture, mortgage, agreement, or other instrument or arrangement to which it is a party or by which it is bound; (ii) violate any of the terms or provisions of PHA's charter; or (iii) violate any authorization, judgment, decree, or order or any statute, law, rule, regulation or requirement applicable to it or its properties.

(b) The Subscription Shares

(i) Upon their issuance, the Subscription Shares shall be duly and validly authorized by all necessary corporate actions of PHA and shall not be subject to any liens, preemptive rights, rights of first refusal, or other restrictions on transfers or third party rights which would not have been waived, and there is no existing agreement, arrangement, or obligation to create or grant a lien or other third party right obligating PHA (or any subsequent transferee) with respect to any of the Subscription Shares and to the knowledge of PHA, no person has claimed to be entitled to a Lien or other right in relation to any of the Subscription Shares.

(c) Assets and Liabilities

(i) All of the outstanding convertible notes issued by PHA are not due and demandable and have been extended until 30 June 2021.

(ii) The short-term loans of PHA in the minimum amount of Seventy-Five Million Pesos (Php75,000,000.00) have been converted to common shares of PHA.

(iii) PHA is free from liabilities other than its loans from its shareholders amounting to One Hundred Two Million Four Hundred Thirteen Thousand Six Hundred Eighty-Five Pesos (Php102,413,685.00), its loans from third parties amounting to One Hundred Ninety-Eight Million Five Hundred Twenty-Five



Thousand Pesos (Php198,525,000.00), its loans from banks amounting to Fifteen Million Pesos (Php15,000,000.00), the principal amount of its outstanding convertible notes, current operating liabilities, current trade payables, and interest payables as of 31 July 2020.

(iv) The Contract Mining Agreement between PGDI and Cagdianao Mining Corporation dated 28 May 2019 for services rendered in Cagdianao, Province of Dinagat covered by the latter's MPSA No. 078-97-XIII remains to be valid and existing and has not been terminated by any of the parties thereto.

(v) The MPSAs are valid and existing and has not been terminated or cancelled by the Republic of the Philippines and are not the subject of any cancellation and/or termination proceedings by the Department of Environment and Natural Resources and/or the Mines and Geosciences Bureau.

(vi) PHA, WPP and/or its subsidiaries and/or affiliates, has the legal and/or beneficial title, with direct and/or indirect interest to the WPP Properties.

(vii) The real property tax on the WPP Properties have been fully paid and up to date.

(viii) PHA, WPP and/or its subsidiaries and/or affiliates, have not created any Lien over the WPP Properties, other than that provided in the Amended Letter Agreement, Real Estate Mortgage Agreement, Land Purchase Agreement, Permitting Agreement and Share Acquisition Agreement between PHA and WPP and Uni-Linkland Properties, Inc. dated 22 January 2020 and that they are not currently in default under any provision of the aforesaid agreements.


(ix) PHA, WPP and/or its subsidiaries and/or affiliates have secured waivers of rights over the forest lands in Puerto Princesa, Palawan with an area of Three Hundred Forty-Seven (347) hectares and is in the process of securing tax declarations and stewardship agreements from the national government over the same.

(x) The Compromise Agreement between Maria Victoria V. Leano, Gerardo S. Javarez, Josy Jimenea Javarez, Cresencio S. Javarez, Jr., Jacelyn Cruz-Javarez, and WPP dated July 2019 in the case of Maria Victoria V. Leano v. Gerardo S. Javarez, et al. docketed as Civil Case No. 2018-109 in relation to the property covered by Transfer Certificate of Title No. 3460 issued by the Register of Deeds of Puerto Princesa has been approved by the Regional Trial Court of Parañaque City.

(xi) GLCI is the legal and/or beneficial owner of the GLCI Properties.

(xii) PHA, GLCI and/or its subsidiaries and/or affiliates, have not created any Lien over the GLCI Properties, other than what is provided in **ANNEX "D"**.

(xiii) PHA, PGDI, GLCI, WPP, PHMIC and PSMVI are not in default of any loan covenant or any other provision of their loans, credit facilities, promissory



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notes and/or similar instruments with banks, financial and non-financial institutions and other third-party creditors.

(xiv) PHA, PGDI, GLCI, WPP, PHMIC and PSMVI have not incurred any additional loans and/or liabilities other than in the usual course of business operations.

(d) Regulatory

(i) PHA, PGDI, GLCI, WPP, PSMVI, PHMIC have obtained all material permits, licenses, concessions, and other governmental authorizations, certificates, consents and approvals necessary to: (a) conduct their business and operate their assets as presently conducted and operated; and (b) own their assets.

(e) Litigation

(i) PHA, PGDI, GLCI, WPP, PHMIC and PSMVI are currently not involved, whether as plaintiff or defendant or otherwise, in any civil, criminal or arbitration proceedings in relation to the Subscription Shares, the MPSAs, the WPP Properties and the GLCI Properties (apart from debt collecting in the ordinary course of business) or in any such proceedings before any tribunal, and which may affect the consummation of the transactions contemplated in this Agreement.

(ii) The arbitration case filed by Fenway International Inc. against PHMIC and PSMVI claiming rights over the MPSA has been validly withdrawn and terminated in accordance with the rules of the International Chamber of Commerce.

5.2. Representations and Warranties of the Investors. The Investors hereby represent and warrant to PHA, as of the date of this Agreement and as of Closing Date:

(a) General

(i) The Investors have obtained the consent of all the concerned parties, including government agencies and existing creditors, as applicable, to complete the transactions under this Agreement.

(ii) The Investors have full power, authority, financial capacity, and legal right to enter into this Agreement and to execute and deliver this Agreement. The execution and performance by the Investors of their obligations and the consummation of the transactions contemplated hereby will not result in the breach or cancellation or termination of any of the terms or conditions of, or constitute a default under any agreement, commitment, or other instrument to which the Investors are a party or by which the Investors may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction, or decree of any court, administrative agency or governmental body affecting the Investors, which

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violation will materially and adversely affect the subscription by the Investors of Subscription Shares.

(b) Squidpay Technology Inc.

(i) SPT is duly incorporated and validly existing under the laws of the Philippines, and has full power, authority, financial capacity, and legal right to own its assets and carry on its businesses.

(ii) The Investors are the legal and/or beneficial owners of one hundred percent (100%) of the outstanding capital stock of SPT.

(iii) SPT has an application for EMI License pending approval by the BSP.

5.3. Warranties Accompanying the Assignment of the SPT Shares. In the event that the Investors shall pay the Balance of the Total Consideration through the assignment of SPT Shares, the Investors shall warrant the following, unless otherwise included in the disclosure letter to be submitted to PHA at the time of the assignment:

(i) SPT is free from liabilities other than what is provided in the latest audited and interim financial statements of SPT.

(ii) SPT is the legal and/or beneficial owner of properties disclosed in the latest audited and interim financial statements of SPT.

(iii) SPT has not created any Lien over its properties, other than what is provided in the latest audited and interim financial statements of SPT.

(iv) SPT is not in default of any loan covenant or any other provision of its loans, credit facilities, promissory notes and/or similar instruments with banks, financial and non-financial institutions and other third-party creditors.

(v) SPT has not incurred any additional loans and/or liabilities other than in the usual course of business operations or other than what is provided in the latest audited and interim financial statements of SPT.

(vi) SPT has obtained all material permits, licenses, concessions, and other governmental authorizations, certificates, consents and approvals necessary to: (a) conduct its business and operate its assets as presently conducted and operated; and (b) own its assets.

(vii) SPT is not currently involved, whether as plaintiff or defendant or otherwise, in any civil, criminal, or arbitration proceedings or in any such proceedings before any tribunal.

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ARTICLE 6
CONDITIONS TO THE INVESTORS' AND PHA'S OBLIGATIONS

6.1. The subscription of the Investors to the Subscription Shares, is conditioned upon the satisfaction, at or prior to Closing Date, of the following conditions:

6.1.1. Corporate and Governmental Authorizations. PHA has obtained all the corporate and governmental approvals and authorizations necessary for the execution, delivery and performance of the Agreement.

6.1.2. No Material Adverse Change. From the date of this Agreement until the Closing Date, there have been no material adverse change in PHA, PDGI, WPP, GLCI, PHMIC and PSMVI, the Subscription Shares, MPSAs, WPP Properties and GLCI Properties.

6.1.3. Truth of Representations and Warranties. The representations and warranties of PHA contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date.

6.1.4. No Litigation Threatened. From the date of this Agreement and until Closing Date, PHA, PDGI, WPP, GLCI, PHMIC and PSMVI are not parties to or have been notified of any action or proceeding which has been instituted or is threatened before a court or other governmental body or by any public authority to restrain or prohibit any of the transactions contemplated hereby.

6.2. The issuance of the Subscription Shares by PHA is conditioned upon the satisfaction, at or prior to Closing Date, of the following conditions:

6.2.1. No Litigation Threatened. No action or proceeding has been instituted, or to the knowledge of the Investors, threatened before a court or other government body or by any public authority to restrain or prohibit any of the transactions contemplated hereby.

6.2.2. Authorizations. The Investors, as applicable, have obtained all authorizations and approvals, corporate or otherwise, necessary to authorize the execution, delivery, and performance of this Agreement.

6.2.3. Truth of Representations and Warranties. The representations and warranties of the Investors in this Agreement are true and correct in all material aspects on and as of Closing Date with the same effect as though such representations and warranties had been made on and as of such date.

ARTICLE 7
TAXES

7.1. Taxes. Taxes, registration fees, and other similar fees and taxes due on the original issuance of the Subscription Shares shall be for the account of PHA.


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ARTICLE 8 INDEMNIFICATION

8.1. Indemnity. A Party (the "Indemnifying Party") shall indemnify the other Party (the "Indemnified Party"), without prejudice to the limitations specified in Section 8.2 and 8.3 hereof, from all costs, losses, claims, damages and liabilities, including reasonable attorneys' fees (the "Losses"), incurred by such Indemnified Party and arising out of any breach by the Indemnifying Party of any material obligation or warranty contained in this Agreement, except to the extent such Losses relate to the gross negligence or willful misconduct of the Indemnified Party.

8.2. Limitation on Liability. Notwithstanding any other provision of this Agreement, no Party shall be entitled to indirect, moral, exemplary, nominal, or consequential losses or damages arising out of or in connection with this Agreement.

8.3. Notice. The Indemnified Party may not bring any claim for Losses against the Indemnifying Party, unless the Indemnified Party gives written notice of any such claim, specifying in reasonably sufficient detail the nature of the breach and, to the extent practicable, the amount claimed in respect thereof.

8.4. Survival of Representations and Warranties. The representations and warranties of the Parties hereto contained in this Agreement and the indemnification obligations related thereto pursuant to Sections 8.1 shall survive the Closing but shall terminate and be of no further force or effect upon the expiration of twenty-four (24) months after the Closing Date; and a Party cannot raise an indemnity claim against another Party after such expiration.

8.5. Failure to Close. In the event that Closing does not occur on or before the Long Stop Date, or such later date as may be mutually determined by the Parties, for any reason, this Agreement shall automatically terminate in all respects upon written notice thereby from the Investors to PHA. Upon such termination, all Parties shall be deemed released from any and all obligations that they may have under this Agreement, without prejudice to the rights and/or remedies that may have accrued in favor of the Investors for any breach committed by PHA prior to such termination, inclusive of the right to demand the immediate return of any payments made herein to the Investor except that paid under Section 2.2.1.

8.6. Exclusive Remedy. After the Closing Date, the indemnification provided for in this Article 8 shall be the sole and exclusive remedy of a Party hereto for asserting claims for Losses with respect to the matters covered under Section 8.1, except in cases of fraud, intentional misrepresentation, willful misconduct or criminal conduct by the other Party. The foregoing however shall not limit any right or remedy of a Party available at law or in equity to seek to enforce any covenant, agreement or obligation under this Agreement.



ARTICLE 9
TERMINATION AND DISPUTE RESOLUTION

9.1. Amicable Settlement. Any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including any questions regarding its existence, validity or termination, or regarding a breach thereof (each a "Dispute") shall, so far as is possible, be settled amicably between the Parties within thirty (30) days after written notice of such Dispute has been given by one Party to the other Parties. The settlement and, if any, arbitral proceedings pursuant to Section 9.2 shall be kept confidential. If the Parties are unable to settle any such Dispute within such thirty (30)-day period, such Dispute shall be submitted for mediation to PHA's President or his nominee and one of the Investors or his nominee. Such persons shall mediate the Dispute in an effort to assist the Parties to reach a resolution of the Dispute mutually acceptable to the Parties. If the matter is not resolved within thirty (30) days after it has been submitted to such officers, any Party may refer such Dispute to arbitration as set forth in Section 9.2.

9.2. Arbitration Procedure. (a) Subject to Section 9.1, any Dispute shall be finally settled by arbitration under and in accordance with the Philippine Dispute Resolution Center, Inc. (the "Rules") as at present in force, which Rules are deemed to be incorporated by reference into this Section 9.2. The place of arbitration shall be in Pasig. The tribunal shall consist of three (3) arbitrators. The first arbitrator shall be appointed by the Party which provided notice in writing to the other Party informing the latter of its intention to initiate arbitration. The other Party shall appoint the second arbitrator within one (1) month from receipt of the aforementioned notice. The two arbitrators shall appoint the third arbitrator. The proceedings shall be conducted in English, and the arbitrators shall be conversant in and have a thorough command of the English language. The award rendered by the arbitrators shall be final, conclusive and binding on the Parties and judgment thereon may be entered and enforced in any court of competent jurisdiction.

9.3. Termination by Mutual Agreement. Notwithstanding the provisions under Sections 9.1 and 9.2, the Parties, by mutual agreement, may terminate this Agreement. In such case, any and all amounts paid by the Investors except that paid under Section 2.2.1 shall be returned to them and the Parties shall be restored to their circumstances prevailing before Closing. Each Party shall bear its own costs for the mutual restitution under this provision.

ARTICLE 10
MISCELLANEOUS

10.1. Notices. Any notice to be given by any Party to this Agreement shall be in writing and in English and shall be delivered personally or sent by certified, registered (return receipt requested) or express mail, postage prepaid, electronic mail or private courier. Any such notice shall be deemed given when received and shall be addressed as follows:


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10.1.1. if to PHA to:

AUGUSTO ANTONIO C. SERAFICA, JR.
President
Premiere Horizon Alliance Corp.
1705 East Tower, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City
acs@premierehorizon.com

10.1.2. if to the Investors to:

MARVIN DELA CRUZ
2402D West Tower, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City
mdc@squid.ph

Any Party may, by notice given in accordance with this Section to the other Parties, designate another address or Person for receipt of notices hereunder.

10.2. Entire Agreement. This Agreement and the Schedules, Annexes and other documents referred to herein, contain the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

10.3. Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by all the Parties or, in the case of a waiver, by the Party waiving compliance. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

10.4. Binding Effect; No Assignment, No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Neither this Agreement, nor any right hereunder, may be assigned by any Party without the prior written consent of the other Party, except that the Assignee may designate a related party to be the Assignee prior to the Closing. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

10.5. No Joint Venture or Partnership. Notwithstanding anything set forth herein to the contrary, the Parties hereby acknowledge that it is their intention and understanding that the transactions contemplated hereby do not in any way constitute or imply the formation of a joint venture or partnership between the Parties for tax purposes, nor confer upon any Party the right or power to act as agent for, or the responsibility for the acts or commitments of, any other Party.



10.6. Counterparts. This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be considered an original, but all of which taken together shall constitute one and the same instrument.

10.7. Severability. If any provision contained in this Agreement or any part thereof shall for any reason be held invalid or unenforceable in any respect under the laws of the Philippines or any other relevant jurisdiction, the remainder of the Agreement shall remain in effect, to the extent permitted by law, and the Parties will negotiate in good faith to replace such provision in light of the intention of the Parties expressed herein.

10.8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Philippines.

10.9. Publicity. Except as otherwise required by law or any applicable national securities exchange, none of the Parties shall issue any press release or make any other public statement, in each case relating to, connected with or arising out of this Agreement or the matters contained herein, without obtaining the prior approval of the other Party.

10.10. Expenses. The Parties shall pay all of their own expenses relating to the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of their own brokers, finders, agents, representatives, financial consultants, accountants and counsels, except as otherwise agreed.

(Signature page follows)


A handwritten signature in black ink, appearing to be the initials 'RAN' with a stylized flourish underneath.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and place first above written.

**MARVIN DELA CRUZ, RAISSA ABAINZA
QUERI, ENRICO ALFONSO TAMAYO,
HARRISON YAP, and ROGELIO DE**

RAMA
Investors

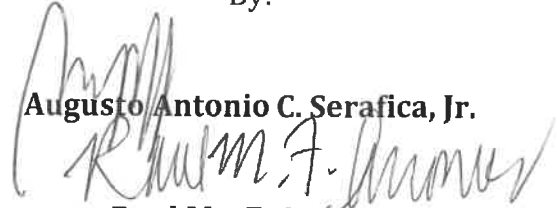
By:



Marvin Dela Cruz

**PREMIERE HORIZON ALLIANCE
CORPORATION**

By:



Augusto Antonio C. Serafica, Jr.

Raul Ma. F. Anonas

ANNEX A: FORM OF SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this ___ day of _____ 2020, in _____ City, by and between:

_____, of legal age, Filipino, and with address at _____ (hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of _____ Pesos (Php_____.00) divided into _____ (_____) common shares with a par value of _____ Peso (Php_____.00) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on _____;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to _____ (_____) common shares of the Issuer at a subscription price of _____ Pesos (Php____) per share, for a total subscription price of _____ Pesos (Php_____.00), the receipt of which is acknowledged by the Issuer.

2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.

3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.

4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.

**PREMIERE HORIZON ALLICANCE
CORPORATION**

Issuer

By:

Subscriber

By:

[insert notarial page]

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this 29th day of October 2020, in PASIG CITY City, by and between:

MARVIN DELA CRUZ, 
 Metro Manila (hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of Five Hundred Sixty-Three Million Five Hundred Fifty-Six Thousand Pesos (Php563,556,000.00) divided into Two Billion Two Hundred Fifty-Four Million Two Hundred Twenty-Four Thousand (2,254,224,000) common shares with a par value of Twenty-Five Centavos (Php0.25) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on 29 October 2020;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to Two Hundred Forty-Two Million Four Hundred Twenty-Four Thousand Two Hundred Forty-Three (242,424,243) common shares of the Issuer at a subscription price of Thirty-Three Centavos (Php0.33) per share, for a total subscription price of Eighty Million Pesos (Php80,000,000.00), the receipt of which is acknowledged by the Issuer.

2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.

3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.

Rfa

4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

(signature page follows)

Rfn

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.


PREMIERE HORIZON ALLIANCE CORPORATION

Issuer

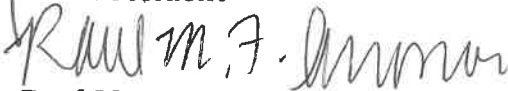


MARVIN DELA CRUZ
Subscriber

By:



Augusto Antonio C. Serafica, Jr.
President



Raul Ma. F. Anonas
Chief Operating Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

City of _____) S.S.

PASIG CITY

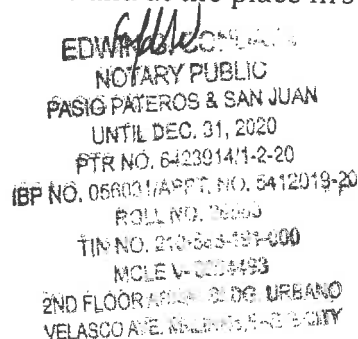
BEFORE ME, a Notary Public for and in **PASIG CITY** on this 29 day of OCT 29 2020, 2020 personally appeared:

NAME	Issued ID	Place/Date of Issue
Marvin Dela Cruz	[REDACTED]	[REDACTED]
Augusto Antonio C. Serafica, Jr.	[REDACTED]	[REDACTED]
Raul Ma. F. Anonas	[REDACTED]	[REDACTED]

Known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed. This instrument refers to a *Subscription Agreement* which consists of three (3) pages, including the page whereon this acknowledgment is written, and which is signed by the parties and instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place first written above.

Doc. No. 199
Page No. 41
Book No. CLLXIX
Series of 2020.


EDWIN S. VELASCO
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 6423914/1-2-20
IBP NO. 058001/APPT. NO. 5412019-20
ROLL NO. 26000
TIN NO. 210-563-187-000
MCLE V-000493
2ND FLOOR, BLDG. URBANO
VELASCO AVE. RAILROAD CROSSING, PASIG CITY

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this 29th day of October 2020, in PASIG CITY City, by and between:

RAISSA ABAINZA QUERI, [REDACTED] P.
[REDACTED] Manila (hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of Five Hundred Sixty-Three Million Five Hundred Fifty-Six Thousand Pesos (Php563,556,000.00) divided into Two Billion Two Hundred Fifty-Four Million Two Hundred Twenty-Four Thousand (2,254,224,000) common shares with a par value of Twenty-Five Centavos(Php0.25) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on 29 October 2020;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to Twelve Million One Hundred Twenty-One Thousand Two Hundred Twelve (12,121,212) common shares of the Issuer at a subscription price of Thirty-Three Centavos (Php0.33) per share, for a total subscription price of Four Million Pesos (Php4,000,000.00), the receipt of which is acknowledged by the Issuer.
2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.

RFA

Alein

3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.

4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

(signature page follows)

Alvin

RJM

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.

PREMIERE HORIZON ALLIANCE CORPORATION
Issuer

RAISSA ABAINZA QUERI
Subscriber

By:

Augusto Antonio C. Serafica, Jr.
President

Raul Ma. F. Anonas
Chief Operating Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
City of _____) S.S.

PASIG CITY

OCT 29 2020

BEFORE ME, a Notary Public for and in **PASIG CITY** on this ____ day of _____, 2020 personally appeared:

NAME	Issued ID	Place/Date of Issue
Raissa Abainza Queri	[REDACTED]	[REDACTED]
Augusto Antonio C. Serafica, Jr.	PH Passport No. P2246276A	Issued on 11 March 2017 and expiring on 10 March 2022
Raul Ma. F. Anonas	PH Passport No. P2087338A	Issued on 2 March 2017 and expiring 1 March 2022

Known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed. This instrument refers to a *Subscription Agreement* which consists of three (3) pages, including the page whereon this acknowledgment is written, and which is signed by the parties and instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place above written.

Doc. No. 290
Page No. 46
Book No. CCXIX
Series of 2020.

MARIA ELENA M. PATEROS
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 042021411-0-20
IBP NO. 05-00000000-0412019-20
TIN NO. 0000-199-000
SOLE V-000493
2ND FLOOR ARNAL BLDG. URBANO
VELASCO AVE. MALINAO, PASIG CITY.

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this 29th day of October 2020, in PASIG CITY City, by and between:

ROGELIO DE RAMA, [REDACTED] (hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of Five Hundred Sixty-Three Million Five Hundred Fifty-Six Thousand Pesos (Php563,556,000.00) divided into Two Billion Two Hundred Fifty-Four Million Two Hundred Twenty-Four Thousand (2,254,224,000) common shares with a par value of Twenty-Five Centavos (Php0.25) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on 29 October 2020;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to Three Million Thirty Thousand Three Hundred Three (3,030,303) common shares of the Issuer at a subscription price of Thirty-Three Centavos (Php0.33) per share, for a total subscription price of One Million Pesos (Php1,000,000.00), the receipt of which is acknowledged by the Issuer.

2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.

3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.

4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

(signature page follows)


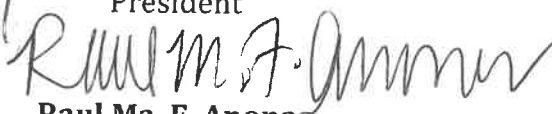
A handwritten signature in black ink, located on the right side of the page. The signature is stylized and appears to be a name.A handwritten signature in black ink, located at the bottom center of the page. The signature is stylized and appears to be a name.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.

**PREMIERE HORIZON ALLIANCE
CORPORATION**
Issuer


ROGELIO DE RAMA
Subscriber



By:


Augusto Antonio C. Serafica, Jr.
President

Raul Ma. F. Anonas
Chief Operating Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
City of PASIG CITY, S.S.


OCT 29 2020
BEFORE ME, a Notary Public for and in PASIG CITY on this ___ day of ___, 2020
personally appeared:

NAME	Issued ID	Place/Date of Issue
Rogelio De Rama		
Augusto Antonio C. Serafica, Jr.	PH Passport No. P2246276A	Issued on 11 March 2017 and expiring on 10 March 2022
Raul Ma. F. Anonas	PH Passport No. P2087338A	Issued on 2 March 2017 and expiring 1 March 2022

Known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed. This instrument refers to a *Subscription Agreement* which consists of three (3) pages, including the page whereon this acknowledgment is written, and which is signed by the parties and instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place first written above.

Doc. No. 202
Page No. 112
Book No. CC091X
Series of 2020.


EDWING G. CONDAYA
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 6420141-2-20
IBP NO. 0560314971, MCLE V-000493
ROLL NO. 1111
TIN NO. 210-8000-1-000
MCLE V-000493
2ND FLOOR ARMAL BLDG. URBANO
VELASCO AVE. MALINAO, PASIG CITY

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this 29th day of October 2020, in _____ City, by and between:

PASIG CITY

ENRICO ALFONSO TAMAYO, 

(hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of Five Hundred Sixty-Three Million Five Hundred Fifty-Six Thousand Pesos (Php563,556,000.00) divided into Two Billion Two Hundred Fifty-Four Million Two Hundred Twenty-Four Thousand (2,254,224,000) common shares with a par value of Twenty-Five Centavos (Php0.25) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on 29 October 2020;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to Three Million Thirty Thousand Three Hundred Three (3,030,303) common shares of the Issuer at a subscription price of Thirty-Three Centavos (Php0.33) per share, for a total subscription price of One Million Pesos (Php1,000,000.00), the receipt of which is acknowledged by the Issuer.
2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.
3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.






4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

(signature page follows)

A handwritten signature in blue ink, consisting of a vertical line with a loop at the bottom and a horizontal stroke at the top.A handwritten signature in black ink, appearing to be the letters 'Rfu' in a cursive style.

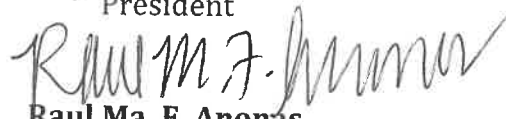
IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.

PREMIERE HORIZON ALLIANCE CORPORATION
Issuer


ENRICO ALFONSO TAMAYO
Subscriber

By:




Augusto Antonio C. Serafica, Jr.
President


Raul Ma. F. Anonas
Chief Operating Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES
City of _____) S.S.


BEFORE ME, a Notary Public for and in **PASIG CITY** on this **OCT 29 2020** day of _____, 2020 personally appeared:

NAME	Issued ID	Place/Date of Issue
Enrico Alfonso Tamayo		
Augusto Antonio C. Serafica, Jr.	PH Passport No. P2246276A	Issued on 11 March 2017 and expiring on 10 March 2022
Raul Ma. F. Anonas	PH Passport No. P2087338A	Issued on 2 March 2017 and expiring 1 March 2022

Known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed. This instrument refers to a *Subscription Agreement* which consists of three (3) pages, including the page whereon this acknowledgment is written, and which is signed by the parties and instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place first written above.

Doc. No. 203
Page No. 43
Book No. CC41X
Series of 2020.


EDWINA S. CONDAYA
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 8423314/1-2-20
IBP NO. 058031/APPT. NO. 5412019-20
ROLL NO. 26683
TIN NO. 210-588-191-000
MCLE V-0004493
ARMA BLDG. URBANO
MAYORALDADO, PASIG CITY

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made this 29th day of October 2020, in Manila City, by and between:

HARRISON YAP,  (hereinafter referred to as the "Subscriber")

-and-

PREMIERE HORIZON ALLIANCE CORPORATION, a corporation duly organized and existing under the laws of the Philippines, with address at 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by its President and Chief Executive Officer, **AUGUSTO ANTONIO C. SERAFICA, JR.** and its Chief Operating Officer, **RAUL MA. F. ANONAS** (hereinafter referred to as the "Issuer")

WITNESSETH THAT-

WHEREAS, currently, the Issuer has an authorized capital stock of Five Hundred Sixty-Three Million Five Hundred Fifty-Six Thousand Pesos (Php563,556,000.00) divided into Two Billion Two Hundred Fifty-Four Million Two Hundred Twenty-Four Thousand (2,254,224,000) common shares with a par value of Twenty-Five Centavos (Php0.25) per share;

WHEREAS, the Subscriber offered to infuse additional capital into the Issuer in exchange for common shares of the Issuer (the "Investment") and the Issuer has accepted the same pursuant to the Memorandum of Agreement executed between the parties on 29 October 2020;

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby agree as follows:

1. The Subscriber hereby subscribes to Three Million Thirty Thousand Three Hundred Three (3,030,303) common shares of the Issuer at a subscription price of Thirty-Three Centavos (Php0.33) per share, for a total subscription price of One Million Pesos (Php1,000,000.00), the receipt of which is acknowledged by the Issuer.
2. Each party represents to the other party that all approvals (corporate or otherwise) required for the execution and delivery of this Agreement have been obtained and that this Agreement constitutes a binding obligation of such party, enforceable in accordance with its terms.
3. The documentary stamp tax due on the original issuance of the shares subject of this Agreement and other costs for such issuance shall be for the account of the Issuer.

Rfa

4. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

5. This Agreement shall be governed by the laws of the Philippines.

(signature page follows)

A handwritten signature in black ink, appearing to be the initials 'RJM' with a stylized flourish extending downwards.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and place above written.

**PREMIERE HORIZON ALLIANCE
CORPORATION**

Issuer

By:


Augusto Antonio C. Serafica, Jr.
President


Raul Ma. F. Anonas
Chief Operating Officer


HARRISON YAP
Subscriber

ACKNOWLEDGMENT

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

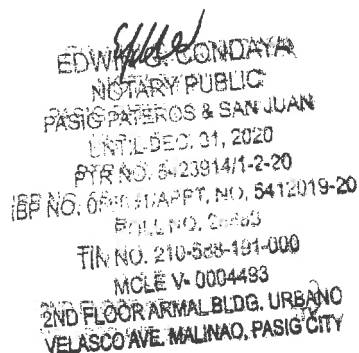
BEFORE ME, a Notary Public for and in PASIG CITY on this 09 day of OCT 2020, 2020 personally appeared:

NAME	Issued ID	Place/Date of Issue
Harrison Yap	[REDACTED]	[REDACTED]
Augusto Antonio C. Serafica, Jr.	PH Passport No. P2246276A	Issued on 11 March 2017 and expiring on 10 March 2022
Raul Ma. F. Anonas	PH Passport No. P2087338A	Issued on 2 March 2017 and expiring 1 March 2022

Known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed. This instrument refers to a *Subscription Agreement* which consists of three (3) pages, including the page whereon this acknowledgment is written, and which is signed by the parties and instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place first written above.

Doc. No. 201
Page No. 42
Book No. CCAX
Series of 2020.


EDWINA G. CONDAYA
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
BYR NO. 6423914/1-2-20
IBP NO. 6423914/1-2-20
PILL NO. 2020
TIN NO. 210-888-191-000
MCLE V-0004493
2ND FLOOR ARMAL BLDG. URBANO
VELASCO AVE. MALINAO, PASIG CITY

ANNEX “G”

A. COPIES OF ALL AGREEMENTS DULY EXECUTED THAT ARE RELEVANT TO THE TRANSACTION

Please see attached:

Annex A –Memorandum of Agreement dated October 29, 2020.

Annex B - Subscription Agreement dated October 29, 2020 between PHA and Mr. Marvin Dela Cruz.

Annex C - Subscription Agreement dated October 29, 2020 between PHA and Ms. Raissa Abainza Queri.

Annex D - Subscription Agreement dated October 29, 2020 between PHA and Mr. Rogelio de Rama.

Annex E - Subscription Agreement dated October 29, 2020 between PHA and Mr. Enrico Alfonso Tamayo

Annex F – Subscription Agreement dated October 29, 2020 between PHA and Mr. Harrison Yap.

B. NATURE AND DESCRIPTION OF THE PROPOSED TRANSACTION, INCLUDING THE TIMETABLE FOR IMPLEMENTATION, AND RELATED REGULATORY REQUIREMENTS IF APPLICABLE

The transaction involves the subscription of a group of investors to new shares. Summarized below is the schedule of subscription and applicable regulatory requirements:

Oct 29, 2020	MOA signing and subscription and full payment by the investor group to 263.6M new shares at Php0.33 per share corresponding to 11.7% post-subscription from the remaining unissued capital stock out of the total authorized capital stock of 2.254B shares.
Dec 17, 2020	Annual shareholders meeting. Seek shareholder approval and ratification for: i. an increase in the company’s Authorized Capital Stock of 3.746B shares to a total ACS of 6.0B shares; and ii. the subscription to 2.803B shares by the investor group consisting of: a. 263.6M fully paid shares; and b. 2.54B partially paid shares (25% paid-up) iii. approval of the transaction in compliance with the PSE Rules on Backdoor Listing and Additional Listing of Shares Collectively, the above subscription will allow the investor group to own 55% of PHA, post-subscription to the increase in authorized capital stock.
Dec 18, 2020	Signing of the Subscription Agreement covering 2.54B new shares.

January 2021	Application to SEC for the increase in ACS of 3.746B shares to get to a total of 6.0B shares post increase in ACS.
Q1 2021	Target for SEC approval of the increase in ACS.

C. REASON/PURPOSE OF THE TRANSACTION INCLUDING THE BENEFITS WHICH ARE EXPECTED TO BE ACCRUED TO THE LISTED ISSUER AS A RESULT OF THE TRANSACTION

As a countryside enabler, PHA is involved in three business pursuits: mining, real estate, and tourism. Mining helps put value to natural resources, real estate unlocks countryside land values, and tourism helps promote the countryside's natural beauty and provides a source of income to local residents. Consistent with our vision and mission of invigorating the countryside, PHA also intends to enter the Fintech industry by making SquidPay Technology, Inc. (“SPT”) a subsidiary (subject to a valuation beneficial to PHA shareholders). PHA envisions to help empower the unbanked and the general population through SPT's electronic payment and collection system. The need to partner with the investor group is vital as it includes the necessary cash infusion and new business partnerships. The synergies in the four businesses will allow PHA to increase shareholder value further.

D. THE AGGREGATE VALUE OF THE CONSIDERATION, EXPLAINING HOW THIS IS TO BE SATISFIED, INCLUDING THE TERMS OF ANY ARRANGEMENTS FOR PAYMENT ON A DEFERRED BASIS

The aggregate value of the consideration is Nine Hundred Twenty-Five Million Pesos (Php925,000,000.00), representing Two Billion Eight Hundred Three Million Thirty Thousand Three Hundred three (2,803,030,303) common shares of PHA valued at Php 0.33 per share. This shall be paid as follows:

1. The amount of Eighty-Seven Million Pesos (Php87,000,000.00) upon execution of the agreement;
2. One Hundred Thirteen Million Pesos (Php113,000,000.00) on or before 18 December 2020;
3. One Hundred Million Pesos (Php100,000,000.00) before the filing of the increase of authorized capital stock of PHA; and

Six Hundred Twenty-Five Million Pesos (Php625,000,000.00) consisting of cash and/or assets, including shares held by Investors in SPT, to be paid or delivered not later than twenty-four (24) months from the signing of the agreement, or at a mutually agreed period of the parties. The proposed acquisition of SPT shares is subject to an acceptable valuation that will be beneficial to PHA shareholders.

E. THE BASIS UPON WHICH THE CONSIDERATION OR THE ISSUE VALUE WAS DETERMINED

The issue value of Php 0.33 per share approximates the consolidated audited net book value per share of PHA as of December 31, 2019.

F. FOR CASH CONSIDERATIONS, THE DETAILED WORK PROGRAM OF THE APPLICATION OF PROCEEDS, THE CORRESPONDING TIMETABLE OF DISBURSEMENTS AND STATUS OF EACH PROJECT INCLUDED IN THE WORK PROGRAM. FOR DEBT RETIREMENT APPLICATION, STATE WHICH PROJECTS WERE FINANCED BY DEBT BEING RETIRED, THE PROJECT COST, AMOUNT OF PROJECT FINANCED BY DEBT AND FINANCING SOURCES FOR THE REMAINING COST OF THE PROJECT

Of the Transaction consideration, Php300M cash will be paid to PHA within the next few months while the balance of Php625M will be paid in either cash, assets or a combination of both within a two-year period. Given these, PHA's plans for usage of proceeds only cover the initial Php300M.

The Php300M proceeds will be used to continue PHA's primary business as an investment holding company. The biggest use (42% of the proceeds) will be to fund the continuing business development activities of the subsidiaries. The second biggest (29%) use will be for debt and liabilities servicing. The remaining balance of 29% will be used for taxes and licenses as well as for PHA's operating expenses. The table summarizes the uses as well as the timetable of disbursements.

	2020	2021
Advances to subsidiaries for business development	80	45
Debt and liability services	74	12
Taxes and licenses	51	3
Operating expenses	5	30
	210	90
	300	

G. THE LISTED COMPANY MUST PRESENT A STATEMENT OF ACTIVE BUSINESS PURSUITS AND OBJECTIVES WHICH DETAILS THE STEPS UNDERTAKEN AND PROPOSED TO BE UNDERTAKEN BY THE ISSUER IN ORDER TO ADVANCE ITS BUSINESS

There is no change in PHA's business pursuits and objectives. The company will continue to undertake existing business plans in the mining, real estate and tourism industries.

H. EFFECTS IN THE LISTED COMPANY BEFORE AND AFTER THE TRANSACTION ON THE FOLLOWING:

1. Increase in Authorized Capital Stock
Increase in ACS by Php936,444,000 representing 3,745,776,000 shares to reach 6,000,000,000 shares with a par value of Php 0.25 per share
2. Change in Nature of Business
There is no change in the nature of business as an investment holding company.
3. Change in Board of Directors and Officers
Upon closing on December 18, 2020 (after the AGM on December 17, 2020), the new investor will nominate 4 directors to the BOD (3 regular members and 1 independent) out of the total nine board seats.
4. Change in Name
There will be no change in name.
5. Organizational Structure (Including Percentage Holdings to Total Outstanding Shares) of the Issuer Before and After the Transaction

Prior to the Transaction, the investor group owns 0% of PHA.

After the Transaction, the investor group will own 55% of PHA.

After securing the approval of the shareholders from the Annual Shareholders Meeting, the investor group shall have the right to appoint the Chairman, Executive Committee Chairman, Chief Operating Officer, Chief Financial Officer and Treasurer

6. Capital Structure of the Listed Company

Please see Annex H.

I. ADDITIONAL INFORMATION ON THE UNLISTED COMPANY INCLUDING BUT NOT LIMITED TO:

Nature and business

Squidpay Technology, Inc., was registered in the Philippines Securities and Exchange Commission on May 21, 2020. The Company's primary purpose is to provide online and offline payment solutions for automated fare collections, bills payment, e-commerce payments, merchants payment services and electronic loading. Its principal office is located in 2402D Philippine Stock Exchange Center, San Antonio, Pasig City.

Please See Annex I for the AOI and Annex J for the BS and IS as of 9 Nov 2020.

Discussion of major projects and investments

Please see Annex K.

List of subsidiaries and affiliates, with percentage holdings

Name of Subsidiary or Affiliate	% Ownership
None	0

Capital structureAuthorized capital stock

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Subscribed Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Paid-Up Capital

Amount	100,000,000
Number of Shares	400,000,000

Issued Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Outstanding Shares

Type of Security	Amount	Number of Shares
Common	100,000,000	400,000,000

Par Value

Type of Security	Amount
Common	0.25

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
Marvin Dela Cruz	300,000,000	75
Raissa Abainza Queri	55,000,000	13.75
Enrico Alfonso Tamayo	20,000,000	5
Harrison Hao Yap	20,000,000	5
Rogelio De Rama	5,000,000	1.25

Board of Directors

Name	(Regular or Independent)
Marvin Dela Cruz	Regular
Raissa Abainza Queri	Regular
Enrico Alfonso Tamayo	Regular
Harrison Hao Yap	Regular
Rogelio De Rama	Regular

Principal Officers

Name	(Regular or Independent)
Marvin Dela Cruz	CEO
Raissa Abainza Queri	Corporate Secretary
Enrico Alfonso Tamayo	President
Harrison Hao Yap	Treasurer
Rogelio De Rama	Assistant Corporate Secretary

J. THE INTEREST WHICH DIRECTORS OF THE PARTIES TO THE TRANSACTION HAVE IN THE TRANSACTION

The new Investor group's fund infusion will enhance the working capital of PHA thereby ensuring its continuous operation plus the ability to pursue its mission as a countryside developer. The directors of PHA have no personal interest in the transaction.

Other than the acquisition of PHA shares, the investor group have no other personal interest in the transaction.

K. STATEMENT AS TO THE STEPS TO BE TAKEN, IF ANY, TO SAFEGUARD THE INTERESTS OF THE SHAREHOLDERS

The infusion of cash by the investor group provided liquidity that allowed for the preservation of PHA's asset values. Furthermore, with the possible significant investment into SPT, PHA's shareholder values may be enhanced.

The PHA shareholders can vote in favor of, against, or abstain on the transaction and the increase in authorized capital stock during the PHA Annual Stockholders' Meeting on December 17, 2020.

The proposed acquisition of SPT shares is subject to an acceptable valuation that will be beneficial to PHA shareholders.

L. OTHER RELEVANT INFORMATION

Clarification on the difference in PSE's records on the number of issued shares of PHA

The issued shares as of reporting date is 1,990,480,889 and not 1,815,480,889 as indicated in the PSE records. This is because the subscription receivable for the 175,000,000 shares has been fully collected and issued as of December 31, 2019. The information on the collection of the subscription receivables were reported in the 2019 Annual Report.

Ownership Structure

Please see attached Annex H.

Board of Directors

Upon closing on December 18, 2020 (after the AGM on December 17, 2020), the new investor will nominate 4 directors to the BOD (3 regular members and 1 independent) out of the total nine board seats.

Information on New Subscribers

For information on the new subscribers, please see Annex L.

OWNERSHIP STRUCTURE

ANNEX H

	Before		After	
	Number of shares	%	Number of shares	%
1 PCD NOMINEE CORPORATION	1,629,548,876	81.87%	1,629,548,876	31.97%
2 PCD NOMINEE CORPORATION - (NON-FILIPINO)	143,003,303	7.18%	143,003,303	2.81%
3 AUGUSTO C. SERAFICA, JR.	70,000,001	3.52%	70,000,001	1.37%
4 SISO M. LAO	55,000,000	2.76%	55,000,000	1.08%
5 TEOFILO HENSON	50,000,000	2.51%	50,000,000	0.98%
6 S CAPITAL CORP.	36,000,000	1.81%	36,000,000	0.71%
7 ANTONIO ONG	1,500,000	0.08%	1,500,000	0.03%
8 RENATO Y. CHUA	1,050,000	0.05%	1,050,000	0.02%
9 RAUL A. ALON	500,000	0.03%	500,000	0.01%
10 LILY ROSE DE LEON	475,000	0.02%	475,000	0.01%
11 SHIRLEY Y. SEE	300,000	0.02%	300,000	0.01%
12 PHILIP Z. DABAO	200,000	0.01%	200,000	0.00%
13 LEONCIO TAN TIU	200,000	0.01%	200,000	0.00%
14 LOLITA S. PAMA	150,000	0.01%	150,000	0.00%
15 ARTEMIO TUANO ENGRACIA	125,000	0.01%	125,000	0.00%
16 TEE LING KIAT&/OR LEE LIN HO	115,000	0.01%	115,000	0.00%
17 TEODORA G. YU	100,000	0.01%	100,000	0.00%
18 VIRGINIA D. SEANGIO	100,000	0.01%	100,000	0.00%
19 DAVID L. KHO	100,000	0.01%	100,000	0.00%
20 ELEANOR C. SANTOS	100,000	0.01%	100,000	0.00%
21 MINORITY SHAREHOLDERS	1,913,709	0.10%	1,913,709	0.04%
22 Marvin Dela Cruz Group	-	0.00%	2,803,030,303	55.00%
23 Augusto C Serafica Group (Creditor Group)	-	0.00%	303,030,304	5.95%
	1,990,480,889	100.00%	5,096,541,496	100.00%

Note

The final individual ownership structure of the investor groups cannot yet be determined as of this time since these are still being finalized and are subject to changes during the subscription period.

ANNEX I'



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
PICC Secretariat Bldg., PICC Complex
Pasay City, Metro Manila

COMPANY REG NO. CS202003801

CERTIFICATE OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the Articles of Incorporation and By Laws of:

Squidpay Technology Inc.

Doing business under
SquidPay

were duly approved by the Commission on this date upon the issuance of this Certificate of Incorporation and By Laws in accordance with the Revised Corporation Code of the Philippines (Republic Act No. 11232), and copies of said Articles and By Laws are hereto attached.

This Certificate grants juridical personality to the corporation but does not authorize it to issue, sell or offer for sale to the public, securities such as but not limited to, shares of stock, investment contracts, debt instruments and virtual currencies without a prior Registration Statement approved by the Securities and Exchange Commission; nor to undertake business activities requiring a Secondary License from this Commission such as but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/ financial futures exchange/broker/merchant, financing/lending company, and time shares/club shares/ membership certificate issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit.

THIS CERTIFICATE DOES NOT AUTHORIZE INVESTMENT SOLICITATION AND INVESTMENT-TAKING WITHOUT A SECONDARY LICENSE FROM THIS COMMISSION.

As a registered corporation, it shall submit annually to this Commission the reports indicated at the back of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed to this Certificate at PICC Secretariat Bldg., PICC Complex Pasay City, Metro Manila, Philippines, this day of 21, May, Twenty Twenty.



For SEC use only
K64921 (PSIC as reserved)

GERARDO F. DEL ROSARIO

Director

Company Registration and Monitoring Department



Articles of Incorporation
Of
Squidpay Technology Inc.
Doing business under SquidPay



KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines;

AND WE HEREBY CERTIFY:

FIRST: That the name of said corporation shall be
Squidpay Technology Inc. Doing business under SquidPay

SECOND: That the primary purpose for which such corporation is incorporated:
To provide online and offline payment solutions for automated fare collections, bills payment, e-commerce payments, merchants payment services and electronic loading.

Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.

THIRD: That the principal office of the corporation is located in
2402D Philippine Stock Exchange Center San Antonio CITY OF PASIG, SECOND DISTRICT, NCR, Philippines, 1600

FOURTH: That the term for which said corporation is to exist is **50** years from and after the date of issuance of the certificate of incorporation;

FIFTH: That the names, nationalities and residences of the incorporators are as follows:

<u>NAME</u>	<u>NATIONALITY</u>	<u>RESIDENCE</u>
Marvin Cruz Dela Cruz	Filipino	[REDACTED] Philippines, 1500
Raissa Abainza Queri	Filipino	[REDACTED] Philippines, 1500
Enrico Alfonso Tamayo	Filipino	[REDACTED] Philippines, 1740

[Handwritten signatures and initials on the right margin]



Harrison Hao Yap

Filipino

[REDACTED]

Rogelio De Rama

Filipino

[REDACTED] OF MAKIKINA, SECOND

SIXTH: That the number of directors of the corporation shall be 5 ; and the names, nationalities and residences of the first directors of the corporation are as follows:

NAME	NATIONALITY	RESIDENCE
Marvin Cruz Dela Cruz	Filipino	[REDACTED] ND Philippines, 1500
Raissa Abainza Queri	Filipino	[REDACTED]
Enrico Alfonso Tamayo	Filipino	[REDACTED]
Harrison Hao Yap	Filipino	[REDACTED]
Rogelio De Rama	Filipino	[REDACTED] D

Alvin

SEVENTH: That the authorized capital stock of the corporation is One Hundred Million Pesos (P100,000,000.00) in lawful money of the Philippines, divided into:

a. FOUR HUNDRED MILLION (400,000,000) common voting shares with par value of Zero Pesos and Twenty Five Cents (P0.25) per share;

EIGHTH: That at least twenty five (25%) percent of the authorized capital stock above has been subscribed as follows:

NAME	NATIONALITY	SHARE TYPE	NO. OF SHARES	SUBSCRIBED AMOUNT
Marvin Cruz Dela Cruz	Filipino	Common	300,000,000	P75,000,000.00
Raissa Abainza Queri	Filipino	Common	55,000,000	P13,750,000.00
Enrico Alfonso Tamayo	Filipino	Common	20,000,000	P5,000,000.00

[Signature]



Rogelio De Rama	Filipino	Common	5,000,000	P1,250,000.00
			<u>400,000,000</u>	<u>P100,000,000.00</u>

NINTH: That the above-named subscribers have paid at least twenty-five (25%) percent of the total subscription as follows:

NAME	NATIONALITY	PAID UP CAPITAL	ADDITIONAL PAID-IN CAPITAL	TOTAL AMOUNT PAID	MODE OF PAYMENT
Marvin Cruz Dcla Cruz	Filipino	P75,000,000.00	P0.00	P75,000,000.00	Cash
Raissa Abainza Queri	Filipino	P0.00 P13,750,000.00	P0.00 P0.00	P0.00 P13,750,000.00	Cash
Enrico Alfonso Tamayo	Filipino	P5,000,000.00	P0.00	P5,000,000.00	Cash
Harrison Hao Yap	Filipino	P5,000,000.00	P0.00	P5,000,000.00	Cash
Rogelio De Rama	Filipino	P1,250,000.00	P0.00	P1,250,000.00	Cash
		<u>P100,000,000.00</u>	<u>P0.00</u>	<u>P100,000,000.00</u>	

Rogelio De Rama
Hy

TENTH: That Raissa Abainza Queri has been elected by the subscribers as Treasurer of the Corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws, and that as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions or donations paid or given by the subscribers.

ELEVENTH: That no transfer of stock or interest which will reduce the ownership of Filipino Citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in all the stock certificates issued by the corporation.

TWELFTH: That the incorporators and directors undertake to change the name of the corporation as herein provided, or as amended thereafter, immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared as misleading, deceptive, confusingly similar to a registered name or contrary to public morals, good custom or public policy.

Raissa Abainza Queri

MAR 04 2020
WITNESS WHEREOF, we have hereunto signed these Articles of Incorporation, this _____ day of _____, Province of MANILA, in the City/Municipality of _____, Republic of the Philippines.



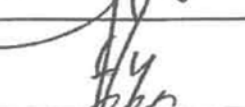
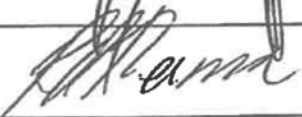
[Signature]



System generated by the

SEC Company Registration System.



Name	TIN/Passport No.	Signature
Marvin Cruz Dela Cruz	[REDACTED]	
Raissa Abainza Queri	[REDACTED]	Raissa
Enrico Alfonso Tamayo	[REDACTED]	
Harrison Hao Yap	[REDACTED]	
Rogelio De Rama	[REDACTED]	

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES }
} S.S. **MANILA**

MAR 04 2020
BEFORE ME, a Notary Public, for and in MANILA, Philippines, this
day of _____, 20____, personally appeared the following
persons:

Name	TIN/ID/Passport No.	Date & Place Issued
Marvin Cruz Dela Cruz	[REDACTED]	Manila
Raissa Abainza Queri	[REDACTED]	Manila
Enrico Alfonso Tamayo	[REDACTED]	Manila
Harrison Hao Yap	[REDACTED]	Manila
Rogelio De Rama	[REDACTED]	Marikina

known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation constituting of _____ pages, including this page where the acknowledgement is written, and they acknowledged to me that the same is their free act and voluntary deed.

WITNESS MY HAND AND SEAL on the day first above-written.

H. Adasa
ATTY. HENRY D. ADASA
NOTARY PUBLIC, UNTIL DEC. 31, 2020
NOTARIAL COMMISSION NO. 2000-652 MILA
SP. NOTARY PUBLIC
PTR NO. 0124007 - 01/02/2020 MILA
ROLL NO. 03579, TIN: 072-528-620
MCLE COMPL. NO. VII-0000165

Doc. No. 126;
Page No. 26;
Book No. 7;
Series of 2020

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SEC Company Registration System.



R. Rama
H. Yap
R. De Rama
H. Yap

SquidPay Technology Inc.
Profit and Loss
For the period of May 21, 2020 - November 09, 2020
(Amounts in Philippine Peso)

	Total
Income	
Franchise Fee	74,358,154.63
Fund Transfer Income	174,681.00
Revenue - General	
Bills Payment Revenue	539.00
Fund Transfer Revenue	343,840.00
Wallet Reload Revenue	52,810.00
Total Revenue - General	397,189.00
Sales - retail	28,961.00
Sales of Product Income	
Card Sales	718,526.79
Total Sales of Product Income	1,247,955.00
Total Income	1,968,481.79
Gross Profit	76,923,467.42
Other Income(Loss)	76,923,467.42
Interest income	
Total Other Income(Loss)	5,462.97
Expenses	5,462.97
Advertising and promotion	5,722,089.28
Bank charges	20,050.00
Charitable Contributions	3,215,540.45
Commissions and fees	2,122,600.00
Communication, Light and Water	316,282.31
Contracted Services	308,950.00
Dues and subscriptions	2,649,508.83
Fuel and oil	29,908.92
Legal and professional fees	3,781,050.00
Meals and entertainment	145,334.85
Miscellaneous Expense	8,262.14
Office Supplies expenses	114,699.04
Other general and administrative expenses	58,028.00
Pantry supplies	77,135.81
Parking and toll	101,937.40
Rent or lease payments	1,987,686.68
Repairs and maintenance - Office	111,374.64
Repairs and maintenance - Travel & Transportation	104,284.03
Representation expense	137,500.00
Salaries and Wages	
Salaries and Allowances	3,148,137.43
SSS, Philhealth and Pagibig	55,403.43

Total Salaries and Wages	PHP	3,203,540.86
Shipping and delivery expense		4,186.00
Taxes and licenses		1,505,084.00
Transportation and travel		493,180.36
Total Expenses	PHP	26,218,212.60
Other Expenses		
Unrealised Gain or Loss		0.00
Depreciation		57,030.00
Employees' Welfare		17,500.00
Other Expense		2,636,700.00
Research and development		5,010,548.79
Total Other Expenses	PHP	7,721,778.79
Net Earnings	PHP	42,988,939.00

I, **Harrison Yap**, Chief Financial Officer of SquidPay Technology Inc. hereby certify that the information contained in this document are true and correct.

Signed

Harrison Yap

Date: November 09, 2020

SquidPay Technology Inc.
Balance Sheet
As of November 9, 2020
(Amounts in Philippine Peso)

Total

Assets

Current Assets

Cash and cash equivalents

Cash on hand

Loose Change Fund

Petty Cash Fund

Squidpay Disbursement

Total Cash and cash equivalents

Current Bank Accounts

200018632348 EastWest Bank

Banco De Oro CA#12878001885

China Bank Saving CA#602100000768

Metrobank CA#285-7-28551515-3

PBB CA#040-01-000483-9

PNB CA#122870004538

Security Bank CA#0000031815991

Unionbank CA#0027-30006029

Total Current Bank Accounts

Dollar Bank Accounts

Banco De Oro USD#1128700001610

PNB USD#122860000957

Security Bank USD #0000037849900

Total Dollar Bank Accounts

Saving Bank Accounts

Bank of the Philippine Islands SA#003993-0496-37

China Bank Savings SA#602102043286

Landbank SA#3731-0042-09

Metrobank SA#285-3-28506165-3

Security Bank SA#00000-31815939

Unionbank SA#10273-0017858

Total Saving Bank Accounts

Deposit to Supplier

Employee Cash Advances

Input Tax

Inventory

EMV Card

NFC Cards

Office supplies

Total Inventory

Inventory Asset

Booth

	<u>Total</u>
	54,655,533.01
	4,000.00
	110,534.90
	27,186.56
PHP	54,797,254.47
	20,050,000.00
	22,833,969.23
	1,051,487.66
	-3,108,755.19
	0.79
	50,087.44
	1,050,082.85
	-1,117,383.20
PHP	40,809,489.58
	3,124,920.66
	24,324.23
	24,325.20
PHP	3,173,570.09
	3,998,741.29
	2,384,173.84
	100,058.37
	2,550,002.22
	100,062.29
	19,885,576.49
PHP	29,018,614.50
	8,000.00
	107,192.71
	322,563.54
	930,000.00
	3,150,000.00
	194,638.90
PHP	4,274,638.90
	100,800.00

POS		4,791,032.70
Tablet		198,700.00
Total Inventory Asset		
Prepaid expenses	PHP	5,090,532.70
Total Current Assets		425,000.00
Long-term assets	PHP	138,026,856.49
Accumulated depreciation on property, plant and equipment		-57,030.00
Furniture and Fixtures		
Fixtures		226,970.79
Furnitures		1,025,270.45
Total Furniture and Fixtures		
Machinery and equipment	PHP	1,252,241.24
Aircon		113,387.97
Desktop		57,162.00
Laptop		485,705.36
Office Equipments		473,548.20
Printer		312,170.00
Surveillance Camera/Video		37,462.18
Televisions		63,100.00
Total Machinery and equipment		55,348.21
Cash Bond	PHP	1,597,883.92
Platform		140,200.00
Total long-term assets		27,560,000.00
Total Assets	PHP	30,493,295.16
Liabilities and shareholder's equity	PHP	168,520,151.65
Current liabilities:		
Accounts payable		
Accounts Payable (A/P)		67,061.69
Total Accounts payable	PHP	67,061.69
Accrued Salaries		392,500.00
Output Tax - Current		6,000.00
Payroll liabilities		
HDMF Payable		-40,658.20
Total Payroll liabilities		
Withholding Tax	-PHP	40,658.20
Total current liabilities		56,309.16
Shareholders' equity:	PHP	481,212.65
Net Income		42,988,939.00
Additional Paid in Capital		25,000,000.00
Opening Balance Equity		100,050,000.00
Retained Earnings		
Total shareholders' equity	PHP	168,038,939.00
Total liabilities and equity	PHP	168,520,151.65

I, **Harrison Yap**, Chief Financial Officer of SquidPay Technology Inc. hereby certify that the information contained in this document are true and correct.

Signed:

Harrison Yap

Date: November 09, 2020

Monday, Nov 09, 2020 02:00:18 PM GMT+8 - Accrual Basis

Squidpay Major projects

ANNEX K

The research and development of Squidpay Technology Inc. started three (3) years ago, but the SEC registration and other regulatory licensing including the actual operations commenced on May 2020.

Since the actual operation, Squidpay partnered with the existing players in the market both the private and government entities to help boost the Philippines economy amid the Covid-19 pandemic and support the government tapped the unbanked and introduce them to a contactless and convenient electronic payment.

We list down all the major projects of Squidpay as of November 6 2020, which we categorized into three parts:

With signed agreement	Pending MOA review	On-going negotiation
Government entities		
Baguio City	PNR	DOLE
San Carlos City (ITBS Partnership)	Pasig Ferry (on-going dry run)	OWWA
Alaminos City (ITBS Partnership)	DTI/SBCORP	Province of Pampanga
Lingayen Pangasinan (ITBS Partnership)	MMDA	Boracay Aklan
Tarlac City (ITBS Partnership)	DILG	DOT
San Miguel Tarlac City (ITBS Partnership)		Cebu City
Victoria Tarlac City (ITBS Partnership)		League of Municipalities of the Philippines thru LCS Group
Capas Tarlac (ITBS Partnership)		
Pandi Bulacan (ITBS Partnership)		
Bustos Bulacan (ITBS Partnership)		
Batasan Hills QC (ITBS Partnership)		
Bahay Toro QC (ITBS Partnership)		
Kawit Cavite (ITBS Partnership)		
Alfonso Cavite (ITBS Partnership)		
Science City of Munoz (ITBS Partnership)		
Gapan City (ITBS Partnership)		
Guimba Nueva Ecija (ITBS Partnership)		
Other Financial institution and private entities		
Paynamics	Alibaba	GGASH
DA5 / Western Union	Bancnet	Megamania Consortium
Dragonpay	BPI	Binangonan Rural Bank
Globe	Landbank	
Unionbank	BayadCenter	
Bai Hotel Cebu	ECPAY	
ITBS and partnered cities	Cebuana	
	Seaoil	
	Unioil	
	BDO	
	Yondu	

IST OF NE SUBC IBE S

1.) Marvin Dela Cruz

a.) **Background** - Marvin Dela Cruz is the Chairman & Chief Executive Officer of SquidPay. He is responsible for overall strategy and execution of SquidPay Philippines payment services. He spearheaded the Automatic Fare Collection System in partnership with the Department of Transportation and Land Transportation Franchising Regulatory Board. He is also in charge of the research and development, strengthening the company's products and payment capabilities. He oversees SquidPay's community outreach program and free payment services for underprivileged communities. Marvin and his team have spent 6 years on doing research & development for SquidPay before finally launching it in 2020.

Prior to launching SquidPay, Marvin has founded a number of startup companies and businesses like U-hop, Megateller and Shangrila Cars.

Marvin has over 25 years of experience as a businessman, a visionary, and an innovator. Marvin as an entrepreneur and founder has won a series of Startup competitions including Kellogg's, Tech in Asia, and Philippine Business Clubs.

He is currently undergoing an OPM Program (Batch 56), an Executive Education Program in Harvard Business School.

b.) **Business affiliations** - U-hop Transportation Network Vehicles System Inc.

c.) **Shareholdings in other company** - 40% ownership in U-hop Transportation Network Vehicles System Inc.

d.) **Companies where he or she is an officer or director** - U-hop Transportation Network Vehicles System Inc. as Chairman and CEO.

e.) **Relationship with existing directors and shareholders of PHA and all other parties to the transaction.** - None

2.) Enrico Alfonso Tamayo

a.) **Background** - Engr. Enrico A. Tamayo joined SquidPay Technology Inc in 2020 as President and COO. Prior to joining Squidpay, he handled and helped spearhead the operations of Uhop as the Vice-President of Operations of Uhop Transport Network Vehicle System USA, Dubai and Philippines. Engr. Tamayo brings with him 35 years of transportation experience both land and air. He is a business development specialist and has been a consultant to different transport companies here and abroad.

He worked as the Chief of Operations at the Manila International Airport Authority, in which he rose from the ranks. He was one of the officers who formed the setting up and operations of NAIA Centennial Terminal 2. He earned his Management course at the Asian Institute of Management (AIM) in 2004. He is an alumni of the Singapore Aviation Academy (SAA) with specialization in Safety Management and Ramp Safety. He is a licensed Mechanical Engineer by profession, and passed the board in November of 1984.

b.) **Business affiliations** - U-hop Transportation Network Vehicles System Inc.

c.) **Shareholdings in other company** - none

d.) **Companies where he or she is an officer or director** - U-hop Transportation Network Vehicles System Inc. as COO.

e.) **Relationship with existing directors and shareholders of PHA and all other parties to the transaction.** - None

3.) Rogelio De Rama

a.) **Background** - Rogelio G. De Rama joined SquidPay Inc in 2020 as Chief Logistics Officer. Prior to joining SquidPay, he is actively engaged in the operations of several start-up companies in various industries. He brings with him 12 years of experience in the field of logistics and transportation operations. He was a part of the development of resort projects like the Atlantis de Baler located in Sabang, Baler, Aurora.

He is a driven person and keen to details and numbers. He is well versed in business planning and feasibility studies. He also headed the deployment of transportation services of u-hop nationwide.

b.) **Business affiliations** - None

c.) **Shareholdings in other company** - none

d.) **Companies where he or she is an officer or director** - None

e.) **Relationship with existing directors and shareholders of PHA and all other parties to the transaction.** - None

4.) Raissa Abainza Queri

a.) **Background** - Raissa Queri is the Corporate Secretary and Board member of SquidPay. Prior to joining Squidpay, she co-founded, handled, and helped spearhead the operations of Uhop Transport Network Vehicle System as the Business Development Head and Corporate Secretary for both Dubai and the Philippines. Ms. Queri brings with her 8 years of Business Development, Event Management, and Transportation experience. As a business development specialist, she had been a consultant to different transport companies and event companies here and abroad.

She is a passionate person inclined with the media world. She handled various events partnering with different event management companies. Some of her projects include The Miss Universe 2018 Pageant held in Manila, The World Strongest Man, and the ASEAN 2018. She was the General Manager of Shangrila Cars Philippines that caters to various hotels in the country. She is a licensed nurse by profession and is involved in humanitarian and voluntary works with government hospitals such as Philippine General Hospital ER Department and East Avenue Medical Center. She is currently taking Entrepreneurship Essentials at Harvard Business School Online.

b.) **Business affiliations** - U-hop Transportation Network Vehicles System Inc.

c.) **Shareholdings in other company** - 10% of U-hop Transportation Network Vehicles System Inc.

d.) **Companies where he or she is an officer or director** - U-hop Transportation Network Vehicles System Inc. as Director.

e.) **Relationship with existing directors and shareholders of PHA and all other parties to the transaction.** - None

.) Harriso Ha Ya

a.) **Background** - Harrison Yap joined SquidPay Technology Inc. in May 2020 as Chief Finance Officer and Board of Director. He is an active business consultant with various transport companies here and abroad. He spearheaded the logistic growth of Uhop Transport Network System Inc. as Vice President for Logistics.

He brings with him 12 years of trucking and logistics experience. He is the President and Owner of Harley's Trucking Services, which caters various mining and construction firms in the country. He is a focused businessman who owns various businesses such as WashWorld Laundry Services, Solas Bar and Restaurant, Oks na Oks Litson Manok among others. He was a part time mandarin interpreter of San Miguel Plastic plant in 1997, Internal auditor of Basic Holdings from 1998 to year 2000.

He took Business Management degree from the Philippine School of Administration in Manila. He is an active member of different organization like International Order of DeMolay, Leo club, among others.

b.) **Business affiliations** - U-hop transportation network vehicles system Inc.

c.) **Shareholdings in other company** - 5% of U-hop transportation network vehicles system Inc.

d.) **Companies where he or she is an officer or director** - U-hop Transportation Network Vehicles System Inc. as Director and CFO.

e.) **Relationship with existing directors and shareholders of PHA and all other parties to the transaction.** - None

MANAGEMENT REPORT

(A) Management's Discussion and Analysis and Plan of Operation

Our discussions in the foregoing sections of this report may contain forward-looking statements that reflect our current views with respect to the Group's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, a Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generations through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. This will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment deferrals and rollover/restructuring of certain existing loans. The Group is currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored. Management believes that the going concern basis used in the preparation of the financial statements as at and for the year ended December 31, 2019 is appropriate and no adjustments are necessary to be made in relation to the classification and recoverability of the carrying amount of assets or the classification and amount of liabilities.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

Status of Operations and Management Plans

The Group reported liquidity gap on currently maturing liabilities amounting to Php1.64 billion. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current

financial assets. The financial position and financial performance of the Group are also expected to significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

- g. Reduction and efficient management of operating expenses;
- h. Negotiate interest reduction and/or principal payment extensions and deferrals;
- i. Secure all the unsecured loans with the assets of the Group;
- j. Divest a portion of the Group's assets and investments to generate cash;
- k. Abstain financial support from shareholders and/or officers for gap funding of operations; and
- l. Actively seek out partnerships and new investors as a way of generating funds.

Plan of Operations for Year 2021

For the next twelve months, the Company intends to shore up liquidity by undertaking fund raising activities in addition to continuing its current businesses and will focus on real estate and mining activities of its subsidiaries.

For both its real estate subsidiaries, West Palawan Premiere Development Corporation (WPPDC) and Goshen Land Capital Inc. (GLCI), the focus will be in completing the development of its existing projects. For WPPDC, the Company will continue the development of its Nagtabon property and will also be looking into expanding its current projects to include master planning and potential development of its bigger Bacungan property.

For GLCI, the Company has completed all its vertical projects and is now focused on collections and end-user conversion. The Company is also in the process of identifying new potential horizontal and vertical projects for 2021.

PHA's mining services subsidiary, Premiere Georesources and Development Inc. (PGDI), will continue to service the mining requirements of Cagdianao Mining Corporation (CMC) in Surigao. The company continues to maintain its existing fleet of heavy equipment and service vehicles. Depending on the incoming tonnage requirements of its client, CMC, PGDI will review its current fleet and if needed, will look into adding more equipment in 2021 as the need arises.

Currently, PHA does not foresee the need to raise additional funds in the next twelve months. Neither does the company foresee any significant changes in the number of its employees. PHA will formulate product research and development plans for the company and its subsidiaries as the need arises.

PHA will continue to be an investment holding company with focus on countryside development. The entry of the new investor group with the additional cash will make it possible to jumpstart a number of these activities, notably the WPPDC Nagtabon project. With subsidiary plans, the new investor group and the potential viable investment in SPT, PHA management is confident that all these will lead to improvement in shareholder value in the next twelve months.

Plan of Operations for Year 2020

West Palawan Premiere Development Corp. (WPPDC)

WPPDC was incorporated in August 9, 2016 as a 100% owned subsidiary of PHA. It shall own the 500 hectares in Brgy. Bacungan Puerto Princesa plus the other properties transferred by the other subsidiaries. In 2020, WPPDC will continue on the development of its 5-hectare Nagtabon property

Premiere Georesources and Development Inc. (PGDI) (formerly Redstone Construction and Development Corporation (RCDC)).

PGDI will continue to service its CMC client in Surigao. It shall maintain its existing fleet of 57 heavy equipment, 104 dump trucks and about 49 service vehicles to service the requirement of its client.

Other Developmental Business Activities/ Subsequent Events.

The Group continues to identify other businesses that will generate more revenues. It is now looking at various business opportunities in energy and other tourism-related industries.

Discussion and analysis of the Group and its majority-owned subsidiaries' top five (5) key performance indicators, including the manner by which the Group calculates or identify the indicators on a comparative basis.

The Group, with its subsidiaries, uses the following key performance indicators:

- 1) Revenues
- 2) Net Income (Loss) From Continuing Operation
- 3) Debt- to- Equity Ratio
- 4) Current Ratio
- 5) Return on Assets

Using the Debt-to-Equity Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Debt-to-Equity} = \frac{\text{Total Liabilities}}{\text{Total Stockholders' Equity}}$$

Using Current Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

Using Return on Investments as indicator, the Group computes the following in the manner presented below:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Book Value of Assets}}$$

Presented below is the comparative table of the Group's performance for the years 2019 and 2018, 2017, respectively.

	December 31		YoY Change
	Audited 2019	Audited 2018	
1 Revenues	423,656,077	480,203,681	(56,547,604)
2 Net Income (Loss)	71,196,838	(374,466,876)	445,663,714
3 Debt -to- Equity Ratio	2.99:1	3.84:1	(0.85)
4 Current Ratio	1.03:1	1.50:1	(0.47)
5 Return On Assets	0.02:1	(0.10):1	0.12

	December 31		YoY Change
	Audited 2018	Audited 2017	
1 Revenues	480,203,681	728,653,757	(248,450,076)
2 Net Income (Loss)	(374,466,876)	39,163,499	(413,630,375)
3 Debt -to- Equity Ratio	3.84:1	3.09:1	0.75
4 Current Ratio	1.50:1	1.88:1	(0.38)
5 Return On Assets	(0.10):1	0.01:1	(0.11)

I. Revenues

The Group revenues in 2019 amounted to Php 423.66 million which is Php 56.55 million or 11.78% lower than the 2018 Group revenue of P 480.20 million.

The Group revenues in 2018 amounted to Php 480.20 million which is Php 248.45 million or 34.10% lower than the 2017 Group revenue of P 728.65 million.

II. Net Income

The Group net income in 2019 amounted to Php 71.20 million which is Php 445.66 million or 119.01% higher than the 2018 Group net loss of 374.47 million.

The Group net loss in 2018 amounted to Php 374.47 million which is Php 413.63 million or 1,056.16% lower than the 2017 Group net income of 39.16 million.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2019, 2018, and 2017 amounted to 2.99:1, 3.84:1, and 3.09:1, respectively.

IV. Current Ratio

The Group current ratio in 2019, 2018, and 2017 amounted to 1.03:1, 1.50:1, and 1.88:1, respectively.

V. Return on Assets (ROA)

The Group return on assets for 2019, 2018, and 2017 amounted to 0.02:1, (0.10):1, and 0.01:1, respectively.

Results of Operations for the last three (3) years

During the years 2019, 2018, and 2017, the Group recorded a net income (loss) of Php 71.20 million, Php (374.47) million, and Php 39.16 million, respectively. The following are the details of the Company's income statement accounts:

2019

- The Group real estate sales in 2019 and 2018 amounted to Php 79.10 million and Php 182.71 million, respectively, which shows a decrease of Php 103.61 million or 56.71%. Majority of the projects were completed in 2019; and no new projects were launched. These resulted to a decrease in realizable sales via percentage of completion.
- The Group mining service revenue in 2019 and 2018 amounted to Php 340.17 million and Php 294.93 million, respectively, which shows an increase of Php 45.23 million or 15.34%. Tonnages from mining, barging, and ore transferring increased in 2019 which resulted to the increase in mining service revenue.
- The Group service income in 2019 and 2018 amounted to Php 4.39 million and Php 2.51 million, respectively, which shows an increase of Php 1.87 million or 74.57%. The increase came from the higher revenues generated by the resort operations of TCNBI, a wholly-owned subsidiary of WPP.
- The Group cost of real estate sales in 2019 and 2018 amounted to Php 99.49 million and Php 172.51 million, respectively, which shows a decrease of Php 73.02 million or 42.33%. As

previously stated, no new projects were started, and majority of the projects were completed during 2019 which resulted to lower realizable costs via percentage of completion.

- The Group costs of services in 2019 and 2018 amounted Php 252.11 million and Php 203.30 million, respectively, which shows an increase of Php 48.81 million or 24.01%. The net increase primarily came from the personnel costs and depreciation.
- The Group depreciation and amortization in 2019 and 2018 amounted to Php 115.08 million and Php 90.19 million, respectively, which shows an increase of Php 24.90 million or 27.60%. The increase primarily came from the additional depreciation and amortization charges from the acquisition of equipment in 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 97.28 million, and General and Administrative – Php 17.81 million.
- The Group personnel costs in 2019 and 2018 amounted to Php 122.94 million and Php 110.53 million, respectively, which shows an increase of Php 12.42 million or 11.23%. The increase primarily came from higher salary costs. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 83.17 million, and General and Administrative Expense – Php 39.77 million.
- The Group repairs and maintenance in 2019 and 2018 amounted to Php 45.64 million and Php 47.89 million, respectively, which shows a decrease of Php 2.25 million or 4.70%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 41.50 million, and General and Administrative Expense – Php 4.14 million.
- The Group fuel and oil in 2019 and 2018 amounted to Php 9.61 million and Php 15.48 million, respectively, which shows a decrease of Php 5.87 million or 37.89%. The decrease primarily came from the lesser fuel and oil requirements. The said account is presented in the financial statements for 2019 under Cost of Services.
- The Group transportation and travel in 2019 and 2018 amounted to Php 17.59 million and Php 10.13 million, respectively, which shows an increase of Php 7.45 million or 73.56%. The increase primarily came from the higher transportation and travel operating requirements. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 7.34 million, and General and Administrative Expense – Php 10.24 million.
- The Group taxes and licenses in 2019 and 2018 amounted to Php 20.68 million and Php 17.28 million, respectively, which shows an increase of Php 3.40 million or 19.67%. The increase primarily came from the higher tax base and taxable transactions. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.84 million, and General and Administrative Expense – Php 14.84 million.
- The Group professional and legal fees in 2019 and 2018 amounted to Php 62.73 million and Php 48.69 million, respectively, which shows an increase of Php 14.04 million or 28.85%. The increase primarily came from the additional services availed from professionals and increases in fees for the year 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.33 million, and General and Administrative Expense – Php 57.40 million.
- The Group entertainment, amusement, and recreation in 2019 and 2018 amounted to Php 9.05 million and Php 5.33 million, respectively, which shows an increase of Php 3.72 million or 69.68%. The increase primarily came from the higher entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group rentals and utilities in 2019 and 2018 amounted to Php 8.89 million and Php 7.12 million, respectively, which shows an increase of Php 1.78 million or 24.94%. The increase primarily came from higher and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group Commissions in 2019 and 2018 amounted to Php 19.00 million and Php 27.27 million, respectively, which shows a decrease of Php 8.27 million or 30.33%. The decrease primarily came from the lower available units for sale. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group filing and listing fees in 2019 and 2018 amounted to Php 14.05 million and Php 6.63 million, respectively, which shows an increase of Php 7.42 million or 111.97%. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group outside services in 2019 and 2018 amounted to Php 9.18 million and Php 3.25 million, respectively, which shows an increase of Php 5.93 million or 182.75%. The increase primarily came from the additional services availed in 2019. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group freight and handling in 2019 and 2018 amounted to Php 1.57 million and Php 1.54 million, respectively, which shows an increase of Php 0.02 million or 1.57%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group supplies and materials in 2019 and 2018 amounted to Php 1.19 million and Php 1.61 million, respectively, which shows a decrease of Php 0.42 million or 26.10%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group advertising and promotions in 2019 and 2018 amounted to Php 0.41 million and Php 0.97 million, respectively, which shows a decrease of Php 0.56 million or 57.72%. The decrease primarily came from the lower advertising and promotion costs of GLCI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.
- The Group other expenses in 2019 and 2018 amounted to Php 3.39 million and Php 21.26 million, respectively, which shows a decrease of Php 17.87 million or 84.07%. The decrease primarily came from the lower other expense requirement of the Group. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 2.03 million, and General and Administrative Expense – Php 1.36 million.
- The Group unrealized gain on revaluation of land in 2019 and 2018 amounted to Php 816.49 million and Nil, respectively, which shows an increase of Php 816.49 million. The increase came from the recognition of the unrealized gain from investment property. The said account under Other Income (Charges).
- The Group interest income in 2019 and 2018 amounted to Php 6.29 million and Php 4.67 million, respectively, which shows an increase of Php 1.62 million or 34.61%. The increase primarily came from the higher cash in bank balances. The said account under Other Income (Charges).
- The Group impairment losses in 2019 and 2018 amounted to Php 58.53 million and Php 158.41 million, respectively, which shows a decrease of Php 99.88 million or 63.05%. The decrease in impairment losses came from the fewer recognition of additional impairments. The said account is presented under Other Income (Charges).

- The Group interest expense in 2019 and 2018 amounted to Php 317.96 million and Php 187.83 million, respectively, which shows an increase of Php 130.13 million or 69.28%. The increase primarily came from the lower capitalized interest expenses. The said account is presented under Other Income (Charges).

2018

- The Group real estate sales in 2018 and 2017 amounted to Php 182.71 million and Php 479.48 million, respectively, which shows a decrease of Php 296.76 million or 61.89%. In 2018, there was a further slowdown in GLCI's real estate sales and construction works which resulted in the aforesaid decrease.
- The Group mining service revenue in 2018 and 2017 amounted to Php 294.93 million and Php 247.14 million, respectively, which shows an increase of Php 47.79 million or 19.34%. In 2018, PGDI's increase in mining service revenue resulted from the increase in tonnages it served.
- The Group service income in 2018 and 2017 amounted to Php 2.51 million and Php 1.65 million, respectively, which shows an increase of Php 0.87 million or 52.47%. The increase came from resort operations of TCNBI, a wholly-owned subsidiary of WPP.
- The Group film rights in 2018 and 2017 amounted to Php –nil- and 0.43 million, respectively. There were no film rights sold for 2018.
- The Group cost of real estate sales in 2018 and 2017 amounted to Php 172.51 million and Php 289.05 million, respectively, which shows a decrease of Php 116.54 million or 40.32%. As previously stated, there was a further slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.
- The Group costs of services in 2018 and 2017 amounted Php 203.30 million and Php 221.33 million, respectively, which shows a decrease of Php 18.03 million or 8.15%. The net decrease primarily came from the higher salaries & wages, pension expenses, and repairs and maintenance, and the lower rentals and utilities, fuel and oil, and miscellaneous expenses.
- The Group depreciation and amortization in 2018 and 2017 amounted to Php 90.19 million and Php 85.67 million, respectively, which shows an increase of Php 4.52 million or 5.28%. The increase primarily came from the additional depreciation and amortization charges in 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 56.11 million, and General and Administrative – Php 34.08 million.
- The Group personnel costs in 2018 and 2018 amounted to Php 110.53 million and Php 108.64 million, respectively, which shows an increase of Php 1.89 million or 1.74%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 65.91 million, and General and Administrative Expense – Php 44.62 million.
- The Group fuel and oil in 2018 and 2017 amounted to Php 15.48 million and Php 37.74 million, respectively, which shows a decrease of Php 22.26 million or 58.99%. The decrease primarily came from the decrease in the fuel and oil requirements of PGDI. The said account is presented in the financial statements for 2018 under Cost of Services.
- The Group repairs and maintenance in 2018 and 2017 amounted to Php 47.89 million and Php 37.09 million, respectively, which shows an increase of Php 10.79 million or 29.10%. The increase primarily came from the extensive repairs and maintenance performed during the year.

The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 47.32 million, and General and Administrative Expense – Php 0.57 million.

- The Group taxes and licenses in 2018 and 2017 amounted to Php 17.28 million and Php 16.75 million, respectively, which shows an increase of Php 0.53 million or 3.16%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.06 million, and General and Administrative Expense – Php 12.22 million.
- The Group transportation and travel in 2018 and 2017 amounted to Php 10.13 million and Php 6.52 million, respectively, which shows an increase of Php 3.62 million or 55.52%. The increase primarily came from the additional transportation and travel requirements of PHA and PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.07 million, and General and Administrative Expense – Php 5.06 million.
- The Group professional and legal fees in 2018 and 2017 amounted to Php 48.69 million and Php 25.16 million, respectively, which shows an increase of Php 23.53 million or 93.54%. The increase primarily came from the additional services availed from professionals for the year 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.25 million, and General and Administrative Expense – Php 43.44 million.
- The Group rentals and utilities in 2018 and 2017 amounted to Php 7.12 million and Php 12.28 million, respectively, which shows a decrease of Php 5.16 million or 42.04%. The decrease primarily came from lower and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.20 million, and General and Administrative Expense – Php 6.92 million.
- The Group entertainment, amusement, and recreation in 2018 and 2017 amounted to Php 5.33 million and Php 3.06 million, respectively, which shows an increase of Php 2.27 million or 74.13%. The increase primarily came from the additional entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 2.63 million, and General and Administrative Expense – Php 2.70 million.
- The Group Commissions in 2018 and 2017 amounted to Php 27.27 million and Php 27.24 million, respectively, which shows an increase of Php 0.03 million or 0.09%. There was no material change in this account. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group outside services in 2018 and 2017 amounted to Php 3.25 million and Php 2.10 million, respectively, which shows an increase of Php 1.14 million or 54.39%. The net decrease primarily came from the lower security services incurred by PGDI and the higher security services and outside services incurred by WPP. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group supplies and materials in 2018 and 2017 amounted to Php 1.61 million and Php 2.06 million, respectively, which shows a decrease of Php 0.44 million or 21.54%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group advertising and promotions in 2018 and 2017 amounted to Php 0.97 million and Php 1.77 million, respectively, which shows a decrease of Php 0.81 million or 45.48%. The decrease primarily came from the lower advertising and promotion costs of GLCI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group freight and handling in 2018 and 2017 amounted to Php 1.54 million and Php 1.69 million, respectively, which shows a decrease of Php 0.15 million or 8.78%. The decrease primarily came from the lower freight and handling requirements of PGDI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group filing and listing fees in 2018 and 2017 amounted to Php 6.63 and nil, respectively. This account represents the filing and listing fees incurred by PGDI. The said account is present in the financial statements for 2018 under General and Administrative Expenses.
- The Group other expenses in 2018 and 2017 amounted to Php 21.26 million and Php 32.80 million, respectively, which shows a decrease of Php 11.54 million or 35.19%. The decrease primarily came from the lower other expenses requirement of the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.28 million, and General and Administrative Expense – Php 20.98 million.
- The Group interest income in 2018 and 2017 amounted to Php 4.67 million and Php 7.16 million, respectively, which shows a decrease of Php 2.49 million or 34.72%. The decrease primarily came from the reduced cash in bank balances. The said account under Other Income (Charges).
- The Group impairment losses in 2018 and 2017 amounted to Php 158.41 million and Php 0.22 million, respectively, which shows an increase of Php 158.38 million or 702,052.81%. The increase in impairment losses came from impairments of receivables, and certain assets. The said account is presented under Other Income (Charges).
- The Group interest expense in 2018 and 2017 amounted to Php 187.83 million and Php 95.66 million, respectively, which shows an increase of Php 92.17 million or 96.35%. The increase primarily came from the additional interest-bearing loans incurred in 2018. The said account is presented under Other Income (Charges).
- The Group other income in 2018 and 2017 amounted to Php 19.87 million and Php 26.78 million, respectively, which shows a decrease of Php 6.91 million or 25.81%. The decrease primarily came from lower other income of GLCI. The said account is presented under Other Income (Charges).

2017

- The Group real estate sales in 2017 and 2016 amounted to Php 479.48 million and Php 605.42 million, respectively, which shows a decrease of Php 125.94 million or 20.80%. In 2017, there was a slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.
- The Group mining service revenue in 2017 and 2016 amounted to Php 247.14 million and Php 297.83 million, respectively, which shows a decrease of Php 50.69 million or 17.02%. In 2017, there was a slowdown in RCDC's mining operations which resulted in the aforesaid decrease.
- The Group service income in 2017 and 2016 amounted to Php 1.65 million and Php 7.88 million, respectively, which shows a decrease of Php 6.23 million or 79.08%. In 2017, the operations of CUBES were suspended which resulted in the aforesaid decrease.
- The Group film rights in 2017 and 2016 amounted to Php 0.43 million and -nil-, respectively. In 2017, the Company sold one of its film rights which resulted in the aforesaid revenue. There were no film rights sold for 2016.

- The Group cost of real estate sales in 2017 and 2016 amounted to Php 289.05 million and Php 380.42 million, respectively, which shows a decrease of Php 91.37 million or 24.02%. As previously stated, there was a slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.
- The Group costs of services in 2017 and 2016 amounted Php 221.33 million and Php 259.88 million, respectively, which shows a decrease of Php 38.55 million or 14.84%. As previously stated, there was a slowdown in RCDC's operations and a suspension of CUBES' operations which resulted in the aforesaid decrease.
- The Group depreciation and amortization in 2017 and 2016 amounted to Php 85.67 million and Php 112.47 million, respectively, which shows a decrease of Php 26.80 million or 23.83%. The decrease primarily came from the change in useful life of certain depreciable assets. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 57.52 million, and General and Administrative Expense – Php 28.15 million.
- The Group personnel costs in 2017 and 2016 amounted to Php 108.64 million and Php 112.73 million, respectively, which shows a decrease of Php 4.09 million or 3.63%. The decrease primarily came from the suspension of operations CUBES. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 57.00 million, and General and Administrative Expense – Php 51.64 million.
- The Group fuel and oil in 2017 and 2016 amounted to Php 37.74 million and Php 50.65 million, respectively, which shows a decrease of Php 12.91 million or 25.49%. The decrease primarily came from the slowdown in RCDC's operations. The said account is presented in the financial statements for 2017 under Cost of Services.
- The Group repairs and maintenance in 2017 and 2016 amounted to Php 37.09 million and Php 33.36 million, respectively, which shows an increase of Php 3.73 million or 11.18%. The increase primarily came from the extensive repairs and maintenance performed during the year. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 36.59 million, and General and Administrative Expense – Php 0.50 million.
- The Group taxes and licenses in 2017 and 2016 amounted to Php 16.75 million and Php 12.38 million, respectively, which shows an increase of Php 4.37 million or 35.30%. The increase primarily came from the higher taxable base and bracket used to compute taxes and licenses for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 5.77 million, and General and Administrative Expense – Php 10.98 million.
- The Group transportation and travel in 2017 and 2016 amounted to Php 6.51 million and Php 14.87 million, respectively, which shows a decrease of Php 8.36 million or 56.22%. The decrease primarily came from the reduced transportation and travel requirements for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 4.80 million, and General and Administrative Expense – Php 1.71 million.
- The Group professional and legal fees in 2017 and 2016 amounted to Php 25.16 million and Php 43.29 million, respectively, which shows a decrease of Php 18.13 million or 41.88%. The decrease primarily came from the reduced services availed from professionals for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 4.50 million, and General and Administrative Expense – Php 20.66 million.
- The Group rentals and utilities in 2017 and 2016 amounted to Php 12.28 million and Php 19.32 million, respectively, which shows a decrease of Php 7.04 million or 36.44%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented

in the financial statements for 2017 as follows: Cost of Services – Php 3.83 million, and General and Administrative Expense – Php 8.45 million.

- The Group entertainment, amusement, and recreation in 2017 and 2016 amounted to Php 3.07 million and Php 6.68 million, respectively, which shows a decrease of Php 3.61 million or 54.04%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 2.47 million, and General and Administrative Expense – Php 0.60 million.
- The Group Commissions in 2017 and 2016 amounted to Php 27.24 million and Php 37.50 million, respectively, which shows a decrease of Php 10.26 million or 27.36%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group outside services in 2017 and 2016 amounted to Php 2.10 million and Php 3.25 million, respectively, which shows a decrease of Php 1.15 million or 35.38%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group supplies and materials in 2017 and 2016 amounted to Php 2.06 million and Php 0.67 million, respectively, which shows an increase of Php 1.39 million or 207.46%. The increase primarily came from the increased operational requirements. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group advertising and promotions in 2017 and 2016 amounted to Php 1.77 million and Php 4.77 million, respectively, which shows a decrease of Php 3.00 million or 62.89%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group freight and handling in 2017 and 2016 amounted to Php 1.69 million and Php 0.88 million, respectively, which shows an increase of Php 0.81 million or 92.05%. The increase primarily came from the increased operational requirements. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group other expenses in 2017 and 2016 amounted to Php 32.80 million and Php 16.68 million, respectively, which shows an increase of Php 16.12 million or 96.64%. The increase primarily came from the increased operational requirements. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 11.10 million, and General and Administrative Expense – Php 21.70 million.
- The Group interest income in 2017 and 2016 amounted to Php 7.16 million and Php 13.94 million, respectively, which shows a decrease of Php 6.78 million or 48.64%. The decrease primarily came from the reduced cash in bank balances. The said account under Other Income (Charges).
- The Group change in fair value of investment property in 2017 and 2016 amounted to Php –nil- and Php 158.94 million, respectively. There were no changes in fair value of investment property in 2017. The said account is presented under Other Income (Charges).
- The Group sale of asset held for sale in 2017 and 2016 amounted to Php –nil- and Php 10.26 million, respectively. There were no sale of asset held for sale in 2017. The said account is presented under Other Income (Charges).
- The Group impairment losses in 2017 and 2016 amounted to Php 0.02 million and Php 3.48 million, respectively, which shows a decrease of Php 3.46 million or 99.43%. There were fewer

and lower assessments for impaired assets in 2017. The said account is presented under Other Income (Charges).

- The Group interest expense in 2017 and 2016 amounted to Php 95.66 million and Php 129.79 million, respectively, which shows a decrease of Php 34.13 million or 26.30%. The decrease primarily came from the increased capitalization of borrowing costs in 2017. The said account is presented under Other Income (Charges).
- The Group other income in 2017 and 2016 amounted to Php 26.78 million and Php 6.88 million, respectively, which shows an increase of Php 19.90 million or 289.24%. The increase primarily came from additional income earned from other sources. The said account is presented under Other Income (Charges).

FINANCIAL POSITION

2019

The Company's total assets as of December 31, 2019 and 2018 amounted to Php 4,069.26 million and Php 3,777.93 million, respectively, which shows an increase of Php 291.33 million or 7.71%. The Company's total liabilities as of December 31, 2019 and 2018 amounted to Php 3,049.77 million and Php 2,997.28 million, respectively, which shows an increase of Php 52.49 million or 1.75%. The Company's equity attributable to parent as of December 31, 2019 and 2018 amounted to Php 686.02 million and Php 277.87 million, respectively, which shows an increase of Php 408.14 million or 146.88%. The Company's equity attributable to non-controlling interests as of December 31, 2019 and 2018 amounted to Php 333.47 million and Php 502.77 million, respectively, which shows a decrease of Php 169.30 million or 33.67%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2019 and 2018 amounted to Php 81.56 million and Php 68.98 million, respectively, which shows an increase of Php 12.58 million or 18.24%. Cash flows used in operating activities amounted to Php 19.62 million. Cash flows used in investing activities amounted to Php 97.97 million. Cash flows used in financing activities amounted to Php 130.17 million. These resulted to a net increase in cash flow of Php 12.58 million.
- Receivables - net as of December 31, 2019 and 2018 amounted to Php 84.57 million and Php 86.34 million, respectively, which shows a decrease of Php 1.77 million or 2.05%. The account balance did not materially change from last year.
- Contract assets – current portion as of December 31, 2019 and 2018 amounted to Php 618.36 million and Php 1,028.15 million, respectively, which shows a decrease of 409.79 million or 39.86%. Since no new sales from new projects were generated, and substantial contract assets were collected during the year, the balance of contract receivables decreased.
- Real estate held for sale as of December 31, 2019 and 2018 amounted to Php 1,025.56 million and Php 1,606.44 million, respectively, which shows a decrease of Php 580.89 million or 36.16%. The decrease primarily came from the reclassification of certain real properties to investment properties.
- Other current assets as of December 31, 2019 and 2018 amounted to Php 134.30 million and Php 92.36 million, respectively, which shows an increase of Php 41.94 million or 45.41%. The increase primarily came from the higher input vat and tax credits.

- Investment property as of December 31, 2019 and 2018 amounted to Php 1,298.47 million and nil, respectively. This account came from the reclassifications due of certain real properties from real estate held for sale to investment properties. Investment property is carried at fair value which resulted to an unrealized gain of Php 816.49 million in 2019.
- Non-current portion of contract asset as of December 31, 2019 and 2018 amounted to Php 55.07 million and Php 111.73 million, respectively, which shows a decrease of Php 56.67 million or 50.72%. The decrease came from the reclassification of the noncurrent portion of contract assets to current.
- Property and equipment - net as of December 31, 2019 and 2018 amounted to Php 310.71 million and Php 294.92 million, respectively, which shows an increase of Php 15.80 million or 5.36%. The net increase primarily came from the additional acquisitions and depreciation in 2019.
- Right of use assets as of December 31, 2019 and 2018 amounted to Php 1.35 million and nil, respectively. This account came from the adoption of a new accounting standard in 2019.
- Deferred tax assets as of December 31, 2019 and 2018 amounted to Php 31.60 million and Php 32.77 million, respectively, which shows a decrease of Php 1.17 million or 3.58%. The net decrease primarily came from the reversal of temporary tax differences in 2019.
- Other noncurrent assets as of December 31, 2019 and 2018 amounted to Php 17.75 million and Php 45.83 million, respectively, which shows a decrease of Php 28.08 million or 61.27%. The decrease primarily came from the full collection of advances to suppliers.
- Trade and other payables as of December 31, 2019 and 2018 amounted to Php 630.50 million and Php 806.56 million, respectively, which shows a decrease of Php 176.06 million or 21.83%. The net decrease primarily came from the payment and reclassification of certain advances.
- Contract liabilities as of December 31, 2019 and 2018 amounted to Php 11.91 and 29.69, respectively, which shows a decrease of Php 17.78 million or 59.89%. The decrease primarily came from payments made in 2019.
- Income tax payable as of December 31, 2019 and 2018 amounted to Nil and Php 0.67 million, respectively, which shows a decrease of Php 0.67 million or 100%. The Company has no income tax still due as of December 31, 2019.
- Short term loans as of December 31, 2019 and 2018 amounted to Php 204.00 million and Php 243.90 million, respectively, which shows a decrease of Php 39.90 million or 16.36%. The decrease came from the short-term loan payments in 2019.
- Purchased land payable as of December 31, 2019 and 2018 amounted to Php 49.36 million and Php 100.86 million, respectively, which shows a decrease of Php 51.50 million or 51.06%. The decrease came from the payments made in 2019. Current portion of purchased land payable as of December 31, 2019 and 2018 amounted to Php 49.36 million and Php 92.39 million, respectively. Noncurrent portion of purchased land payable as of December 31, 2019 and 2018 amounted to Php nil and Php 8.48 million, respectively.
- Loans payable as of December 31, 2019 and 2018 amounted to Php 992.10 million and Php 1,041.26 million, respectively, which shows a decrease of Php 49.16 million or 4.72%. The decrease came from the payments made in 2019. Current portion of loans payable as of December 31, 2019 and 2018 amounted to Php 748.30 million and Php 674.82 million,

respectively. Noncurrent portion of loans payable as of December 31, 2019 and 2018 amounted to Php 243.81 million and Php 366.44 million, respectively.

- Obligations under finance lease as of December 31, 2019 and 2018 amounted to Php 2.36 million and Php 7.82 million, respectively, which shows a decrease of Php 5.46 million or 69.82%. The decrease came from the payments made in 2019. Current portion of Obligations under finance lease as of December 31, 2019 and 2018 amounted to Php 2.36 million and Php 3.78 million, respectively. Noncurrent portion of Obligations under finance lease as of December 31, 2019 and 2018 amounted to Nil and Php 4.04 million, respectively.
- Convertible loans as of December 31, 2019 and 2018 amounted to Php 444.53 million and Php 465.43 million, respectively, which shows a decrease of Php 20.89 million or 4.49%. The decrease came from the payments made in 2019. Current portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 112.50 million and nil, respectively. Noncurrent portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 332.03 million and Php 465.43 million, respectively.
- Installment payable as of December 31, 2019 and 2018 amounted to Php 75.46 million and Php 13.55 million, respectively, which shows an increase of Php 61.90 million or 456.68%. The increase came from the new loans for the acquisition of equipment in 2019. Current portion of installment payable as of December 31, 2019 and 2018 amounted to Php 58.40 million and Php 8.65 million, respectively. Noncurrent portion of Installment payable as of December 31, 2019 and 2018 amounted to Php 17.06 million and Php 4.91 million, respectively.
- Lease liability as of December 31, 2019 and 2018 amounted to Php 1.44 million and nil, respectively. The lease liability came from the adoption of a new accounting standard. Current portion of lease liability as of December 31, 2019 and 2018 amounted to Php 0.86 million and nil, respectively. Noncurrent portion of lease liability as of December 31, 2019 and 2018 amounted to Php 0.58 million and nil, respectively.
- Loans from third parties as of December 31, 2019 and 2018 amounted to Php 8.00 million and Php nil, respectively. The balance came from the reclassification made in 2019.
- Loans from officers and shareholders as of December 31, 2019 and 2018 amounted to Php 47.20 million and Php nil, respectively. The balance came from the reclassification made in 2019.
- Advances from Officers and employees as of December 31, 2019 and 2018 amounted to Php 62.28 million and Php nil, respectively. The balance came from the reclassification made in 2019.
- Pension liabilities as of December 31, 2019 and 2018 amounted to Php 26.00 million and Php 13.33 million, respectively. The increase primarily came from remeasurement loss on defined benefit obligation incurred in 2019.
- Callable loans as of December 31, 2019 and 2018 amounted to Php 22.00 million and Php 15.00 million, respectively, which shows an increase of Php 7.00 million or 46.67%. The increase came from the additional callable loans availed in 2019.
- Deferred tax liabilities as of December 31, 2019 and 2018 amounted to Php 405.88 million and Php 192.47 million, respectively, which shows an increase of Php 213.42 million or 110.89%. The increase primarily came from the deferred taxes of the unrealized gain on revaluation of land.

- Capital stock as of December 31, 2019 and 2018 amounted to Php 497.62 million and Php 472.72 million, respectively, which shows an increase of Php 24.91 million or 5.27%. The increase came from the collection of subscription receivables in 2019. As of December 31, 2019, all capital stock subscription receivables were fully collected.
- Additional paid-in capital as of December 31, 2019 and 2018 amounted to Php 97.02 million and Php 66.07 million, respectively, which shows an increase of Php 30.95 million or 46.84%. The increase came from the sale of the parent company shares held by a subsidiary.
- Retained Earnings (Deficit) as of December 31, 2019 and 2018 amounted to Php 91.38 million and Php (140.69) million, respectively, which shows an increase of 232.07 million or 164.95%. The increase came from the net income generated in 2019.
- Parent company shares held by a subsidiary as of December 31, 2019 and 2018 amounted to Nil and Php 120.23 million, respectively, which shows a decrease of Php 120.23 million or 100%. The decrease came from the sale of the parent company shares held by a subsidiary in 2019.

2018

The Company's total assets as of December 31, 2018 and 2017 amounted to Php 3,777.93 million and Php 4,096.55 million, respectively, which shows a decrease of Php 318.62 million or 7.78%. The Company's total liabilities as of December 31, 2018 and 2017 amounted to Php 2,997.28 million and Php 3,094.38 million, respectively, which shows a decrease of Php 97.10 million or 3.14%. The Company's equity attributable to parent as of December 31, 2018 and 2017 amounted to Php 277.87 million and Php 591.84 million, respectively, which shows a decrease of Php 313.97 million or 53.05%. The Company's equity attributable to non-controlling interests as of December 31, 2018 and 2017 amounted to Php 502.77 million and Php 410.33 million, respectively, which shows an increase of Php 92.44 million or 22.53%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Receivables - net as of December 31, 2018 and 2017 amounted to Php 86.34 million and Php 1,424.67 million, respectively, which shows a decrease of Php 1,338.33 million or 93.94%. The decrease primarily came from the collections of contract receivables and reclassifications to contract asset due to adoption of new accounting standards.
- Contract asset – current portion as of December 31, 2018 and 2017 amounted to Php 1,028.15 and Nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Real estate held for sale as of December 31, 2018 and 2017 amounted to Php 1,606.44 million and Php 1,403.77 million, respectively, which shows an increase of Php 202.67 million or 14.44%. The increase primarily came from the additional construction and development costs of the Company's real estate assets and the lower cost of real estate sales recognized during the year.
- Other current assets as of December 31, 2018 and 2017 amounted to Php 92.36 million and Php 315.00 million, respectively, which shows a decrease of Php 222.64 million or 70.68%. The decrease primarily came from the lower balance of advances to contractors and the lower supplies inventory of PGDI.

- Non-current portion of contract asset as of December 31, 2018 and 2017 amounted to Php 111.73 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Non-current portion of contracts receivable as of December 31, 2018 and 2017 amounted to Nil and Php 220.98 million, respectively, which shows a decrease of Php 109.25 million or 49.44%. The decrease primarily came from the reclassifications due to adoption of new accounting standards.
- Deferred exploration costs as of December 31, 2018 and 2017 amounted to Php 390.20 million and -nil-, respectively. This account represents the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC for the Panitian Limestone Project.
- Goodwill and intangible assets as of December 31, 2018 and 2017 amounted to Php 20.21 million and Php 143.71 million, respectively, which shows a decrease of Php 123.50 million or 85.94%. The decrease came from the amortization of intangible assets and recognition of impairment losses on goodwill, film rights, and exclusive distribution rights.
- Property and equipment - net as of December 31, 2018 and 2017 amounted to Php 294.92 million and Php 330.39 million, respectively, which shows a decrease of Php 35.47 million or 10.74%. The net decrease primarily came from the additional acquisitions and depreciation during the year.
- Other noncurrent assets as of December 31, 2018 and 2017 amounted to Php 45.83 million and Php 187.87 million, respectively, which shows a decrease of Php 142.04 million or 75.61%. The decrease primarily came from the lower balance of advances to supplier and advances for projects.
- Trade and other payables as of December 31, 2018 and 2017 amounted to Php 806.56 million and Php 907.37 million, respectively, which shows a decrease of Php 100.81 million or 11.11%. The net decrease primarily came from the additional advances from shareholder and customer's deposit and advances, and the payments of trade payables and advances from third parties.
- Contract liabilities as of December 31, 2018 and 2017 amounted to Php 29.69 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Short-term loans as of December 31, 2018 and 2017 amounted to Php 243.90 million and Php 209.10 million, respectively, which shows an increase of Php 34.80 million or 16.64%. The increase primarily came from the additional short-term loans availed by the Group.
- Dividends payable as of December 31, 2018 and 2017 amounted to Php 39.80 million and -nil-, respectively. The dividends payable came from the property and cash dividends declared by PHA.
- Capital gains tax payable – current portion as of December 31, 2018 and 2017 amounted to Php 16.82 million and Php 6.69 million, respectively, which shows an increase of Php 10.13 million or 151.35%. The increase came from the reclassification from non-current to current.
- Income tax payable as of December 31, 2018 and 2017 amounted to Php 0.67 million and Php 0.34 million, respectively, which shows an increase of Php 0.32 million or 93.43%. The increase primarily came from the higher taxable income.

- Purchased land payable – current portion as of December 31, 2018 and 2017 amounted to Php 92.39 million and Php 148.90 million, respectively, which shows a decrease of Php 56.52 million or 37.96%. The decrease primarily came from the payments made during the year.
- Loans payable – current portion as of December 31, 2018 and 2017 amounted to Php 674.82 million and Php 407.70 million, respectively, which shows an increase of Php 267.12 million or 65.52%. The increase primarily came from additional loans availed during the year.
- Obligations under finance lease – current portion as of December 31, 2018 and 2017 amounted to Php 3.78 million and Php 26.12 million, respectively, which shows a decrease of Php 22.34 million or 85.51%. The decrease primarily came from payments made during the year.
- Installment payable – current portion as of December 31, 2018 and 2017 amounted to Php 8.65 and Php –nil-, respectively, which shows an increase of Php 8.65 million or 100%. The increase came from the installment loan availed during the year.
- Capital gains tax payable – noncurrent as of December 31, 2018 and 2017 amounted to Php 10.13 million and Php 20.25 million, respectively which shows a decrease of Php 10.13 million or 50.00%. The decrease from the payment of reclassification from non-current to current.
- Convertible loans as of December 31, 2018 and 2017 amounted to Php 465.43 million and Php 522.92 million, respectively, which shows a decrease of Php 57.50 million or 11.00%. The decrease primarily came from the payments made during the year.
- Callable loans as of December 31, 2018 and 2017 amounted to Php 15.00 million and -Nil, respectively. This represents the loan which will be used to finance the land developments in Nagtabon beach and to finance the purchase of lots.
- Purchased land payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 8.48 million and Php 20.37 million, respectively, which shows a decrease of Php 11.89 million or 58.37%. The decrease primarily came from the reclassification of non-current to current.
- Loans payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 366.44 million and Php 566.76 million, respectively, which shows a decrease of Php 200.31 million or 35.34%. The decrease primarily came from the reclassification of non-current to current.
- Obligations under finance lease – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.04 million and Php 8.62 million, respectively, which shows a decrease of Php 4.59 million or 53.18%. The decrease primarily came from the reclassification of non-current to current.
- Installment payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.91 and -Nil-, respectively. This represents the non-current portion of the installment loan availed during 2018.
- Deferred tax liabilities as of December 31, 2018 and 2017 amounted to Php 192.47 million and Php 236.04 million, respectively, which shows a decrease of Php 43.57 million or 18.46%. The decrease primarily came from the reversal of certain deferred tax liabilities during 2018.

2017

The Company's total assets as of December 31, 2017 and 2016 amounted to Php 4,096.55 million and Php 3,723.64 million, respectively, which shows an increase of Php 372.90 million or 10.01%. The Company's total liabilities as of December 31, 2017 and 2016 amounted to Php 3,094.38 million and Php 2,790.00 million, respectively, which shows an increase of Php 304.38 million or 10.91%. The Company's equity as of December 31, 2017 and 2016 amounted to Php 591.84 million and Php 533.99 million, respectively, which shows an increase of Php 57.85 million or 10.83%. The Company's equity attributable to non-controlling interests as of December 31, 2017 and 2016 amounted to Php 410.33 million and Php 399.64 million, respectively, which shows an increase of Php 10.69 million or 2.67%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2017 and 2016 amounted to Php 70.16 million and Php 90.31 million, respectively, which shows a decrease of Php 20.15 million or 22.31%. Cash used in operations amounted to Php 71.65 million; cash used in investing activities amounted to Php 163.56 million; while cash provided by financing activities amounted to Php 215.07 million; the sum of which represents the aforementioned decrease.
- Receivables - net as of December 31, 2017 and 2016 amounted to Php 1,424.67 million and Php 1,145.32 million, respectively, which shows an increase of Php 279.35 million or 24.39%. The increase primarily came from the uncollected contract receivables.
- Real estate held for sale as of December 31, 2017 and 2016 amounted to Php 824.99 million and Php 723.28 million, respectively, which shows an increase of Php 101.71 million or 14.06%. The increase primarily came from the additional construction and development costs of the Company's real estate assets.
- Inventories as of December 31, 2017 and 2016 amounted to Php 13.00 million and Php 12.20 million, respectively, which shows an increase of Php 0.80 million or 6.56%. The increase primarily came from the additional costs of inventories.
- Other current assets as of December 31, 2017 and 2016 amounted to Php 302.00 million and Php 205.50 million, respectively, which shows an increase of Php 96.50 million or 46.96%. The increase primarily came from additional advances made to suppliers and contractors; and input VAT claimed during the year.
- Non-current portion of contracts receivable as of December 31, 2017 and 2016 amounted to Php 220.98 million and Php 387.19 million, respectively, which shows a decrease of Php 166.21 million or 42.93%. The decrease came from reclassification of non-current to current contract receivables.
- Goodwill and intangible assets as of December 31, 2017 and 2016 amounted to Php 143.71 million and Php 159.33 million, respectively, which shows a decrease of Php 15.62 million or 9.80%. The decrease primarily came from the amortization of intangible assets.
- Property and equipment - net as of December 31, 2017 and 2016 amounted to Php 330.39 million and Php 393.09 million, respectively, which shows a decrease of Php 62.70 million or 15.95%. The decrease primarily came from the depreciation during the year.
- Land and land development as of December 31, 2017 and 2016 amounted to Php 578.79 million and Php 123.28 million, respectively, which shows an increase of Php 455.51 million

or 369.49%. The increase primarily came from the reclassification of investment property which was sold by PHA to WPP during the year.

- Investment property as of December 31, 2017 and 2016 amounted to Php –nil- million and Php 399.95 million, respectively, which shows a decrease of Php 399.95 million or 100%. The decrease primarily came from the reclassification of investment property which was sold by PHA to WPP during the year.
- Other noncurrent assets as of December 31, 2017 and 2016 amounted to Php 187.86 million and Php 84.19 million, respectively, which shows an increase of Php 103.67 million or 123.14%. The increase primarily came from the input VAT claimed during the year.
- Trade and other payables as of December 31, 2017 and 2016 amounted to Php 907.37 million and Php 644.03 million, respectively, which shows an increase of Php 263.34 million or 40.89%. The increase primarily came from the payables made to third parties and advances during the year.
- Short-term loans as of December 31, 2017 and 2016 amounted to Php 209.10 million and Php 211.05 million, respectively, which shows a decrease of Php 1.95 million or 0.92%. There were no significant changes during the previous year.
- Income tax payable as of December 31, 2017 and 2016 amounted to Php 0.34 million and Php 0.88 million, respectively, which shows a decrease of Php 0.54 million or 61.36%. The decrease primarily came from the decreased taxable income during the year.
- Purchased land payable – current portion as of December 31, 2017 and 2016 amounted to Php 148.90 million and Php 240.37 million, respectively, which shows a decrease of Php 91.47 million or 38.05%. The decrease primarily came from the payments made during the year.
- Loans payable – current portion as of December 31, 2017 and 2016 amounted to Php 407.70 million and Php 421.27 million, respectively, which shows a decrease of Php 13.57 million or 3.22%. The decrease primarily came from higher payments made during the year.
- Obligations under finance lease – current portion as of December 31, 2017 and 2016 amounted to Php 26.12 million and Php 47.25 million, respectively, which shows a decrease of Php 21.13 million or 44.72%. The decrease primarily came from payments made during the year.
- Installment payable – current portion as of December 31, 2017 and 2016 amounted to Php – nil- million and Php 27.99 million, respectively, which shows a decrease of Php 27.99 million or 100%. The decrease primarily came from payments made during the year.
- Pension liabilities as of December 31, 2017 and 2016 amounted to Php 13.18 million and Php 19.12 million, respectively, which shows a decrease of Php 5.94 million or 31.07%. The decrease primarily came from suspension of operations of CUBES which resulted in the termination of its employees.
- Convertible loans as of December 31, 2017 and 2016 amounted to Php 522.92 million and Php 423.41 million, respectively, which shows an increase of Php 99.51 million or 23.50%. The increase primarily came from the additional convertible loans during the year.
- Purchased land payable – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 20.37 million and Php 11.94 million, respectively, which shows an increase of Php

8.43 million or 70.60%. The increase primarily came from the reclassification of non-current to current.

- Loans payable – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 566.76 million and Php 405.59 million, respectively, which shows an increase of Php 161.17 million or 39.74%. The increase primarily came from the additional loans during the year.
- Obligations under finance lease – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 8.62 million and Php 9.84 million, respectively, which shows a decrease of Php 1.22 million or 12.40%. The decrease primarily came from the reclassification of non-current to current obligations under finance lease.
- Deferred tax liabilities as of December 31, 2017 and 2016 amounted to Php 262.98 million and Php 327.25 million, respectively, which shows a decrease of Php 64.27 million or 19.64%. The decrease primarily came from the reversal of certain deferred tax liabilities during the year.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company and its subsidiaries use the following key performance indicators: 1) **revenues**; 2) **gross profit / loss**; 3) **gross profit ratio** (computed as gross profit divided by the gross revenues); 4) **net income / loss**; 5) **net profit ratio** (computed as net profit divided by the gross revenues); 6) **net profit attributable to parent**; 7) **12 months trailing net income (loss)** (computed as year to date net income (loss) plus net income of the latest annual income minus the previous year to date net income (loss)); 8) **12 months trailing net income (loss) per share** (computed as 12 months trailing net income (loss) divided by weighted average number of shares); 9) **debt-to-equity ratio** (computed as total liabilities divided by total Stockholders' Equity); 10) **current ratio** (computed as total current assets divided by total current liabilities); 11) **debt ratio** (computed as total liabilities divided by total assets); and 12) **return on investment** (computed as net income divided by investment).

		June 30, 2020	June 30, 2019	Inc/(Dec)
1.	Revenues	Php176,344	Php266,114	(89,770)
2.	Gross Profit / Loss	Php55,929	Php101,497	(45,568)
3.	GrossProfit /Loss Ratio	32%	38%	(6%)
4.	Net Profit / Loss	Php (48,393)	Php(99,097)	(50,704)
5.	Net Profit / Loss Ratio	(27%)	(37%)	10%
6.	Net Profit / Loss attributable to Parent	Php(41,992)	Php (77,848)	35,856
7.	12 months trailing net income (loss)	Php 121,901	Php(418,163)	540,064
8.	Trailing 12months earnings(loss) per share basic	0.06	(0.21)	0.27
		June 30, 2020	December 31, 2019	Inc/(Dec)

9.	Debt -to- Equity Ratio	3.34:1	2.99:1	0.35
10.	Current Ratio	1.02:1	1.03:1	(0.01)
11.	Debt Ratio	0.77:1	0.75:1	0.02
12.	Return on Assets	-0.01:1	0.02:1	(0.03)

During the 2nd quarter of 2020 the Group generated gross revenues of Php176,344 thousand broken down into Php49,791 thousand from real estate sales and Php126,553 thousand from mining related services.

Gross profit in the 2nd Quarter of 2020 and 2019 amounted to Php55,929 thousand and Php 101,497 thousand, respectively, which shows a decrease of Php45,568 thousand or 45%.

The Group's net loss attributable to the equity holder of the parent in the 2nd Quarter of 2020 and 2019 amounted to Php41,992 thousand and Php77,848 thousand, respectively, which shows a decrease of Php35,856 thousand or 46%.

The Group's 12 months trailing net income(loss) in the 2nd Quarter of 2020 and 2019 amounted to Php 121,901 thousand and Php (418,163) thousand, respectively, which shows an increase of Php540,064 thousand or 129%.

The Group's trailing net income (loss) per share in the 2nd Quarter of 2020 and 2019 amounted to 0.06 and (0.21) thousand, respectively, which shows an increase of 0.27.

The Debt-to-Equity Ratio is 3.34:1 and 2.99:1 in the 2nd quarter of 2020 and year end 2019, respectively.

The Current Ratio is 1.02:1 and 1.03:1 in the 2nd quarter of 2020 and year end 2019, respectively.

The Debt Ratio is 1.30:1 and 1.33:1 in the 2nd quarter of 2020 and year end 2019, respectively.

The Return on Assets is (0.01) and (0.02) in the 1st quarter of 2020 and year end 2019, respectively.

There were no events that triggered direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

The following are the causes for the material changes, i.e. those amounting five percent (5%) of the relevant accounts or such lower amount, between this period versus the previous, on a vertical and horizontal basis of analyses:

Financial Position

- **Cash** – As of June 30, 2020 and December 31, 2019, this account amounted to Php118,561 thousand and Php81,562 thousand, respectively, which shows an increase of Php36,999 thousand or 45%. Cash provided by operations amounted to Php191,976 thousand; cash used by investing activities amounted to Php6,059 thousand; while cash used in financing activities amounted to Php148,918 thousand. The said cash flows represent the decrease during the reporting period.

- **Contract Assets** – As of June 30, 2020 and December 31, 2019, this account amounted to Php750,85 thousand and Php673,428 thousand, respectively, which shows an increase of Php77,428 thousand or 11%. The increase primarily came from the additional uncollected contract assets during the reporting period. Current portion of this account as of June 30, 2020 amounted to Php695,790. Noncurrent portion of this account as of June 30, 2020 amounted to Php55,066.
- **Receivables, net** – As of June 30, 2020 and December 31, 2019, this account amounted to Php161,435 thousand and Php84,573 thousand, respectively, which shows an increase of Php76,862 thousand or 91%. The increase primarily came from the increase in receivables during the reporting period.
- **Property and equipment, net** – As of June 30, 2020 and December 31, 2019, this account amounted to Php272,563 thousand and Php310,712 thousand, respectively, which shows a decrease of Php38,149 thousand or 12%. The decrease primarily came from the depreciation expense as of June 30, 2020.
- **Trade and other payables**-As of June 30, 2020 and December 31, 2019, this account amounted to Php979,599 and Php630,502 thousand, respectively which shows an increase of Php349,097 or 55%. The increase primarily came from the additional accrued expenses.
- **Contract liabilities** – As of June 30, 2020 and December 31, 2019, this account amounted to Php21,279 thousand and Php11,910 thousand, respectively, which shows an increase of Php9,369 thousand or 79%. The increase came from the additional contract debt availed during the period.
- **Loans payable** – As of June 30, 2020 and December 31, 2019, this account amounted to Php856,654 thousand and Php992,104 thousand, respectively, which shows a decrease of Php135,450 thousand or 14%. The decrease primarily came from the payment of loans during the reporting period. Current portion of this account as of June 30, 2020 amounted to Php 612,848. Noncurrent portion of this account as of June 30, 2020 amounted to Php 243,806.
- **Obligations under finance lease**– As of June 30, 2020 and December 31, 2019, this account amounted to Php1,811 thousand and Php2,360 thousand, respectively, which shows a decrease of Php549 thousand or 23%. The decrease primarily came from the payments made during the reporting period.
- **Installment payable** – As of June 30, 2020 and December 31, 2019, this account amounted to Php44,352 thousand and Php75,457 thousand, respectively, which shows a decrease of Php31,105 thousand or 41%. The decrease primarily came from the payments made during the reporting period. Current portion of this account as of June 30, 2020 amounted to Php 44,352. Noncurrent portion of this account as of June 30, 2020 amounted to Nil.

Performance

- **Revenues** - The Group's revenues in the first half of 2020 and 2019 amounted to Php176,344 thousand and Php 266,114 thousand, respectively, which shows a decrease of Php89,770 thousand or 34%.

Revenue from the real estate sales in the first half of 2020 and 2019 amounted to Php49,791 thousand and Php77,805 thousand, respectively, which shows a decrease of Php28,014 thousand or 36%.

Revenue from the mining related services in the first half of 2020 and 2019 amounted to Php 126,553 thousand and Php188,309 thousand, respectively, which shows a decrease of Php 61,756 thousand or 33%.

The decrease in revenues were due to the low realizable sales via percentage of completion and the decrease in tonnages mined due to the restrictions imposed to control COVID19.

- **Cost of real estate sold** – The Group’s cost of real estate sold in the first half of 2020 and 2019 amounted to Php25,441 thousand and Php50,935 thousand, respectively, which shows a decrease of Php25,494 thousand or 50%. The decrease is due to the lower realizable costs via percentage of completion.
- **Cost of services** – The Group’s cost of services in the first half of 2020 and 2019 amounted to Php94,974 thousand and Php113,682 thousand, respectively, which shows a decrease of Php18,708 thousand or 16%. The Cost of services decreased due to slow down in operations and work disruptions caused by the restrictions imposed to control COVID19 during 2nd quarter of 2020.
- **Professional and legal fees** – The Group’s professional and legal fees in the first half of 2020 and 2019 amounted to Php12,931 thousand and Php15,579 thousand, respectively, which shows a decrease of Php2,648 thousand or 17%. The decrease primarily came from the lower fees and decrease in services rendered by professionals during the 2nd quarter of 2020.
- **Personnel cost** – The Group’s personnel cost in the first half of 2020 and 2019 amounted to Php18,286 thousand and Php39,312 thousand, respectively, which shows a decrease of Php21,026 thousand or 53%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Advertising** – The Group’s advertising expenses in the first half of 2020 and 2019 amounted to Php7,176 thousand and Php10,464 thousand, respectively, which shows a decrease of Php3,288 thousand or 31%. The decrease primarily came from the lower advertising expenses required by operations during the second quarter of 2020.
- **Taxes and licenses** – The Group’s taxes and licenses in the first half of 2020 and 2019 amounted to Php6,744 thousand and Php10,036 thousand, respectively, which shows a decrease of Php3,292 thousand or 33%. The decrease primarily came from the lower taxable transactions incurred by the Group as of the second quarter of 2020.
- **Depreciation and amortization** – The Group’s depreciation and amortization in the first half of 2020 and 2019 amounted to Php2,714 thousand and Php8,767 thousand, respectively, which shows a decrease of Php6,053 thousand or 69%. The decrease primarily came from the lower balance of depreciable assets as of the second quarter of 2020.
- **Rent, Utilities and Supplies** – The group’s rent, utilities and supplies expense in the first half amounted to Php1,889 thousand and Php4,117, respectively, which shows a decrease of Php 2,228 thousand or 54%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Transportation and travel** – The group’s transportation and travel expense amounted to Php3,244 thousand and Php4,073 thousand in the first half of 2020 and 2019 respectively, which shows a decrease of Php 829 thousand or 20%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.

- **Entertainment, amusement and recreation** – The Group’s entertainment, amusement and recreation in the first half of 2020 and 2019 amounted to Php5,747 thousand and Php4,294 thousand, respectively, which shows an increase of Php1,453 thousand or 34%. The increase primarily came from the additional entertainment, amusement, and recreation expenses required by operations as of 2nd quarter of 2020.
- **Repairs and maintenance** – The Group’s repairs and maintenance in the first half of 2020 and 2019 amounted to Php5,747 thousand and Php4,294 thousand, respectively, which shows an increase of Php1,453 thousand or 34%. The increase primarily came from the higher repairs and maintenance of equipment.
- **Other Expenses** – The Group’s other expenses in the first half of 2020 and 2019 amounted to Php4,698 thousand and Php14,134 thousand, respectively, which shows a decrease of Php9,436 thousand or 67%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Interest income** – The Group’s interest income in the first half of 2020 and 2019 amounted to Php1,475 thousand and Php23 thousand, respectively, which shows an increase of Php1,452 thousand. The increase primarily came from the higher balance of interest earning assets.
- **Other income - net** – The Group’s other income -net in the first half of 2020 and 2019 amounted to Php4,144 thousand and Php16,631 thousand, respectively, which shows a decrease of Php12,487 thousand or 75%. The decrease primarily came from lower service income earned from operations during the in the first half of 2020.
- **Interest expense**– The Group’s interest expense in the first half of 2020 and 2019 amounted to Php42,185 thousand and Php97,875 thousand, respectively, which shows a decrease of Php55,690 thousand or 57%. The decrease primarily came from the lower interest-bearing payables balance and loan restructurings.
- **Provision for income tax (benefit)** –The Group’s provision for income tax (benefit) in the first half of 2020 and 2019 amounted to Php2,732 thousand and Php 6,686 thousand, respectively. This came from the taxable income of PGDI.

For assessing impairment of goodwill, a test of impairment is performed annually or when circumstances indicate that the carrying value may be impaired.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI, whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generation through end-user

financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. These will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment deferrals and rollover/restructuring of certain existing loans. The Group is currently in the process of negotiating for further deferral of payments and restructuring for the other currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalizes. Alternative financing solutions are also currently being explored.

Item 3. No relevant disclosure covered by this Item was made since there is no event that triggered any direct or contingent financial obligation that is material to the company. Likewise, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons was created during the reported period.

Financial Statements

The Company's consolidated Financial Statements are duly filed as part of this Annual Report. The SEC Form 17-Q for the quarterly period ended September 30, 2020 is attached as Annex "C."

(B) Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

The Company has engaged SGV & Co. as its external auditor for the last six (6) fiscal years. SGV & Co. has conducted the financial audit of the group including the parent company and its various operating subsidiaries. For this service, the total billing of SGV & Co. (VAT exclusive) were **Php 2,304,500.00, Php 2,095,000.00 and Php1,770,000.00, for 2019, 2018, and 2017, respectively.**

b) Tax Fees

Aside from the aforementioned activities, the Company or any of its subsidiaries has not engaged SGV & Co. for any other service.

c) All Other Fees

Aside from the audit fees disclosed under letter (a) above, the Company has not engaged any other services or products of SGV & Co. for the last five (5) fiscal years.

d) Audit Committee's Approval Policies and Procedures

- Review the financial reporting and disclosures
- Ensure accounting policies and principles are adhered to
- Review the internal control process used
- Ensure regulatory requirements have been complied with

(2) Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

During the course of the audit, the Company and SGV & Co. did not have any material disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

(C) Market Information

(1) Market Price and Dividends

The common shares of the Company are traded on the Philippine Stock Exchange (“PSE”) under the symbol “PHA”. The Company’s closing price as of November 20, 2020, was Php 0.80.

The following table indicates the quarterly high and low sale price of the Company’s common shares as reported on the PSE for the years 2017 to 2020 (2nd Quarter).

	HIGH				LOW			
	2020	2019	2018	2017	2020	2019	2018	2017
1st Quarter	0.2030	1.06	0.46	0.44	0.1950	1.000	0.435	0.43
2nd Quarter	0.2050	0.85	0.36	0.4	0.1990	0.820	0.325	0.39
3rd Quarter	0.290	0.56	0.395	0.39	0.270	0.510	0.375	0.39
4th Quarter		0.355	0.33	0.36		0.335	0.320	0.35

As of November 20, 2020 there were 116 shareholders of record of PHA’s common shares and listed below are the top twenty (20) common shareholders, including their nationalities, number of shares held, and the approximate percentages of their respective shareholdings to PHA’s total outstanding common stocks:

Rank	Name	Shareholdings	Percentage
1	PCD NOMINEE CORPORATION	1,624,628,876	72.07%
2	MARVIN DELA CRUZ	242,424,243	10.75%
3	PCD NOMINEE CORPORATION - (NON-FILIPINO)	147,923,303	06.56%
4	AUGUSTO C. SERAFICA, JR.	70,000,001	03.11%
5	SISO M. LAO	55,000,000	02.44%
6	TEOFILO HENSON	50,000,000	02.22%
7	S CAPITAL CORP.	36,000,000	01.60%
8	RAISSA ABAINZA QUERI	12,121,212	00.54%
9	ROGELIO DE RAMA	3,030,303	00.13%
10	ENRICO ALFONSO TAMAYO	3,030,303	00.13%
11	HARRISON YAP	3,030,303	00.13%
12	ANTONIO ONG	1,500,000	00.07%
13	RENATO Y. CHUA	1,050,000	00.05%
14	RAUL A. ALON	500,000	00.02%
15	LILY ROSE DE LEON	475,000	00.02%
16	SHIRLEY Y. SEE	300,000	00.01%
17	PHILIP E. DABAO	200,000	00.01%
18	LEONCIO TAN TIU	200,000	00.01%

19	LOLITA S. PAMA	150,000	00.01%
20	ARTEMIO TUANO ENGRACIA	125,000	00.01%
Total Top 20 Shareholders :		2,251,688,544	99.89%
Total Outstanding Shares		2,254,117,253	

(3) Dividends

PHA has declared a 22.1 % property dividend of it Redstone Construction and Development Corp. (RCDC) to stockholders of record May 15, 2018 equivalent of 268 million shares at the new par value of Php 0.10 per share and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of applicable taxes. The dividend will come from the unrestricted retained earning as of December 31, 2017. The property dividend ratio will be at 1,346 shares of RCDC for every 10,000 PHA shares.

On December 18, 2013, the Board of Directors of DSI approved the declaration of a total of Php78.0 million as stock dividend from its un-appropriated retained earnings. Payment is subject to approval by the Securities and Exchange Commission of the increase in authorized capital stock.

Under the By-Laws of the Company, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine as they deem proper; Provided, however, that no stock dividends shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of the Company or at a special meeting called for the purpose. No dividends shall be declared that impair the capital of the Company. Other than the aforesaid, there are no other restrictions that would limit or would likely to limit in the future the ability of the company to pay dividends on common equity.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On December 15, 2011 the majority of the board of directors authorized the subscription by three (3) of its regular directors to one hundred seventy five million (175,000,000) of the Company's unissued common shares at a subscription price of Php0.30 per share or at Php0.05 above par value. The three (3) subscribing directors are: Mr. Augusto Antonio C. Serafica, Jr., Mr. Siso M. Lao and Mr. Teofilo A. Henson. The subscribing directors did not vote during the meeting when their offer to subscribe to the unissued shares was approved.

On October 29, 2020, certain shareholders of Squidpay Technology, Inc. subscribed to 263,636,364 shares of PHA, thereby increasing the Company's outstanding capital stock from 1,990,480,889 to 2,254,117,253. The Company will file its listing application with the PSE.

(5) Interim Financial Statement

The interim financial statement as of September 30, 2020 is incorporated in the 17-Q report.

D. CORPORATE GOVERNANCE

Premiere Horizon Alliance Corporation (PHA) recognizes the need to ensure that the Company is directed, supervised, and supported with accountability, impartiality and transparency.

The Board of Directors and the Management of PHA also recognizes good corporate governance as essential in performing its obligations to the company's stockholders. To this end, PHA aims to strengthen its corporate governance to accomplish the corporate goals along with its guarantee to increase stockholder value.

PHA Corporate Governance Manual

The original Manual of Corporate Governance was adopted on July 1, 2002. Pursuant to SEC Memorandum No. 6, the Company revised its Manual of Corporate Governance on September 16, 2009. The Company accomplished and submitted its Corporate Governance Scorecard Survey for Publicly Listed Companies. In compliance, the Board of Directors and Key Management officers of the Corporation have attended Corporate Governance seminars and will continue to do so on an annual basis.

To measure the extent of compliance with the Manual, the Company conducted self-assessment and submitted its first Governance Self Rating, which reported no significant deviation, to SEC and PSE on July 25, 2003. The Company conducted a self-assessment in 2011 when it participated in the Corporate Governance Scorecard for Publicly Listed Companies, which was administered by the Institute of Corporate Directors, SEC and PSE. The Scorecard was submitted on November 25, 2011. Additionally, the Company submitted its Corporate Governance Guidelines Disclosure Survey on March 28, 2012 to the PSE. It has continued to accomplish and submit the same disclosure template survey every year.

In December 2019, 5 Directors and 10 Key Officers of the Company attended a Corporate Governance Training conducted by ROAM Inc.

The Company has also established an evaluation system to measure or determine the level of compliance of the Board of Directors and top level management with its Revised Manual of Corporate Governance ("Manual") that included the continuous monitoring of the Board members' attendance in its board meetings and various committee meetings. The Certification on the Attendance of the individual members of the Board of Directors is submitted annually to the SEC and the PSE. Moreover, the attendance and participation of the members of the Board of Directors and the senior management of the Company in seminars and trainings on Corporate Governance are also monitored and submitted to the SEC and PSE.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to continuously create awareness within the organization.

Board Committees

To further comply with the leading practices on good Corporate Governance, the Company, through its Board of Directors, adopted and approved its Charters of the Audit Committee, Nominations Committee and Compensation Committee. During the special meeting of the board of directors on February 6, 2018, the Audit Committee was renamed as the Audit and Risk Oversight Committee, while the Nominations and Compensation Committees have been joined together and renamed as the Corporate Governance Committee. The establishment of the Related Party Transactions Committee was also approved on even date

The Corporate Governance Committee was constituted to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed under existing SEC rules and the Company's Code of Corporate Governance; to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors.

Executive Committee

Chairman: George Edwin Y. Sycip
Members: Augusto Antonio C. Serafica, Jr.
Raul Ma. F. Anonas
Winston A. Chan

Audit and Risk Oversight Committee

Chairman: Felipe A. Judan (Independent Director)
Members: Ramon G. Santos (Independent Director)
Victor Y. Lim

Corporate Governance Committee

Chairman: Ramon G. Santos (Independent Director)
Members: Felipe A. Judan (Independent Director)
Victor Y. Lim

Related Party Transactions Committee

Chairman: Winston A. Chan
Members: Victor Y. Lim
Ramon A. Recto

Code of Business Conduct and Ethics

The Company has also adopted a Code of Ethics last September 16, 2009. Under this Code, the Board of Directors, officers, management and staff committed themselves to conduct business in accordance with the highest ethical standards and shall discharge their duties with utmost responsibility, integrity, transparency, competence, loyalty and will uphold corporate interest over personal gains.

Corporate Social Responsibility

Premiere Leadership and Countryside Engagement Series (PLACE)

Premiere Horizon Alliance Corporation will be working with different partners in the fulfillment of its commitment to invigorate the countryside and improve the leadership potential of micro and small entrepreneurs to make them more competitive in the ASEAN Economic Community integration beginning 2015.

Premiere Horizon Alliance Corporation will sponsor and hold leadership training modules to SME entrepreneurs thereby raising the capacity for leading and sustaining change in the countryside.

The scope of the PLACE Program is nationwide and will be done on a quarterly basis.

Film Legacy Project

Premiere Horizon has ownership of thousands of original films, it will institute a Film Legacy Project in partnership with the National Library and different private museums. Film showing projects will also be done in schools.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	7	5	8	4				
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COMPANY NAME

P	R	E	M	I	E	R	E	H	O	R	I	Z	O	N	A	L	L	I	A	N	C	E	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					

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

U	n	i	t	1	7	0	5	,	1	7	t	h	F	l	o	o	r	,	E	a	s	t	T	o			
w	e	r	,	P	h	i	l	i	p	p	i	n	e	S	t	o	c	k	E	x	c	h	a	n	g	e	
C	e	n	t	e	r	,	E	x	c	h	a	n	g	e	R	o	a	d	,	O	r	t	i	g	a	s	
C	e	n	t	e	r	,	P	a	s	i	g	C	i	t	y												

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.premierehorizonalliance.com	(02) 8632-7714	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
116	10/24	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Manolo B. Tuason	N/A	8706-2882	N/A

CONTACT PERSON'S ADDRESS

Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City
--

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

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





STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS


The management of **Premiere Horizon Alliance Corporation (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

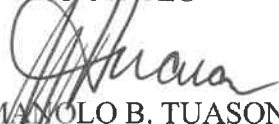
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to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


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

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

SyCip Gorres Velayo & Co. (SGV), the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



AUGUSTO ANTONIO C. SERAFICA JR.
President & CEO


MANOLO B. TUASON
Chief Financial Officer


ANDRES A. DEL ROSARIO
Treasurer

Signed this 17th day of July 2020

WITNESSED AND SWORN TO BEFORE ME
AT PASIG CITY JUL 30 2020
ABOVE AFFIANT'S
DOC. NO. 298
PAGE NO. 4
BOOK NO. 10001
SERIES OF 24


EDNA G. CONDAYA
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 6423914/1-2-20
IBP NO. 056031/APPT. NO. 5412019-20
ROLL NO. 2668J
TIN NO. 210-588-191-000
MCLE V- 0004493
2ND FLOOR ARMAL BLDG, URBANO
VELASCO AVE, MALINAO, PASIG CITY

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit 1705, 17th Floor, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of Premiere Horizon Alliance Corporation and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which indicate that as of December 31, 2019, the Group had a liquidity gap on currently maturing liabilities amounting to ₱1.64 billion. The financial position and financial performance of the Group are also expected to be significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed in Note 38 to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the input method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the input method. This method measures progress based on actual costs incurred such as materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the costs accumulated by the accounting department to determine the actual resources used. The estimation of the total costs of the real estate project required technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the costs of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as costs to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.



The disclosures related to real estate revenue are included in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

For the application of the input method, in determining real estate revenue and cost of sales, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) including cost accumulation process, and for determining and updating of total estimated costs. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced the costs accumulated including those incurred but not yet billed to supporting documents such as contracts and progress reports. We conducted ocular inspections for selected sites, made relevant inquiries and obtained the supporting details of POC reports showing the stage of completion of the major activities of the project construction. For selected projects, we obtained the approved total estimated costs and any revisions thereto to supporting details such as project costing and related addendums. We likewise performed inquiries with project engineers for the revisions.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Adequacy of Expected Credit Losses (ECL) on Contract Receivables and Contract Assets

As of December 31, 2019, the Group has outstanding contract receivables amounting to ₱36.43 million and contract assets amounting to ₱673.43 million, gross of allowance for expected credit losses (ECL) amounting to ₱23.68 million. The estimation of expected credit losses (ECL) of these contract receivables was significant to our audit because it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as the expected life of the financial asset and timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECL.

The disclosures related to contract receivables are included in Notes 3 and 5 to the consolidated financial statements.



Audit Response

We obtained an understanding of the approved methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money and, the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (c) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and write-offs; (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's lending portfolios and broader industry knowledge; and (f) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we checked the data used in the ECL models, such as the historical analysis of defaults, and recovery data, by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data. We recalculated impairment provisions on a sample basis.

Recoverability of Deferred Exploration Costs

As of December 31, 2019, the carrying value of the Group's deferred exploration costs amounted to ₱390.20 million. Under PFRS 6, *Exploration of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amount exceed the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality involved and the significant management judgement required in assessing whether there is any indication of impairment.

Audit Response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired. We obtained the summary of the status of each exploration project as of December 31, 2019, as well as the relevant contracts and agreements. We obtained status of the application for renewal of licenses/permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.



Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of land amounting to ₱1,298.47 million and represent 32% of the total consolidated assets as at December 31, 2019. Unrealized gain on revaluation of investment properties amounted to ₱816.49 million for the year ended December 31, 2019. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of investment properties as a key audit matter.

The disclosures relating to investment properties are included in Note 13 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We reviewed the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Other Information

Management is responsible for other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),

July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2018,

February 14, 2018, valid until February 13, 2021

PTR No. 8125310, January 7, 2020, Makati City

July 17, 2020



PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash (Note 4)	₱81,562,429	₱68,980,256
Receivables - net (Note 5)	84,573,000	86,340,871
Contract assets - current (Note 5)	618,362,122	1,028,153,623
Real estate held for sale (Note 6)	1,025,557,459	1,606,444,142
Other current assets (Note 7)	134,303,851	92,359,793
	1,944,358,861	2,882,278,685
Noncurrent Assets		
Noncurrent portion of contract assets (Note 5)	55,066,445	111,732,198
Deferred exploration costs (Note 12)	390,197,300	390,197,300
Investment properties (Note 13)	1,298,468,000	-
Property and equipment - net (Note 11)	310,711,952	294,915,396
Goodwill and intangible assets (Note 10)	19,756,818	20,207,375
Right-of-use asset (Notes 2 and 32)	1,350,406	-
Deferred tax assets (Note 29)	31,596,495	32,769,486
Other noncurrent assets - net (Note 14)	17,751,218	45,827,777
	2,124,898,634	895,649,532
	₱4,069,257,495	₱3,777,928,217
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of:		
Short-term loans (Note 17)	₱204,000,000	₱243,895,000
Loans payable (Note 18)	748,297,774	674,822,424
Purchased land payable (Note 16)	49,360,073	92,385,174
Obligations under finance lease (Note 19)	2,360,827	3,783,919
Convertible loans (Note 20)	112,500,000	-
Installment payable (Note 19)	58,401,035	8,647,991
Lease liability (Notes 2 and 32)	861,694	-
Trade and other payables (Note 15)	630,502,031	806,558,652
Contract liabilities (Note 33)	11,910,437	29,693,374
Dividend payable (Note 24)	39,800,000	39,800,000
Capital gains tax payable - current (Note 29)	26,940,000	16,815,000
Income tax payable (Note 29)	-	665,304
	1,884,933,871	1,917,066,838
Noncurrent Liabilities		
Noncurrent portion of:		
Loans payable (Note 18)	243,805,869	366,440,893
Loans from third parties (Note 17)	8,000,000	-
Installment payable (Note 19)	17,055,586	4,906,845
Loans from officers and shareholders (Note 17)	47,200,000	-
Lease liability	582,729	-
Purchased land payable (Note 16)	-	8,477,930
Obligations under finance lease (Note 19)	-	4,038,485
Convertible loans (Note 20)	332,033,615	465,425,292
Callable loans (Note 21)	22,000,000	15,000,000
Advances from officers and employees (Note 15)	62,280,220	-
Pension liabilities (Note 23)	25,996,477	13,332,705
Capital gains tax payable - noncurrent (Note 29)	-	10,125,000
Deferred tax liabilities (Note 29)	405,884,351	192,466,949
	1,164,838,847	1,080,214,099
	3,049,772,718	2,997,280,937

(Forward)



	December 31	
	2019	2018
Equity (Note 24)		
Equity attributable to equity holders of the parent:		
Capital stock	₱497,620,222	₱472,715,222
Additional paid-in capital (Note 20)	97,020,326	66,073,918
Retained earnings (Deficit)	91,376,644	(140,689,788)
Parent Company shares held by a subsidiary	-	(120,226,315)
	686,017,192	277,873,037
Equity attributable to non-controlling interests	333,467,585	502,774,243
	1,019,484,777	780,647,280
	₱4,069,257,495	₱3,777,928,217

See accompanying Notes to Consolidated Financial Statements.



PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUES (Notes 33 and 36)			
Mining-related services	₱340,166,458	₱294,933,829	₱247,142,428
Real estate sales	79,101,295	182,711,039	479,475,389
Service income	4,388,324	2,513,813	1,648,727
Others (Note 10)	–	45,000	387,213
	423,656,077	480,203,681	728,653,757
COSTS OF SALES AND SERVICES			
Cost of real estate sales (Note 6)	99,493,674	172,514,017	289,052,737
Cost of services (Note 25)	252,105,301	203,297,864	221,326,617
	351,598,975	375,811,881	510,379,354
GROSS PROFIT	72,057,102	104,391,800	218,274,403
GENERAL AND ADMINISTRATIVE EXPENSES (Note 26)	208,891,623	211,858,036	179,250,587
OTHER INCOME (CHARGES)			
Unrealized gain on revaluation of investment properties (Notes 6 and 13)	816,485,000	–	–
Interest income (Notes 4 and 5)	6,289,729	4,672,603	7,157,849
Impairment losses (Note 28)	(58,528,808)	(158,405,673)	(22,560)
Interest expense (Note 30)	(317,964,891)	(187,833,026)	(95,662,982)
Other income (charges) - net (Notes 5 and 15)	(13,767,610)	19,870,590	26,781,592
	432,513,420	(321,695,506)	(61,746,101)
INCOME (LOSS) BEFORE INCOME TAX	295,678,899	(429,161,742)	(22,722,285)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)	224,482,061	(54,694,866)	(61,885,784)
NET INCOME (LOSS)	71,196,838	(374,466,876)	39,163,499
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item to be reclassified subsequently to profit or loss:</i>			
Realized gain on AFS financial assets transferred to profit or loss	–	–	334,699
<i>Item not to be reclassified subsequently to profit or loss:</i>			
Remeasurement gain (loss) on defined benefit obligation (Note 23)	(8,437,064)	2,363,466	7,291,285
	(8,437,064)	2,363,466	7,625,984
TOTAL COMPREHENSIVE INCOME (LOSS)	₱62,759,774	(₱372,103,410)	₱46,789,483

(Forward)



	Years Ended December 31		
	2019	2018	2017
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent	₱238,120,942	(₱293,608,419)	₱31,675,928
Non-controlling interests	(166,924,104)	(80,858,457)	7,487,571
	₱71,196,838	(₱374,466,876)	₱39,163,499
TOTAL COMPREHENSIVE INCOME (LOSS)			
ATTRIBUTABLE TO:			
Equity holders of the parent	₱232,066,432	(₱292,093,770)	₱36,096,201
Non-controlling interests	(169,306,658)	(80,009,640)	10,693,282
	₱62,759,774	(₱372,103,410)	₱46,789,483
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE			
TO EQUITY HOLDERS OF THE			
PARENT COMPANY (Note 31)			
Basic earnings (loss) per share	₱0.1266	(₱0.1692)	₱0.0180
Diluted earnings (loss) per share	₱0.1141	(₱0.1692)	₱0.0180

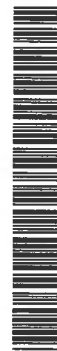
See accompanying Notes to Consolidated Financial Statements.



PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent									
	Capital Stock (Note 24)	Additional Paid-in Capital (APIC)	Additional Paid-in Capital on Convertible Loans (Note 20)	Total Additional Paid-in Capital	Retained Earnings (Deficit) (Note 24)	Gain (Loss) on Financial Assets Available for Sale (Note 8)	Parent Company Shares held by a Subsidiary	Attributable to Non-controlling Interests (Note 24)	Total	Total Equity
Balances at January 1, 2019	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	₱140,689,788	₱-	₱120,226,315	₱502,774,243	₱277,873,037	₱780,647,280
Collection of subscription	24,905,000	-	-	-	-	-	-	-	24,905,000	24,905,000
Disposal of parent company shares held by a subsidiary	-	30,946,408	-	30,946,408	-	-	120,226,315	-	151,172,723	151,172,723
Net income for the year	-	-	-	-	238,120,942	-	-	(166,924,104)	238,120,942	71,196,838
Remeasurement loss on defined benefit obligation	-	-	-	-	(6,054,510)	-	-	(2,382,554)	(8,437,064)	(8,437,064)
Total comprehensive income	-	-	-	-	232,066,432	-	-	(169,306,658)	232,066,432	62,759,774
Balances as at December 31, 2019	₱497,620,222	₱78,330,232	₱18,690,094	₱97,020,326	₱91,376,644	₱-	₱-	₱333,467,585	₱686,017,192	₱1,019,484,777
Balances as at December 31, 2017, as previously stated	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	₱186,719,419	₱-	₱(133,663,988)	₱410,330,847	₱591,844,571	₱1,002,175,418
Effect of adoption of PFRS 9, <i>Financial Instruments</i> (Notes 2 and 5)	-	-	-	-	(7,112,820)	-	-	(5,819,581)	(12,932,401)	(12,932,401)
Balances at January 1, 2018, as restated	472,715,222	47,383,824	18,690,094	66,073,918	179,606,599	-	(133,663,988)	404,511,266	584,731,751	989,243,017
Declaration of dividends (Note 25)	-	-	-	(42,200,000)	(42,200,000)	-	-	-	(42,200,000)	(42,200,000)
Net loss for the year	-	-	-	-	(293,608,419)	-	-	(80,858,457)	(293,608,419)	(374,466,876)
Remeasurement gain on defined benefit obligation	-	-	-	-	1,514,649	-	-	848,817	1,514,649	2,363,466
Total comprehensive loss	-	-	-	-	(292,093,770)	-	-	(80,009,640)	(292,093,770)	(372,103,410)
Additional investment from non-controlling interest and dilution	-	-	-	-	-	-	-	-	-	-
Parent Company shares held by a subsidiary (Note 25)	-	-	-	-	13,997,383	-	-	178,272,617	13,997,383	192,270,000
Balances as at December 31, 2018	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	₱140,689,788	₱-	₱13,437,673	₱502,774,243	₱277,873,037	₱780,647,280
Balances as at December 31, 2016	₱471,115,222	₱47,383,824	₱18,690,094	₱66,073,918	₱150,957,917	₱(334,699)	₱(153,819,786)	₱399,637,565	₱533,992,572	₱933,630,137
Net income for the year	-	-	-	-	31,675,928	-	-	7,487,571	31,675,928	39,163,499
Remeasurement gain on defined benefit obligation	-	-	-	-	4,085,574	-	-	3,205,711	4,085,574	7,291,285
Realized loss on AFS financial assets	-	-	-	-	334,699	-	-	-	334,699	334,699
Total comprehensive income	-	-	-	-	35,761,502	-	-	10,693,282	36,096,201	46,789,483
Collection of subscription receivables	1,600,000	-	-	-	-	-	-	-	1,600,000	1,600,000
Parent Company shares held by a subsidiary	-	-	-	-	-	-	20,155,798	-	20,155,798	20,155,798
Balances as at December 31, 2017	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	₱186,719,419	₱-	₱(133,663,988)	₱410,330,847	₱591,844,571	₱1,002,175,418

See accompanying Notes to Consolidated Financial Statements.



PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱295,678,899	(₱429,161,742)	(₱22,722,285)
Adjustments for:			
Interest expense (Note 30)	317,964,891	187,833,026	95,662,982
Depreciation and amortization (Notes 10, 11 and 32)	115,084,790	89,689,006	88,119,085
Impairment losses (Note 28)	58,528,808	158,405,673	22,560
Pension costs (Note 23)	3,169,793	3,041,511	4,286,024
Unrealized gain on revaluation of investment properties (Note 13)	(816,485,000)	-	-
Interest income (Notes 4 and 5)	(6,289,729)	(4,672,603)	(7,157,849)
Loss (gain) on:			
Disposal of property and equipment	(329,896)	36,381	66,683
Pilferage of spare parts inventory	-	-	780,241
Unrealized foreign exchange gain	-	(13,553)	-
Realized loss on sale of AFS financial assets	-	-	334,699
Recovery of impairment of film rights (Note 10)	-	-	(13,309)
Operating income (loss) before working capital changes	(32,677,444)	5,157,699	159,378,831
Decrease (increase) in:			
Receivable and contract asset (Note 5)	468,225,125	389,925,106	(112,588,892)
Real estate held for sale (Note 6)	98,903,683	(202,670,164)	(157,264,672)
Other current assets (Note 7)	(42,010,058)	203,073,953	(101,111,096)
Increase (decrease) in:			
Trade and other payables (Note 15)	(113,776,401)	(30,208,990)	260,579,788
Purchased land payable (Note 16)	(51,503,031)	(68,408,332)	(83,041,395)
Contract liabilities	(17,782,937)	-	-
Net cash flows from (used in) operations	309,378,937	296,869,272	(34,047,436)
Interest received	6,289,729	4,672,603	7,157,849
Income tax paid	(10,556,972)	(8,686,067)	(5,856,734)
Interest paid	(324,728,473)	(183,828,296)	(91,393,429)
Net cash flows provided by (used in) operating activities	(19,616,779)	109,027,512	(124,139,750)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Property and equipment	329,896	46,529	86,313
Film rights	-	-	26,096
Acquisitions of:			
Property and equipment (Note 11)	(90,505,752)	(19,348,332)	(7,510,621)
Deferred exploration costs (Note 12)	-	(127,802,761)	-
Increase in other noncurrent assets	(7,791,200)	-	(103,677,858)
Net cash flows used in investing activities	(97,967,056)	(147,104,564)	(111,076,070)

(Forward)



	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES			
(Note 35)			
Proceeds from:			
Loans payable	₱—	₱356,423,676	₱730,863,200
Short-term loans (Note 17)	31,500,000	92,320,000	68,140,000
Callable loans	7,000,000	15,000,000	—
Sale of Parent Company shares held by a subsidiary	151,172,723	13,437,673	20,155,798
Collection of subscription receivables (Note 24)	24,905,000	—	1,600,000
Convertible loans (Note 20)	—	—	100,000,000
Payments of:			
Installment payable	—	(3,801,664)	(27,992,410)
Obligation under finance lease	(5,461,577)	(27,854,249)	(22,345,641)
Short-term loans	(16,195,000)	(57,525,000)	(70,090,000)
Convertible loans (Note 20)	(14,000,000)	(61,500,000)	(2,000,000)
Loans payable	(49,159,674)	(289,617,150)	(583,264,192)
Principal portion of lease liability	(652,379)	—	—
Increase in other noncurrent liabilities	1,056,915	—	—
Net cash flows provided by financing activities	130,166,008	36,883,286	215,066,755
NET INCREASE (DECREASE) IN CASH	12,582,173	(1,193,766)	(20,149,065)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	—	13,553	—
CASH AT BEGINNING OF YEAR	68,980,256	70,160,469	90,309,534
CASH AT END OF YEAR (Note 4)	₱81,562,429	₱68,980,256	₱70,160,469

See accompanying Notes to Consolidated Financial Statements.



PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for the Issuance of the Financial Statements

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was registered in the Philippines Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure. In 2011, the SEC approved the change in the Parent Company's secondary purpose and authorized the Parent Company to expand to mining and real estate industries.

On April 7, 2016 and May 26, 2016, the Board of Directors (BOD) and Stockholders, respectively, approved the amendments to the Articles of Incorporation of the Parent Company to change its primary purpose to that of an investment holding company, and to relegate the primary purpose to the secondary purposes and the renumbering thereof. The amendments to the Articles of Incorporation were approved by the SEC on August 10, 2016.

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is involved in mining and real estate activities.

The Parent Company's registered address and principal place of business is at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

Status of Operations and Management Plans

The Group reported liquidity gap on currently maturing liabilities amounting to ₱1.64 billion (see Note 34). The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial position and financial performance of the Group are also expected to be significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed in Note 38 to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

- a. Reduction and efficient management of operating expenses;
- b. Negotiate interest reduction and/or principal payment extensions and deferrals;
- c. Secure all the unsecured loans with the assets of the Group;
- d. Divest a portion of the Group's assets and investments to generate cash;
- e. Obtain financial support from shareholders and/or officers for gap funding of operations; and
- f. Actively seek out partnerships and new investors as a way of generating funds.

Authorization for the Issuance of the Financial Statements

On June 25, 2020, the BOD authorized the Chairman and President to approve the issuance of the 2019 audited financial statements of the Group. The consolidated financial statements of the Group as of December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 were approved and authorized for issuance by the Chairman and President on July 17, 2020.



2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for investment properties that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest peso unit unless otherwise indicated. Certain accounts have been reclassified to conform with current year presentation.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for the following implementation issues affecting the real estate industry:

- a. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- b. Adoption of PIC Q&A No. 2018-14: PFRS 15 – *Accounting for Cancellation of Real Estate Sales*
- c. Deferment of the Implementation of IFRS Interpretations Committee ("IFRIC") Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23- Borrowing Cost] For Real Estate Industry

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date that such control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

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

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and the following companies that it controls:



	Country of Incorporation	Effective Percentage of Ownership				
		2019		2018		2017
		Direct	Indirect	Direct	Indirect	Direct
West Palawan Premiere Development Corp. (WPP)	Philippines	100	–	100	–	100
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	Philippines		100		100	–
Premiere Georesources and Development Inc. (PGDI)	Philippines	69	–	69	–	80
Pyramid Hill Mining & Industrial Corp. (PHMIC)	Philippines	–	68	–	68	–
Palawan Star Mining Ventures, Inc. (PSMVI)	Philippines	–	68	–	68	–
Goshen Land Capital, Inc. (GLCI)	Philippines	55	–	55	–	55
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.**	Philippines	51	–	51	–	51
Premiere Horizon Business Services, Inc. (PHBSI)**	Philippines	100	–	100	–	100
PH Mining and Development Corporation (PHMDC)**	Philippines	100	–	100	–	100
PH Agriforest Corporation (PHAC)**	Philippines	100	–	100	–	100
PH Big Bounty Entertainment, Inc. (PBBEI)**	Philippines	100	–	100	–	100
Digiwave Solutions Incorporated (DSI)**	Philippines	100	–	100	–	100

**non-operating subsidiaries

WPP and TCNBI

WPP is incorporated for the purpose of acquiring by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise real estate of all kinds. TCNBI is engaged in the business of owning and operating hotels and other resort developments.

PGDI

PGDI is primarily engaged into mining related services, e.g. hauling and excavation for mining companies. In February 2015, the Parent Company acquired additional 5.24 million shares equivalent to 13.1% non-controlling interest in PGDI for a total consideration of ₱5.24 million or ₱1.0 per share, increasing its ownership interest to 80.0%. In 2018, PGDI converted its advances from the Parent Company and third parties to equity. The transaction resulted to a decrease in the ownership interest of the Parent Company to 69.2%.

PHMIC and PSMVI

In 2018, PGDI subscribed to 98.88% of PHMIC and 98.55% of PSMVI. The transaction is accounted for as an asset acquisition. PHMIC and PSMVI are holders of Mineral Production Sharing Agreements (MPSAs) covering approximately 10,384 hectares, containing probable commercial quality limestone deposits located in the mineralized area of Southern Palawan. As at December 31, 2019, PHMIC and PSMVI are under exploration stage and in the process of renewing their exploration period subject to evaluation and approval of the Mines and Geosciences Bureau (MGB) upon submission of requirements.



GLCI

In June 2015, PHA acquired 550,000 shares of GLCI representing 55% ownership interest for a total consideration of ₱275.0 million or ₱500 per share. GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories (see Note 9).

CUBES

CUBES is primarily engaged in providing management, investment, and/or technical solutions to commercial, industrial, and other types of enterprises. In February 2015, PHA acquired additional 5.20 million shares in CUBES for a total consideration of ₱40.0 million increasing its ownership interest to 51.0%. In 2015, the transaction was accounted for as acquisition achieved in stages under PFRS 3, *Business Combination*. In May 2017, due to operational issues, CUBES' operations was discontinued and put on hold. As of December 31, 2019, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

DSI

DSI previously operated e-Games stations with its primary purpose to carry out information technology and other related businesses.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. 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 (NCI), even if this results in the non-controlling interests having a deficit balance.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- 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
- Recognizes 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 Parent Company has directly disposed of the related assets or liabilities.



Non-controlling Interests

NCI represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separate from the equity attributable to the equity holders of the Parent Company.

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 new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption of PFRS 16 as at January 1, 2019 follows:

	<u>Increase</u>
<u>Assets</u>	
Right of use asset	₱1,968,707
Deferred tax assets	590,612
	<u>₱2,559,319</u>
<u>Liabilities</u>	
Lease liabilities	₱1,968,707
Deferred tax liabilities	590,612
	<u>₱2,559,319</u>

The Group has lease contracts for office space and parking lots, before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to the accounting policy on leases prior to January 1, 2019.



Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3 for the accounting policy beginning January 1, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for all leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liability at as 1 January 2019 as can be reconciled to the operating lease commitments as of December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	₱2,242,887
Weighted average incremental borrowing rate at January 1, 2019	8.56%
Discounted operating lease commitments at January 1, 2019	1,972,987
Less: Commitments relating to short-term leases	(4,280)
Lease liabilities recognized at January 1, 2019	₱1,968,707

Due to the adoption of PFRS 16, the Group's operating profit in 2019 will improve, while its interest expense will increase. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 will not have an impact on equity in 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

- **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 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:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities



- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The 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.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its assessment, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

- *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 (FVTOCI), provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) 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.

These amendments had no impact on the consolidated financial statements of the Group.

- *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:
 - 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
 - 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 profit or loss. 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 other comprehensive income.

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 January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.



The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- 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 had no impact on the consolidated financial statements as the Group does not have long-term interests in associate and joint venture.

- Annual Improvements to PFRSs 2015-2017 Cycle
 - 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 January 1, 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 January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- 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 profit or loss, 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 January 1, 2019, with early application is 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.



Standards and Interpretation Issued but Not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- **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 January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- **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 judgments.

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

These amendments will apply on future transactions of the Group.

Effective beginning on or after January 1, 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 specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts



PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

The Group is not engaged in the business of insurance; hence, this standard is not applicable to the Group.

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 January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 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 does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *PIC Questions and Answers (Q&A) 2018-12*

On February 14, 2018, the PIC issued PIC Q&A)2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three years until December 31, 2020:

- a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Under the same SEC Memorandum Circular No. 3 Series of 2019, the adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales was also deferred until December 31, 2020.

The SEC Memorandum Circular also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact to the consolidated financial statements had the concerned application guideline in the PIC Q&A has been adopted.



- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the above specific provisions of PIC Q&As. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

- The exclusion of land in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in retained earnings as well as a decrease in the revenue from real estate sales in 2019 and 2018. This would result to the land portion of sold inventories together with connection fees, to be treated as contract fulfillment asset.
 - The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using EIR method and this would have impacted retained earnings and the revenue from real estate sales in 2019 and 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
 - Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would have increased retained earnings and gain from repossession in 2019 and 2018. Currently, the Company records the repossessed inventory at its original carrying amount and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.
- *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry*

In March 2019, International Financial Reporting Interpretations Committee (IFRIC) published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of International Financial Reporting Standards 15, *Revenue from contracts with customers* which is equivalent to PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under International Accounting Standards 23, *Borrowing costs*, considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.



On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year consolidated financial statements. A restatement would have impacted interest and other financing charges, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liabilities and opening balance of retained earnings.

Summary of Significant Accounting Policies

Current and Noncurrent Classification

The Group presents assets and liabilities in its consolidated statements of financial position based on a current and noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is current when:

- a. it is expected to be settled in normal operating cycle;
- b. it is held primarily for the purpose of trading;
- c. it is due to be settled within 12 months from the reporting period, or
- d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent.

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

Cash

Cash include cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.



Financial Instruments - initial recognition and subsequent measurement effective January 1, 2018

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI and FVPL.

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, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables, except for installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL



The Group's financial assets as of December 31, 2019 and 2018 are categorized under financial assets at amortized cost (debt instruments).

Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortised 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 solely payments of principal and interest on the principal amount outstanding

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

The Group's financial assets at amortized cost include cash in banks, contracts receivables, trade receivables, advances to officers and employees and receivable from PAGCOR under 'other noncurrent assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights 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 either (a) the Group 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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its 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 asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. 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.



For financial assets (excluding contract receivables), 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 12-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 contract receivables (including contract assets), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the latest available financial statements of the banks to assess whether the financial instrument has significantly increased in credit risk and to estimate ECLs.

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

This category includes the Group's trade and other payables, short-term loans, purchased land payable, loans payable obligations under finance lease, installment payable, callable loans, convertible loans, lease liability and dividends payable.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL



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 entered 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 the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL 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 as at FVPL.

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 the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to loans payable and convertible loans.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the consolidated statement of comprehensive income.

c. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial Instruments - initial recognition and subsequent measurement prior to January 1, 2018

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition

All financial assets and liabilities are initially recognized at fair value. Except for financial instruments at FVPL, the initial measurement of financial assets and liabilities includes transaction costs.



The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity investments, available-for-sale (AFS) financial assets, and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities were incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged to equity, net of any related income tax benefits.

The Group's financial assets include cash in banks, contracts receivables, trade receivables, advances to officers and employees and receivable from PAGCOR under 'other noncurrent assets', while its financial liabilities include trade and other payables, short-term loans, purchased land payable, loans payable, obligations under finance lease, installment payable, callable loans and convertible loans.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL.

The Group's loans and receivables pertain to cash in banks, contracts receivables, trade receivables, advances to officers and employees and receivable from PAGCOR under 'other noncurrent assets'

After initial measurement, loans and receivables are subsequently measured at amortized cost using the EIR method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in profit or loss.

Other financial liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated as financial liabilities at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.



This accounting policy applies primarily to the Group's trade and other payables, short-term loans, purchased land payable, loans payable, obligations under finance lease, installment payable, callable loans and convertible loans.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or 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. Evidence of impairment may include indications that the borrower or a group of borrowers 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.

Loans and receivables

For loans and receivables 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 there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables which are composed of installment contract receivable and contract assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. Contract assets are the difference between the unbilled portion of receivable and the performance obligation. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is 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.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as customer type, customer location, credit history and past due status.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.



Derecognition of Financial Instruments

Financial assets

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount of the financial liability or part of the financial liability extinguished and the consideration paid including non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The right of offset must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Real Estate Held for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate held for sale and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition cost and expenses directly related to acquisition
- Amounts paid to contractors for the development and construction
- Borrowing costs, planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overhead and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.



Land and land development, presented as part of 'Real estate held for sale' in the consolidated statement of financial position, consists of properties for the future development that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition cost, (b) costs incurred relative to the acquisition and transfer of land title in the name of the group such as transfer taxes and registration fees, (c) costs incurred on initial development of raw land in preparation of future projects, and (d) borrowing costs. They are transferred to 'Real estate under development' account when the project plans, development and construction estimates are completed, and the necessary permits are secured.

Other Current Assets

Other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other assets include inventories consisting of spare parts and supplies used for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost or NRV.

Other assets that are expected to be realized for no more than twelve (12) months after the end of reporting period are classified as current assets; otherwise, these are noncurrent assets.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use including capitalized borrowing costs incurred during the construction period.

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

Depreciation and amortization commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Office space building and office space improvements	5-10
Heavy equipment	5-8
Office and other equipment	5
Furniture and fixtures	5
Transportation equipment	5

In 2017, the Group reassessed the estimated useful life of the heavy equipment from 8 years to 10 years to reflect the estimated period during which the assets are expected to remain in service.

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset of five (5) years, whichever is shorter.



The estimated residual values, useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Deferred Exploration Costs

Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statements of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Investment Properties

Foreclosed properties of land or building and purchased land are classified under investment properties from foreclosure date and acquisition date, respectively.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dacion in payment (dacion en pago).

Subsequent to initial recognition, investment properties are stated at fair values, which have determined annually based on the latest appraisal performed by an independent firm or appraiser, an industry specialist in valuing these types of properties. Gain or loss arising from changes in the fair value of investment property is recognized in the consolidated statement of comprehensive income in the period in which they arise, including the corresponding tax effect. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale. For a transfer from inventories to investment property at fair value,



any difference between the fair value at the date of transfer and its previous carrying amount are recognized in profit or loss.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income under 'Gain on sale of assets' in the year of retirement or disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the income or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortized over the useful economic 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 least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are tested as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income.

Film rights

Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Exclusive distribution right

Exclusive distribution right pertains to the exclusive right to distribute the Thermo Chiller system which was acquired as a result of business combination. Exclusive distribution right is amortized on a straight line basis over its estimated useful life of ten (10) years.



Fair Value Measurements

The Group measures financial instruments and non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities, on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Business Combination 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 interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs incurred are expensed and included in general and administrative expenses.

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



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 the consolidated statement of comprehensive income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9/PAS 39 either in the consolidated statement of comprehensive income, or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of 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 CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Borrowing Costs

Interest and other related financing charges on borrowed funds used to finance the construction of a qualifying asset (included under real estate held for sale), are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.



The borrowing costs capitalized as part of real estate held for sale are expensed when the related assets are sold.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment, investment property, exclusive distribution right, and film rights) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For 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 recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment of goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized in the consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill annually every December 31.

Convertible Loans Payable

Convertible loans payable are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.



The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional-paid in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity, through an early redemptions or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Equity

The Group considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.

Capital stock

Ordinary or common shares are classified as equity. The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value issued shares.

Subscriptions receivable

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to 'Additional paid-in capital' account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. Equity component of convertible instruments are also included in "APIC" account.

Dividends on common shares

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company.

Property dividends are recognized as a liability when the dividend is appropriately authorized and is no longer at the discretion of the Parent Company, which is the date:

- when declaration of the dividend, e.g., by management or the board of directors, is approved by the relevant authority, e.g., the shareholders, if the jurisdiction requires such approval; or
- when the dividend is declared, e.g., by management or the board of directors, if the jurisdiction does not require further approval.

Retained earnings (Deficit)

Retained earnings (deficit) represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy, equity reserves, and capital adjustment. Equity reserve transactions are recognized directly into equity as part of retained earnings or deficit. Equity reserves include the difference between the consideration paid and the carrying value of the non-controlling interest acquired or the difference between the consideration paid and the carrying value of non-controlling interest sold that do not result in loss of control.



Parent Company shares held by a subsidiary

If an entity reacquires its own equity instruments, those instruments “treasury shares” shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity’s own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Any difference between the carrying amount and the consideration, if reissued, is recognized in ‘Additional paid-in capital’.

Revenue Recognition effective January 1, 2018

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of lots and condominium units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate

The Group derives its real estate revenue from real estate development and subdivided lots. Revenue from sales of substantially completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity’s efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity’s performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of construction cost, construction management cost, land development, planning cost, permits, borrowing cost and land cost. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as contract receivables, under receivables, is included in the “contract asset” account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the “contract liabilities” account in the liabilities section of the consolidated statement of financial position.



Mining related services

Revenue from mining related services represents earnings from the operation of the Group's hauling services and equipment rental. The Group recognizes revenue from mining related services over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs and it has an enforceable right to payment for performance completed to date.

As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount for which it has the right to invoice since the Group bills a fixed amount for every output delivered.

Service income

Revenue from service income is recognized over time as the services are rendered.

Revenue Recognition prior to January 1, 2018

Under PAS 18, revenue is recognized when it satisfies an identified performance obligation by transferring a promised good or service in exchange of the consideration in which the Group is entitled to receive. A good or service is considered transferred when the customer obtains the significant risk and rewards of ownership. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue includes only the transaction price of the good or service. Amounts collected on behalf of third parties, such as reimbursable transactions, are not economic benefits which flow to the Group and do not result in increase in equity; therefore, they are excluded from revenue.

Real estate sales

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage of completion method is used to recognize income from real estate sales when the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage, and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

If any of the criteria under the percentage of completion is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' deposits and advances" account which is shown as part of the "Trade and other payables" account in the liabilities section of the consolidated statement of financial position.

For income tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Mining related services

Mining related services represents earnings from the operation of the Group's hauling services and equipment rental. Mining related services and equipment rental are recognized when the related hauling services has been rendered.

Service income

Service income is recognized when services have been rendered.



Other Income Recognition

Income from forfeited deposits

Deposits for reservation fee are generally non-refundable and forfeited upon cancellation of sale of condominium units or those under reservation. The amount of deposits is recognized as income when the contracts to sell (CTS) or reservation agreement between the buyer and the Group are terminated. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Penalty

Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when buyers have defaulted in paying their dues and the collectability is reasonably assessed. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Interest income

Interest is recognized as interest accrues using the effective interest rate method.

Contract Balances

Contracts 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).

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 consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

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 a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "General and administrative expense" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.



Amortization, de-recognition and impairment of capitalized costs to obtain a contract

The Group amortizes capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of cost to obtain a contract is included within "General and administrative expense".

A capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Cost of Real Estate Sales

Effective January 1, 2018, the Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land. These include construction cost, construction management cost, land development, planning cost, permits, borrowing cost and land cost. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Prior to January 1, 2019, cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate sales before the completion of the development is determined on the basis of the acquisition cost of the land and actual development costs incurred.

The cost of inventory recognized in profit or loss on sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size.

Costs of Services and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or occurrences of liabilities that result decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when good or services are used or the expense arises while interest expenses are accrued in the appropriate financial reporting period.

Costs of services

Costs of services are incurred in the normal course of business and are recognized when services are delivered.



General and administrative

General and administrative expenses are expenses that are incurred in the course of the ordinary operations of the Group. General and administrative expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Other income (charges)

Other income (charges) includes interest income on contract receivables, other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of comprehensive income.

Pension liability

Defined Benefit Obligation

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 (if any), 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.

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 government 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.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Taxes

Current income tax

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



Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits 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 income will be available against which the deductible temporary differences and carryforward benefits of MCIT and unexpired NOLCO can be utilized.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in jointly controlled entities. With respect to investments in foreign subsidiaries, associates and interests in jointly controlled entities, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

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

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

Output VAT is presented net of input VAT and the resulting payable is included as part of "Trade and other payables" accounts to be remitted to applicable taxation authorities. When the resulting outcome is net input VAT, it is included as part of "Other current assets" account, which can be recovered as tax credit against future tax liability of the Group.



Deferred input VAT represents input VAT on purchase of capital goods exceeding one (1) million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods whichever is shorter. Input VAT is stated at its estimated realizable value.

Leases prior to adoption of PFRS 16

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangements.

A reassessment is made after inception of the lease only if any of the following applies:

- (a) There is a change in contractual term, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or an extension is 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 gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease – Group as a Lessee

Leases where the lessor retains substantially all the risk and benefits of the ownership of the leased asset are classified as operating leases. Operating lease expense is recognized in the statement of comprehensive income on a straight-line basis over the lease term.

Leases effective January 1, 2019

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Except for short term leases and leases of low value assets, the Group applies as single recognition and measurement approach of all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and 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.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.



Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

EPS amounts are calculated by dividing the consolidated net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted Earnings Per Share

Diluted earnings per share amounts are calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 33.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group's estimate of the probable cost is developed in consultation with its legal counsels and is based upon an analysis of potential results. 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 the consolidated statement of comprehensive income net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Other comprehensive income (loss)

Other comprehensive income (loss) comprise items of income and expense that are not recognized in the profit or loss in the consolidated statement of comprehensive income for the year in accordance with PFRS.

Events after the Reporting Period

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

3. Significant Accounting Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Going concern assessment

The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Therefore, the Group's financial statements continue to be prepared under the going concern basis (see Note 38).

Real estate revenue recognition (Effective January 1, 2018)

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) application of the input method as the measure of progress in determining real estate revenue; (c) identifying performance obligation and, (d) determination of the actual costs incurred as cost of sales.



a) *Existence of a contract*

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customers and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

b) *Revenue recognition method and measure of progress*

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that the input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

c) *Identifying performance obligation*

The Group has various contracts to sell covering subdivided lot and condominium units. The Group concluded that there is one performance obligation in each of these contracts because: (i) for subdivided lots, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract; (ii) for the contract covering condominium units, the developer has the obligation to deliver the house or condominium unit duly constructed on a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

d) *Determination of the actual cost incurred as cost of sales*

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

Operating leases - Group as lessor

The Group has entered into operating leases on its heavy equipment. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the EUL of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.



Sales and leaseback with repurchase option

In 2018 and 2017, the Group has entered into a sale and leaseback with repurchase option agreement for its heavy equipment and transportation equipment. The Group is certain to exercise the repurchase option and the sale and leaseback agreement is treated as a financing arrangement. Obligations under finance lease for the sale and leaseback transaction amounted to ₦2.36 million and ₦7.82 million as at December 31, 2019 and 2018, respectively. The net book values of heavy equipment and transportation equipment in sale and leaseback transaction amounted to ₦0.35 million and ₦37.99 million as at December 31, 2019 and 2018, respectively (see Note 19).

Distinction between real estate held for sale and investment property

The Group determines whether a property will be classified as real estate held for sale, or investment property. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale). All other properties that are not yet determined to be sold in the normal operating cycle and are held for capital appreciation are classified as investment properties.

The aggregate carrying values of real estate held for sale amounted to ₦1,025.56 million and ₦1,606.44 million as of December 31, 2019 and 2018, respectively, while the carrying values of investment properties as of December 31, 2019 and 2018 were ₦1,298.47 million and nil, respectively (see Notes 6 and 13).

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties from real estate held for sale to investment properties (see Notes 6 and 13).

The Group considers each property separately in making its judgment.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Leases - Estimating the incremental borrowing rate (Effective January 1, 2019)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to ₦1.44 million as of December 31, 2019 (see Note 32).

Revenue recognition on real estate sales

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the proportion of cost incurred to date over total estimated cost of the real estate project.



For the years ended December 31, 2019 and 2018, real estate sales amounted to ₱79.10 million and ₱182.71 million, respectively (see Note 33).

Revaluation of investment properties

The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair value of investment properties was based on the valuation performed on December 14, 2019. The fair values of investment properties were determined using the Market Approach. Market Approach involves the comparison of the land to those that are located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

Fair value changes in 2019, which were recognized in profit or loss amounted to ₱816.49 million. The carrying value of investment properties as of December 31, 2019 amounted to ₱1,298.47 million (see Note 13).

Estimating allowance for expected credit losses

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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.

The Group adopted the vintage analysis approach to calculate ECL for contracts receivable and contract assets. For other financial assets, ECLs are recognized in two stages. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (e.g., inflation and gross value added (GVA) on real estate and ownership of dwellings) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions (e.g., inflation and GVA on real estate and ownership of dwellings) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 5.

As at December 31, 2019 and 2018, allowance for expected credit losses amounted to ₱34.26 million and ₱57.76 million, respectively. The carrying value of receivables and contract assets, net of allowance for expected credit losses, amounted to ₱758.00 million and ₱1,226.23 million as at December 31, 2019 and 2018, respectively (see Note 5).

Determining net realizable value of real estate held for sale

The Group's estimates of net realizable value of real estate held for sale are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate held for sale are expected to be realized. These estimates consider the market conditions and prices existing at the reporting date determined by the Group in the light of recent market transactions. The Group's real estate held for sale as of December 31, 2019 and 2018 amounted to ₱1,025.58 million and ₱1,606.44 million, respectively (see Note 6).



Evaluating impairment of deferred exploration costs

The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. No impairment loss was recognized in 2019 and 2018. Deferred exploration costs amounted to ₱390.20 million as at December 31, 2019 and 2018 (see Note 12).

Evaluating impairment of goodwill

The Group is required to annually test the amount of goodwill for impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. Estimating the value-in-use require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management believes that a five-year cash flow projection would reflect the long term strategy of the Group for the acquisition of such CGUs.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a company having substantially the same risks and characteristics. Current and historical transactions have been used as indicators of future transactions.

Provision for impairment in value amounting to nil and ₱2.61 million was recognized in 2019 and 2018, respectively. The carrying value of goodwill amounted to ₱15.70 million as of December 31, 2019 and 2018 (see Note 10). Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Evaluating impairment of nonfinancial assets (excluding goodwill and deferred exploration costs)

The Group reviews film rights, exclusive distribution right, and property and equipment for impairment of value. This includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in the assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following table summarizes the carrying values of the assets subject to impairment testing:

	2019	2018
Property and equipment (Note 11)	₱310,711,952	₱294,915,396
Film rights (Note 10)	4,055,014	4,505,571
Other assets (Notes 7 and 14)	152,055,069	138,187,570
	₱466,822,035	₱437,608,537

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and the value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect film rights, exclusive distribution right, and property and equipment.



In May 2017, due to operational issues, CUBES operations was discontinued and was put on hold. As of December 31, 2019, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers. Accordingly, management has fully impaired its exclusive distribution right in 2018.

Provision for impairment in value related to the exclusive distribution right of CUBES amounting to nil and ₱105.35 million was recognized in 2019 and 2018, respectively (see Note 10).

In 2019, CUBES fully impaired its property and equipment with a net book value of ₱22.60 million (see Note 11).

Pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit pay out as at end of the reporting periods. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

As of December 31, 2019, and 2018, pension liabilities amounted to ₱26.00 million and ₱13.33 million, respectively. Remeasurement loss in defined benefit obligation recognized in other comprehensive income amounted to ₱8.44 million in 2019, while remeasurement gain in defined benefit obligation recognized in other comprehensive income amounted to ₱2.36 million and ₱7.29 million in 2018 and 2017, respectively, Pension costs reported in profit or loss amounted to ₱3.17 million, ₱3.04 million, and ₱4.67 million in 2019, 2018 and 2017, respectively (see Note 23).

Deferred tax assets

The Group reviews the carrying amounts of its deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. As at December 31, 2019 and 2018, deferred tax assets recognized in the consolidated statements of financial position amounted to ₱31.60 million and ₱32.77 million, respectively (see Note 29).

As of December 31, 2019 and 2018, no deferred tax assets were recognized for NOLCO, excess MCIT over RCIT and other deductible temporary differences (see Note 29).

4. Cash

	2019	2018
Cash on hand	₱2,730,653	₱2,581,701
Cash in banks	78,831,776	66,398,555
	₱81,562,429	₱68,980,256



Cash in banks earn interest at the prevailing bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.11 million, ₱0.12 million, and ₱0.13 million in 2019, 2018, and 2017, respectively.

5. Receivables - net

	2019	2018
Advances to officers and employees (Note 22)	₱71,466,610	₱63,168,811
Contract receivables	36,430,270	61,945,279
Trade receivables	9,987,758	18,781,415
Others	950,509	205,917
	118,835,147	144,101,422
Less allowance for impairment losses	34,262,147	57,760,551
	₱84,573,000	₱86,340,871

Advances to officers and employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated thirty (30) days from the date the cash advances are made.

Contract receivables

Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of 1 to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income on contracts receivable in the consolidated statements of comprehensive income amounted to ₱6.18 million, ₱4.55 million, and ₱7.03 million in 2019, 2018, and 2017, respectively. Income on forfeited deposits and penalties on contracts receivable included in the "Other income (charges) - net" in the consolidated statements of comprehensive income amounted to ₱20.11 million, ₱9.71 million, and ₱18.88 million in 2019, 2018 and 2017, respectively.

Contract Assets

The following table presents the breakdown of contracts assets by maturity dates:

	2019	2018
Due within one year	₱618,362,122	₱1,028,153,623
Due after one year	55,066,445	111,732,198
	₱673,428,567	₱1,139,885,821

The total contract price from the sale of real estate properties as of December 31, 2019 and 2018 amounted to ₱4,028.81 million and ₱4,233.84 million, respectively, which will be recognized as revenue based on the percentage of completion and accrual method used to account for the Group's projects.

Contract receivables and contract assets with a total amount of ₱111.41 million and ₱119.21 million as of December 31, 2019 and 2018, respectively, were assigned with recourse to banks and other non-bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables.

On January 1, 2018, the Group has adopted and applied for the first time PFRS 9, which resulted in an increase in the allowance for impairment losses as of that date using the modified retrospective approach amounting to ₱18.47 million.



Movement in the allowance for impairment losses on contract receivables follows:

	2019	2018
Balances at beginning of year	P41,758,207	P4,960,956
Transition adjustment	-	18,474,859
Provision for impairment losses (Note 28)	-	18,322,392
Recovery for impairment losses	(18,076,607)	-
Balances at end of year	P23,681,600	P41,758,207

Trade receivables

Trade receivables, net of allowance for impairment, include short-term and noninterest-bearing receivable arising from hauling services operations.

Movement in the allowance for impairment losses on trade receivables follows:

	2019	2018
Balances at beginning of year	P10,154,843	P29,250
Provision for impairment losses (Note 28)	-	10,125,593
Recovery for impairment losses	(5,421,797)	-
Balances at end of year	P4,733,046	P10,154,843

Other receivables

Other receivables pertains to advances for liquidation that are noninterest bearing and are due within one year.

Movement in the allowance for impairment losses on advances and other receivables follows:

	2019	2018
Balances at beginning of year	P5,847,501	P4,339,403
Provision for impairment losses (Note 28)	-	1,508,098
Balances at end of year	P5,847,501	P5,847,501

6. Real Estate Held for Sale

	2019	2018
Real estate under development and subdivided lots held for sale	P841,131,708	P997,009,865
Land and land development	184,425,751	609,434,277
Real estate held for sale	P1,025,557,459	P1,606,444,142

A summary of the movement in real estate held for sale is set out below:

	2019	2018
Balance at beginning of year	P997,009,865	P824,985,181
Construction development costs incurred	68,002,382	286,509,649
Capitalized borrowing costs (Note 18)	-	58,029,052
Cost of real estate sales	(99,493,674)	(172,514,017)
Other adjustments	(124,386,865)	-
Balance at end of year	P841,131,708	P997,009,865



Other adjustments mainly pertain to cancellation of a certain real estate project of the Group.

A summary of the movement in land and land development is set out below:

	2019	2018
Balance at beginning of year	₱609,434,277	₱578,788,797
Land acquired and development cost	–	21,759,282
Capitalized borrowing costs	–	8,886,198
Reclassification to investment properties (Note 13)	(425,008,526)	–
Balance at end of year	₱184,425,751	₱609,434,277

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱587.84 million and ₱634.94 million as of December 31, 2019 and 2018, respectively.

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment properties (see Notes 3 and 13).

The Group partially finances its project development through availment of loans. Capitalized borrowing costs to real estate held for sale amounted to nil and ₱58.03 million in 2019 and 2018, respectively, at a capitalization rate ranging from 5.7% to 9.0% (see Note 18).

Capitalized borrowing costs to land and land development amounted to nil and ₱8.89 million in 2019 and 2018, respectively, at a capitalization rate ranging from 5.00% to 8.00% for 2018 (see Notes 18 and 21).

As of December 31, 2019, the Group is committed to pay the outstanding balance of purchased land payable, which pertains to land acquisitions, amounting to ₱49.36 million and ₱100.86 million in 2019 and 2018, respectively. There are no other purchase commitments as of December 31, 2019.

As of December 31, 2019, and 2018, certain lots and units with carrying value of ₱117.41 million and ₱91.12 million, respectively are held as collateral for the Group's bank loans (see Note 18).

7. Other Current Assets

	2019	2018
Input VAT - current portion and net of allowance for impairment losses	₱56,188,237	₱13,232,395
Tax credits	53,929,151	24,724,970
Advances to suppliers and contractors	15,873,618	44,679,768
Supplies inventory	2,830,088	6,631,860
Prepayments	1,944,672	529,529
Others	3,538,085	2,561,271
	₱134,303,851	₱92,359,793



Input VAT

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. This is expected to be recovered against output VAT. The current portion amounting to ₱56.19 million and ₱13.23 million as of December 31, 2019 and 2018, respectively, is expected to be recovered in 2020 and 2019, respectively. The remaining balance, which are presented under the 'Other noncurrent assets' account in the consolidated statement of financial position amounting to ₱13.43 million and ₱5.84 million, as of December 31, 2019 and 2018, respectively, are recoverable in future periods after year 2020 and 2019, respectively (see Note 14).

Details of input VAT as of December 31, 2019 and 2018 follow:

	2019		2018	
	Current	Noncurrent (Note 14)	Current	Noncurrent (Note 14)
Input VAT	₱60,624,267	₱17,803,208	₱17,602,425	₱10,218,156
Less allowance for impairment losses	4,436,030	4,377,303	4,370,030	4,377,303
	₱56,188,237	₱13,425,905	₱13,232,395	₱5,840,853

Movement in the allowance for impairment losses on input VAT follows:

	2019		2018	
	Current	Noncurrent	Current	Noncurrent
Beginning balances	₱4,370,030	₱4,377,303	₱1,590,744	₱2,331,392
Provision of impairment losses during the year (Note 28)	66,000	—	2,779,286	2,045,911
	₱4,436,030	₱4,377,303	₱4,370,030	₱4,377,303

Tax credits

Tax credits amounting to ₱53.93 million and ₱24.72 million as of December 31, 2019 and 2018, respectively, are available for offset against income tax payable in future periods.

Advances to suppliers and contractors

Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

Supplies Inventory

Supplies inventory pertains to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Prepayments

Prepayments include prepaid insurance which will be amortized within three (3) to twelve (12) months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others

Other current assets mostly pertains to cash bonds of the Group.



8. Financial Assets at Fair Value Through OCI

The carrying value of the Group's FVOCI financial assets amounted to nil as at December 31, 2019 and 2018. In 2017, unrealized gain from changes in fair value of the quoted equity securities amounted to ₱0.03 million. In 2017, the Group disposed all of its financial assets at FVOCI.

9. Business Combination and Asset Acquisitions

Acquisition of PHMIC and PSMVI

In 2018, the Parent Company entered into a Memorandum of Agreement (MOA) with the shareholders of PHMIC and PSMVI which gives the Parent Company the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. The Parent Company subsequently assigned its right to PGDI, a majority-owned subsidiary. On August 28, 2018, the BOD approved the conversion of the Parent Company's advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2019 and 2018, PGDI has subscribed to 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to ₱220.00 million and ₱170.00 million, respectively. The valuation of the advances converted to equity was approved by the SEC on November 20, 2018. PHMIC and PSMVI are engaged in the business of operating coal mines, and of prospecting, exploration and mining of all kinds of ores, metals, minerals, hydrocarbons, acids and chemicals, and its related by-products.

Furthermore, PGDI entered into a Deed of Assignment (DOA) with PHMIC and PSMVI wherein PGDI assigned advances to PHMIC and PSMVI amounting to ₱220.00 million and ₱170.00 million, respectively, for conversion to equity through application of advances as payment for PGDI's subscription. The valuation of the advances converted to equity was approved by the SEC on July 11, 2018.

Certain advances made in prior years were converted and used to subscribe to shares in PHMIC and PSMVI.

The transaction was accounted for as an asset acquisition. The identifiable assets acquired pertains primarily relates to deferred exploration costs (see Note 12).

Acquisition of GLCI

In June 2015, the Group acquired 550,000 shares of GLCI representing 55% ownership interest for a total consideration of ₱275.00 million or ₱500 per share. GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid-rise residential and commercial condominiums including student dormitories.

The transaction was accounted for as a business combination using acquisition method. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of GLCI.

The Group sought an independent valuation for the land and land development owned by GLCI which was done by an independent appraiser accredited by the SEC. The Group also prepared an internal valuation of the acquired real estate held for sale. The fair value of the land and land development was based on sales comparison approach while the fair value of the real estate held for sale was based on discounted free cash flow of the GLCI. The significant assumption for the fair value of land and land development pertains to the sales price per square meter while the significant assumption for the real estate held for sale pertains to the discount rate used and the projected cash flow of GLCI.



Acquisition of CUBES

In October 2014, the Group signed a MOA with CUBES and LIMC for the acquisition of up to 51.0% ownership interest with CUBES. CUBES is engaged in the business of providing refrigeration to established cold storage facilities through a patented Thermo Chiller system developed in the United States.

In November 2014, the Group initially subscribed 5.20 million shares in CUBES representing 25.5% ownership interest for a total consideration of ₱40.0 million. The transaction was accounted for under PAS 28, *Investments in Associates and Joint Ventures* and the Group measured the investment in CUBES using equity method. Subsequently, in February 2015, the Group acquired additional 5.20 million shares in CUBES for a total consideration of ₱40.0 million increasing its ownership interest to 51.0%. In 2015, the transaction was accounted for as acquisition achieved in stages under PFRS 3, *Business Combinations*. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of CUBES.

In 2018, the Group fully impaired the exclusive distribution right and goodwill relating to CUBES (see Note 10). In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Note 11).

10. Goodwill and Intangible Assets

	2019			
	Goodwill	Film Rights	Exclusive Distribution Right	Total
Cost:				
Balances at beginning and end of year	₱556,123,930	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses:				
Balances at beginning of the year	540,422,126	55,135,909	150,494,041	746,052,076
Amortization (Note 26)	-	450,557	-	450,557
Balances at end of year	540,422,126	55,586,466	150,494,041	746,502,633
Net Book Values	₱15,701,804	₱4,055,014	₱-	₱19,756,818
	2018			
	Goodwill	Film Rights	Exclusive Distribution Right	Total
Cost:				
Balances at beginning and end of year	₱556,123,930	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses:				
Balances at beginning of the year	537,815,010	54,635,290	30,098,808	622,549,108
Amortization (Note 26)	-	500,619	15,049,404	15,550,023
Impairment losses (Note 28)	2,607,116	-	105,345,829	107,952,945
Balances at end of year	540,422,126	55,135,909	150,494,041	746,052,076
Net Book Values	₱15,701,804	₱4,505,571	₱-	₱20,207,375

Goodwill and exclusive distribution rights

The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.48 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.61 million in 2017 and (c) the acquisition of GLCI in June 2015 amounting to ₱6.23 million. The exclusive distribution right asset relates to CUBES's exclusive right to distribute specific types of thermochillers in the Philippines.



Under PFRS, the Group is required to annually test the amount of goodwill and the exclusive right to distribute if there are indicators of impairment. The Group performed its impairment test on its goodwill and exclusive distribution right as of December 31, 2019 and 2018, respectively. The Group assumed that there are no cash flows considering that CUBES has ceased its operations. For goodwill allocated to PGDI and GLCI, the recoverable amounts of goodwill were determined based on fair value less costs to sell (FVLCTS) in 2019 and 2018.

The Group recognized impairment loss of ₱105.35 million on exclusive distribution right reducing the asset carrying values to nil as at December 31, 2019 and 2018, respectively.

The Group recognized impairment loss of nil and ₱2.61 million on goodwill relating to CUBES in 2019 and 2018, respectively. Impairment loss recognized for the goodwill allocated to PGDI and GLCI amounted to nil in 2019 and 2018.

Film rights

The Group holds the rights over multiple films. In 2017, the Group sold its film rights to the movie “Minsa’y Isang Gamu-Gamu” to ABS-CBN for a total consideration of ₱0.43 million which resulted to a recovery of periodically recognized impairment loss of ₱13,309. The Group did not sell any film rights in 2019 and 2018.

In 2019, 2018 and 2017, the Group recognized amortization expense on film rights amounting to ₱0.45 million, ₱0.50 million, and ₱0.56 million, respectively (see Note 26). The Group used the income approach - discounted cash flow method in the valuation of its film rights. This method assumes that the going rate per film of ₱0.75 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year.



11. Property and Equipment - net

	2019							Total
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in progress	
Cost:								
Balances at beginning of year	₱20,384,323	₱475,726,429	₱8,767,230	₱4,037,369	₱68,771,695	₱67,547,510	₱696,221	₱645,930,777
Additions	-	132,292,860	-	18,035	12,156,513	7,940,129	-	152,407,537
Disposal	-	-	-	-	(1,345,962)	-	-	(1,345,962)
Reclassifications	-	(4,940,000)	-	-	4,940,000	-	-	-
Balances at end of year	20,384,323	603,079,289	8,767,230	4,055,404	84,522,246	75,487,639	696,221	796,992,352
Accumulated Depreciation, Amortization and Impairment Loss:								
Balances at beginning of year	11,283,823	252,152,585	5,391,387	2,964,248	48,669,172	30,554,166	-	351,015,381
Depreciation and amortization for the year (Notes 25 and 26)	2,471,919	88,456,807	1,540,685	634,942	11,479,601	9,431,978	-	114,015,932
Impairment (Note 28)	-	-	1,103,663	27,254	681,111	20,086,800	696,221	22,595,049
Disposal	-	-	-	-	(1,345,962)	-	-	(1,345,962)
Balances at end of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	696,221	486,280,400
Net Book Values	₱6,628,581	₱262,469,897	₱731,495	₱428,960	₱25,038,324	₱15,414,695	₱-	₱310,711,952

	2018							Total
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in progress	
Cost:								
Balances at beginning of year	₱20,384,323	₱452,371,429	₱6,998,799	₱3,562,394	₱63,301,707	₱59,050,307	₱696,221	₱606,365,180
Additions	-	23,355,000	1,768,431	474,975	5,469,988	8,592,917	-	39,661,311
Disposal	-	-	-	-	-	(95,714)	-	(95,714)
Balances at end of year	20,384,323	475,726,429	8,767,230	4,037,369	68,771,695	67,547,510	696,221	645,930,777
Accumulated Depreciation and Amortization:								
Balances at beginning of year	8,606,577	203,426,673	3,930,009	2,121,942	36,286,085	21,607,797	-	275,979,083
Depreciation and amortization for the year (Notes 25 and 26)	2,677,246	48,725,912	1,461,378	842,306	12,383,087	8,549,673	-	74,639,602
Impairment	-	-	-	-	-	409,500	-	409,500
Disposal	-	-	-	-	-	(12,804)	-	(12,804)
Balances at end of year	11,283,823	252,152,585	5,391,387	2,964,248	48,669,172	30,554,166	-	351,015,381
Net Book Values	₱9,100,500	₱223,573,844	₱3,375,843	₱1,073,121	₱20,102,523	₱36,993,344	₱696,221	₱294,915,396



The breakdown of consolidated depreciation and amortization of property and equipment follows:

	2019	2018	2017
Cost of services (Note 25)	₱97,277,092	₱56,109,556	₱57,522,090
General and administrative expenses (Note 26)	16,738,840	18,530,046	12,540,341
	₱114,015,932	₱74,639,602	₱70,062,431

Net book values of heavy equipment and transportation equipment under finance lease amounted to nil and ₱0.35 million, respectively as at December 31, 2019.

The Group's mortgage loans are collateralized by the Company's transportation equipment with a carrying amount of ₱3.58 million and ₱5.28 million as of December 31, 2019 and 2018, respectively (see Note 18).

In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Note 28).

12. Deferred Exploration Costs

As discussed in Note 9, in 2018, the Group acquired PSMVI and PHMIC, which are holders of Mineral Production Sharing Agreements (MPSAs).

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the province of Palawan, known as the Panitian Limestone Project. The MPSAs are under the pre-operating stage and the limestone project is under the exploration stage as at December 31, 2019.

The Panitian Limestone Project in Barangay Isumbo and Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and have a validity period of 25 years, expiring on January 16, 2026. As at December 31, 2019, the Group is in the process of renewing its exploration period subject to evaluation and approval of MGB upon submission of requirements.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱390.20 million.

No impairment loss was recognized in the consolidated statements of comprehensive income in 2019 and 2018.

13. Investment Properties

In November 2011, the Group applied for foreclosure sale during which it was the highest bidder for the amount of the promissory note totaling ₱75.00 million. The certificate of sale was awarded to the Group on December 26, 2011. The land was classified as investment property and was recognized at purchase price plus transaction costs totaling to ₱95.39 million.

In 2016, the Group revalued its investment property to ₱425.01 million, resulting in an unrealized gain on revaluation of ₱329.62 million.



In 2017, the Group changed its intention over the use of the said property in Palawan from property held for capital appreciation to a property to be developed and sold in the future. As a result of the change of intention, the Group reclassified its land in Palawan from investment properties to real estate held for sale.

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment property (see Note 6). For the year ended December 31, 2019, the Group recognized an unrealized gain on revaluation of ₱816.49 million to recognize these properties at their fair value.

Below are the investment properties of the Group per location as of December 31, 2019:

Site I	₱1,249,854,000
Site II	48,614,000
	<u>₱1,298,468,000</u>

Sites I and II are situated in Sitios Busay and Candes, respectively, both being located within Barangay Bacungan, Puerto Princesa City.

The fair value of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others. The selling price is adjusted for certain external and internal factors ranging from negative 10% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value. The fair value measurement for the Group's investment properties has been categorized as Level 2 based on the inputs to the valuation techniques used.

The latest valuation report was made in December 2019, with the observable inputs as follows:

Observable inputs	Values	
	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱250	₱380
Fair value	₱1,249.85 million	₱48.61 million

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

Investment properties amounting to ₱49.64 million were used as collateral for callable loans and convertible loans (See Notes 20 and 21).



14. **Other Noncurrent Assets - net**

	2019	2018
Input VAT - net of current portion and impairment loss (Note 7)	₱13,425,905	₱5,840,853
Receivable from PAGCOR	3,042,702	3,042,702
Security deposits	852,022	848,022
Advances to supplier – net	–	35,867,759
Others	430,589	228,441
	₱17,751,218	₱45,827,777

Input VAT – net of current portion and impairment

The Group recognized provision for impairment loss on input VAT amounting to ₱0.07 million and ₱4.83 million, which is recorded under “Impairment losses” in the Group consolidated statements of comprehensive income in 2019 and 2018, respectively (see Note 28).

Receivable from PAGCOR

In 2011, the Group received a notice of garnishment for the amount of ₱3.04 million in connection with a complaint filed against Blue Sky Philko wherein the Group was made as a co-defendant. Accordingly, the Group’s commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As of December 31, 2019, the case is pending before the Quezon City Regional Trial Court.

Advances to supplier

Advances to supplier represents down payment for the acquisition of thermochiller, installation cost and other parts of machinery and equipment. The initial down payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the supplier.

Impairment loss on advances to supplier recognized in the consolidated statements of comprehensive income amounted to ₱35.87 million and ₱15.06 million for the years ended December 31, 2019 and 2018, respectively (see Note 28). Allowance for impairment loss amounted to ₱50.93 million and ₱15.06 million as of December 31, 2019 and 2018, respectively.

Security deposits

Security deposits pertain to the deposits paid by the Group to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term. In 2018, the Group impaired its security deposit, recognizing a loss of ₱0.15 million (see Notes 28 and 33).

15. **Trade and Other Payables**

	2019	2018
Trade payables:		
Third parties	₱54,214,325	₱127,362,596
Related parties (Note 22)	68,666,855	12,176,252
Customers’ deposits and advances	144,950,000	103,525,000
Advances from shareholder (Note 22)	107,152,205	166,027,985
Accrued expenses	71,050,955	24,185,570
Retention payable	59,373,524	54,430,490
Advances from third parties (Note 22)	54,162,732	141,234,517
Deferred output VAT	45,362,614	103,420,222
(Forward)		



	2019	2018
Voucher's payable	₱37,146,371	₱8,280,328
Customer's refunds	27,308,674	8,352,186
Others	23,393,996	57,563,506
	692,782,251	806,558,652
Less: Noncurrent portion of advances from key officers and shareholders	62,280,220	—
	₱630,502,031	₱806,558,652

Trade payables - Third parties

Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Customers' deposits and advances

Customers' deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits received amounting to nil, ₱10.26 million and ₱8.00 million are recorded as "Other income (charges) - net" in the consolidated statement of comprehensive income in 2019, 2018, and 2017, respectively.

Advances from third parties

Advances from third parties pertain to cash received by the Group to fund real estate projects and mining which are noninterest bearing and payable on demand.

Advances from shareholder

Advances from shareholder pertains to the outstanding advances from PHA's shareholder in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Accrued expenses

Accrued expenses are comprised of accruals to interest, salaries and benefits, professional fees and other taxes which are expected to be settled within twelve (12) months from the end of the reporting period.

Retention payable

Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Group. The retained amount will be released to the contractors upon completion and satisfaction of the terms and conditions of the related construction contracts.

Deferred output VAT

Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date. Further, upon collection of the installment receivables, the equivalent output tax from collected installment receivables are included in the current VAT payable of the month when collection is made.



Voucher's payable

Vouchers payable are outstanding checks related to unpaid liabilities for general expenses.

Customer's refunds

Customers' refunds mainly consist of refund liability to the customers from a cancelled real estate project of the Group and liabilities for other cancelled real estate sales.

Others

Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in thirty (30) to forty-five (45) days.

16. Purchased Land Payable

Purchased land payable pertains to noninterest bearing payable to real estate property seller under the terms of agreement executed by the Group for the purchase of land.

Details of purchased land payable as of December 31, 2019 and 2018 are as follows:

	2019	2018
Current	₱49,360,073	₱92,385,174
Noncurrent	-	8,477,930
	₱49,360,073	₱100,863,104

17. Short-term Loans

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Banks	2019	₱15,000,000	₱15,000,000	180 to 360 days; 6.50% to 6.75% per annum;	Unsecured
	2018	57,730,000	22,695,000		
Shareholders and Officers (Note 22)	2019	6,000,000	5,000,000	180 to 360 days 6.00% per annum	Unsecured
	2018	51,520,000	47,700,000		
Third Parties	2019	207,000,000	184,000,000	180 to 360 days; 7.5% to 12.0% per annum	Unsecured
	2018	192,170,000	173,500,000		
Total	2019	₱228,000,000	₱204,000,000		
	2018	301,420,000	243,895,000		

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment.

Total interest expense on short-term loans amounted to ₱60.03 million, ₱19.39 million and ₱4.88 million in 2019, 2018 and 2017, respectively (Note 30).

Loans from officers and shareholders - noncurrent

In 2019, the Group was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans with the Group until December 31, 2021. Total amount of loans with payments deferred until December 31, 2021 amounted to ₱47.20 million as of December 31, 2019 and was accordingly presented as "Loans from Officers and



Shareholders” under Noncurrent liabilities in the statements of financial position (see Note 22). These unsecured loans are interest bearing at 6% per annum.

Loans from third parties - noncurrent

In 2019, the Group was able to secure several letters from third party creditors representing their agreement to defer the collections of their short-term loans with the Group until December 31, 2021. Total amount of loans with payments deferred until December 31, 2021 amounted to ₱8.00 million as of December 31, 2019 and was accordingly presented as “Loans from Third Parties” under Noncurrent liabilities in the statements of financial position. These unsecured loans are interest-bearing at 7.5% to 12% per annum.

18. Loans Payable

This account consists of:

	2019	2018
Loans payable - unsecured	₱476,182,251	₱375,700,412
Loans payable - secured by real estate mortgage	401,376,411	544,049,635
Loans payable – mortgaged	3,137,650	4,696,700
Loans payable - secured by contract receivables and contract assets (Note 5)	111,407,331	116,816,570
Total loans payable	992,103,643	1,041,263,317
Less noncurrent portion of loans payable	243,805,869	366,440,893
Current portion of loans payable	₱748,297,774	₱674,822,424

Loans payable – unsecured, secured by real estate mortgage and mortgaged

Loans payable - unsecured and secured by real estate mortgage represents loans with interest rate at prevailing market rates ranging from 1.5% to 10.0% within one to five years. Loans payable – mortgaged pertains to car loans for vehicles used in operations availed of by the Group. The current and noncurrent portions of long-term loans payable are as follows:

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	2019	₱314,000,000	₱209,528,963	5 years; 9.65% to 10.99% per annum	Secured by a real estate mortgage on certain parcels of land
	2018	242,000,000	202,556,394		
Bank of Makati	2019	80,000,000	33,699,248	4 years; 7.50% per annum	Secured by a real estate mortgage on certain parcel of land
	2018	80,000,000	80,000,000		
Union Bank of the Philippines	2019	67,548,000	23,383,296	5 years; 6.00 to 9.68% per annum	Secured by a real estate mortgage on certain property and collateralized transportation equipment
	2018	82,548,000	68,077,427		
Zambales Bank	2019	25,000,000	13,768,137	5 to 10 years; 8.00% per annum	Secured by a real estate mortgage on certain parcel of land
	2018	15,000,000	8,537,614		

(Forward)



Party	Year	Principal	Outstanding Balance	Terms	Conditions																																																																																				
Sterling Bank of Asia	2019	₱31,500,000	₱8,512,462	1 year; 8.75% to 10.50% per annum	Secured by a real estate mortgage on certain property																																																																																				
	2018	31,500,000	24,165,000			Tanay Rural Bank	2019	10,000,000	8,048,940	2 years; 18.00% per annum	Secured by a real estate mortgage on certain property	2018	—	—	BDO Unibank, Inc.	2019	4,831,200	1,384,815	5 years; 9.95% per annum	Collateralized By transportation equipment	2018	4,831,200	2,451,580	Bank of the Philippine Islands	2019	—	—	4 to 6 years; 5.67% to 6.00% per annum; Quarterly repricing of interest rate	Secured by a real estate mortgage and certain parcel of land	2018	190,000,000	84,748,961	Philippine Savings Bank	2019	—	—	5 years 6.03% to 11.00%	Unsecured	2018	8,277,510	1,025	Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land	2018	78,500,000	78,208,334	Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018	
Tanay Rural Bank	2019	10,000,000	8,048,940	2 years; 18.00% per annum	Secured by a real estate mortgage on certain property																																																																																				
	2018	—	—			BDO Unibank, Inc.	2019	4,831,200	1,384,815	5 years; 9.95% per annum	Collateralized By transportation equipment	2018	4,831,200	2,451,580	Bank of the Philippine Islands	2019	—	—	4 to 6 years; 5.67% to 6.00% per annum; Quarterly repricing of interest rate	Secured by a real estate mortgage and certain parcel of land	2018	190,000,000	84,748,961	Philippine Savings Bank	2019	—	—	5 years 6.03% to 11.00%	Unsecured	2018	8,277,510	1,025	Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land	2018	78,500,000	78,208,334	Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928								
BDO Unibank, Inc.	2019	4,831,200	1,384,815	5 years; 9.95% per annum	Collateralized By transportation equipment																																																																																				
	2018	4,831,200	2,451,580			Bank of the Philippine Islands	2019	—	—	4 to 6 years; 5.67% to 6.00% per annum; Quarterly repricing of interest rate	Secured by a real estate mortgage and certain parcel of land	2018	190,000,000	84,748,961	Philippine Savings Bank	2019	—	—	5 years 6.03% to 11.00%	Unsecured	2018	8,277,510	1,025	Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land	2018	78,500,000	78,208,334	Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																	
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	2018	190,000,000	84,748,961			Philippine Savings Bank	2019	—	—	5 years 6.03% to 11.00%	Unsecured	2018	8,277,510	1,025	Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land	2018	78,500,000	78,208,334	Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																										
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	2018	8,277,510	1,025			Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land	2018	78,500,000	78,208,334	Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																																			
Other financing institutions	2019	127,421,540	106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land																																																																																				
	2018	78,500,000	78,208,334			Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured	2018	589,503,000	375,700,412	Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																																												
Other financing institutions	2019	551,169,362	476,182,252	1 to 3 years; 10% to 33% per annum	Unsecured																																																																																				
	2018	589,503,000	375,700,412			Total	2019	1,211,470,102	880,696,312			2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																																																					
Total	2019	1,211,470,102	880,696,312																																																																																						
	2018	1,322,759,710	924,446,747			Less noncurrent portion of loans payable	2019		197,780,954			2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																																																																
Less noncurrent portion of loans payable	2019		197,780,954																																																																																						
	2018		364,273,819			Current portion of loans Payable	2019		₱682,915,358			2018		₱560,172,928																																																																											
Current portion of loans Payable	2019		₱682,915,358																																																																																						
	2018		₱560,172,928																																																																																						

Loans payable - secured by contract receivables and contract assets (Note 5)

The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse CTS of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%. The following table presents the breakdown by maturity dates:

	2019	2018
Due within one year	₱65,382,416	₱114,649,496
Due after one year	46,024,915	2,167,074
	₱111,407,331	₱116,816,570

Interest expense arising from the loans payable recognized in the consolidated statements of comprehensive income amounted to ₱217.16 million, ₱135.09 million, and ₱67.32 million in 2019, 2018, and 2017, respectively (see Note 30). In 2019, 2018, and 2017, capitalized borrowing cost amounted to nil, ₱58.03 million and ₱25.11 million, respectively, at a capitalization rate ranging from 5.7% to 9.0% (see Note 6).



GLCI's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. As of December 31, 2019, GLCI was able to meet the required debt covenants except for debt-to-equity ratio and debt-to-service coverage ratio, resulting to reclassification of loans payable amounting to ₱1.41 million from noncurrent to current liabilities as of December 31, 2019. Total outstanding balance of loans payable with breached debt covenants amounted to ₱261.70 million under Current Liabilities as of December 31, 2019.

The schedule of maturities of the loans payable of the Group as of December 31 follows:

	2019	2018
Less than one year	₱748,297,774	₱674,822,424
One to two years	203,124,516	204,467,371
More than two years	40,681,353	161,973,522
	₱992,103,643	₱1,041,263,317

19. Obligation under Finance Lease and Installment Payable

Obligation Under Finance Lease

Details of obligation under finance lease follow:

	2019	2018
Current	₱2,360,827	₱3,783,919
Noncurrent	-	4,038,485
	₱2,360,827	₱7,822,404

In 2017 and 2016, the Group entered into a sale and leaseback agreement with BPI Century Tokyo Rental Corporation for its heavy equipment and transportation equipment for the total consideration of ₱70.60 million and ₱7.41 million, respectively. The obligations are payable in equal monthly installments until January 2020.

Interest expense arising from obligations under finance lease amounted to ₱0.70 million, ₱1.60 million and ₱3.98 million in 2019, 2018, and 2017, respectively (see Note 30).

Net book values of heavy equipment and transportation equipment under finance lease amounted to ₱0.35 million and ₱37.99 million as at December 31, 2019 and 2018, respectively.

Installment Payable

Details of installment payable follow:

	2019	2018
Current	₱58,401,035	₱8,647,991
Noncurrent	17,055,586	4,906,845
	₱75,456,621	₱13,554,836



In 2018, the Group acquired additional heavy equipment amounting to ₱19.29 million. The Group initially paid ₱1.90 million and the remaining balance to be paid in equal monthly installments of ₱0.78 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum.

In 2019, the Group purchased heavy equipment from QSJ Motors Phils Inc. amounting to ₱132.29 million. The Group initially paid ₱26.75 million and the remaining balance will be paid on an equal monthly installment of ₱5.20 million to be applied on interest and principal for a period of twenty four (24) months with an interest rate of 8% per annum.

Installment payable amounted to ₱75.46 million and ₱13.55 million as of December 31, 2019 and 2018, respectively.

Interest expense arising from the installment payable amounted to ₱7.51 million, ₱0.59 million and ₱0.48 million in 2019, 2018 and 2017, respectively (see Note 30).

20. Convertible Loans

In 2016 and 2015, the Group issued convertible notes amounting to ₱26.0 million and ₱408.0 million, respectively, to various individuals and corporations (see Note 22). The convertible notes have a term of three years, with fixed interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at a price of ₱1.00 per share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every ten (10) notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one (1) PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group entered into new agreements with its creditors to extend the term of its convertible notes for another three years after its original maturity date. As of December 31, 2019, the 'day 1' difference resulting from the extension amounted to ₱6.89 million.

In 2017, the Group entered into a ₱100 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two (2) years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 22).

The loan proceeds will be used by the Group to finance the development activities of its properties in Palawan.

The instrument is accompanied by the following options: up to ₱50 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned. The ₱100 million loan amount, in whole or in part, may be convertible to parcels of the security lots in North Cove at a price of ₱1,000 per square meter.



The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.69 million.

Classification of the Group's convertible loans payable as of December 31, 2019 and 2018 follows:

	2019	2018
Current	₱112,500,000	₱-
Noncurrent	332,033,615	465,425,292
	₱444,533,615	₱465,425,292

Movement in the convertible loans as of December 31, 2019 and 2018 follows:

	2019	2018
Beginning balances	₱465,425,292	₱522,920,562
Amortization (Redemption) of day 1 difference	(6,891,677)	4,004,730
Payments	(14,000,000)	(61,500,000)
	₱444,533,615	₱465,425,292

As at December 31, 2019 and 2018, equity portion of convertible loans payable lodged under APIC in the consolidated statements of financial position amounted to ₱18.69 million.

Movement in unamortized 'Day 1' difference as of December 31, 2019 and 2018 follows:

	2019	2018
Beginning balances	₱5,074,888	₱9,079,618
Redemption (Amortization) of day 1 difference	6,891,677	(4,004,730)
	₱11,966,565	₱5,074,888

In 2019, 2018, and 2017, interest expense on the convertible loans, including the amortization of day 1 difference, recognized in profit or loss amounted to ₱32.42 million, ₱31.17 million and ₱19.01 million, respectively (see Note 30).

21. Callable Loans

On July 6, 2018, the Group entered into an unsecured ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative, subject to 8% interest payable after 3 years. In 2019, multiple additional drawdowns amounting to ₱7.00 million has been received, subject to 8% interest rate per annum payable in 3 years.

The loan proceeds will be used by the Group to finance land developments in Nagtabon beach property and to finance the purchase of Manalo and Javarez lot.



The instrument is accompanied by the following options:

- a. The Borrower shall have the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:
 - i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;
 - ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;
 - iii. Any amount prepaid may not be re-borrowed hereunder.

Interest expense capitalized as part of land development under “Real estate held for sale” amounted to nil and ₱8.89 million for 2019 and 2018, respectively.

22. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2019 and 2018. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

Nature	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Receivables (Note 5)</i>						
Advances	Officers	2019	₱8,356,482	₱71,525,293	Due and demandable; non-interest Bearing	Unsecured
		2018	12,019,302	63,168,811		



Nature	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Loans from officers and shareholders (Note 17)</i>						
Short-term loans	Officers & Shareholders	2019 2018	₱6,000,000 51,520,000	₱5,000,000 47,700,000	180 to 360 days; 6.0% interest rate	Unsecured
Long-term loans		2019 2018	47,200,000 –	47,200,000 –	2 years; 60% interest rate	Unsecured
<i>Convertible loans (Note 20)</i>						
Convertible loans	Officers	2019 2018	₱– –	₱136,000,000 136,000,000	3 years; 6.5% to 12.0% interest rate; Convertible to PHA shares	Secured by WPP shares
	Related Party	2019 2018	– –	100,000,000 100,000,000	2 years; 6.5% interest rate Convertible to WPP shares or lots of WPP real estate properties	Secured by real estate properties
		2019 2018	₱– –	₱236,000,000 236,000,000		
<i>Trade and other payables (Note 15)</i>						
Advances from THIC	Related Party	2019 2018	₱– –	₱30,000,000 30,000,000	Due and demandable; non-interest Bearing	Unsecured
Management fees	Officers	2019 2018	1,636,398 400,000	1,636,398 400,000	Due and demandable; non-interest Bearing	Unsecured
Advances from shareholders	Officers	2019 2018	– 147,804,237	81,902,444 147,804,237	Due and demandable; non-interest Bearing	Unsecured
Advances from shareholders	Officers	2019 2018	62,280,220 –	62,280,220 –	2 years; non-interest Bearing	Unsecured
		2019 2018	₱63,916,618 148,204,237	₱175,819,062 178,204,237		

In October 2019, in compliance with SEC Memorandum Circular No. 10-2019, the Group adopted and implemented its Material Related Party Transactions Policy. The policy covers all the Group's material related party transactions, defined as:

- i. A single transaction with a related party amounting to 10% or higher of the Group's total consolidated assets; or
- ii. Several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Group's total consolidated assets.



Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material related party transaction to the requirements of the Material Related Party Transaction Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

All individual material related party transactions shall be approved by the majority vote of the board of directors and shareholders. For aggregate related party transactions within a twelve-month period that breaches the materiality of 10% of the Group's total assets, board and shareholders' approval would be required for the transactions that meets and exceeds the materiality threshold.

Directors and/or shareholders with personal interest in the transaction should abstain from discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Compensation of Group's Key Management Personnel

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱40.66 million, ₱39.27 million, and ₱37.82 million in 2019, 2018, and 2017, respectively. There are no post-employment benefits in 2019, 2018, and 2017. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

23. Pension Liabilities

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the unfunded status and amounts recognized in the consolidated statements of financial position and the components of the net benefit expense recognized in the consolidated statements of comprehensive income for the pension plan.

Pension cost recognized in the consolidated statements of comprehensive income:

	2019	2018	2017
Service cost	₱2,172,108	₱2,275,664	₱3,664,403
Interest expense on defined benefit obligation	997,685	765,847	1,004,528
	₱3,169,793	₱3,041,511	₱4,668,931



Remeasurement gains (losses) on defined benefit obligation to be recognized under OCI in the consolidated statements of comprehensive income:

	2019	2018	2017
Actuarial gains (losses) due to:			
Changes in:			
Financial assumptions	(P6,585,297)	P3,486,173	P6,836,928
Demographic assumptions	(1,037,849)	757,852	58,677
Experience adjustments	(1,870,833)	(1,351,902)	3,331,759
Other adjustments	1,465,543	—	—
Remeasurement gains (losses) on defined benefit obligation	(8,028,436)	2,892,123	10,227,364
Income tax effect	(408,628)	(528,657)	(2,936,079)
Remeasurement gain (loss)	(P8,437,064)	P2,363,466	P7,291,285

Remeasurement gains and losses on defined benefit obligation recognized under OCI in the consolidated statements of comprehensive income are shown net of tax amounting to P0.41 million in 2019, P0.53 million in 2018 and P2.94 million in 2017.

Cumulative remeasurement effect recognized in OCI included in the 'retained earnings' under equity attributable to equity holders of the Parent and equity attributable to non-controlling interests:

	2019	2018
Equity attributable to equity holders of the parent		
Balances at beginning of year	P7,368,843	P5,854,194
Actuarial gain (loss)	(5,842,874)	1,828,582
Total	1,525,969	7,682,776
Income tax effect	(190,977)	(313,933)
Balances at end of year	1,334,992	7,368,843
Equity attributable to non-controlling interests		
Balances at beginning of year	5,402,754	4,553,937
Actuarial gain (loss)	(2,185,562)	1,063,541
Total	3,217,192	5,617,478
Income tax effect	(217,651)	(214,724)
Balances at end of year	2,999,541	5,402,754
Total amount recognized in OCI	P4,334,533	P12,771,597

Changes in the present value of the defined benefit obligation are as follows:

	2019	2018
Defined benefit obligation at beginning of year	P13,332,705	P13,183,317
Service cost	2,172,108	2,275,664
Interest expense on defined benefit obligation	997,685	765,847
Actuarial losses (gains) due to:		
Changes in financial assumptions	6,585,297	1,351,902
Experience adjustments	1,870,833	(3,486,173)
Changes in demographic assumptions	1,037,849	(757,852)
Defined benefit obligation at end of year	P25,996,477	P13,332,705

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions.



The principal assumptions used to determine pension for the Group are as follows:

Entity Name	Discount rate		Future salary increase rate	
	2019	2018	2019	2018
PHA	5.54%	7.70%	5.00%	5.00%
PGDI	5.36%	7.53%	10.00%	10.00%
GLCI	4.91%	7.33%	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLCI
Discount rate	+100bps	(₱184,654)	(₱3,185,335)	(₱3,874,476)
	-100bps	234,978	4,105,527	4,912,482
Salary increase	+100bps	233,828	3,870,234	4,929,573
	-100bps	(187,074)	(3,091,196)	(3,852,227)

The Group does not have a formal retirement plan and is therefore still unfunded. Shown below is the maturity profile of the undiscounted benefit payments:

	2019	2018
Less than one year	₱2,055,483	₱1,282,839
More than one year to five years	3,442,520	3,595,517
More than five years to 10 years	7,240,536	8,417,546
More than 10 years to 15 years	3,703,549	1,844,271
More than 15 years to 20 years	4,307,535	6,940,745
More than 20 years	10,600,258	11,576,117

24. Equity

Capital Stock

The details of the Parent Company's number of common shares and the movements thereon follow:

	2019		2018		2017	
	Amount	Number of Shares	Amount	Number of Share	Amount	Number of Shares
<i>Common stock</i>						
Authorized ₱0.25 par value per share	₱564,556,000	2,254,224,000	₱564,556,000	2,254,224,000	₱564,556,000	2,254,224,000
Issued and outstanding shares:						
Issued and fully paid	₱497,620,222	1,990,480,889	₱453,870,222	1,815,480,889	₱453,870,222	1,815,480,889
Subscribed shares	-	-	18,845,000	175,000,000	18,845,000	175,000,000
Treasury stock	-	-	(120,226,315)	(187,768,793)	(133,663,988)	(225,268,793)
	₱497,620,222	1,990,480,889	₱352,488,907	1,802,712,096	₱339,051,234	1,765,212,096

Treasury stock pertains to Parent Company shares held by DSI. As of December 31, 2019, all treasury stock held by DSI has been re-issued and sold.



On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 per share. The registration was approved on May 2, 1997. The Parent Company has 116 and 118 existing shareholders as of December 31, 2019 and 2018, respectively.

Subscription Receivable

Subscription receivable pertains to the unpaid portion of the 175.0 million shares subscribed at ₱0.30 per share amounting to ₱44.63 million. In 2017, the Group collected ₱1.60 million of the subscription receivable. In 2019, the Group collected ₱24.91 million of the subscription receivable. As at December 31, 2019 and 2018, subscription receivable amounted to nil and ₱24.91 million, respectively.

Additional Paid-in Capital (APIC)

Additional paid-in capital includes the equity component of the issued convertible loans amounting to ₱18.69 million as of December 31, 2019 and 2018. The liability component is reflected as financial liabilities.

Retained Earnings (Deficit)

For purposes of dividend declaration, the retained earnings shall be that of the legal parent presented in the separate financial statements. After considering the reconciling items, the Parent Company has no available retained earnings for dividend declaration as of December 31, 2019 and 2018.

The details of the Parent Company's retained earnings (deficit) are as follows:

	2019	2018	2017
Unappropriated retained earnings (deficit)	(₱56,871,338)	₱91,506,585	₱237,419,977
Declaration of dividends	–	(39,800,000)	–
Actuarial gain (loss) on defined benefit obligation, net of tax	(175,092)	120,147	(77,204)
	(₱57,046,430)	₱51,826,732	₱237,342,773

The undistributed earnings from subsidiaries amounting to ₱595.78 million and ₱17.98 million as of December 31, 2019 and 2018, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Declaration of Dividends

On March 20, 2018, the BOD of PHA has approved property dividends consisting of 268.0 million shares of stock of PGDI with the new par value of ₱0.10 per share and a cash dividend of ₱0.001482 per share or a total of ₱2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared. The fair value of property dividends amounted to ₱36.85 million. As at December 31, 2019, the SEC approval on the property and cash dividends is still pending.

On September 13, 2018, the BOD of PGDI approved the declaration of cash dividends amounting to ₱12.0 million, in which ₱2.40 million pertains to dividends declared to third parties. The dividends were later paid on September 17, 2018.

Equity Reserves

In December 2013, PHA obtained the BOD's approval to sell its 15% interest or 24.38 million shares in DSI for a consideration of ₱2.25 per share or ₱54.84 million. After the sale, PHA will retain 85% ownership with DSI. The transaction represents a change in ownership interest in a subsidiary that does not result in a loss of control. The Group recognized ₱8.95 million "Equity Reserve" arising from the excess of the consideration received over the proportionate share of non-controlling interest on the net assets value of DSI.



Additional 1.0 million shares were sold to non-controlling interests in January 2015 for a total consideration of ₱2.25 million or ₱2.25 per share, resulting to 15.62% non-controlling interest as of the end of January 2014.

In December 2014, the Parent Company acquired 25.38 million common shares of DSI from various individual investors for a total consideration of ₱92.46 million or ₱3.64 per share. The acquisition of shares represents the remaining 15.62% interest in DSI. As a result of the acquisition, the Parent Company now holds 100% interest in DSI. The Group recognized “Equity Reserve” from the acquisition amounting to ₱43.88 million in 2014 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

In February 2015, the Parent Company acquired 5.24 million shares equivalent or 13.1% non-controlling interest in PGDI for a total consideration of ₱5.24 million or ₱1.0 per share, increasing its ownership interest to 80.0%. The Group recognized “Equity Reserve” from the acquisition amounting to ₱3.78 million in 2015 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

On August 28, 2018, the BOD approved the conversion of the Parent Company’s and third parties’ advances to PGDI amounting to ₱432.5 million to equity, which resulted to an increase in capital stock of ₱341.7 million and additional paid-in capital of ₱90.8 million. The valuation of advances converted to equity was approved by the SEC on November 20, 2018. The conversion resulted in dilution of the Parent Company’s ownership interest in PGDI from 80% to 69.2%. The Group recognized “Equity Reserve” from the conversion amounting to ₱14.0 million in 2018, which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

Capital Management

The primary objective of the Group’s capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is not subject to externally-imposed capital requirements. The Group’s capital management, amongst other things, aims to also ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 18).

No changes were made in the Group’s capital management objectives, policies or processes during the years ended December 31, 2019 and 2018.

Non-controlling Interest

Non-controlling interest consists of the following:

Name of Subsidiary	Percentage of Ownership			Equity Attributable to Non-Controlling Interest		
	2019	2018	2017	2019	2018	2017
PGDI	69.22%	69.22%	80.00%	₱206,726,957	₱204,556,467	₱27,049,979
PHMIC	68.44%	68.44%	–	1,765,582	1,785,020	–
PSMVI	68.22%	68.22%	–	1,917,008	1,936,587	–
GLCI	55.00%	55.00%	55.00%	97,137,278	237,766,080	313,986,999
CUBES	51.00%	51.00%	51.00%	25,920,760	56,730,089	69,293,869
				₱333,467,585	₱502,774,243	₱410,330,847



Net income (loss) attributable to non-controlling interest follows:

Name of Subsidiary	Percentage of Ownership			Net Income (Loss) Attributable to Non-Controlling Interest		
	2019	2018	2017	2019	2018	2017
PGDI	69.22%	69.22%	80.00%	₱4,553,044	₱3,886,079	₱699,489
PHMIC	68.44%	98.90%	-	(19,438)	(714,979)	-
PSMVI	68.22%	98.60%	-	(19,579)	(563,413)	-
GLCI	55.00%	55.00%	55.00%	(140,628,802)	(70,902,363)	11,643,890
CUBES	51.00%	51.00%	51.00%	(30,809,329)	(12,563,780)	(4,855,808)
				(₱166,924,104)	(₱80,858,456)	₱7,487,571

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarized statement of income for 2019:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱79,101,295	₱341,660,557	₱-	₱-	₱-
Cost and expenses	(188,302,041)	(318,368,046)	(61,600)	(61,600)	(62,876,181)
Other income (charges)	(230,868,454)	(1,798,215)	-	-	-
Income (loss) before income tax	(340,069,200)	21,494,296	(61,600)	(61,600)	(62,876,181)
Provision for income tax	27,560,751	(6,702,081)	-	-	-
Net income (loss)	(₱312,508,449)	₱14,792,215	(₱61,600)	(₱61,600)	(₱62,876,181)
Attributable to non-controlling interest	(₱140,628,802)	₱4,553,044	(₱19,438)	(₱19,579)	(₱30,809,329)

Summarized statement of income for 2018:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱182,711,039	₱294,933,829	₱-	₱-	₱-
Cost and expenses	(268,713,207)	(268,479,285)	(2,259,750)	(1,766,600)	(4,319,326)
Other income (charges)	(138,041,767)	(2,748,677)	(6,048)	(6,048)	(21,321,042)
Income (loss) before income tax	(224,043,935)	23,705,867	(2,265,798)	(1,772,648)	(25,640,368)
Provision for income tax	66,483,128	(11,080,530)	-	-	-
Net income (loss)	(₱157,560,807)	₱12,625,337	(₱2,265,798)	(₱1,772,648)	(₱25,640,368)
Attributable to non-controlling interest	(₱70,902,363)	₱3,886,079	(₱714,979)	(₱563,413)	(₱12,563,780)

Summarized statement of income for 2017:

	GLCI	PGDI	CUBES
Revenues	₱479,475,389	₱247,142,428	₱1,648,726
Cost and expenses	(399,639,209)	(233,409,787)	(11,741,123)
Other income (charges)	(41,125,191)	(8,004,309)	182,585
Income (loss) before income tax	38,710,989	5,728,332	(9,909,812)
Provision for income tax	(12,835,679)	(2,230,885)	-
Net income (loss)	₱25,875,310	₱3,497,447	(₱9,909,812)
Attributable to non-controlling interest	₱11,643,890	₱699,489	(₱4,855,808)



Summarized statement of financial position as of December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱1,420,431,390	₱62,287,673	₱4,964	₱-	₱-
Noncurrent assets	137,324,066	702,284,304	-	222,498,650	172,498,650
Current liabilities	(263,026,128)	(69,737,515)	(52,375,981)	(2,367,298)	(1,867,298)
Noncurrent liabilities	(1,060,524,928)	(37,418,843)	(75,302)	-	-
Equity	₱234,204,400	₱657,415,619	(₱52,446,319)	₱220,131,352	₱170,631,352
Attributable to:					
Equity holders of the parent	₱137,067,122	₱450,688,662	(₱78,367,079)	₱218,365,770	₱168,714,344
Non-controlling interest	97,137,278	206,726,957	25,920,760	1,765,582	1,917,008

Summarized balance sheet as of December 31, 2018:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱2,028,690,646	₱460,212,175	₱4,964	₱2,400,000	₱2,400,000
Noncurrent assets	88,409,384	242,112,505	62,700,000	220,098,650	170,098,650
Current liabilities	(329,556,445)	(17,182,763)	(45,699,799)	(2,305,698)	(1,805,698)
Noncurrent liabilities	(1,241,959,295)	(33,127,981)	(6,575,302)	-	-
Equity	₱545,584,290	₱652,013,936	₱10,429,863	₱220,192,952	₱170,692,952
Attributable to:					
Equity holders of the parent	₱307,818,210	₱447,457,469	(₱46,300,226)	₱218,407,932	₱168,756,365
Non-controlling interest	237,766,080	204,556,467	56,730,089	1,785,020	1,936,587

Summarized cash flow information for year ended December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱269,537,325	₱101,418,936	(₱84,790)	₱-	₱-
Investing	(8,156,866)	(96,571,993)	-	-	-
Financing	(239,030,573)	(9,280,001)	84,790	-	-
Net increase (decrease) in cash	₱22,349,886	(₱4,433,058)	₱-	₱-	₱-

Summarized cash flow information for year ended December 31, 2018:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱92,959,867	₱73,903,536	(₱196,833)	(₱2,221,350)	(₱1,728,350)
Investing	(26,648,161)	(14,272,670)	-	-	-
Financing	(63,125,616)	(55,710,693)	165,203	2,212,000	1,712,000
Effect of exchange rate changes	13,553	-	-	-	-
Net increase (decrease) in cash	₱3,199,643	₱3,920,173	(₱31,630)	(₱9,350)	(₱16,350)

Parent Company Shares held by a Subsidiary

On August 26, 2014, the BOD approved the buyback of shares of the Parent Company through its subsidiary, DSI. As of December 31, 2019, DSI has disposed all of its previously held shares of the Parent Company.



25. Cost of Services

	2019	2018	2017
Depreciation (Note 11)	₱97,277,092	₱56,109,556	₱57,522,090
Personnel cost (Note 27)	83,174,170	65,910,698	57,001,556
Repairs and maintenance	41,500,673	47,315,624	36,592,410
Fuel and oil	9,613,569	15,479,496	37,741,425
Transportation and travel	7,342,103	5,069,803	4,800,460
Taxes and licenses	5,835,624	5,060,960	5,767,134
Professional and legal fees	5,333,778	5,248,424	4,495,812
Entertainment, amusement and recreation	—	2,628,961	2,466,531
Rentals and utilities	—	196,884	3,833,612
Others	2,028,292	277,458	11,105,587
	₱252,105,301	₱203,297,864	₱221,326,617

26. General and Administrative Expenses

	2019	2018	2017
Professional and legal fees	₱57,395,392	₱43,436,909	₱20,659,557
Personnel cost (Note 27)	39,768,056	44,616,109	51,639,486
Commissions	18,998,256	27,269,112	27,243,712
Depreciation and amortization (Notes 2, 10, 11 and 32)	17,807,699	34,080,069	28,145,988
Taxes and licenses	14,840,595	12,216,959	10,981,779
Filing and listing fees	14,051,791	6,629,262	—
Transportation and travel	10,244,544	5,063,294	1,715,252
Outside services	9,178,447	3,246,138	2,102,599
Entertainment, amusement and recreation	9,049,237	2,704,124	596,147
Rentals and utilities	8,894,883	6,922,411	8,450,182
Repairs and maintenance	4,136,199	569,899	500,767
Freight and handling	1,566,224	1,542,075	1,690,479
Supplies and materials	1,192,925	1,614,336	2,057,497
Advertising and promotions	408,276	965,699	1,771,241
Others	1,359,099	20,981,640	21,695,901
	₱208,891,623	₱211,858,036	₱179,250,587

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.



27. Personnel Costs

	2019	2018	2017
Cost of services:			
Salaries and wages	₱64,100,237	₱50,014,875	₱39,527,934
Pension expense (Note 23)	1,947,881	1,683,380	1,462,850
Other employee benefits	17,126,052	14,212,443	16,010,772
	83,174,170	65,910,698	57,001,556
General and administrative expenses:			
Salaries and wages	31,983,906	36,214,891	44,102,462
Pension expense (Note 23)	1,221,869	1,358,131	3,206,081
Other employee benefits	6,562,281	7,043,087	4,330,943
	39,768,056	44,616,109	51,639,486
	₱122,942,226	₱110,526,807	₱108,641,042

28. Impairment Losses

	2019	2018	2017
Advances to supplier (Note 15)	₱35,867,759	₱15,064,761	₱-
Property and equipment (Note 11)	22,595,049	-	-
Input VAT (Notes 7 and 14)	66,000	4,825,197	16,560
Exclusive right to distribute (Note 10)	-	105,345,829	-
Receivables (Notes 5 and 14)	-	29,956,083	6,000
Goodwill (Note 10)	-	2,607,116	-
Software	-	452,527	-
Security deposits (Note 14)	-	154,160	-
	₱58,528,808	₱158,405,673	₱22,560

29. Income Taxes

The provision for income tax shown in the consolidated statements of comprehensive income consists of:

	2019	2018	2017
Current	₱9,764,236	₱16,636,525	₱5,257,160
Final	-	-	27,000,000
Deferred	214,717,825	(71,331,391)	(94,142,944)
	₱224,482,061	(₱54,694,866)	(₱61,885,784)

The reconciliation of income tax expense computed at the statutory income tax rate to the provision for income tax follows:

	2019	2018	2017
Income tax at statutory tax rate	₱88,703,670	(₱128,748,523)	(₱6,816,686)
Tax effects of:			
Movement of deferred taxes	120,716,758	31,689,425	18,476,693
NOLCO	8,732,001	-	-
Expired NOLCO	5,076,656	-	-
Nondeductible expenses	3,353,650	4,299,294	2,748,566
Interest expense – accretion (redemption)	(2,067,503)	1,201,419	453,365

(Forward)



	2019	2018	2017
Income subject to final tax	(₱33,171)	(₱37,186)	(₱91,376,795)
Impairment loss on exclusive right to distribute and goodwill	–	36,900,705	–
Capital gains tax	–	–	27,000,000
Taxable income	–	–	2,643,263
Difference in tax base and accounting base of land and land development	–	–	(15,014,190)
Provision for (benefit from) income tax	₱224,482,061	(₱54,694,866)	(₱61,885,784)

Components of the Group's deferred tax assets follow:

	2019	2018
Deferred tax asset recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	₱15,014,190	₱15,014,190
Allowance for impairment losses on receivables	7,104,481	6,985,004
Pension liabilities	5,671,518	5,029,374
Excess of MCIT over RCIT	2,837,179	198,460
Provisions for administrative fines	535,800	–
Lease liability	433,327	–
Allowance for expected credit losses on receivables	–	5,542,458
	₱31,596,495	₱32,769,486

Components of the Group's deferred tax liabilities follow:

	2019	2018
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on revaluation of investment property	₱244,945,500	₱–
Increase in fair value due to purchase price allocation	79,740,615	79,740,615
Gross profit on real estate sales	75,707,564	108,094,063
Right-of-use asset	405,122	–
Commission – PFRS 15	141,624	–
Unrealized gain on foreign exchange	78,794	4,066
	401,019,219	187,838,744
Deferred tax liabilities recognized in other comprehensive income:		
Remeasurement actuarial gains on defined benefit obligation	4,865,132	4,628,205
	₱405,884,351	₱192,466,949

Net deferred tax liabilities acquired in GLCI amounted to ₱141.00 million in 2015 (see Note 10).

In 2017, PHA and WPP entered into a contract to sell to transfer and convey PHA's investment property with a total area of 499.99 hectares, for a consideration of ₱450.00 million. Prior to the transfer, the investment property's carrying value amounted to ₱399.95 million, which is also the fair value as at December 31, 2016. As a result of the transfer, a deferred tax asset amounting to ₱15.01 million arising from the difference of the investment property's carrying amount and the cost



of the transferred land in the books of WPP amounted to ₱50.05 million (see Note 13). Capital gains tax recognized by the Group amounted to ₱26.94 million in 2017, which is outstanding as of December 31, 2019 and 2018.

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2019	2018
NOLCO	₱345,473,450	₱162,401,379
Allowance for impairment losses	245,358,667	267,386,771
Pension liabilities	21,644,917	8,464,456
Excess MCIT over RCIT	1,109,257	2,508,463

The carry forward benefits of NOLCO that can be claimed as a deduction from future taxable income is as follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	₱204,623,263	₱-	₱-	₱204,623,263	2022
2018	83,274,596	-	-	83,274,596	2021
2017	57,575,591	-	-	57,575,591	2020
2016	21,551,192	(1,939)	(21,549,253)	-	2019
	₱367,024,642	₱ (1,939)	(₱21,549,253)	₱345,473,450	

The excess MCIT over RCIT that can be carried forward and credited against tax payable follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	₱423,436	₱-	₱-	₱423,436	2022
2018	273,240	-	-	273,240	2021
2017	412,581	-	-	412,581	2020
2016	1,944,531	(121,889)	(1,822,642)	-	2019
	₱3,053,788	(₱121,889)	(₱1,822,642)	₱1,109,257	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

30. Interest Expense

	2019	2018	2017
Loans payable (Note 18)	₱217,164,554	₱135,088,744	₱67,322,959
Short-term loans (Note 17)	60,032,838	19,393,174	4,878,757
Convertible loans (Note 20)	32,423,042	31,166,984	19,006,484
Installment payable (Note 19)	7,512,759	587,305	477,265
Obligation under finance lease (Note 19)	703,603	1,596,819	3,977,517
Lease liability	128,095	-	-
	₱317,964,891	₱187,833,026	₱95,662,982

31. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year.



Basic earnings per share attributable to equity holders of the Parent Company

	2019	2018	2017
Net income (loss) attributable to equity holders of the Parent Company	₱238,120,942	(₱293,608,419)	₱31,675,928
Weighted average number of outstanding common shares*	1,880,980,593	1,735,512,885	1,762,992,918
Basic earnings (loss) per share	₱0.1266	(₱0.1692)	₱0.0180

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year

	2019	2018	2017
No. of shares at the beginning of year	1,990,480,889	1,990,480,889	1,990,480,889
Weighted average number of Parent Company shares held by a subsidiary	(109,500,296)	(254,968,004)	(227,487,971)
Weighted average number of outstanding common shares	1,880,980,593	1,735,512,885	1,762,992,918

Diluted earnings per share attributable to equity holders of the Parent Company

	2019
Net income (loss) attributable to equity holders of the Parent Company	₱238,120,942
Interest expense attributable to convertible loans	32,423,042
	₱270,543,984
Weighted average number of outstanding common shares*	1,880,980,593
Dilutive shares attributable to convertible loans	490,940,355
	2,371,920,948
Diluted earnings per share	₱0.1141

Diluted earnings per share is computed similar to the computation of the basic earnings (loss) per share except that the net income attributable to the equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential ordinary shares. The effect of the conversion option of the convertible loans is dilutive in 2019 and anti-dilutive in 2018 and 2017. Thus, the basic and diluted earnings per share are the same both in 2018 and 2017.

32. Leases

The Group has a lease contract for office space used in its operations, which has a lease term of 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the 'short-term lease' recognition exemption for these leases.



The rollforward analysis of right of use asset in 2019 follows:

Cost	
At January 1, as previously reported	₱-
Effect of adoption of PFRS 16 (Note 2)	1,968,707
At January 1 and December 31, as restated	1,968,707
Accumulated Depreciation	
At January 1, as previously reported	-
Effect of adoption of PFRS 16	-
At January 1, as restated	-
<i>(forward)</i>	
Depreciation	618,301
At December 31	618,301
Net Book Value	₱1,350,406

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2019
Depreciation expense of right-of-use assets	₱618,301
Interest expense on lease liabilities	128,095
Expenses relating to short-term leases	112,571
Total amount recognized in statement of income	₱858,967

The rollforward analysis of lease liabilities in 2019 follows:

As at January 1, 2019, as previously reported	₱-
Effect of adoption of PFRS 16 (see Note 2)	1,968,707
At January 1, 2019, as restated	1,968,707
Interest expense	128,095
Payments	(652,379)
As at December 31, 2019	₱1,444,423

As of December 31, 2019, the current and noncurrent portion of lease liabilities amounted to ₱0.86 million and ₱0.58 million, respectively.

33. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.
- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.
- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.



No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments for the years ended December 31, 2019 and 2018 follow:

	2019					Total
	Mining	Real Estate	Service Contracts	Others	Eliminations	
ASSETS						
Cash	₱20,497,410	₱50,958,677	₱10,000	₱10,096,342	₱-	₱81,562,429
Contract assets	-	673,428,567	-	-	-	673,428,567
Receivables – net	14,370,044	94,083,714	12,461	415,326,345	(439,219,563)	84,573,000
Real estate held for sale	-	641,989,891	-	376,755,475	6,812,093	1,025,557,459
Investment property	-	-	-	1,298,468,000	-	1,298,468,000
Deferred exploration costs	390,197,300	-	-	-	-	390,197,300
Goodwill and intangible assets	-	-	-	4,055,014	15,701,804	19,756,818
Property and equipment – net	294,934,443	4,693,036	722,023	10,362,450	-	310,711,952
Right of use assets	-	-	-	1,350,406	-	1,350,406
Other assets	42,570,125	92,601,572	-	16,883,372	-	152,055,069
	₱762,569,322	₱1,557,755,456	₱744,484	₱2,133,297,404	(₱416,705,666)	₱4,037,661,000
LIABILITIES						
Trade and other payables	₱8,922,812	₱210,206,055	₱218,580	₱469,052,186	₱4,382,617	₱692,782,251
Contract liabilities	-	11,910,437	-	-	-	11,910,437
Short-term loans	-	-	-	259,200,000	-	259,200,000
Purchase land payable	-	13,335,073	-	485,025,000	(449,000,000)	49,360,073
Loans payable	-	992,103,643	-	-	-	992,103,643
Obligations under finance lease	-	-	-	2,360,827	-	2,360,827
Convertible loans	-	-	-	444,533,615	-	444,533,615
Installment payable	75,456,621	-	-	-	-	75,456,621
Lease liability	-	-	-	1,444,423	-	1,444,423
Callable loans	-	-	-	22,000,000	-	22,000,000
	₱84,379,433	₱1,227,555,209	₱218,580	₱1,683,616,051	(₱444,617,383)	₱2,551,151,890
	2018					Total
	Mining	Real Estate	Service Contracts	Others	Eliminations	
ASSETS						
Cash	₱24,930,468	₱28,608,791	₱10,000	₱15,430,997	₱-	₱68,980,256
Contract assets	-	1,139,885,821	-	-	-	1,139,885,821
Receivables – net	21,087,661	99,948,163	44,991	336,830,961	(371,570,905)	86,340,871
Real estate held for sale	-	1,598,392,203	-	-	8,051,939	1,606,444,142
Deferred exploration costs	390,197,300	-	-	-	-	390,197,300
Goodwill and intangible assets	-	-	-	4,505,571	15,701,804	20,207,375
Property and equipment – net	242,112,504	7,765,144	1,668,786	43,368,962	-	294,915,396
Other noncurrent assets	28,994,045	43,024,064	-	129,047,121	(62,887,660)	138,177,570
	₱707,321,978	₱2,917,624,186	₱1,723,777	₱529,183,612	(₱410,694,822)	₱3,745,158,731
LIABILITIES						
Trade and other payables	₱22,009,676	₱301,647,460	₱3,853,993	₱844,876,484	(₱365,828,961)	₱806,558,652
Contract liabilities	-	29,693,374	-	-	-	29,693,374
Short-term loans	-	-	243,895,000	-	-	243,895,000
Purchase land payable	-	100,863,104	-	449,000,000	(449,000,000)	100,863,104
Loans payable	-	1,041,263,317	-	-	-	1,041,263,317
Obligations under finance lease	-	-	-	7,822,404	-	7,822,404
Convertible loans	-	-	-	465,425,292	-	465,425,292
Installment payable	13,554,836	-	-	-	-	13,554,836
Callable loan	-	-	-	15,000,000	-	15,000,000
	₱35,564,512	₱1,473,468,255	₱247,748,993	₱1,782,124,180	(₱814,828,961)	₱2,724,075,979



The following tables regarding business segments present the revenue and profit information for the years ended December 31, 2019, 2018 and 2017.

2019						
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱340,166,458	₱79,101,295	₱4,388,324	₱-	₱-	₱423,656,077
Inter-segment	-	-	-	20,676,932	(20,676,932)	-
	340,166,458	79,101,295	4,388,324	20,676,932	(20,676,932)	423,656,077
Cost and Expenses	(318,478,046)	(188,302,041)	(3,465,688)	(70,921,755)	20,676,932	(560,490,598)
Operating Income (Loss)	21,688,412	(109,200,746)	922,636	(50,244,823)	-	(136,834,521)
Interest income	57,694	6,215,443	-	16,592	-	6,289,729
Interest expense	(7,512,759)	(217,164,554)	-	(93,287,578)	-	(317,964,891)
Impairment losses	(13,200)	-	-	(58,515,608)	-	(58,528,808)
Other income (expense) - net	5,656,850	(19,919,343)	-	816,979,883	-	802,717,390
Provision for income tax	(6,702,081)	27,560,751	-	(245,340,731)	-	(224,482,061)
Net Income (Loss)	₱13,174,916	(₱312,508,449)	₱922,636	₱369,607,735	₱-	₱71,196,838

2018						
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱294,933,829	₱182,711,039	₱2,513,813	₱45,000	₱-	₱480,203,681
Inter-segment	-	-	-	12,000,000	(12,000,000)	-
	294,933,829	182,711,039	2,513,813	12,045,000	(12,000,000)	480,203,681
Cost and Expenses	(261,911,598)	(268,713,207)	(4,319,326)	(51,338,364)	(1,387,422)	(587,669,917)
Operating Income (Loss)	33,022,231	(86,002,168)	(1,805,513)	(39,293,364)	(13,387,422)	(107,466,236)
Interest income	60,996	4,587,479	-	24,128	-	4,672,603
Interest expense	(2,774,430)	(133,991,355)	(3,600)	(51,063,641)	-	(187,833,026)
Impairment losses	(10,547,189)	(18,322,392)	(21,317,443)	(80,206,779)	(28,011,870)	(158,405,673)
Other income (expense) - net	(94,188)	9,684,500	-	10,280,278	-	19,870,590
Provision for income tax	(11,080,530)	66,483,128	-	(707,732)	-	54,694,866
Net Income (Loss)	₱8,586,890	(₱157,560,808)	(₱23,126,556)	(₱160,967,110)	(₱41,399,292)	(₱374,466,876)

2017						
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱247,142,428	₱479,475,389	₱1,648,727	₱387,213	₱-	₱728,653,757
Inter-segment	-	-	-	13,191,853	(13,191,853)	-
	247,142,428	479,475,389	1,648,727	13,579,066	(13,191,853)	728,653,757
Cost and Expenses	(233,409,787)	(399,639,209)	(11,735,123)	(42,988,276)	(1,857,546)	(689,629,941)
Operating Income (Loss)	₱13,732,641	₱79,836,180	(₱10,086,396)	(₱20,409,210)	(₱15,049,399)	₱39,023,816
Interest income	38,190	50,717	9	37,705	-	126,621
Interest expense	(7,912,758)	(67,082,959)	(185,644)	(20,469,133)	-	(95,650,494)
Impairment losses	-	-	-	(22,560)	-	(22,560)
Finance charges	-	-	(1,990)	(10,498)	-	(12,488)
Other income (expense) - net	(129,741)	25,907,051	370,210	15,049,975	(7,384,675)	33,812,820
Provision for income tax	(2,230,885)	(12,835,679)	-	57,423,336	19,529,012	61,885,784
Net Income (Loss)	₱3,497,447	₱25,875,310	(₱9,903,811)	₱22,599,615	(₱2,905,062)	₱39,163,499

Intersegment revenues are eliminated upon consolidation and reflected in the “eliminations” column.



Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue from contracts with customers in 2019 and 2018 are presented below:

	2019	2018
By type of goods or services		
Real estate		
Residential dwellings	₱150,632,959	₱213,917,271
Lots	9,920,674	7,396,670
Less:		
Cancellation of Lombard Hills	(46,710,526)	-
Other sales cancellation (lots)	(34,741,812)	(38,602,902)
Mining		
Service contracts	340,166,458	292,377,030
Service income	4,388,324	5,115,612
Total revenue from contracts with customers	₱423,656,077	₱480,203,681

Timing of Revenue Recognition

During 2019 and 2018, the Group has recognized total revenue from contracts with customers earned over time amounting to ₱4123.66 million and ₱480.20 million, respectively. The Group applied the practical expedient in recognizing revenue in the amount for which it has the right to invoice on its revenue from mining service contracts.

Contract balances

As of December 31, 2019, contract balances are as follows:

	2019			2018		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Contract assets (Note 5)	₱618,362,122	₱55,066,445	₱673,428,567	₱1,028,153,623	₱111,732,198	₱1,139,885,821
Contract liabilities	11,910,437	-	11,910,437	29,693,374	-	29,693,374

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of up to 10 years. Interest rates per annum range from 8% to 11%. Titles to the residential units sold are transferred to customers upon full payment of the contract price. Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

In 2019 and 2018, revenue recognized from the contract liabilities at the beginning of the year amounted to ₱17.05 million and ₱9.97 million.

Performance obligations

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.



The sale of a real estate unit may cover either subdivided lots, or condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment based on a certain percentage of the contract price spread over a period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing of up to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

34. Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The carrying values of the Group's financial assets and financial liabilities per category are equal to the estimated fair values except for the following financial assets and financial liabilities:

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized Cost/Loans and receivables:				
Security deposits	–	–	1,175,667	1,087,376
Loans and borrowings/Other financial liabilities:				
Loans payable	992,103,643	943,401,696	1,043,652,475	858,300,641
Convertible loans	444,533,615	452,840,605	465,425,292	534,000,000
Loans from shareholders and officers	47,200,000	52,560,904	–	–
Loans from third parties	8,000,000	8,645,505	–	–
Installment payable	75,456,621	75,911,121	17,055,586	17,356,500
Callable loans	22,000,000	21,234,939	15,000,000	14,072,396

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets

The carrying values of receivables approximate their fair values due to the short-term nature of their related transactions.



The fair values of noncurrent security deposits were based on the discounted value of future cash flows using the applicable interest rates for similar types of financial instruments. The discount rate used ranges from 2.14% to 7.97%.

Financial liabilities

The carrying amounts of trade and other payables approximate their fair values due to the short-term nature of the transactions.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial assets and financial liabilities:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2019 and 2018, there were no transfers between levels in the fair value hierarchy. The Group has no financial instruments carried at fair value based on levels 2 and 3.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and market risk. Exposure to these risks arises in the normal course of business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and approves actions for managing each of these risks which are summarized below:

a. *Liquidity risk*

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.



The tables below summarize the maturity profile of the Group's financial assets and financial liabilities at December 31, 2019 and 2018 based on contractual undiscounted future payments. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2019			Total
	<120 days	121-360 days	>360 days	
Financial liabilities:				
Trade and other payables				
Trade				
Third parties**	₱251,982,699	₱-	₱-	₱251,982,699
Advances from related parties	113,538,840	-	62,280,220	175,819,060
Accrued expenses	71,050,955	-	-	71,050,955
Short-term loans*	218,273,916	24,267,416	93,197,583	335,738,915
Purchase land payable*	49,360,073	-	-	49,360,073
Loans payable*	771,961,954	46,229,857	305,339,394	1,123,531,205
Obligation under finance lease*	3,064,430	-	-	3,064,430
Convertible loan*	123,667,001	23,216,305	347,264,152	494,147,458
Installment Liability*	17,579,610	49,581,641	19,809,064	86,970,315
Lease liability*	717,023	96,071	1,029,323	1,842,417
Cash dividends payable	2,950,000	-	-	2,950,000
Callable loans*	593,185	1,196,148	23,524,000	25,313,333
	₱1,624,739,686	₱144,587,438	₱852,443,736	₱2,621,770,860

Financial assets:				
Cash	₱81,562,429	₱-	₱-	₱81,562,429
Receivables				
Contracts receivables	36,430,270	-	-	36,430,270
Trade	9,987,758	-	-	9,987,758
Others	950,509	-	-	950,509
Other Noncurrent assets				
Receivable from PAGCOR	-	-	3,042,702	3,042,702
Security deposits	-	-	852,022	852,022
	₱128,930,966	₱-	₱3,894,724	₱132,825,690

*Includes future interest

**Excludes statutory and other nonfinancial liabilities amounting to ₱149.71 million

	2018			Total
	<120 days	121-360 days	>360 days	
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	₱113,527,702	₱16,884,893	₱-	₱130,412,595
Advances from third parties	343,722	160,538,609	-	160,882,331
Accrued expenses	24,185,570	-	-	24,185,570
Short-term loans*	147,445,000	76,450,000	20,000,000	243,895,000
Convertible loan*	365,425,292	-	115,000,000	480,425,292
Obligation under finance lease	1,261,307	2,522,612	4,038,485	7,822,404
Loans payable*	148,961,623	525,860,802	366,440,892	1,041,263,317
	₱801,150,216	₱782,256,916	₱505,479,377	₱2,088,886,509

Financial assets:				
Cash	₱66,398,555	₱-	₱-	₱66,398,555
Receivables				
Contracts receivables	61,945,279	1,028,153,623	111,732,198	1,201,831,100
Trade	14,436,081	2,956,352	1,388,982	18,781,415
Others	205,917	-	-	205,917
Other noncurrent assets				
Receivable from PAGCOR	-	-	3,042,702	3,042,702
Security deposits	6,667	320,978	1,002,182	1,329,827
	₱142,992,499	₱1,031,430,953	₱117,166,064	₱1,291,589,516

*Including interest



b. *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risks are primarily attributable to cash in banks, receivables and notes receivable, due from related parties and security deposits. The Group's receivables, notes receivable and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The tables below show the credit quality of the Group's financial assets:

	2019					
	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High Grade	Medium Grade	Total			
Cash in banks	₱78,831,776	₱-	₱78,831,776	₱-	₱-	₱78,831,776
Receivables						
Contracts receivables	631,971,682	12,059,413	644,031,095	33,130,754	32,696,988	709,858,837
Trade	2,373,632	2,881,080	5,254,712	-	4,733,046	9,987,758
Others	950,509	-	950,509	-	-	950,509
Other noncurrent assets						
Receivable from PAGCOR	-	-	-	3,042,702	-	3,042,702
Refundable deposit	-	-	-	-	89,500,000	89,500,000
Security deposits	-	852,022	852,022	-	154,160	1,006,182
	₱714,127,599	₱15,792,515	₱729,920,114	₱36,173,456	₱127,084,194	₱893,177,764

	2018					
	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High Grade	Medium Grade	Total			
Cash in banks	₱66,398,555	₱-	₱66,398,555	₱-	₱-	₱66,398,555
Receivables						
Contracts receivables	1,098,127,614	-	1,139,885,821	61,945,279	41,758,207	1,201,831,100
Trade	17,392,433	-	17,392,433	-	1,388,982	18,781,415
Others	205,917	-	205,918	-	-	205,917
Other noncurrent assets						
Receivable from PAGCOR	-	-	-	3,042,702	-	3,042,702
Refundable deposit	-	89,500,000	89,500,000	-	-	89,500,000
Security deposits	1,175,667	-	1,175,667	-	154,160	1,329,827
	₱1,183,300,186	₱89,500,000	₱1,314,558,394	₱64,987,981	₱43,301,349	₱1,381,089,516



An aging of the Group's past due or individually impaired receivables as of December 31, 2019 and 2018 is as follows:

As of December 31, 2019

	Past Due but not Impaired			Impaired Financial Assets	Total
	<120 days	121-360 days	>360 days		
Receivables					
Contacts receivable	₱-	₱-	₱33,130,754	₱32,696,988	₱65,827,742
Trade	-	-	-	4,733,046	4,733,046
Others	-	-	-	-	-
Receivable from PAGCOR	-	-	3,042,702	-	3,042,702
	₱-	₱-	₱36,173,456	₱37,430,034	₱73,603,490

As of December 31, 2018

	Past Due but not Impaired			Impaired Financial Assets	Total
	<120 days	121-360 days	>360 days		
Receivables					
Contacts receivable	₱24,635,674	₱10,791,970	₱26,517,634	₱41,758,207	₱103,703,485
Trade	14,436,081	2,956,352	-	1,388,982	18,781,415
Others	205,917	-	-	-	205,917
Receivable from PAGCOR	-	-	3,042,702	-	3,042,702
	₱39,277,672	₱13,748,322	₱29,560,336	₱43,147,189	₱125,733,519

The Group has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2019 and 2018 are classified as high grade based on the following:

Cash - based on the financial and credit standing of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

Security deposits - based on the credit standing/reputation of counterparty.

An impairment analysis is performed at each reporting date using the vintage analysis to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if the financial asset can no longer be recovered. The expected credit loss amounted to ₱32.70 million and ₱41.76 million as at December 31, 2019 and 2018, respectively.

c. Market risk

Market risk is the risk of loss to future earnings, fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, equity prices, foreign currency exchange rates and other market changes.



Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱329.45 million as of December 31, 2019. If interest rates increase or decrease by 5.12% (all other variables held constant), income before income tax would have been ₱16.87 million lower or higher.

The Group's loans payable to local banks subject to local banks subject to floating rates are exposed to cash flow interest rate risk. The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity of income before income tax at December 31, 2019 and 2018 due to a reasonably possible change in interest rates, with all other variables held constant.

	Increase (Decrease)	Effect in Income before Income tax
2019	5.12%	₱16,867,776
	-5.12%	(16,867,776)
2018	4.26%	18,245,034
	-4.26%	(18,245,023)

35. Notes to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities in 2019 and 2018:

2019

	January 1, 2019	Adoption of PFRS 16	Availments	Payments	Interest accretion	December 31, 2019
Convertible loans	₱465,425,292	₱-	₱-	(₱14,000,000)	(₱6,891,677)	₱444,533,615
Callable loans	15,000,000	-	7,000,000	-	-	22,000,000
Short-term loans	243,895,000	-	31,500,000	(16,195,000)	-	259,200,000
Loans payable	1,041,263,317	-	-	(49,159,674)	-	992,103,643
Lease liability	-	1,968,707	-	(652,379)	128,095	1,444,423
Obligations under finance lease	7,822,404	-	-	(5,461,577)	-	2,360,827
Installment payable	13,554,836	-	61,901,785	-	-	75,456,621
	₱1,786,960,849	₱1,968,707	₱100,401,785	(₱85,468,630)	(₱6,763,582)	₱1,797,099,129

2018

	January 1, 2018	Availments	Payments	Interest accretion	December 31, 2018
Convertible loans	₱522,920,562	₱-	(₱61,500,000)	₱4,004,730	₱465,425,292
Callable loans	-	15,000,000	-	-	15,000,000
Short-term loans	209,100,000	92,320,000	(57,525,000)	-	243,895,000
Loans payable	974,456,791	356,423,676	(289,617,150)	-	1,041,263,317
Obligations under finance lease	34,746,203	930,450	(27,854,249)	-	7,822,404
Installment payable	-	17,356,500	(3,801,664)	-	13,554,836
	₱1,741,223,556	₱482,030,626	(₱440,298,063)	₱4,004,730	₱1,786,960,849



36. Agreements

Service Contracts

Marcventures Mining and Development Corporation (MMDC)

On March 8, 2011, the Group executed the contract with MMDC to haul and load beneficiated nickel ore stockpile located at Cabangahan, Cantilan, Surigao del Sur and its hauling to the Pier Yard in Bon-ot, Carrascal, Surigao del Sur.

In February 2015, the Group renewed its agreement with MMDC for an additional period of three (3) years effective January 1, 2015 to December 31, 2017. Under the scope of work, the Group shall excavate, load and haul more or less 500,000 wet metric tons (WMT) of ore per year at the area specified and designated by MMDC.

As of December 31, 2018, the Group has not renewed its mining services contract with MMDC due to MMDC's suspension of operations.

Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Sapolite Mining Contract with CMC for the hauling and extraction of mineral ores in Municipality of Cagdianao, Province of Dinagat Islands. The Contract shall be for a period of three years, from January 1, 2015 to December 31, 2017, which may be extended by written mutual agreement of the parties.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty upon the Group computed based on the required WMT multiplied by \$0.50 per WMT of materials not delivered.

In April 2018, the Group renewed its agreement with CMC effective April 1, 2018 to October 31, 2018. Under the scope of work indicated in the contract, the Group shall perform mining services which include loading and hauling, road and bench maintenance and barge loading services.

In May 2019, the Group has secured a 3-year contract with CMC covering the periods of 2019 until 2021, with the Group rendering services to CMC starting March 1 until October 31 of each year. The Group shall render mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

BenguetCorp Nickel Mines, Inc. (BNMI)

In April 2015, the Group entered into a Mining Services Agreement with Arrow Freight Corporation (AFC) for the extraction of nickel ore and other mineral products from BNMI mine pit to designated dumping, stockyards and stockpile areas and the provision of other necessary equipment including manpower and consumables such as fuel and oil, as maybe specified by AFC from time to time in accordance with the need of the project. The agreement shall be valid for a period of three (3) years starting April 1, 2015 and ending December 31, 2017, which may be renewed upon mutual consents of the parties.

As of December 31, 2018, the Group has not renewed its mining services contract with BNMI due to BNMI's suspension of operations.

Mining related services recognized by the Group amounted to ₱341.17 million, ₱294.93 million, and ₱247.14 million in 2019, 2018 and 2017, respectively. This includes equipment rental amounting to ₱2.89 million, ₱2.56 million and ₱2.63 million in 2019, 2018 and 2017, respectively.



Operating Lease Commitments

On May 1, 2015, the Group entered into a lease contract with Rinarese, Inc. to lease the commercial space for the administrative office of the Group. The lease is for a period of two (2) years commencing on May 1, 2015 to April 30, 2017. In addition, the Group entered into a lease agreement with Accupak Philippines, Inc. to lease the premises for the warehouse of the Group located at Calamba, Laguna. The contract is for a period of five (5) years commencing on September 1, 2015 to August 30, 2020. In May 2016, the lease agreement with Accupak Philippines, Inc. was pre-terminated.

Rent expense charged in the consolidated statements of comprehensive income amounted to nil, nil, and ₱7.74 million in 2019, 2018 and 2017, respectively.

Joint Operation

In 2008, GLCI has entered into a Joint Venture Agreement (JVA) with certain landowners, for the development of certain lots. Pursuant to the JVA, the landowners shall contribute the title and their interest to the lots and the Group, in turn, shall provide the necessary cash and expertise to undertake and complete the implementation of the residential project development as development manager and as exclusive marketing agent of the project. The Group shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15.0% of the selling price.

Details of the sharing agreement follow:

<u>Project</u>	<u>Area (in sq.m.)</u>	<u>Location</u>	<u>Landowner's Share in Net Proceeds</u>
Summerfields Subdivision	47,360	La Trinidad, Benguet	15.00%
North Cambridge Subdivision	10,892	Baguio City	10.00%
Courtyards Condominium	18,517	Lucban, Baguio City	12.00%

On December 20, 2018, the landowners and the Group entered into a Memorandum of Agreement (MOA) to revise the terms of the profit sharing arrangement in the MOA dated June 4, 2015. In this regard, the landowners and the Group agreed to cancel the sharing effective immediately subject to any further terms the parties may agree upon.

Letter Agreement

On December 24, 2019, PGDI entered into an agreement, which was further amended on January 22, 2020, with another entity that intends to put up or establish a cement plant with power plant, port and limestone quarry in Palawan.

The Group is currently under negotiation to finalize the sale of the MPSA companies, in relation to this Letter Agreement.

37. Registration with Board of Investments

CUBES

CUBES is registered with the BOI as a new operator of Thermo Chilling System under the heading Energy Efficiency Projects of the 2014 IPP on a Non-Pioneer Status under the provision of Executive Order (EO) No. 226, otherwise known as the *Omnibus Investments Code of 1987*.

Under CUBES' registration, it is entitled to certain tax and nontax incentives which include, among others, ITH for four (4) years from November 2015 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration.



The ITH incentives shall be limited only to the revenues generated from the new activity.

Under the terms of CUBES' registration, it is subject to certain requirements, principally that of following a specified sales volume and sales revenue schedule and securing prior permission from the BOI before performing certain acts.

Under CUBES' application with the BOI, it can avail of a bonus year in each of the following cases but the aggregate ITH availment (basic and bonus years) shall not exceed eight (8) years:

- b. The ratio of the total imported and domestic capital equipment to the number of workers for the project does not exceed US\$10,000 to one (1) worker;
- c. The net foreign exchange savings or earnings amount to at least US\$500,000 annually during the first three (3) years of operation; and
- d. The indigenous raw materials used in the manufacture of the registered product must at least be fifty (50%) of the total cost of raw materials for the preceding years prior to the extension unless the BOI prescribes a higher percentage.

In May 2017, due to operational issues, CUBES' operations was discontinued and was put on hold. As of December 31, 2019, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

38. Subsequent Events – Corona Virus Disease (COVID-19) Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI, whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generation through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. These will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment deferrals and rollover/restructuring of certain existing loans. The Group is currently in the process of negotiating for further deferral of payments and restructuring for the other currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until



after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored. Management believes that the going concern basis used in the preparation of the financial statements as at and for the year ended December 31, 2019 is appropriate and no adjustments are necessary to be made in relation to the classification and recoverability of the carrying amount of assets or the classification and amount of liabilities.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit 1705, 17th Floor, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and its Subsidiaries (the Group) as at and for the years ended December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A and have issued our report thereon dated July 17, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),

July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2018,

February 14, 2018, valid until February 13, 2021

PTR No. 8125310, January 7, 2020, Makati City

July 17, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit 1705, 17th Floor, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated July 17, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),

July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2018,

February 14, 2018, valid until February 13, 2021

PTR No. 8125310, January 7, 2020, Makati City

July 17, 2020



**PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES**

**Supplementary Schedules to the Financial Statements Required Under
Securities Regulation Code Rule 68, As Amended (2018)
For the year ended December 31, 2019**

and

Independent Auditors' Report

Philippine Peso

SEC Number 147584

File Number _____

**PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES**

(Company's Full Name)

Metro Manila, Philippines

(Company's Address)

(02) 632 - 7714

(Telephone Number)

December 31

(Year Ending)

(month & day)

**Supplementary Schedules
to the Financial Statements**

Form Type

Amendment Designation (If applicable)

December 31, 2019

Period Ended Date

(Secondary License Type and File Number)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Year Ended December 31, 2019

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NA: NOT APPLICABLE

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2019

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/ Notes	Valued Based on Market Quotations at Balance Sheet Date	Income Received and Accrued (including Dividends Received)
<i>Loans and receivables</i>				
Cash	P-	P81,562,429	P-	P-
Receivables	-			
Contract receivables	-	36,430,270	-	-
Trade	-	9,987,758		
Others	-	950,509	-	-
Other noncurrent assets				
Receivable from PAGCOR	-	3,042,702	-	-
Security deposits	-	852,022	-	-
	P-	P132,825,690	P-	P-

See Note 4, 5 & 14 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule B - Amounts Receivables from Directors, Officers, Employees, Related Parties, and
Principal Stockholders (Other than Related Parties)
December 31, 2019

Name of Debtor	Beginning Balance	Additions	Collections	Ending Balance		
				Current	Non-Current	Total
Advances to officers and Employees	₱63,168,811	₱14,393,854	(₱6,096,055)	₱71,466,610	₱-	₱71,466,610

See Note 5 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated
During the Consolidation of Financial Statements
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Non-Current	
Premiere Horizon Alliance Corporation	₱192,056,157	₱35,833,030	₱48,439,000	-	₱179,450,187	-	₱179,450,187
Goshen Land Capital, Inc.	15,357,096	41,214	-	-	15,398,310	-	15,398,310
Premiere Georesources and Development, Inc. (PGDI)	2,095,530	15,561,008	14,542,338	-	3,114,200	-	3,114,200
West Palawan Premiere Development Corp (WPP)	11,196,665	10,646,845	20,432	-	21,823,078	-	21,823,078
Treasure Cove Nagtabon Beach, Inc. (TCNBI)	3,750,787	-	523,204	-	3,227,583	-	3,227,583
Concepts Unplugged Business Environment Solutions, Inc. (CUBES)	624,624	84,789	-	-	709,413	-	709,413
PH Big Bounty Entertainment, Inc. (PHBBI)	137,352	-	51,705	-	85,647	-	85,647
PH Agriforest Corporation (PAC)	923,433	6,321	-	-	929,754	-	929,754
PH Business Services, Inc. (PHBSI)	827,027	6,050	-	-	833,077	-	833,077
PH Mining and Development Corporation (PHMDC)	14,328,732	10,291	-	-	14,339,023	-	14,339,023
<i>(forward)</i>							
Digiwave Solutions, Inc. (DSI)	13,221,580	-	13,221,080	-	500	-	500
	₱254,518,983	₱62,189,548	₱76,797,759	₱-	₱239,910,772	₱-	₱239,910,772

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule D - Intangible Assets - Other Assets
December 31, 2019

Description	Beginning Balance	Additions at Cost	Deductions / Amortizations		Other Charges— Additions (Deductions)	Ending Balance
			Charged to cost and Expenses	Charged to Other Accounts		
Exclusive Distribution Rights	P-	-	-	P-	-	P-
Film Rights	4,507,571	-	450,557	-	-	4,055,014
Goodwill (including provisional goodwill)	15,701,804	-	-	-	-	15,701,804
Intangible Assets	₱20,207,375	-	₱450,557	₱-	₱-	₱19,756,818

See Note 10 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule E - Long-Term Debt
December 31, 2019

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total
Loans Payable				
Philippine Veterans Bank	₱209,528,963	₱63,151,071	₱146,377,892	₱209,528,963
Union Bank of the Philippines	1,752,835	496,613	1,256,222	1,752,835
Zambales Rural Bank Inc.	13,768,137	4,674,365	9,093,773	13,768,137
Union Bank of the Philippines	21,630,461	13,297,128	8,333,333	21,630,461
BPI Family Savings Bank	4,385,532	27,195	4,358,337	4,385,532
Security Bank Savings	54,850,646	13,184,067	41,666,579	54,850,646
Banco de Oro	1,384,815	1,132,877	251,938	1,384,815
Tanay Rural Bank	8,048,939	4,940,334	3,108,605	8,048,939
Other Financing Institutions	558,453,792	28,276,813	530,176,979	558,453,792
Loans and Advances				
Andres Del Rosario	25,700,000	-	25,700,000	25,700,000
Manolo B. Tuason	500,000	-	500,000	500,000
Meletina G. Aquino	6,000,000	-	6,000,000	6,000,000
Raul Ma. F Anonas	10,000,000	-	10,000,000	10,000,000
Siso M. Lao	5,000,000	-	5,000,000	5,000,000
Kathryn Yu Cheng Sese	8,000,000	-	8,000,000	8,000,000
Installment Payable – QSJ Motors Philippines, Inc.	75,456,621	58,401,035	17,055,586	75,456,621
Callable Loans – KSK SMP Coop	22,000,000	-	22,000,000	22,000,000
Convertible Loans				
SJ Roxas & Co. Inc	50,000,000	-	49,199,466	49,199,466
Myka Advisory and Consultancy Services Inc.	10,000,000	-	9,839,893	9,839,893
Tarcisio M. Medalla	10,000,000	-	9,839,893	9,839,893
Asian Alliance Investment Corp.	60,000,000	5,000,000	53,736,976	58,736,976
Abigail B. Arcilla	10,000,000	-	9,834,418	9,834,418

(forward)

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total
Raul Ma. F Aronas	46,000,000	-	45,263,509	45,263,509
PBB Trust and Investment Center	55,000,000	-	53,723,138	53,723,138
United Coconut Planters Life Assurance Corporation	100,000,000	-	97,678,432	97,678,432
Jaime I Cabangis	3,000,000	-	2,917,890	2,917,890
	₱1,910,460,741	₱192,581,498	₱1,170,912,859	₱1,363,494,356

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2019

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
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NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule G - Guarantees of Securities and Other Issuers
December 31, 2019

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 this Statement is Filed	Nature of Guarantee
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NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule H - Capital Stock
December 31, 2019

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding (Net of Treasury Shares)	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common stock- \$0.25 par value						
Authorized	2,254,224,000	-	-	-	-	-
Issued	-	-	-	-	-	-
Subscribed	-	-	-	-	-	-
Treasury	-	1,990,480,889	-	-	-	-
Shares reserved for conversion	-	-	-	-	-	-

See Note 24 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Retained Earnings Available for Dividend Declaration
December 31, 2019

Unappropriated retained earnings, as adjusted, beginning	(140,689,788)
Add: Net income during the period closed to Retained Earnings	71,196,838
Less: Unrealized gain on revaluation of land, net of deferred tax	<u>(571,539,500)</u>
Net loss actually incurred during the period	<u>(500,342,662)</u>
Unappropriated Retained earnings, as adjusted, ending	<u>(641,032,450)</u>

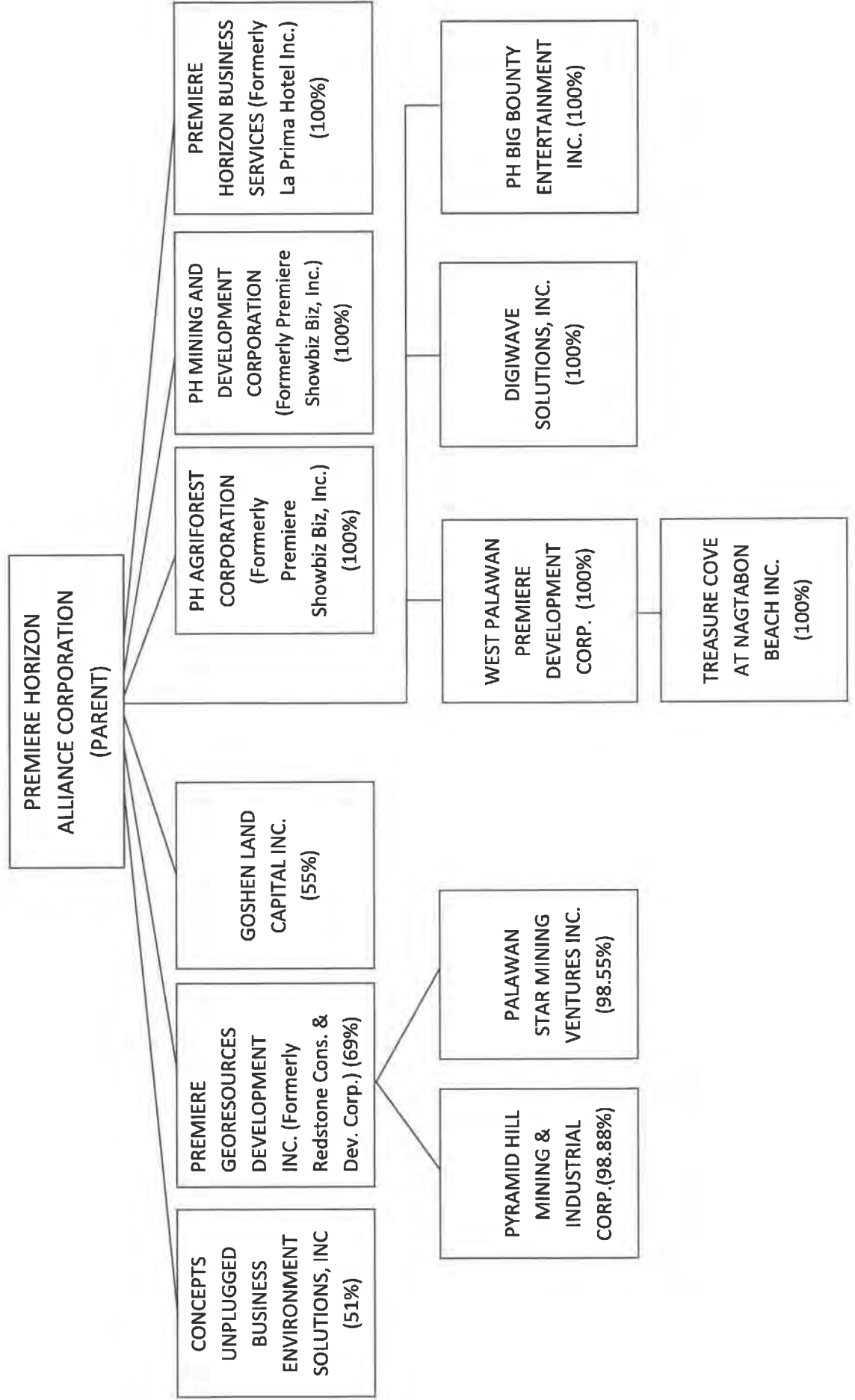
PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
KEY FINANCIAL INDICATORS

	Audited		
	December 31, 2019	December 31, 2018	Change
1. Current Ratio or Working Capital Ratio			
Total Current Assets	1,944,358,861	2,882,278,685	
Total Current Liabilities	1,884,933,871	1,917,066,838	
	1.03	1.50	(0.47)
2. Solvency Ratio			
Total Assets	4,069,257,495	3,777,928,217	
Total Liabilities	3,049,772,718	2,997,280,937	
	1.33	1.26	0.07
3. Debt-to-Equity Ratio			
Total Liabilities	3,049,772,718	2,997,280,937	
Stockholder's Equity	1,019,484,777	780,647,280	
	2.99	3.84	(0.85)
4. Debt Ratio			
Total Liabilities	3,049,772,718.00	2,997,280,937.00	
Total Assets	4,069,257,495.00	3,777,928,217.00	
	0.75	0.79	(0.04)
5. Return on Assets			
Net Income	71,196,838	(374,466,876)	
Total Assets	4,069,257,495	3,777,928,217	
	0.02	(0.10)	0.12
6. Asset-to-Equity Ratio			
Total Assets	4,069,257,495.00	3,777,928,217.00	
Stockholder's Equity	1,019,484,777.00	780,647,280.00	
	3.99	4.84	(0.85)
7. Times Interest Earned			
Earning Before Interest and Taxes	613,643,790.00	(241,328,716.00)	
Interest	317,964,891.00	187,833,026.00	
	1.93	(1.28)	3.21

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

Map of the relationship of the companies within the group

For the year ended December 31, 2019



COVER SHEET

1 4 7 5 8 4

SEC Registration Number

P R E M I E R E H O R I Z O N A L L I A N C E

C O R P O R A T I O N

(Company's Full Name)

U N I T 1 7 0 5 1 7 T H F L O O R E A S T T O W E

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

C E N T R E , E X C H A N G E R O A D O R T I G A S
C E N T E R , P A S I G C I T Y

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

RAUL MA. F. ANONAS

Contact Person

8632-7714

Company Telephone Number

1 2 3 1

Month Day
Calendar Year

SEC FORM 17-Q

FORM TYPE

0 5

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

PSE No.
SEC No. 147584
FILE No.

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2020**

2. Commission identification number: **147584**

3. BIR Tax Identification No.: **002-727-376-000**

4. Exact name of registrant as specified in its charter:

PREMIERE HORIZON ALLIANCE CORPORATION

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: (SEC Use Only)

7. Address of registrant's principal office: Postal Code

**Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City. 1605**

8. Registrant's telephone number, including area code: **(02) 632-77-14 to 15**

9. Former name, former address and former fiscal year, if changed since last report:

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 & 12 of the Code, or Sections 4 & 8 of the RSA:

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>COMMON STOCK P 0.25 PAR VALUE</u>	<u>1,990,480,889 COMMON SHARES</u>

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes No (Please refer to item 10.)

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes No Not applicable - issuer has less than 100 holders of securities

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

Yes No Not applicable - issuer has less than 100 holders of securities

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Financial Statements as of and for the nine-month period ended September 30, 2019 are attached to this report.

1. The accompanying financial statements are prepared in accordance with the generally accepted accounting principles in the Philippines.
2. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company and its subsidiaries use the following key performance indicators: 1) **revenues**; 2) **gross profit / loss**; 3) **gross profit ratio** (computed as gross profit divided by the gross revenues); 4) **net income / loss**; 5) **net profit ratio** (computed as net profit divided by the gross revenues); 6) **net profit attributable to parent**; 7) **12 months trailing net income (loss)** (computed as year to date net income (loss) plus net income of the latest annual income minus the previous year to date net income (loss)); 8) **12 months trailing net income (loss) per share** (computed as 12 months trailing net income (loss) divided by weighted average number of shares); 9) **debt-to-equity ratio** (computed as total liabilities divided by total Stockholders' Equity); 10) **current ratio** (computed as total current assets divided by total current liabilities); 11) **debt ratio** (computed as total liabilities divided by total assets); and 12) **return on investment** (computed as net income divided by investment).

		September 30, 2020	September 30, 2019	Inc/(Dec)
1.	Revenues	P306,407	P442,175	(135,768)
2.	Gross Profit / Loss	P107,432	P120,541	(13,109)
3.	Gross Profit/Loss Ratio	35.06%	27.26%	7.80%
4.	Net Profit / Loss	(P109,916)	(P234,704)	124,788
5.	Net Profit / Loss Ratio	(35.87%)	(53.08%)	17.21%
6.	Net Profit / Loss attributable to Parent	(P103,305)	(P195,432)	92,127
7.	12 months trailing net income (loss)	195,985	(P516,246)	712,231
8.	Trailing 12 months earnings(loss) per share basic	0.10	(0.26)	0.36
		September 30, 2020	December 31, 2019	Inc/(Dec)
9.	Debt -to- Equity Ratio	3.36:1	2.99:1	0.37
10.	Current Ratio	1.00:1	1.03:1	(0.03)
11.	Debt Ratio	0.77:1	0.75:1	0.02
12.	Return on Assets	(0.03:1)	0.02:1	(0.05)

In the nine-month period ended September 30, 2020, the Group generated gross revenues of Php 306,407 thousand broken down into Php73,457 thousand from real estate sales and Php 232,950 thousand from mining related services.

Gross profit in the nine-month period ended September 30, 2020 and 2019 amounted to Php 107,432 thousand and Php 120,541 thousand, respectively, which shows a decrease of Php 13,109 thousand or 11%.

The Group's net loss attributable to the equity holder of the parent in the nine-month period ended September 30, 2020 and 2019 amounted to Php103,305 thousand and Php 195,432 thousand, respectively, which shows a decrease of Php92,127 thousand or 47%.

The Group's 12 months trailing net income in the period ended September 30, 2020 and 2019 amounted to Php 195,985 thousand and Php -516,246 thousand, respectively, which shows an increase of Php 712,231.

The Group's trailing net income (loss) per share in the period ended September 30, 2020 and 2019 amounted to 0.10 and (0.26), respectively, which shows an increase of 0.36.

The Debt-to-Equity Ratio is 3.36:1 and 2.99:1 in the 3rd quarter of 2020 and year end 2019, respectively.

The Current Ratio is 1.00:1 and 1.03:1 in the 3rd quarter of 2020 and year end 2019, respectively.

The Debt Ratio is 0.77:1 and 0.75:1 in the 3rd quarter of 2020 and year end 2019, respectively.

The Return on Assets is -0.03:1 and 0.02:1 in the 3rd quarter of 2020 and year end 2019, respectively.

There were no events that triggered direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

The following are the causes for the material changes, i.e. those amounting five percent (5%) of the relevant accounts or such lower amount, between this period versus the previous, on a vertical and horizontal basis of analyses:

Financial Position

- **Cash** - As of September 30, 2020 and December 31, 2019, this account amounted to Php 95,831 thousand and Php 81,562 thousand, respectively, which shows an increase of Php 14,269 thousand or 17%. Cash provided by operations amounted to Php 168,717 thousand; cash used in investing activities amounted to Php 7,607 thousand; while cash used in financing activities amounted to Php 146,841 thousand. The said cash flows represent the increase during the reporting period.
- **Contract Assets** - As of September 30, 2020 and December 31, 2019, this account amounted to Php 592,291 thousand and Php 673,428 thousand,

respectively, which shows a decrease of Php 81,137 thousand or 12%. The decrease primarily came from the collection of contract assets during the reporting period. Current portion of this account as of September 30, 2020 amounted to Php 537,225. Noncurrent portion of this account as of September 30, 2020 amounted to Php 55,066.

- **Receivables, net** – As of September 30, 2020 and December 31, 2019, this account amounted to Php 125,983 thousand and Php 84,573 thousand, respectively, which shows an increase of Php 41,410 thousand or 49%. The increase primarily came from the increase in receivables during the reporting period.
- **Property and equipment, net** – As of September 30, 2020 and December 31, 2019, this account amounted to Php 251,690 thousand and Php 310,712 thousand, respectively, which shows a decrease of Php 59,022 thousand or 19%. The decrease primarily came from depreciation.
- **Other assets** – As of September 30, 2020 and December 31, 2019, this account amounted to Php 141,447 thousand and Php 152,056 thousand, respectively, which shows a decrease of Php 10,609 thousand or 7%. Current portion of this account as of September 30, 2020 amounted to Php 124,726. Noncurrent portion of this account as of September 30, 2020 amounted to Php 16,721.
- **Trade and other payables**- As of September 30, 2020 and December 31, 2019, this account amounted to Php 795,286 and Php 630,502 thousand, respectively which shows an increase of Php 164,784 or 26%. The increase primarily came from the additional accrued expenses.
- **Income tax payable**- As of September 30, 2020 and December 31, 2019, this account amounted to Php 4,759 and nil, respectively which shows an increase of Php 4,759. The increase primarily came from the taxable income incurred during the reporting period.
- **Short term debt**-As of September 30, 2020 and December 31, 2019, this account amounted to Php 259,800 and Php 204,000 thousand, respectively which shows an increase of Php 55,800 or 27%. The increase came from additional loans availed during the reporting period.
- **Purchased land payable**- As of September 30, 2020 and December 31, 2019, this account amounted to Php 47,010 and Php 49,360 thousand, respectively which shows a decrease of Php 2,350 or 5%. The decrease came from the payments during the reporting period.
- **Loans payable** – As of September 30, 2020 and December 31, 2019, this account amounted to Php 768,885 thousand and Php 992,104 thousand, respectively, which shows a decrease of Php 223,219 thousand or 22%. The decrease primarily came from the payment of loans during the reporting period. Current portion of this account as of September 30, 2020 amounted to Php 525,079. Noncurrent portion of this account as of September 30, 2020 amounted to Php 243,806.
- **Obligations under finance lease**- As of September 30, 2020 and December 31, 2019, this account amounted to Php 1,410 thousand and Php 2,360 thousand, respectively, which shows a decrease of Php 950 thousand or 40%. The decrease came from payments made during the reporting period.
- **Convertible loans**- As of September 30, 2020 and December 31, 2019, this account amounted to Php 494,034 thousand and Php 444,534 thousand,

respectively, which shows an increase of Php 49,500 thousand or 11%. Additional convertible loans were made during the reporting period. Current portion of this account as of September 30, 2020 amounted to Php 162,000. Noncurrent portion of this account as of September 30, 2020 amounted to Php 332,034.

- **Installment payable** - As of September 30, 2020 and December 31, 2019, this account amounted to Php 30,249 thousand and Php 75,457 thousand, respectively, which shows a decrease of Php 45,028 thousand or 60%. The decrease came from payments made during the reporting period. Current portion of this account as of September 30, 2020 amounted to Php 30,429. Noncurrent portion of this account as of September 30, 2020 amounted to Nil.

Performance

- **Revenues** - The Group's revenues in the nine-month period ended September 30, 2020 and 2019 amounted to Php 306,407 thousand and Php 442,175 thousand, respectively, which shows a decrease of Php 135,768 thousand or 31%.

Revenue from the real estate sales in the nine-month period ended September 30, 2020 and 2019 amounted to Php 73,457 thousand and Php 110,591 thousand, respectively, which shows a decrease of Php 37,134 thousand or 34%.

Revenue from the mining related services in the nine-month period ended September 30, 2020 and 2019 amounted to Php 232,950 thousand and Php 331,584 thousand, respectively, which shows a decrease of Php 98,634 thousand or 30%.

The decrease in revenues was due to the low realizable sales via percentage of completion caused by the restrictions imposed to control COVID19.

- **Cost of real estate sold** - The Group's cost of real estate sold in the nine-month period ended September 30, 2020 and 2019 amounted to Php 42,328 thousand and Php 92,508 thousand, respectively, which shows a decrease of Php 50,180 thousand or 54%. The decrease is due to the lower realizable costs via percentage of completion.
- **Cost of services** - The Group's cost of services in the nine-month period ended September 30, 2020 and 2019 amounted to Php 156,647 thousand and Php 229,126 thousand, respectively, which shows a decrease of Php 72,479 thousand or 32%. Cost of services decreased due to slow down in operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Professional and legal fees** - The Group's professional and legal fees in the nine-month period ended September 30, 2020 and 2019 amounted to Php 22,755 thousand and Php 28,758 thousand, respectively, which shows a decrease of Php 6,003 thousand or 21%. The decrease primarily came from the lower fees and decreased services rendered by professionals during the reporting period.
- **Personnel cost** - The Group's personnel cost in the nine-month period ended September 30, 2020 and 2019 amounted to Php 28,522 thousand and Php 52,579 thousand, respectively, which shows a decrease of Php 24,057 thousand or 46%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.

- **Advertising** - The Group's advertising expenses in the nine-month period ended September 30, 2020 and 2019 amounted to Php 11,616 thousand and Php 13,550 thousand, respectively, which shows a decrease of Php 1,934 thousand or 14%. The decrease primarily came from the lower advertising expenses required by operations during the reporting period.
- **Taxes and licenses** - The Group's taxes and licenses in the nine-month period ended September 30, 2020 and 2019 amounted to Php 8,451 thousand and Php 13,536 thousand, respectively, which shows a decrease of Php 5,085 thousand or 38%. The decrease primarily came from the lower taxable transactions incurred by the Group in 2020.
- **Depreciation and amortization** - The Group's depreciation and amortization in the nine-month period ended September 30, 2020 and 2019 amounted to Php 5,824 thousand and Php 12,237 thousand, respectively, which shows a decrease of Php 6,413 thousand or 52%. The decrease primarily came from the lower balance of depreciable assets in 2020.
- **Rent, Utilities and Supplies** - The group's rent, utilities and supplies expense in the nine-month period ended September 30, 2020 and 2019 amounted to Php 3,938 thousand and Php 9,274, respectively, which shows a decrease of Php 5,336 thousand or 58%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Transportation and travel** - The group's transportation and travel expense in the nine-month period ended September 30, 2020 and 2019 amounted to Php 4,582 thousand and Php 8,459 thousand, respectively, which shows a decrease of Php 3,877 thousand or 46%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Entertainment, amusement and recreation** - The Group's entertainment, amusement and recreation in the nine-month period ended September 30, 2020 and 2019 amounted to Php 7,695 thousand and Php 6,357 thousand, respectively, which shows an increase of Php 1,338 thousand or 21%. The increase primarily came from the additional entertainment, amusement, and recreation expenses required by operations in 2020.
- **Repairs and maintenance** - The Group's repairs and maintenance in the nine-month period ended September 30, 2020 and 2019 amounted to Php 2,934 thousand and Php 2,768 thousand, respectively, which shows an increase of Php 166 thousand or 6%. The increase primarily came from the higher repairs and maintenance of equipment.
- **Other Expenses** - The Group's other expenses in the nine-month period ended September 30, 2020 and 2019 amounted to Php 14,130 thousand and Php 24,715 thousand, respectively, which shows a decrease of Php 10,585 thousand or 43%. The decrease primarily came from the slowdown of operations and work disruptions caused by the restrictions imposed to control COVID19 during the 2nd quarter of 2020.
- **Interest income** - The Group's interest income in the nine-month period ended September 30, 2020 and 2019 amounted to Php 36 thousand and Php 54 thousand, respectively, which shows a decrease of Php 18 thousand or 33%. The decrease primarily came from the lower balance of interest earning assets.

- **Other income - net** - The Group's other income -net in the nine-month period ended September 30, 2020 and 2019 amounted to Php 9,342 thousand and Php 22,879 thousand, respectively, which shows a decrease of Php 13,537 thousand or 59%. The decrease primarily came from lower service income earned from operations during the in 2020.
- **Interest expense**- The Group's interest in the nine-month period ended September 30, 2020 and 2019 amounted to Php 103,557 thousand and Php 196,184 thousand, respectively, which shows a decrease of Php 92,627 thousand or 47%. The decrease primarily came from the lower interest-bearing payables balance and loan restructurings.
- **Provision for income tax (benefit)** -The Group's provision for income tax (benefit) in the nine-month period ended September 30, 2020 and 2019 amounted to Php 12,724 thousand and Php 9,761 thousand, respectively. This came from the taxable income of PGDI.

For assessing impairment of goodwill, a test of impairment is performed annually or when circumstances indicate that the carrying value may be impaired.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI, whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generation through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. These will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment deferrals and rollover/restructuring of certain existing loans. The Group is currently in the process of negotiating for further deferral of payments and restructuring for the other currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PREMIERE HORIZON ALLIANCE CORPORATION
Issuer



AUGUSTO ANTONIO C. SERAFICA, JR.
President & CEO

Date: November 17, 2020



MANOLO B. TUASON

Senior Vice President & Chief Financial Officer

Date: November 17, 2020

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Php000.00)

	Unaudited September 30, 2020	Audited December 31, 2019
ASSETS		
Current Assets		
Cash	95,831	81,562
Contract Assets	537,225	618,362
Receivables	125,983	84,573
Real Estate Held for Sale	1,014,044	1,025,558
Other current assets	124,726	134,304
Total current assets	1,897,809	1,944,359
Noncurrent Assets		
Investment property	1,298,468	1,298,468
Noncurrent portion of contract assets	55,066	55,066
Deferred exploration costs	390,197	390,197
Intangible assets	19,757	19,757
Property and equipment	251,690	310,712
Deferred tax assets	31,596	31,596
Right of use assets	1,350	1,350
Other noncurrent assets	16,721	17,752
Total Noncurrent assets	2,064,845	2,124,898
Total Assets	3,962,654	4,069,257
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	795,286	630,502
Contract liabilities	11,928	11,910
Dividend payable	39,800	39,800
Capital gains tax payable	26,940	26,940
Income tax payable	4,759	-
Current portion of long term debt:		
Short -term debt	259,800	204,000
Purchased land payable	47,010	49,360
Loans payable	525,079	748,298
Obligation under finance lease	1,410	2,360
Convertible loans	162,000	112,500
Installment payable	30,429	58,401
Lease liability	862	862
Total Current Liabilities	1,905,303	1,884,933
Noncurrent Liabilities		
Advances to officers and employees	62,280	62,280
Pension Liabilities	25,996	25,996
Convertible loans	332,034	332,034
Callable loans	22,000	22,000
Noncurrent portion of long term debt:		
Loans from officers and shareholders	47,200	47,200
Loans from third parties	8,000	8,000
Loans payable	243,806	243,806
Installment payable	-	17,056
Lease liability	583	583
Deferred tax liabilities-Net	405,884	405,884
Total Noncurrent Liabilities	1,147,783	1,164,839
Total Liabilities	3,053,086	3,049,772
Stockholders' Equity		
Equity attributable to equity holders of the parent		
Capital stock	497,620	497,620
Additional paid-in capital	97,020	97,020
Retained earnings	(11,929)	91,376
Parent Company shares held by a subsidiary	-	-
Equity attributable to Parent	582,711	686,017
Equity attributable to non-controlling interests	326,857	333,468
Total Equity	909,568	1,019,485
Total Liabilities and Equity	3,962,654	4,069,257

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Php000.00)

	For nine months ended		For three months ended	
	September 30		September 30	
	2020	2019	2020	2019
REVENUES				
Real estate sales	73,457	110,591	23,666	143,275
Mining related services	232,950	331,584	106,397	32,786
Total revenue	306,407	442,175	130,063	176,061
Costs of real estate sold	42,328	92,508	16,887	115,444
Costs of services	156,647	229,126	61,673	41,573
Total Cost of Sales and Services	198,975	321,634	78,560	157,017
GROSS PROFIT	107,432	120,541	51,503	19,044
OTHER COSTS AND EXPENSES				
Professional and legal fees	22,755	28,758	9,824	13,268
Personnel costs	28,522	52,579	10,236	13,178
Advertising	11,616	13,550	4,440	3,085
Taxes and licenses	8,451	13,536	1,707	4,769
Depreciation and amortization	5,824	12,237	3,110	2,201
Rent and utilities and supplies	3,938	9,274	2,049	5,200
Transportation and travel	4,582	8,459	1,338	4,164
Entertainment, amusement and recreation	7,695	6,357	1,948	2,240
Repairs and maintenance	2,934	2,768	1,339	858
Others	14,130	24,715	9,432	10,583
	110,446	172,233	45,421	59,546
INCOME(LOSS) BEFORE OTHER INCOME AND CHARGES	(3,014)	(51,692)	6,082	(40,502)
OTHER INCOME(CHARGES)				
Gain on change in FV of investment property				
Interest income	36	54	(1,439)	31
Other income-net	9,342	22,879	5,198	6,248
Interest expenses	(103,557)	(196,184)	(61,372)	(98,309)
	(94,179)	(173,251)	(57,613)	(92,030)
INCOME(LOSS) BEFORE TAX	(97,192) ₱	(224,943)	(51,531)	(132,532)
PROVISION FOR INCOME TAX				
Current	12,724	9,761	(9,992)	3,075
Deferred	-	-	-	-
INCOME (LOSS) FOR THE PERIOD	(109,916)	(234,704) ₱	(61,523)	(135,607)
INCOME FROM CONTINUING OPERATION				
Equity holders of the parent	(103,305)	(195,432)	(61,313)	(117,583)
Non-controlling interest	(6,611)	(39,272)	(210)	(18,024)
	(109,916)	(234,704) ₱	(61,523)	(135,607)
NET INCOME (LOSS) FOR THE PERIOD	(109,916)	(234,704)	(61,523)	(135,607)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
UNAUDITED STATEMENTS OF CASH FLOWS
(In Php000.00)

	For nine months ended September 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(109,916)	(234,704)
Adjustments for:		
Depreciation and Amortization	67,660	110,462
Interest Expenses	103,557	196,184
Impairment Losses		
Pension cost		
Unrealized foreign exchange gain		
Loss on disposal of property plant and equipment		
Interest Income	(36)	(54)
Operating income (loss) before working capital changes	61,265	71,888
Decrease (increase) in:		
Receivables	(41,410)	(43,186)
Contract Assets	81,137	187,432
Real estate held for sale	11,514	(14,421)
Other current assets	9,578	(57,737)
Increase (decrease) in:		
Trade payables	164,782	12,063
Contract liabilities	18	
Purchased land payables	(2,350)	
Other noncurrent liabilities	(17,056)	
Net cash flows from (used in) operation	267,478	156,039
Interest received	36	54
Interest paid	(103,557)	(196,184)
Income tax paid	4,759	(483)
Net cash flows from (used in) operating activities	168,717	(40,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from sales of investment in associates		
Acquisition of property and equipment	(8,638)	(139,882)
Acquisition of deferred exploration cost		
Increase (decrease) in other noncurrent assets	1,031	(9,504)
Net cash (used in) provided by	(7,607)	(149,386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term loans	55,800	3,805
Callable loans	-	
Convertible loan	49,500	
Loans payable		6,971
Payment of:		
Convertible loans		
Installment payable	(27,972)	
Obligations under finance lease	(950)	(4,096)
Short term loans		
Loans payable	(223,219)	(6,000)
Cash proceeds from subscription receivable	(0)	24,904
Cash proceeds from additional paid in capital	-	
Cash proceeds from disposal of treasury shares	-	151,172
Cash flows from financing activities	(146,841)	176,756
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,269	(13,204)
EFFECT ON CHANGES IN FOREIGN EXCHANGE RATE		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	81,562	68,980
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	95,831	55,776

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
UNADITED STATEMENT OF CHANGES IN EQUITY
(In 000)

	For nine months ended September 30	
	2020	2019
CAPITAL STOCK		
Issued and subscribed shares	497,620	497,620
ADDITIONAL PAID-IN CAPITAL		
	97,020	97,020
UNREALIZED GAIN ON AFS FINANCIAL ASSETS		
	-	
PARENT COMPANY SHARES HELD BY SUBSIDIARY		
	-	-
RETAINED EARNINGS		
Beginning	91,376	(140,690)
Dilution gain		
Declaration ofm dividends		
Net income(loss)	(103,305)	(195,432)
Balance at end of the period	(11,929)	(336,122)
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		
Balance at beginning of the period	333,468	502,774
Additional investment for non-controlling interest		
Net income(loss) attributable to non-controlling interest	(6,611)	(39,272)
Balance at end of the period	326,857	463,502
TOTAL EQUITY	909,568	722,020

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In Php 000)

1. Corporate Information and Status of Operations

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was incorporated in the Philippines on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure.

The Parent Company's registered address is Metro Manila, Philippines. Currently, the Parent Company acts as holding company to Premiere Horizon Alliance Corporation and Subsidiaries (the Group).

On December 29, 2011, the Securities and Exchange Commission (SEC) approved the amended articles of incorporation of the Parent Company which include the following:

- a. change of name of the corporation from Premiere Entertainment Philippines, Inc. to Premiere Horizon Alliance Corporation;
- b. reduction in deficit amounting ₱1,236.44 million by decreasing the authorized capital stock from ₱1,800.00 million to ₱563.56 million (see Note 16); and
- c. Amendment of secondary purpose clause to include the authority to engage in non-gaming business such as mining and real estate.

On April 26, 2012, the SEC approved the Parent Company's application on the treatment of quasi-reorganization in the consolidated financial statements.

On May 27, 2013 and September 30, 2014, the stockholders and Board of Directors (BOD), respectively, approved the amendments to the Articles of Incorporation (AOI) of the Parent Company to change the Parent Company's principal place of business to Unit E-1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City. On November 7, 2014, the SEC approved the amendment to the AOI

2. Cash

This account consists of:

	Unaudited	
	September 30, 2020	Audited 2019
Cash on hand	32,023	2,731
Cash in banks	63,808	78,832
	95,831	81,562

Cash in banks earn interest at the prevailing bank deposit rates.

3. Receivables - net

This account consists of:

	Unaudited September 30, 2020	Audited 2019
Contract receivables	26,243	36,430
Trade receivables	63,881	69,988
Advances to officers and employees	68,246	71,467
Others	1,875	951
	160,245	118,835
Less allowance for impairment losses	34,262	34,262
	125,983	84,573

Aging of Receivables

	Total	1-30	31-60	61-90	Over 90
1 Contract receivables	26,243	8,365	5,647	6,584	5,647
2 Trade	63,881	19,497	26,161	6,758	11,465
3 Advances to employees & officers	68,246	4,799	6,125	28,557	28,765
4 Others	1,875	450	543	267	615
Total	160,245	33,111	38,476	42,166	46,492

4. Other Current Assets

This account consists of:

	Unaudited September 30, 2020	Audited 2019
Advances to suppliers and contractors	4,564	15,874
Input Tax – Value Added Tax	44,355	56,188
Supplies inventory	5,440	2,830
Tax Credits	69,057	53,929
Prepayments	490	1,945
Others	820	3,538
	124,726	134,304

5. Trade and Other Payables

This account consists of:

	Unaudited September 30, 2020	Audited 2019
Trade payables		
Third parties	184,574	54,214
Related parties	69,876	68,667
Customers' Deposits and Advances	140,850	144,950
Advances from shareholders	25,346	107,152
Accrued expenses	89,657	71,050
Retention payable	76,336	59,374
Advances from third parties	64,526	54,163
Deferred output VAT	45,363	45,363
Vouchers payable	104,703	37,146
Customer refunds	34,278	27,309
Others	22,057	23,394
	857,566	692,782
Less: Noncurrent portion of advances from Key officers and shareholders	62,280	62,280
	795,286	630,502