COVER SHEET

SEC Registration Number

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COMPANY NAME

GREENERGY HOLDINGS
INCORPORATED

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

54 NATIONAL ROAD DAMPOL II-A,
PULILAN, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
20IS	MSRD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.ghi.com.ph	**(02) 8 997-5184**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,028	**Second Friday of June**	**DECEMBER 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
Mr. Kenneth S. Tan	**kenneth.tan@ghi.com.ph**	**(02) 8 997-5184**	**N/A**

CONTACT PERSON'S ADDRESS

Unit 112 Cedar Mansion II, No. 7 St Jose Ma. Escriva Drive, 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.*

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

   [**X**] Definitive Information Statement

2. Name of Registrant as specified in its charter: **GREENERGY HOLDINGS INCORPORATED**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **AS092-00589**

5. BIR Tax Identification Code: **001-817-292**

6. Address of principal office**:** **54 National Road, Dampol II-A, Pulilan, Bulacan**
   Postal Code: **3005**

7. Registrant's telephone number, including area code: **(02) 8997-5184**

8. Date, time and place of the meeting of security holders: **5 November 2021 (Friday), 1:30 p.m. at 54 National Road, Dampol II-A, Pulilan, Bulacan**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **14 October 2021.**

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

    Name of Person Filing the Statement/Solicitor: **N.A.**
    Address and Telephone No.: **N.A.**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	**2,600,778,573 shares**[1]
Preferred	**1,000,000,000 shares**

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

    Yes.

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

    The Company's common shares are listed with the Philippine Stock Exchange ("PSE").

1 Greenergy Holdings Inc. (the "Company") is still in the process of implementing the change in par value of shares as approved by the SEC. For the purpose of this Report, the number of shares outstanding was rounded off. However, the same is still subject to change/adjustment.

On 8 October 2021, the Company received the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation both dated 17 September 2021, issued by the Securities and Exchange Commission in relation to the Company's application for the amendments of its Articles of Incorporation in order to increase its authorized capital stock and to decrease the number of its directors (the "**Application**"). As stated in the Application, out of the increase in authorized capital stock, 750,000,000 common shares with a par value of Php1.00 per common share or an aggregate value of Php750,000,000.00 have been subscribed by Earthright Holdings, Inc. Thus, the number of issued and outstanding common shares of the Company was adjusted to 2,600,778,573 and the number of directors of the Company was reduced to 9, inclusive of the two (2) independent directors.

PART I - INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The Annual Meeting of the Stockholders of the Company will be held on **5 November 2021 (Friday), 1:30 p.m.** at **54 National Road, Dampol II-A, Pulilan, Bulacan.**

a. The complete mailing address of the principal office of the Company is **54 National Road, Dampol II-A, Pulilan, Bulacan.**

b. The approximate date on which this Information Statement, form of proxy and other materials are first to be sent or given to security holders is on **14 October 2021**.

Item 2. Dissenters' Right of Appraisal

The matters to be acted upon at this Annual Meeting of the Stockholders are not matters with respect to which a dissenting stockholder may exercise his right under Section 81 of the Corporation Code.

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

No director has informed the Company of his/her opposition to any matter to be acted upon during the Annual Meeting of the Stockholders on 5 November 2021**.**

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. As of reporting date, the Company's issued and outstanding capital stock consists of **2,600,778,573**[2] common shares and 1,000,000,000 preferred shares. Each outstanding share held as of the record date is entitled to one (1) vote.

b. The record date with respect to the Annual Meeting of the Stockholders on 5 November 2021 is fixed at 8 October 2021.

c. During the election of directors, every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares standing in his own name in the Stock and Transfer Book of the Company at the time of the election. Pursuant to Section 23 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 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 Company multiplied by the whole number of directors to be elected. There are no stated conditions precedent to the exercise of cumulative rights.

   The total number of votes that may be cast by a stockholder of the Company is computed as follows: **No. of Shares Held on Record as of Record Date x 9[3] Directors.**

   Nominees for directors receiving the highest number of votes will be declared elected.

d. Security Ownership of Certain Record and Beneficial Owners and Management:

2 See supra note 1.
3 Ibid.

As of **30 September 2021**, the following persons or groups own more than five percent (5%) of the Company's voting securities:[4]

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent[5]
Common and Preferred	*Earthright Holdings, Inc.** Unit 3C Value Point Executive Building, 227 Salcedo Street, Legaspi Village, Makati City *Private placement investor*	Earthright Holdings, Inc.	Filipino	**1,937,500,000 (consists of 937,500,000 common shares** and 1,000,000,000 preferred shares)	53.81%
Common	*PCD Nominee Corporation (Filipino)* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. ("PDTC"), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corporation.	Filipino	447,578,240	12.43%
Common	*Mr. Antonio L. Tiu* 110 Cedar Mansion 2, #7 Jose Ma. Escriva Drive, Brgy. San Antonio, Pasig City *President, Chairman and Chief Executive Officer*	Mr. Antonio L. Tiu *President, Chairman and Chief Executive Officer*	Filipino	207,778,560	5.77%

**Shares to be voted by Mr. Tiu or any other duly authorized representative of Earthright Holdings, Inc.*

Other than common shares, there are no other classes of shares held by foreign shareholders.

The public float of the Company as of reporting date is 55.06%.

[4] See supra note 1.
5 Ibid,

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of reporting date:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class[6]
Common	Martin C. Subido	Filipino	1,000	Direct	0.00%
			1,000	Indirect	
Common	Antonio L. Tiu	Filipino	207,778,560	Direct	15.40%
			192,743,000	Indirect	
Common	Kenneth S. Tan	Filipino	0	Direct	0.00%
			10,000	Indirect	
Common	Yang Chung Ming	Chinese	1	Direct	0.00%
			0	Indirect	
Common	Katrina L. Nepomuceno	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Antonio Peter R. Galvez	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Senen L. Matoto	Filipino	0	Direct	0.00%
			1,000	Indirect	
Common	Luis Rey I. Velasco	Filipino	0	Direct	0.00%
			1,000	Indirect	
Common	Honorio T. Tan	Filipino	1	Direct	0.23%
			6,000,000	Indirect	
Common	Maylyn Z. Dy	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Paula Katrina L. Nora	Filipino	1	Direct	0.00%
			0	Indirect	
Total			**406,535,566**		**15.63%**

The aggregate number of common shares owned by all officers and directors as a group as of **30 September 2021** is **406,535,566** or **15.63%** of the Company's outstanding common shares.

Voting Trust of 5% or More

To the knowledge of the Company, no such voting trust exists.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

The Board of Directors is presently made up of **nine (9)**[7] members, with Mr. Antonio L. Tiu at the helm as Chairman. Board committees have been formed to focus on nomination, audit, and corporate governance.

6 See supra note 1.
7 See supra note 1.

As of reporting date, the following are the nine (9) individuals comprising the Board of Directors:[8]

Name	Position	Nationality	Age	Term of Office	Period of Directorship Served
Antonio L. Tiu	Chairman	Filipino	46	10 years, 3 months	2010 to present
Kenneth S. Tan	Director	Filipino	48	6 years, 11 months	2014 to present
Martin C. Subido	Director	Filipino	45	10 years, 3 months	2010 to present
Antonio Peter R. Galvez*	Director	Filipino	61	5 years, 5 months	2015 to present
Yang Chung Ming**	Director	Chinese	47	4 years, 5 months	2016 to present
Senen L. Matoto**	Director	Filipino	73	1 year, 1 month	2019 to present
Luis Rey I. Velasco***	Director	Filipino	64	1 year, 1 month	2019 to present
Maylyn Z. Dy	Independent Director	Filipino	56	4 years, 5 months	2016 to present
Honorio T. Tan	Independent Director	Filipino	84	4 years, 5 months	2016 to present

**Elected to the Board of Directors on 9 December 2015*
***Elected to the Board of Directors on 15 December 2016*
****Elected to the Board of Directors on 28 June 2019*

ANTONIO L. TIU. Mr. Tiu currently serves as the Chairman, President, and Chief Executive Officer of the Company. Mr. Tiu is also the Chairman, CEO, and President of AgriNurture Inc. and its subsidiaries, President and Chief Executive Officer of Philippine Infradev Holdings Inc., its subsidiaries and affiliates, and President and Chairman of Earthright Holdings Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011.

Mr. Tiu has a Master's Degree in Commerce, specializing in International Finance, from the University of New South Wales, Sydney, Australia, and a Bachelor's Degree in Commerce, major in Management, from the De La Salle University, Manila.

KENNETH S. TAN. Mr. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Mr. Tan also concurrently serves as the Treasurer and Chief Financial Officer of AgriNurture Inc. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. Mr. Tan also served as the Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a part-time lecturer in Economics at an international school in Manila.

Mr. Tan has a Bachelor's Degree in Developmental Studies from the Ateneo de Manila University.

MARTIN C. SUBIDO. Atty. Subido is currently a director and Corporate Secretary of Sunchamp Real Estate Development Corp., Total Waste Management Recovery System, Inc., Winsun Green Ventures, Inc., Lite Speed Technologies, Inc., and AgriNurture Development Holdings Inc., among others.

Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines.

[8] As disclosed on 8 October 2021, Atty. Katrina L. Nepomuceno, one of the directors of the Company, resigned effective on even date as a result of the reduction of the number of directors of the Company.

He graduated with a Bachelor's Degree in Accountancy from De La Salle University Manila and obtained his Juris Doctor Degree, with honors, from the School of Law of the Ateneo de Manila University. He was a Senior Associate at the Villaraza & Angangco Law Offices before founding SPCMB Law Offices. Atty. Subido is currently a Senior Partner at SPCMB Law Offices.

ANTONIO PETER R. GALVEZ. Mr. Galvez is an Executive and Leadership Coach. He is a Fellow Coach with BetterUp (an American Coaching Company based in San Francisco, USA. He is also affiliated with Marshall Goldsmith and the Global Coach Group as a certified coach. Concurrent with his own practice, he is an adjunct faculty of both the University of Asia and the Pacific (Business Coach School of Management) and the Ateneo School of Public Health and Medicine as a Coach. He is also a mentor in Go Negosyo. He was previously connected with First Philippine Holdings Corporation, Securities Transfer Services Inc, Department of Trade and Industry and the Board of Investments.

Mr. Galvez is a holder of an Executive Masters in Business Administration from the Asian Institute of Management and finished his undergraduate degree in Economics from the Ateneo De Manila University.

YANG CHUNG MING. Mr. Yang is the General Manager of Good Chance AgriNurture Marketing Co., Ltd. and Tong Shen Enterprises, which are both Taiwan-based firms.

He has a Bachelor's Degree in Computer Science from Chiang Kai Shek College, Philippines and has a Master's Degree in Business Administration from the National Chengchi University in Taiwan.

SENEN L. MATOTO. Mr. Senen Matoto served from 2007-2017 as President and Director of Vicsal Investment and Investment, AB Capital and Investment Corporation, VSec. Com. Inc. He obtained his Masters in Business Administration from the Asian Institute of Management and his Bachelor of Science in Business Administration from the University of the Philippines. He is currently a Director of the Philippine Guarantee Corporation as a private sector representative.

LUIS REY I. VELASCO. Mr. Luis Rey I. Velasco, PhD, is a Doctorate Degree Holder in Entomology from University of Queensland, Brisbane, Australia. He is currently a professor in Agriculture Entomology at University of the Philippines Los Banos.

HONORIO T. TAN (Independent Director)**.*** Mr. Tan is the Chairman, President, and owner of Beam Marketing Enterprise, Inc., a health food and herbal medicine manufacturing company. Mr. Tan is also the inventor of a number of herbal and naturopathic medicines. He served as President of Manila Downtown YMCA from 2005 to 2010 and from 2015 to 2016. He also served as President of Moringaling Philippines Foundation, Inc. in 2011. He started his career with the Bank of Asia in 1964, and later joined Menzi & Company.

Mr. Tan holds a Bachelor's Degree in Economics from University of the East. In 2019, Mr. Tan was awarded the degree of Doctor, honoris causa, by Lyceum Northwestern University, Dagupan, Pangasinan for Community Service.

MAYLYN Z. DY (Independent Director)**.*** Ms. Dy is currently the Corporate Secretary of Woodside Properties & Land Corp., a director at VitaMaxx Realty, and an independent consultant at First Vita Plus Marketing Corporation. She was an Assistant General Manager at R. Zalamea Pawnshop from 1986 to 1998.

Ms. Dy graduated from Maryknoll College Foundation Inc. with a Bachelor's Degree in Communication Arts.

*The independent directors were never engaged as consultants of the Company.

As of reporting date, the following are the executive officers of the Company:

Name	Position	Age	Citizenship	Business Experience
Antonio L. Tiu	Chairman/President/Chief Executive Officer ("CEO")	46	Filipino	Mr. Tiu currently serves as the Chairman, President, and Chief Executive Officer. Mr. Tiu is also the Chairman, CEO, and President of AgriNurture

				Inc. and its subsidiaries, President and Chief Executive Officer of Philippine Infradev Holdings Inc., its subsidiaries and affiliates, and President and Chairman of Earthright Holdings Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. Mr. Tiu has a Master's Degree in Commerce, specializing in International Finance, from the University of New South Wales, Sydney, Australia, and a Bachelor's Degree in Commerce, major in Management, from the De La Salle University, Manila.
Kenneth S. Tan	Treasurer/Chief Financial Officer (“CFO”)	48	Filipino	Mr. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Mr. Tan also concurrently serves as the Treasurer and Chief Financial Officer of AgriNurture Inc. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. Mr. Tan also served as the Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a parttime lecturer in Economics at an international school in Manila.

Paula Katrina L. Nora	Corporate Secretary	39	Filipino	Atty. Paula Katrina L. Nora currently serves as Corporate Secretary of Greenergy Holdings Incorporated, Total Waste Management Recovery System, Inc., Lite Speed Technologies, Inc. and Earthright Holdings, Inc. She is also a director and Corporate Secretary of Sunchamp Real Estate Development Corp., Agrinurture Development Holdings Inc. and Winsun Green Ventures, Inc.
Maricris Connie B. Pua	Assistant Corporate Secretary	38	Filipino	Atty. Maricris Connie B. Pua obtained her Bachelor of Laws degree from San Sebastian College-Recoletos in 2008. She also holds a Bachelor of Arts in Political Science degree from the University of the Philippines – Diliman. She was previously an Associate Lawyer for Rodriguez Esquivel Palpallatoc Law Firm from August 2013 to May 2014 and is currently an Associate Lawyer for Chato & Vinzons-Chato Law Offices. She is also the Corporate Secretary of Agrinurture, Inc.
Rosana C. Planco	Compliance Officer	47	Filipino	Ms. Rosana C. Planco holds a Bachelor of Science major in Accountancy degree from the University of the East in Manila and a Master's degree in Business Administration from the Pamantasan ng Lungsod ng Maynila. She previously worked for two (2) of ANI's subsidiaries, TBC and Fruitilicious, as an Accounting Officer and Operations Auditor from February 2012 to May 2016. She then transferred to Banapple J3 Corp, acting as the Finance and Accounting Manager, from July 2016 to February 2019 before rejoining ANI in 2021.
Jhane A. Teoxon	Corporate Information Officer	42	Filipino	Ms. Jhane A. Teoxon is a Certified Public Accountant and holds a Bachelor of Science in Accountancy degree from Manila Central University. She previously worked for ANI as the Accounting Manager and then as Financial Controller from 2010 to 2014. She then transferred to Alphaland Development Inc. as Senior Finance Manager from 2015 to

				2016 and to Makati Supermarket Corporation as the Resident Controller from 2016 to 2020 before rejoining ANI in 2021.

The directors are elected at each Annual Stockholder's Meeting by the stockholders entitled to vote. Each director holds office for a period of one (1) year and until the next annual election when his/her successor is duly elected and qualified, unless he/she resigns, dies or is removed prior to said next annual election.

There was no director elected during the Annual Stockholders' Meeting of the Company 9 September 2020 who resigned or declined to stand for re-election to the Board of Directors due to a disagreement with the Company on any matter relating to the Company's operations, policies, or practices, and the required disclosures relevant to the existence thereof.

The nominees for the election to the Board of Directors on 5 November 2021 are as follows:

1. Antonio L. Tiu
2. Kenneth S. Tan
3. Martin C. Subido
4. Antonio Peter R. Galvez
5. Yang Chung Ming
6. Senen L. Matoto
7. Luis Rey I. Velasco
8. Maylyn Z. Dy (Independent Director)
9. Honorio T. Tan (Independent Director)

In compliance with the Company's Revised Manual on Corporate Governance, a Nomination Committee composed of the following directors was created:

Chairman	-	Kenneth S. Tan
Member	-	Honorio T. Tan
Member	-	Maylyn Z. Dy

The Nomination Committee pre-screened the nominees for election as independent directors pursuant to the criteria in the Company's Revised Manual of Corporate Governance. The final list of nominees as pre-screened by the Nomination Committee is as follows:

Nominee for Independent Director (a)	Person/Group Recommending Nomination (b)	Relation of (a) and (b)
Maylyn Z. Dy	Antonio L. Tiu	None
Honorio T. Tan	Antonio L. Tiu	None

In approving the nominations for independent director, the Nomination Committee took into consideration the guidelines on the nomination of independent directors as prescribed in SEC Memorandum Circular No. 19, series of 2016, SEC Memorandum Circular No. 4, series of 2017, and the Company's Revised Manual on Corporate Governance.

The Nomination Committee has determined that the nominees meet the qualifications and none of the disqualifications to serve as independent directors of the Company.

Attached as **Annex "A"** is the certification issued by the Assistant Corporate Secretary on whether the (i) current members of the Board of Directors and officers and (ii) nominees to the Board of Directors of the Company are appointed/employed in any government agency.

Further, attached as **Annex "B"** and **Annex "C"** are the certifications of Mr. Honorio T. Tan and Ms. Maylyn Z. Dy, respectively, as to their compliance with the Securities and Regulations Code Rule 38 on the qualifications and disqualifications of independent directors.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of its employees as instrumental to the overall success of the Company's performance.

Family Relationships

There are no existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers.

Involvement in Legal Proceedings

To the best of the Company's knowledge, in the last five (5) years up to the latest date of this Information Statement, only Mr. Tiu, the President/CEO of the Company, has been involved in an event material in evaluating the ability or integrity of any director, any nominee for election as director, or executive officer of the Company, to wit:

People of the Philippines vs. Antonio Lee Tiu, CTA Crim Case Nos. O-692 and O-693

Sometime in June 2020, Mr. Antonio Lee Tiu ("Tiu") received information that a criminal complaint had supposedly been filed against him by the Bureau of Internal Revenue ("BIR") with the Court of Tax Appeals ("CTA").

It was later on confirmed that Mr. Tiu had been charged with alleged tax evasion in connection with his Income Tax Return ("ITR") for taxable year 2008 and alleged willful failure to file his ITR for taxable year 2014, in supposed violation of Sections 254 and 255 of the National Internal Revenue Code of 1997, specifically with respect to his retail trade business under the name and style of "Spring Lover Trading" in Case No. O-692 entitled *People of the Philippines v. Antonio Lee Tiu and Case No. O-693 entitled People of the Philippines v. Antonio Lee Tiu*, both pending with the CTA.

If only to settle the said cases, Mr. Tiu has availed of the tax amnesty offered under Republic Act ("R.A.") No. 11213, in relation to the purported income and value-added tax deficiency assessments for the years 2008, 2009 and 2013. Mr. Tiu fully paid the total amount of Php 8,544,867.88 corresponding to sixty percent (60%) of the basic tax assessed against him pursuant to R.A. No. 11213.

Under Section 20 of R.A. No. 11213, upon payment of the amnesty tax, the purported tax delinquency shall be considered settled and all cases, whether civil or criminal, shall be terminated. Likewise, the same provision states that the taxpayer shall be immune from all suits, actions, and investigations, in relation to all of the taxpayer's assets, liabilities, net worth and internal revenue taxes, that are subject of such tax amnesty.

Thus, on 15 February 2021, Mr. Tiu filed the *Manifestation with Motion to Dismiss* dated 11 February 2021 ("Motion to Dismiss") with the CTA where he manifested his availment of the tax amnesty under R.A. 11213 and moved for the dismissal of the said cases. On 1 March 2021 the CTA issued the *Resolution* of even date requiring the Prosecution to comment on the Motion to Dismiss. Thereafter, on 12 March 2021 the Prosecution filed the *Compliance* dated 11 March 2021 ("*Compliance*") without, however, furnishing a copy of the said *Compliance* to Mr. Tiu. Currently, Mr. Tiu is securing a copy of the said *Compliance.*

On 30 June 2021, the Prosecution filed its Compliance and Comment stating that there was a Resolution from the Department of Justice finding probable cause against Mr. Tiu. Nevertheless, the Prosecution reiterated that it has filed a Manifestation stating that the District Officer of Revenue District No. 43-Pasig City has issued a Certification that Mr. Tiu has settled his tax liabilities under the Tax Amnesty Law. As of present, Mr. Tiu has yet to receive the pertinent resolution by the CTA concerning his Manifestation with Motion to Dismiss.

Republic of the Philippines, represented by AMLC v. Binay, et. al., CA-G.R. AMLA No. 00134

On 11 May 2015, the Court of Appeals issued a six (6)-month *Freeze Order* effective immediately on specified bank accounts of Mr. Tiu in connection with the anti-money laundering case filed by the AMLC against former Vice President and persons and corporations alleged to be involved in the money laundering scheme subject of the instant case.

The freezing of the bank accounts was predicated solely on the allegations made by the AMLC that the multiple transactions involving receipt of inward remittances and inter-branch fund transfers between the Company, EHI (a stockholder of the Company), and SREDC (a subsidiary), as well as the alleged purchase of $20.46 million in foreign exchange from RCBC Forex were allegedly without any underlying legal or trade obligation, purpose or economic justification, and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

Although the rules on confidentiality bar Mr. Tiu from going into the details of the proceedings before the Court of Appeals, he is of the position that the AMLC's allegation is without basis. The Company's disclosures with the SEC and the PSE, which were timely filed and readily accessible to the general public, show that the receipts and transmittals involving the foregoing corporations had economic justifications and involved legitimate business transactions.

Moreover, RCBC Forex admitted and in fact issued a certification that Mr. Tiu did not make the $20.46 million purchase of foreign currency as erroneously claimed by the AMLC.

Hence, on 6 November 2015, Mr. Tiu filed a *Motion to Lift Freeze Order* (the "*Motion to Lift*") of even date with the Court of Appeals where he argued, among others, that the alleged unjustified bank transactions of the foregoing corporations were above-board, legal, and duly reported to the appropriate regulatory bodies of the government even prior to any investigation conducted by any government agency.

Without resolving the *Motion to Lift*, the *Freeze Order* on the above bank accounts were *motu proprio* lifted upon the expiration of the maximum six (6)-month period to freeze bank accounts allowed under the law.

Republic of the Philippines v. Binay, et. al., AMLA Case No. 15-007-53

In 2015, the Republic of the Philippines, through the AMLC (the "Petitioner"), filed a Verified *Ex Parte* Petition for Civil Forfeiture (With Urgent Prayer for Issuance of a Provisional Asset Preservation Order and/or Asset Preservation Order) dated 29 October 2015 (the "Ex Parte Petition") with the Regional Trial Court of Manila (the "Regional Trial Court"). In the Ex Parte Petition, the Petitioner prayed that (i) a Provisional Asset Preservation Order ("PAPO") be issued over specified bank accounts of the Company, among others, (ii) the PAPO be converted into an Asset Preservation Order ("APO") after summary hearing, and (iii) the Company's bank accounts specified in the Ex Parte Petition be forfeited in favor of the government after due proceedings (the "Case"). On 13 November 2015, the Regional Trial Court issued the PAPO over specific bank accounts of the Company.

On 9 December 2015, the Company filed an Omnibus Motion of even date in response to Petitioner's *Ex Parte* Petition where it was prayed that the Case be dismissed on the following grounds:

1. The Regional Trial Court has no jurisdiction to hear the Case because it was instituted within the one-year ban provided for under Republic Act No. 1379; and

2. The report of the AMLC, upon which the *Ex Parte* Petition and the issuance of the PAPO were predicated, was prepared in a manner that was violative of the Company's right to due process; hence, it cannot be used, relied upon, nor be taken cognizance of by the Regional Trial Court in determining the existence of probable cause that would justify the issuance of the PAPO.

In the Omnibus Motion, the Company also prayed for a bill of particulars or a more definite statement of facts so that it could intelligently confront the baseless imputation that the foregoing bank accounts are somehow connected with any illegal activity. A mere perusal of the *Ex Parte* Petition filed in the Case will readily show that while the foregoing accounts were mentioned, not a single allegation was made connecting any of the funds therein to any specific alleged illegal transaction or unlawful activity involving former Vice President Binay.

On 14 December 2015, the Regional Trial Court, without ruling on the Company's Omnibus Motion issued the Order dated 15 December 2015 converting the PAPO into an APO.

Accordingly, on 22 January 2016, the Company filed its Motion for Reconsideration of even date in regard to the said Order dated 15 December 2015. The Company prayed that the APO be recalled and set aside, insofar as it relates to the bank accounts of the Company, based on the following grounds: (i) the issuance of the APO was premature considering that the jurisdiction of the court was still an issue; (ii) the APO was improperly and irregularly issued; and (iii) there was no legal or factual basis for the issuance of the APO.

On 25 May 2016, RCBC Forex issued a written Certification of even date categorically refuting the findings made in the AMLC Report that Mr. Antonio L. Tiu ("Tiu") allegedly purchased in cash the amount of $20.46 million in foreign currency. In the Certification, RCBC Forex unequivocally admitted its mistake in relaying false information to the AMLC as regards Mr. Tiu's supposed covered transactions.

Thus, a Supplemental Motion to the Omnibus Motion was filed by the Company where it prayed that the Ex Parte Petition against it be stricken from the records of the Regional Trial Court in view of (i) the Certification by RCBC Forex that the information it relayed to the AMLC regarding the involvement of Mr. Tiu in the $20.46 million purchase of foreign currency was erroneous; (ii) the indubitable legitimate and bona fide business transactions that supported the inward bank remittance transactions involving the Company, Earthright, Sunchamp, and Mr. Tiu; (iii) the false and erroneous information contained in the AMLC Report; and (iv) the violation of the Company's constitutional rights in connection with the AMLC Report and the proceedings instituted as a result thereof.

In an Order dated 9 July 2018 ("Order"), the Regional Trial Court categorically ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the Company and its bank accounts were "ordered Discharged from the effects of the Asset Preservation Order (APO) dated 15 December 2015."

With the Order, which was immediately executory, the Company regained access and control over its bank accounts.

The Office of the Solicitor General filed a Motion for Reconsideration (to the Order dated 9 July 2018) dated 3 August 2018 ("Motion"), while the Company filed their Comment/Opposition (to the Motion for Reconsideration) dated 11 December2018 on even date.

On 1 July 2019, the RTC Manila issued the Order of even date, denying the Petitioner's Motion for Reconsideration dated 3 August 2019 for lack of merit. In this connection, the Petitioner has sixty (60) days from its receipt of the said Order within which to assail the same through a petition for certiorari with the Court of Appeals. As of date however, the Company has not yet received any notice that the Petitioner filed such a petition for certiorari.

Considering the lapse of the reglementary period to file a petition for certiorari, the Orders dated 9 July 2018 and 1 July 2019 are now final and executory.

As a consequence of the Order, the above-mentioned bank account of the Company remains to be discharged from the effects of the APO.

Certain Relationships and Related Transactions

Please refer to Note 16 of the Audited Consolidated Financial Statements for the year ended 31 December 2020 for details on related party transactions.

<u>Item 6. Compensation of Directors and Executive Officers</u>

The following summarizes the aggregate compensation of the executive officers and directors and the amounts paid to the Chief Executive Officer and four (4) most highly compensated executive officers of the Company:

(A) Name and Position	(B) Year	(C) Salary (in ₱)	(D) Bonus	(E) Other Annual Compensation
Antonio L. Tiu, as Chairman/President/ CEO	2021 (estimated)	273,000.00	None	52,000.00
	2020	273,000.00	None	52,000.00
	2019	249,600.00	None	20,800.00
All other officers and directors as a group, unnamed	2021 (estimated)	650,000.00	None	52,000.00
	2020	951,958.30	None	78,100.00
	2019	819,945.20	None	78,100.00

**The Treasurer/CFO, Corporate Secretary, and the Corporate Information and Compliance Officer did not receive compensation in the year 2020.*

Compensation of Directors

The Board of Directors, committee chairmen, and members do not receive compensation or director's fees.

However, effective January 2012, the members of the Board of Directors are entitled to reimbursement of actual transportation expenses for attendance to any regular or special meeting.

Employment Contracts

None.

Warrants and Options Outstanding

None.

<u>Item 7. Independent Public Accountants</u>

Pursuant to the authority delegated to the Board of Directors by the stockholders of the Company during the Annual Stockholders' Meeting held on 9 September 2020, the Board of Directors approved on 28 April 2021 the re-appointment of Constantino and Partners as external auditor for the fiscal year ended 31 December 2020.

(i) Constantino and Partners is a public accounting firm accredited by the SEC as a Group A auditing firm for public companies. Aside from the SEC, it is also accredited as an auditing firm by the Board of Accountancy, Bangko Sentral ng Pilipinas, Insurance Commission, and the Bureau of Internal Revenue.

(ii) Globally, Constantino and Partners is an independent member of Baker Tilly International, an international network of high-quality accountancy and business advisory firms.

(iii) Representatives of Constantino and Partners are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they desire to do so.

(iv) There are no disagreements with the Company's external auditor as regards accounting principles, practices, or financial disclosures.

(v) The engagement of Constantino and Partners as the external auditor complies with the requirement on rotation of external auditors under SRC Rule 68(3)(b)(iv).

(vi) The effective date of engagement by the Company of Constantino and Partners is 19 November 2020.

(vii) The appointment of the External Auditor for the year 2021 is one of the items in the agenda for the forthcoming Annual Stockholders' Meeting.

The Company's Audit Committee is composed of the following:

Chairman	-	Maylyn Z. Dy
Member	-	Honorio T. Tan
Member	-	Martin C. Subido

Constantino and Partners is still recommended for re-appointment as external auditor for the fiscal year ending 31 December 2021.

Description of Any Disagreement on Any Matter of Accounting Principle or Practices, FS Disclosures, Etc.

None.

Letter from Former Accountant Addressed to the SEC (Exhibit)

Not applicable.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There is no action or matter to be taken up with respect to the authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

Attached as **Annex "D"** is the Consolidated Audited Financial Statements of the Company for the fiscal year ended 31 December 2020.

Attached as **Annex "E"** is the Audited Financial Statements (Parent Company) of the Company for the fiscal year 2020.

Further, attached hereto is the Quarterly Report for the period ended 30 June 2021, which include the consolidated notes on the financial statements, marked as **Annex "F.**"

MANAGEMENT REPORT

The Company was registered and incorporated with the SEC on 29 January 1992 as MUSX Corporation to primarily engage in the manufacturing and sale of semiconductor products. In 2011, the SEC approved the amendment of its Articles of Incorporation to change the Company's registered name to Greenergy Holdings Incorporated. The Company was listed in the PSE on 26 September 1996.

The Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds, and income arising from such property, and to possess and exercise in respect therefor all voting powers of any stock so owned, provided that the Company shall not engage as stock broker or dealer in securities.

Status of Operations

Sunchamp Real Estate Development Corp. ("SREDC")

SREDC was incorporated and registered with the SEC on 31 May 2004. It is a real estate company that focuses on the development of self-sustaining agri-tourism areas. At present, the Company has a 62.39% equity stake in SREDC.

In the last quarter of 2017, SREDC started the commercial operations of a self-sustaining agri-tourism park located in Rosario Batangas (the "Park"). The Park offers agri-tourism and lifestyle center activities, overnight accommodations, and venue for weddings, special events, field trips and seminars to students, individuals and groups. Soon, it will also offer facilities for team building activities to encourage more visitors to come and enjoy the Park.

Total Waste Management Recovery System, Inc. (“TWMRSI”)

TWMRSI was incorporated and registered with the SEC on 8 March 2011. It is a domestic corporation engaged in the business of building, operating, and managing waste recovery facilities and waste management systems within the Philippines. The operation of its facilities is geared toward efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating, and managing of household, office, commercial, and industrial garbage. The Company has 51% equity interest in TWMRSI.

As of reporting date, TWMRSI has not yet started its commercial operations.

Winsun Green Ventures, Inc. (“WGVI”)

WGVI was incorporated and registered with the SEC on 22 June 2012. It is a wholly-owned subsidiary of the Company engaged in renewable energy projects.

On 11 May 2020, WGVI entered into an International Distributorship Agreement (Agreement) with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, WGVI is appointed as Hanergy’s distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. As disclosed on 11 May 2021, WGVI has decided not to renew the Agreement and, together with the Company, has decided to open up supply sourcing of its pending project from any solar panel suppliers which can offer the best technology at efficient cost, in light of the advancement in global solar technology and improved cost efficiency.

WGVI has started its commercial operations in the last quarter of 2020.

AgriNurture Development Holdings Inc. (“ADHI”)

ADHI was incorporated and registered with the SEC on 17 June 2014. It a wholly-owned subsidiary of the Company. The Company intends to use ADHI as the holding company of its agricultural portfolio.

As of reporting date, ADHI has not yet started its commercial operations.

Lite Speed Technologies, Inc. (“LSTI”)

LSTI was incorporated and registered with the SEC on 14 August 2014. It is engaged in the business of information and communications technology. The Company has 51% equity interest in LSTI.

As of reporting date, LSTI has not yet started its commercial operations.

Yakuru Group Pty. Limited (“YGPL”)

YGPL was incorporated and registered under the laws of Australia on 9 September 2020. It is engaged in the business of biotechnology with primary focus on development and marketing of medicinal hemp globally. The Company has 51% equity interest in YGPL.

YGPL started is commercial operations in the last quarter of 2020.

Ocean Biochemistry Technology Research, Inc. (“OBTRI”)

OBTRI was incorporated and registered with the SEC on 23 March 2009. It is a domestic corporation engaged in the business of manufacturing and trading. Pursuant to the Subscription Agreement executed on 23 February 2021 between the Company and OBTRI, the Company shall hold sixty percent (60%) of the total issued and outstanding shares of OBTRI.

As of reporting date, OBTRI has not yet started its commercial operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Second Quarter Interim Periods: June 2021 and June 2020

Revenue recorded for the first six (6) months of 2021 is ₱14.68 million, which includes operation of renewal energy unit, Agri-tourism and biotechnology. The increase is due to increase in demand for fresh harvest, supplements such as CBD oil and solar panels.

Expenses such as contractual services, utilities, repairs and maintenance, materials and supplies, transportation, legal and professional and taxes and licenses decreases by ₱3.22 million during the 2nd quarter of 2021 as compared to same quarter last year due to cost cutting measures implemented by the management.

As a result of the above, the Company had a Consolidated Operating Income of ₱0.61 million for the period June 30, 2021.

The Group shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management, biotechnology, financial and information technology.

The Group has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas. With these investments, the management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

Balance Sheet Trends

Second Quarter Interim Periods: June 2021 and June 2020

Cash and cash equivalent amounted to ₱85.14 million as at June 30, 2021 from 2.78 million consolidated at December 31, 2020. The increase in cash is due to collection from stockholders and affiliates during the quarter.

Receivables increase to ₱255.57 million in June 30, 2021 from ₱251.85 million as of December 31, 2020 mainly due to sales on account during the quarter.

Due from related parties decreased to ₱499.60 million in June 30, 2021 from ₱ 696.1 million consolidated at December 31, 2020 as a result of liquidation and collections during the quarter.

Financial assets at fair value through other comprehensive income remain the same during the quarter.

Property and equipment, decreased to P 135.26 million in June 30, 2021 from ₱141.63 million as at December 31, 2020 due to standard depreciation.

Trade and Other Payables decreased to 5.65 million in June 30, 2021 compared to the December 31, 2020 amounting to ₱8.10 million due to payments of payables during the quarter.

Non-controlling interest increased to ₱98.86 million in June 30, 2021 from 98.35 million as at December 31, 2020 due to net income results of the operations of subsidiaries under common control.

Income Statement Trends

Income Statement for the Fiscal Years 2020 and 2019

The Group's revenues for 2020 amounted to ₱9.39 million, an increase from the revenue generated in 2019 which totaled ₱1.65 million due to the operations of renewal energy projects and biotechnology. Cost of sales consists of salaries and wages, cost of raw materials and fuel and oil relating to the agri-tourism activities.

In 2020, the Group's gross income was at ₱1.18 million an increase from 2019 gross loss of P0.73 million. The Company estimates increase in revenues due to expansion of its core business and increase coverage in various investments in diversified industries such as but not limited to, renewal energy, real estate, agriculture, waste management, biotechnology and information technology.

General and Administrative expenses in 2020 totaled ₱31.46 million, a decrease of 14.04% compared to that in 2019 which amounted to ₱36.30 million due to the decrease in legal and professional fees, repairs and maintenance, brokers fee and handling cost.

Other charges net in 2020 totaled ₱13.44 million compared to that in 2019 which amounted to other income-net of ₱19.25 million. The increase is due to the results of provision for impairment amounting to ₱18.37 million.

Provision for impairment decreased in 2020 from ₱27.73 million to ₱18.37 million in 2019 which includes advances from related parties and other receivables.

Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company, including those in the field of information technology, renewable energy and biotechnology. On 11 April 2019, the Company entered into an International Distributorship Agreement ("Agreement") with Hanergy. Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. Terms of the agreement was extended until 10 May 2020 in consideration of the delay in the delivery of the shipment of Hanergy solar products due to the COVID-19 pandemic and to give the parties time to negotiate the terms and conditions of the assignment by the Company of its rights and obligations under the Agreement to WGVI. On 11 May 2020, the parties mutually agreed to have the Company, through WGVI, continue as distributor of Hanergy's solar products in the Philippines. On even date, WGVI and Hanergy executed an International Distributorship Agreement. Said Agreement has a term of one (1) year with an option to renew for another one (1) year upon expiration of the original term. Also, on 17 July 2019, the Company also entered into a Memorandum of Agreement ("MOA") with RYM and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock. With these investments, the management of the Group will continue to generate sufficient cash flows to complete its current and future plans.

As a result of the above, the Company had a consolidated net loss in 2020 of ₱43.77 million.

Balance Sheet Trends

Balance Sheet Trends – Fiscal Years 2020 and 2019

Cash and cash equivalent increased by ₱1.46 million from ₱1.32 million in 2019 to ₱2.78 million in 2020 due to the increase in sales.

Net receivables decreased by ₱0.35 million as of 31 December 2020 from ₱252.20 million in 2019 to ₱251.85 million in 2020 due to the impairment of advances to officers and employees during the year.

In 2020, due from related parties decreased by ₱21.81 million, ₱696.11 million, and ₱717.92 million in 2020 and 2019. The decrease is due to liquidation and collection of advances given to a stockholder in relation to purchase of land in Rosario, Batangas, various expenses of the Park and other expenses of the Group.

Other assets include pre-payments, materials and supplies, deferred taxes, and input VAT. The decrease is due to the input VAT impairment in relation to the purchase of land.

Financial assets at FVOCI decreased significantly at ₱1.00 billion in 2020 due to decrease in market price per share of the investment in shares of stocks.

Total liabilities decreased by ₱0.58 million in 2020 from ₱322.19 million in 2019 to ₱321.61 million in 2020. The decrease in 2020 is the result of the updating of accounts to suppliers.

Total equity decreased by ₱1.05 billion in 2019 from ₱3.30 billion in 2019 to ₱2.26 billion in 2020 due to the decrease in fair value of financial assets at FVOCI during the year.

Income Statement Trends

Income Statement - Fiscal Years 2019 and 2018

The Group's revenues for 2019 amounted to ₱1.65 million, a decrease from the revenue generated in 2018 which totaled ₱3.45 million due to the decrease in agri-tourism revenue situated in Rosario, Batangas. Cost of sales consists of salaries and wages, cost of raw materials and fuel and oil relating to the agri-tourism activities.

In 2019, the Group's gross loss was at ₱1.13 million due to significant decrease in revenue and increase in cost of sales during the year. In 2018, the Company's gross income was at ₱1.00 million or 29.03% of revenues. The Company estimates that its gross profit margins will improve more in the coming years when returns on the Company's investments become visible, especially on the increase in service income from agri-tourism, sale of harvests from greenhouse projects of one of its subsidiaries. In addition, the Group entered into several agreements for potential projects with Hanergy Thin Film Power Asia Pacific Limited (Hanergy) and RYM Business Management Corp. (RYM) that will generate sufficient cash flows to sustain operation.

General and Administrative expenses in 2019 totaled ₱36.60 million, a decrease of 4.82% compared to that in 2018 which amounted to ₱38.46 million due to the decrease in legal and professional fees, repairs and maintenance, brokers fee and handling cost.

Other charges net in 2019 totaled ₱18.85 million compared to that in 2018 which amounted to other income-net of ₱2.86 billion. The decrease is due to the results of provision for impairment amounting to ₱27.73 million while in 2018 the increase is due to the results of gain on reclassification of investment in associate to FVOCI amounting to ₱2.61 billion, gain on deemed disposal of investment in an associate of ₱186.43 million and gain on sale of investment in associate amounting to ₱78.97 million. Provision for impairment increased in 2019 from ₱12.75 million to ₱27.73 million in 2018 which includes advances from related parties and other receivables. Equity in loss of an associate amounted to ₱0.77 in 2018 due to decrease in ownership of an associate as a result of significant sales of shares.

Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company, including those in the field of information technology and renewable energy. On April 11, 2019, the Parent Company entered into an International Distributorship Agreement (IDA) with Hanergy. Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. Terms of the agreement was extended until May 10, 2020 in consideration of the delay in the delivery of the shipment of Hanergy solar products due to the COVID-19 pandemic and to give the parties time to negotiate the terms and conditions of the assignment by the Parent Company of its rights and obligations under the IDA to WGVI. Also, on July 17, 2019, the Parent Company also entered into a Memorandum of Agreement with RYM and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock (the "Investment"). With these investments, the management of the Group will continue to generate sufficient cash flows to complete its current and future plans.

As a result of the above, the Company had a consolidated net loss in 2019 of ₱56.75 million.

Balance Sheet Trends - Fiscal Years 2019 and 2018

Cash and cash equivalent decreased by ₱11.21 million from ₱12.53 million in 2018 to ₱1.32 million in 2019 due to the decrease in sales and various payments of operating expenses during the year.

Net receivables decreased by ₱1.39 million as of 31 December 2019 from ₱253.59 million in 2018 to ₱252.20 million in 2019 due to the impairment of advances to officers and employees during the year.

In 2019, due from related parties decreased by ₱93.20 million, ₱717.92 million, and ₱811.12 million in 2019 and 2018. The decrease is due to liquidation and collection of advances given to a stockholder in relation to purchase of land in Rosario, Batangas, various expenses of the Park and other expenses of the Group.

Other assets include pre-payments, materials and supplies, deferred taxes, and input VAT. The increase is due to the input VAT in relation to the purchase of land.

Deposit for land acquisition increased by ₱4.00 million due to the advance deposit of the Group for a future project.

Financial assets at FVOCI decreased significantly at ₱640.00 million in 2019 due to decrease in market price per share of the investment in shares of stocks.

“Property and equipment” increased due to the additional land purchase in Rosario Batangas.

Total liabilities increased by ₱12.21 million in 2019 from ₱309.98 million in 2018 to ₱322.19 million in 2019. The increase in 2019 is the result of the additional deposits by Earthright Holdings, Inc. in relation to the subscription agreement classified under “deposit for future stock subscription”.

Total equity decreased by ₱694.79 million in 2019 from ₱3.99 billion in 2018 to ₱3.30 billion in 2019 due to the decrease in fair value of financial assets at FVOCI during the year.

Changes and Disagreements with Accounts on Accounting and Financial Disclosure

None.

Discussion and Analysis of Material Events and/or Uncertainties Known to Management

Imposition of Penalties

In an Order dated 5 November 2018 was issued by the SEC directing the Company to pay the amount of ₱2,000,000.00 as penalty for the late filing of its 2016 and 2017 *Annual Reports* (SEC Form 17-A), 2016 1st and 2nd *Quarterly Reports*, and 2017 1st and 2nd *Quarterly Reports* (SEC Form 17-Q).

The Company has submitted the (i) *Annual Reports* for the years ended 31 December 2017 and (ii) *Quarterly Reports* for the periods 31 March 2017 and 30 June 2017, and has settled all the monetary penalties accordingly.

Further, on 14 July 2021, the PSE issued a written reprimand to the Company for its non-disclosure of the approval by its Board of Directors of the issuance of primary common shares to Mr. Hung Kam Tin and Sunchamp Real Estate Development Corp.

Finally, on 19 July 2021, the PSE imposed on the Company a basic fine of Fifty Thousand Pesos (Php50,000.00) and a daily fine of One Thousand Pesos (Php1,000.00) for its release to news media of the information regarding its negotiations with Aleta Planet Pte Ltd without prior or simultaneous disclosure to the Exchange and a basic fine of Fifty Thousand Pesos (Php50,000.00) and a daily fine of One Thousand Pesos (Php1,000.00) for its non-disclosure of the approval of the Board of Directors of the Company of the authority to enter into the Memorandum of Agreement with Ala Eh Knit, Inc., as well as the relevant terms and conditions of the transaction. The Company has forthwith settled all the monetary penalties in relation thereto.

Additional Investment in WGVI

On 22 February 2019, the Board of Directors authorized the Company to make an additional investment of up to Php100 million in WGVI to finance the latter’s “green” projects involving solar power and liquefied natural gas (LNG).

Other than those stated above, and to the best of the Company’s knowledge, the Company’s management has no knowledge and is not aware of the following:

1. Any known trends or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
2. Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
3. Any 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;
4. Any material commitments for capital expenditures;
5. Any known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
6. Any significant elements of income or loss that did not arise from the Company's continuing operations; and
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for any material changes from period to period are explained in the above discussions on Income Statement Trends and Balance Sheet Trends.

Key Performance Indicators

The top five (5) key performance indicators are shown below for the years 2020, 2019, and 2018:

Indicator	2020	2019	2018
Current ratio	2.96:1	3.04:1	3.48:1
Debt to equity ratio	0.14:1	0.10:1	0.08:1
Bank debt to equity ratio	-	-	-
Income (Loss) per share	(0.02)	(0.02)	1.66
Return on Equity	(0.01)	(0.01)	0.71

The above indicators, taken together, indicate the health and dynamics of the business.

Definition of "Liquidity Ratios"

A class of financial metrics that is used to determine a company's ability to pay off its short-terms debt obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts.

Common liquidity ratios include the current ratio, the quick ratio, and the operating cash flow ratio. Different analysts consider different assets to be relevant in calculating liquidity. Some analysts will calculate only the sum of cash and equivalents divided by current liabilities because they feel that they are the most liquid assets, and would be the most likely to be used to cover short-term debts in an emergency.

A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.

Definition of "Solvency Ratio"

One of many ratios used to measure a company's ability to meet long-term obligations. The solvency ratio measures the size of a company's after-tax income, excluding non-cash depreciation expenses, as compared to the company's total debt obligations. It provides a measurement of how likely a company will be able to continue meeting its debt obligations.

The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{After Tax Net Profit} + \text{Depreciation}}{\text{Long Term Liabilities} + \text{Short Term Liabilities}}$$

Definition of "Debt/Equity Ratio"

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$$= \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

Note: Sometimes only interest-bearing, long-term debt is used instead of total liabilities in the calculation.

Also known as the Personal Debt/Equity Ratio, this ratio can be applied to personal financial statements as well as corporate ones.

A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

If a lot of debt is used to finance increased operations (high debt-to-equity), the company could potentially generate more earnings than it would have without this outside financing. If this were to increase earnings by a greater amount than the debt cost (interest), then the shareholders benefit as more earnings are being spread among the same number of shareholders. However, the cost of this debt financing may outweigh the return that the company generates on the debt through investment and business activities and become too much for the company to handle. This can lead to bankruptcy, which would leave shareholders with nothing.

The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries such as auto manufacturing tend to have a debt/equity ratio above 2, while personal computer companies have a debt/equity of under 0.5.

Definition of "Interest Coverage Ratio"

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes ("EBIT") of one period by the company's interest expenses of the same period:

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

The lower the ratio, the more the company is burdened by debt expense. When a company's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the company is not generating sufficient revenues to satisfy interest expenses.

Definition of "Return on Equity – ROE"

The amount of net income returned as a percentage of shareholders' equity. Return on equity ("ROE") measures a company's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage and calculated as:

Return on Equity = Net Income/Shareholders' Equity

Net income is for the full fiscal year (before dividends paid to common stockholders but after dividends to preferred stock.) Shareholders' equity does not include preferred shares.

Also known as “return on net worth” (“RONW”).

The ROE is useful for comparing the profitability of a company to that of other firms in the same industry.

There are several variations on the formula that investors may use:

1. Investors wishing to see the return on common equity may modify the formula above by subtracting preferred dividends from net income and subtracting preferred equity from shareholders’ equity, giving the following: return on common equity (“ROCE”) = net income - preferred dividends/common equity.

2. Return on equity may also be calculated by dividing net income by average shareholders’ equity. Average shareholders’ equity is calculated by adding the shareholders’ equity at the beginning of a period to the shareholders’ equity at period’s end and dividing the result by two (2).

3. Investors may also calculate the change in ROE for a period by first using the shareholders’ equity figure from the beginning of a period as a denominator to determine the beginning ROE. Then, the end-of-period shareholders’ equity can be used as the denominator to determine the ending ROE. Calculating both beginning and ending ROE’s allows an investor to determine the change in profitability over the period.

Definition of “Gross Margin”

A company’s total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each dollar of sales to service its other costs and obligations.

$$\text{Gross Margin (\%)} = \frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}$$

This number represents the proportion of each dollar of revenue that the company retains as gross profit. For example, if a company’s gross margin for the most recent quarter was 35%, it would retain $0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses, and distributions to shareholders. The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.

Definition of “Net Margin”

The ratio of net profits to revenues for a company or business segment—typically expressed as a percentage—that shows how much of each dollar earned by the company is translated into profits. Net margins can generally be calculated as:

$$\text{Net Margins} = \frac{\text{Net Profit}}{\text{Revenue}}$$

$$\text{, where Net Profit} = \text{Revenue - COGS - Operating Expenses - Interest and Taxes}$$

Net margins will vary from company to company, and certain ranges can be expected from industry to industry, as similar business constraints exist in each distinct industry. A company like Wal-Mart has made fortunes for its shareholders while operating on net margins less than 5% annually, while at the other end of the spectrum some technology companies can run on net margins of 15-20% or greater.

Most publicly traded companies will report their net margins both quarterly (during earnings releases) and in their annual reports. Companies that are able to expand their net margins over time will generally be rewarded with share price growth, as it leads directly to higher levels of profitability.

Audit and Audit-Related Fees – 2020

The audit fees for the services rendered by the Company's external auditor, Constantino and Partners for its services in connection with the statutory and regulatory filings of the Company's financial statements for the fiscal years ended 31 December 2020 and 31 December 2019 both amounted to ₱335,000.00.

Tax Fees – 2020

For the year 2020, there were no fees paid for professional services rendered by the external auditor for tax accounting compliance, advice, planning, and any other form of tax services.

All Other Fees – 2020

For the year 2020, there were no fees paid for products and services provided by the external auditor other than the fees paid as indicated in "Audit and Audit-Related Fees – 2020" above.

Audit Committee's Approval Policies and Procedures for the Above Services

The Audit Committee approved the above fees paid to the external auditor for the fiscal year 2020.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Securities

As of reporting date, the Company has an authorized capital stock of ₱5,000,000,000.00[9] divided into the following:

a. Common Shares, consisting of 4,900,000,000 shares with a par value ₱1.00 per share for a total par value of ₱4,900,000,000.00; and

b. Preferred Shares, consisting of 1,000,000,000 shares with a par value of ₱0.10 per share for a total par value of ₱100,000,000.00.

The total issued and subscribed capital stock of the Company is ₱3,600,778,573, divided into (i) 2,600,778,573 common shares with a par value of ₱1.00 per common share or a total par value of ₱2,600,778,573.00, and (ii) 1,000,000,000 preferred shares with a par value of ₱0.10 per preferred share or a total par value of ₱100,000,000.00.

Except for those exempt from the registration requirement, no sales of unregistered securities were made in the past three (3) years.

No debt securities are registered or contemplated to be registered.

No securities subject to redemption or call exists or are planned to be issued.

Market Information

The following is a summary of the trading prices at the PSE for each of the quarterly periods of 2020 and 2019:

Ave. Price	**2020**		**2019**	
Quarter	Low	High	Low	High
1st	0.65	2.17	1.97	3.55
2nd	0.74	1.93	2.24	2.92
3rd*	1.50	2.26	1.87	2.64
4th*	2.17	2.74	1.80	2.54

9 See supra note 1.

The last traded price of the Company's common shares at the PSE on 11 October 2021 was Php2.24.

Holders[10]

The Company has a total of 1,028 stockholders of record as of 30 September 2021. The Company issues both common and preferred shares. The top twenty (20) shareholders as of 30 September 2021 are as follows:

Stockholder's Name	No. of Shares	% of Ownership[11]
Earthright Holdings, Inc.	937,500,000	36.05%
PCD Nominee Corporation	447,578,240	17.21%
Antonio L. Tiu	207,778,560	7.99%
Jian Cheng Cai	160,000,000	6.15%
Three Star Capital Limited (BVI)	110,000,000	4.23%
PPAR Management & Holdings Corporation	58,000,000	2.23%
Southern Field Limited (BVI)	55,000,000	2.11%
Jerry G. Yu	52,000,000	2.00%
Ann Loraine B. Tiu	51,500,000	1.98%
RipeVentures Holding Incorporated	50,000,000	1.92%
A.R.C. Estate & Project Corporation	50,000,000	1.92%
Mark Kenrich Duca	50,000,000	1.92%
Hung Kamtin	40,000,000	1.54%
Paul Vincent Lee	36,000,000	1.38%
Fab People, Inc.	31,000,000	1.19%
Jaime L. Tiu	30,000,000	1.15%
James L. Tiu	30,000,000	1.15%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.15%
Sure Anthony T. Ching	30,000,000	1.15%
Jose Marie E. Fabella	30,000,000	1.15%
Total	**1,724,346,800**	66.30%

Stockholder's Name	No. of Preferred Shares	% of Ownership
Earthright Holdings, Inc.	1,000,000,000	100.00%

The public float of the Company as of reporting date is 55.06%.

Background of Shareholders Owning At Least 10% of the Total Outstanding Stock

1. Earthright Holdings, Inc.

Earthright Holdings, Inc. ("Earthright") is a domestic company incorporated on 14 November 2011 with the purpose of acquiring, holding, selling, exchanging, dealing, and investing in the shares of stock, bonds, or any kind of securities of any government or any subdivision thereof or any public or private corporation in the Philippines and abroad, and in real or personal property of any kind in the Philippines and abroad, in the same manner and to the same extent as a natural person might, could, or would do, to exercise all rights, powers, and privileges or ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes without managing securities portfolio or similar securities or acting as broker of securities.

10 See supra note 1.
11 Ibid.

2. <u>PCD Nominee Corporation</u>

PCD Nominee Corporation ("PCD") is a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), a corporation established to improve operations in securities transactions and to provide a fast, safe, and highly efficient system for securities settlement in the Philippines. PC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the PSE are finally settled with the PCD.

PCD, now known as Philippine Depository and Trust Corporation, is a private institution established in March 1995 to improve operations in securities transactions. Regulated by the SEC, PCD is owned by major capital market players in the Philippines, namely the PSE, Bankers Association of the Philippines, Financial Executives Institute of the Philippines, Development Bank of the Philippines, Investment House Association of the Philippines, Social Security System, and Citibank N.A.

All PSE-member brokers are participants of the PCD. Other participants include custodian banks, institutional investors, and other corporations or institutions that are active players in the Philippine equities market.

3. <u>Mr. Antonio L. Tiu</u>

Mr. Tiu currently serves as the Chairman, President, and Chief Executive Officer of the Company. Mr. Tiu is also the Chairman, CEO, and President of AgriNurture Inc. and its subsidiaries, President and Chief Executive Officer of Philippine Infradev Holdings Inc., its subsidiaries and affiliates, and President and Chairman of Earthright Holdings Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011.

Dividends

No dividends were distributed in 2020. Except for the required presence of unrestricted retained earnings, there are no restrictions that limit the Company's ability to pay dividends on equity or that are likely to do so in the future.

Exempt Transactions

On 10 October 2020, the Board of Directors approved the issuance of one (1) qualifying share in favor of Atty. Katrina L. Nepomuceno with a subscription price of One Peso (Php1.00). A Subscription Agreement on even date was executed covering the said issuance of share. In relation to this, Section 10 (k) of the Securities Regulation Code provides that the requirement for registration of securities shall not apply to the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

On 10 August 2021, the Board of Directors approved the issuance of fifty million (50,000,000) common shares in favor of RipeVentures Holdings Incorporated with a subscription price of One Peso (Php1.00). A Subscription Agreement on even date was executed covering the said issuance of shares. In relation to this, Section 10 (k) of the Securities Regulation Code provides that the requirement for registration of securities shall not apply to the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

<u>CORPORATE GOVERNANCE</u>

The Company has adopted the Corporate Governance Self-Rating System to measure its compliance with the Revised Manual on Corporate Governance. Items that need improvement are being reviewed and discussed for actions by champions as assigned by the Audit Committee. The results of these reviews are documented and forwarded to the Board of Directors for further discussion and, if needed, for appropriate action. In accordance with the Company's Revised Manual on Corporate Governance, the assessment will be supported by an external facilitator every three (3) years.

The performance of the Board of Directors and its individual members is being measured and monitored via the Board Performance Tracking System. Areas for improvement are discussed for action during board/committee meetings. Board performance metrics include, among others, the individual director's attendance to board/committee meetings, availability of minutes, open/closed action items, etc.

The Board of Directors, through its Audit Committee, continuously reviews and follows up until closure of all action items needed to be in full compliance with the Company's Revised Manual on Corporate Governance and its related documents and policies.

On 31 May 2017, the Board of Directors of the Company, pursuant to SEC Memorandum Circular No. 19, series of 2016, approved the Company's Revised Manual on Corporate Governance to reflect the changes required by the SEC. A copy of the Revised Manual on Corporate Governance was filed with the SEC and the PSE on 31 May 2017.

No substantial deviation from the Revised Manual on Corporate Governance was recorded and disclosed in 2019.

On 9 July 2020, the Board of Directors of the Company, pursuant to SEC Memorandum Circular No. 24, series of 2019, approved the Company's Revised Manual on Corporate Governance in order to be compliant with the additional guidelines provided by the SEC.

Plan to Improve the Corporate Governance of the Company

Continuous training is being undertaken by members of the Board of Directors, Management, officers, and personnel to fully acquaint themselves with the Company's Revised Manual on Corporate Governance, policies, and related matters.

<u>Item 12. Mergers, Consolidations, Acquisitions and Similar Matters</u>

There is no action or matter to be taken up in the Annual Stockholders' Meeting with respect to merger, consolidation, acquisition, sale or other transfer of all or substantially all of the assets of the Company, liquidation, dissolution, and similar matters.

<u>Item 13. Acquisition or Disposition of Property</u>

There is no action or matter to be taken up in the Annual Stockholders' Meeting with respect to the acquisition or disposition that constitute all or substantially all of the assets or property of the Company.

<u>Item 14. Restatement of Accounts</u>

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

D. OTHER MATTERS

<u>Item 15. Action with Respect to Reports</u>

The Minutes of the Annual Stockholders' Meeting held on 9 September 2020 will be submitted for approval to the stockholders of the Company.

Matters Approved by the Board of Directors and for Ratification by the Stockholders in the Annual Stockholders' Meeting to be held on 5 November 2021

1. The appointment of Constantino and Partners as the external auditor for the fiscal year 2020;

2. Postponement of the Annual Stockholders' Meeting previously scheduled on 11 June 2021, as provided in the Company's By-Laws, to 30 July 2021, with a record date of 2 July 2021; and

3. Postponement of the Annual Stockholders' Meeting previously scheduled on 30 July 2021 to 5 November 2021, with a record date of 8 October 2021.

Item 16. Matters Not Required to be Submitted

None.

Disclosure Requirements Pursuant to Section 49 of the Revised Corporation Code of the Philippines

a. *Attendance during the Annual Meeting of the Stockholders held on 9 September 2020*

The previous Annual Meeting of the Stockholders held on 9 September 2020 was attended, in person or by proxy, by the stockholders representing 2,053,494,217 shares constituting 73.3187% of the total outstanding capital stock of the Corporation as of record date. The attendance constituted a quorum for the approval of all matters in the agenda.

b. *Summary of the Minutes of the Annual Meeting of the Stockholders held on 9 September 2020*

The Minutes of the Annual Meeting of the Stockholders held on 9 September 2020 contains the approval of the following items:

a. Approval of the Minutes of the Annual Meeting of the Stockholders held on 28 June 2019;
b. Approval of the year 2019 Annual Report and the Audited Financial Statements for the year ended 31 December 2019;
c. Ratification of All Acts, Resolutions, and Decisions of the Board of Directors and Management since the Annual Meeting of the Stockholders Held on 28 June 2019; and
d. Election of the Members of the Board of Directors for the ensuing year.

c. *Voting and Vote Tabulation Procedures Used and Opportunity Given to Stockholders to Ask Questions during the Annual Meeting of the Stockholders held on 9 September 2020*

Agenda	Voting Results		
	For	**Against**	**Abstain**
1. Approval of the Minutes of the Annual Meeting of the Stockholders held on 28 June 2019	100.00%	0.00%	0.00%
2. Approval of the year 2019 Annual Report and the Audited Financial Statements for the year ended 31 December 2019	100.00%	0.00%	0.00%
3. Ratification of All Acts, Resolutions, and Decisions of the Board of Directors and Management since the Annual Meeting of the Stockholders Held on 28 June 2019	100.00%	0.00%	0.00%
4. Election of the Members of the Board of Directors for the ensuing year			
a. Antonio L. Tiu	100.00%	0.00%	0.00%
b. Kenneth S. Tan	100.00%	0.00%	0.00%
c. Martin C. Subido	100.00%	0.00%	0.00%
d. Antonio Peter R. Galvez	100.00%	0.00%	0.00%
e. Yang Chung Ming	100.00%	0.00%	0.00%
f. Senen L. Matoto	100.00%	0.00%	0.00%
g. Luis Rey I. Velasco	100.00%	0.00%	0.00%
h. Ciara Mae O. Lim	100.00%	0.00%	0.00%
i. Paula Katrina L. Nora	100.00%	0.00%	0.00%
j. Maylyn Z. Dy (Independent Director)	100.00%	0.00%	0.00%
k. Honorio T. Tan (Independent Director)	100.00%	0.00%	0.00%

An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock was sufficient for the approval of items 1 to 4.

The stockholders were given the opportunity to ask questions and/or questions during the meeting but the Company has not received any question and/or clarification.

d. List of Directors Who Attended the Annual Meeting of the Stockholders held on 9 September 2020

The following directors and officers were present during the previous Annual Meeting of the Stockholders:

1. Antonio L. Tiu – President/Chief Executive Officer/Director;
2. Kenneth S. Tan – Treasurer/Chief Financial Officer/Director;
3. Paula Katrina L. Nora – Corporate Secretary/Director;
4. Martin C. Subido – Chairman (Non-Executive) Director; and
5. Maylyn Z. Dy – Independent Director.

6. *List of Stockholders Who Attended the Meeting*

Stockholders and PCD Beneficial Owners who were present in person or by proxy during the Annual Stockholders' Meeting held on 9 September 2020 were as follows:

1. Earthright Holdings, Inc.
2. Three Star Capital Limited (BVI)
3. Jian Cheng Cai
4. ARC Estate & Project Corp.
5. Hung Kamtin
6. Paul Vincent Lee
7. Fab People, Inc.
8. Sure Anthony Ching
9. Jose Marie E. Fabella
10. James L. Tiu
11. Prestejenchrisdan (PSJCD), Inc.
12. Jaime Tiu
13. Jose Enrique Songco
14. Johnyee Campsite Corp.
15. Allan Ul. Porras
16. Guilin Shi (AKA Benito Sy)
17. PPARR Management & Holdings Corp.
18. Belson Securities, Inc.
19. Eagle Equities, Inc.
20. Jaka Securities Corporation
21. Wealth Securities, Inc.
22. AB Capital Securities, Inc.
23. Abacus Securities Corporation
24. Southern Field Limited BVI
25. Ann Loraine Buencamino
26. Antonio L. Tiu
27. Martin C. Subido
28. Kenneth S. Tan
29. Paula Katrina L. Nora

e. Material Information on Current Stockholders and Their Voting Rights

Material information on the current stockholders and their voting rights were provided during the Annual Meeting of the Stockholders on 9 September 2020 and in Items 4 and 19 of the Company's SEC Form 20-IS for the year 2020. The Corporate Secretary also informed the stockholders during the meeting that the stockholders as of record date 15 June 2020 were entitled to vote in the 2020 Annual Meeting of the Stockholders.

Appraisals and Performance Report for the Board and the Criteria and Procedure for Assessment

A Manual on Corporate Governance (the "**Manual**") was developed by the Company to measure the effectiveness of the members of the Board of Directors. The Manual can be accessed through the Company's website: http://www.ghi.com.ph/greenergy/index.php/corporate-governance-2-2/. Further, the Board conducts self-assessment of its performance including the performance of the Chairman, individual members and committees. A copy of the Company's 2021 Integrated Annual

Corporate Governance Report can be accessed in: https://edge.pse.com.ph/openDiscViewer.do?edge_no=6dc685a14187c8215d542af6f1e997b9.

Directors Disclosures on Self-Dealing and Related Party Transactions

On the Directors Disclosures on self-dealings, the Company follows the SEC and PSE rules requiring directors and officers to report their dealings in Company shares within five (5) trading days from the date of Company share-related transactions. The Company discloses to the SEC and PSE, on a timely basis, the ownership, acquisition or disposal of the Company's shares of stock by directors and officers.

For Disclosure on Related Party Disclosure, please refer to Note 16 of the 2020 Audited Consolidated Financial Statements of the Company hereto attached as **Annex "D"** for reference.

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

None.

Item 18. Other Proposed Action

1. Ratification of all the acts of the Board of Directors and officers since the Annual Stockholders' Meeting held on 9 September 2020;

2. Election of the members of the Board of Directors, including the independent directors; and

3. Appointment of an external auditor for the fiscal year 2021.

Item 19. Voting Procedures

1. For the matters to be presented to the stockholders for approval/ratification under item 15 above, the vote of stockholders present in person or by proxy representing at least a majority of the total outstanding capital stock entitled to vote is required.

2. For the matters to be presented to the stockholders for approval under item 18 above, the vote of stockholders present in person or by proxy representing at least a majority of the total outstanding capital stock entitled to vote is required.

3. During the election of directors, there must be present, either in person or by representative authorized to act by written proxy, the owners of at least a majority of the total outstanding capital stock. Unless a poll is demanded, either before or on the declaration of the result of the vote on a show of hands, the election shall be done by show of hands. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock outstanding, at the time fixed in the By-Laws, in his own name on the stock books of the Company, or where the By-Laws is silent, at the time of election; 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 Company multiplied by the whole number of directors to be elected; provided, however, that no delinquent stock shall be voted. Candidates receiving the highest number of votes shall be declared elected. Any meeting of the stockholders called for an election may adjourn from day to day or from time to time but not *sine die* or indefinitely if, for no reason, no election is held, or if there be not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock.

The total number of votes that may be cast by a stockholder of a Company is computed as follows: *No. of Shares Held on Record as of Record Date x 9*[9] *Directors*. Candidates receiving the highest number of votes will be declared elected.

The votes shall be duly taken and counted by the Corporate Secretary and shall be counted *viva voce.*

9 See supra note 1.

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

GREENERGY HOLDINGS INCORPORATED
54 National Road, Dampol II-A
Pulilan, Bulacan, Philippines

Attention: Atty. Maricris Connie B. Pua

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Report are true, complete, and correct.

Makati City, Philippines, 12 October 2021.

GREENERGY HOLDINGS INCORPORATED

By:

MARICRIS CONNIE B. PUA
Assistant Corporate Secretary

GREENERGY HOLDINGS, INC.

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A
Pulilan, Bulacan
Tel. No. (02) 997-5184

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS:

NOTICE is hereby given that the Annual Meeting of the Stockholders of Greenergy Holdings Incorporated (the "Company") will be held on **5 November 2021**, **Friday**, at **1:30 in the afternoon** at **54 National Road, Dampol II-A, Pulilan, Bulacan.**

The agenda for the said meeting shall be as follows:

1. Call to order;
2. Certification of notice and determination of quorum;
3. Approval of the minutes of the Annual Meeting of the Stockholders held last 9 September 2020;
4. Presentation of the Annual Report and Audited Financial Statements for the year ended 31 December 2020;
5. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management since the Annual Stockholders' Meeting held last 9 September 2020;
6. Election of Directors;
7. Appointment of the external auditor for the fiscal year 2021;
8. Consideration of such other business as may properly come before the meeting; and
9. Adjournment.

The Organizational Meeting of the new Board of Directors will be held immediately after the Annual Stockholders' Meeting.

By resolution of the Board of Directors, the close of business on **8 October 2021** has been fixed as the record date for the determination of the stockholders entitled to notice of such meeting and any adjournment thereof, and to attend and vote thereat.

All stockholders who will not, are unable, or do not expect to attend the meeting in person are urged to fill in, date, sign, and return the enclosed proxy to the Company at its principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan or send the same through email at greenergy@ghi.com.ph. The proxy need not be a shareholder. A stockholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and must specify the proportion of votes each proxy is appointed to exercise. All proxies must be received on or before **26 October 2021.** Proxies received after the said deadline will not be recorded. Corporate stockholders are requested to attach to the proxy instrument their respective Secretary's Certificates containing the Board Resolution vis-à-vis the authority of the proxy(ies). Validation of proxy(ies) shall be held on **31 October 2021** at **2:00 p.m.** at the Company's principal office. **Management is not asking you for a proxy nor is it requesting you to send a proxy in its favor.**

For convenience in registering your attendance, please bring your identification card containing your picture and registration at the registration desk. Registration shall start at 1:00 pm.

Pursuant to Securities and Exchange Commission Notice dated 16 March 2021, the electronic copies of the Company's Information Statement (SEC Form 20-IS), Notice and Agenda, Proxy Form, 2020 Annual Report (SEC Form 17-A), 2020 Sustainability Report, Audited Financial Statements for the year ended 31 December 2020, Quarterly Reports for the period ended 31 March 2021 and 30 June 2021 (SEC Form 17-Q), and other pertinent documents related to the Annual Stockholder's Meeting may be viewed or downloaded on the Company's website at www.ghi.com.ph and PSE EDGE portal at https://edge.pse.com.ph

By:

MARICRIS CONNIE B. PUA
Assistant Corporate Secretary

We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein and submit the same to the office of the Corporate Secretary at 54 Dampol II-A, National Road, Pulilan, Bulacan, Philippines or submit via email to greenergy@ghi.com.ph. All proxies should be received on or before 26 October 2021 at 2:00 p.m. For partnerships, corporations, and associations, the proxies should be accompanied by a Secretary's Certificate on the appointment or designation of a proxy/representative and/or authorized signatories.

PROXY

I/WE hereby name and appoint ____ or, in his/her absence, the Chairman of the meeting as my/our proxy at the Annual Stockholders' Meeting of Greenergy Holdings Incorporated to be held at 54 National Road, Dampol II-A, Pulilan, Bulacan on Friday, 5 November 2021 at 1:30 p.m. and at any postponement or adjournment thereof.

Place/Date : ______________________________________

Name of Shareholder : ______________________________________

Signature : ______________________________________

Number of Shares : ______________________________________

Witness : ______________________________________

Annex "A"

CERTIFICATION

I, **MARICRIS CONNIE B. PUA,** Filipino, of legal age, and with office address at Unit 112 Cedar Mansions II, #7 Escriva Drive, Ortigas Center, Barangay San Antonio, Pasig City, hereby certify that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at No. 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. Based on corporate records, I certify that none of the members of the Board of Directors, including the independent directors and officers of the Corporation, are appointed/employees in any government agency as of the date of this certification except for Mr. Senen L. Matoto, who was appointed as Private Sector Representative to the Board of Directors of the Philippine Guarantee Corporation on 16 June 2021.

3. Further, based on corporate records, none of the nominees to the Board of Directors in the 2021 Annual Stockholders' Meeting, including the independent directors and officers of the Corporation, are appointed to or are employees in any government agency as of the date of this certification except for Mr. Senen L. Matoto, who was appointed as Private Sector Representative to the Board of Directors of the Philippine Guarantee Corporation on 16 June 2021.

4. I am issuing this certification in compliance with the directive of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this 3 0 SEP 2021 in Makati City.

MARICRIS CONNIE B. PUA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me on this 3 0 SEP 2021 in Makati City, affiant appeared and exhibited to me her competent evidence of identity, Driver's License No. N25-15-012482 issued by Land Transportation Office a government-issued identification card bearing her name, photograph and signature, valid until 12 September 2022.

ATTY. ROMELYN T. MONZON
NOTARY PUBLIC
ROLL NO. 74099
MAKATI CITY, PHILIPPINES

Monzon

ATTY. ROMELYN T. MONZON
Notary Public
Until December 31, 2021
Roll of Attorneys No. 74099
IBP No. 156357/02-06-2021/Makati City Chapter
PTR No. 8535236/01-06-2021/Makati City
Notarial Commission No. M-185 (2021-2022)
TIN 764-855-047
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

Doc. No. 176;
Page No. 37;
Book No. 1;
Series of 2021.

Annex "B"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HONORIO T. TAN**, Filipino, of legal age, and a resident of No. 23 Lourdes Castillo Street, Quezon City, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan, and have been its independent director since 15 December 2016.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
BEAM Marketing Enterprises, Inc.	Chairman	1972 to present
YMCA of the Philippines	National Treasurer	2015-2018
Manila Downtown YMCA	President	2005-2010
Manila Downtown TMCA	Director	2013 to present
Moringaling Philippines Foundation Inc.	Past President, Chairman	2011, 2017 to present
Agricultural Bank of the Philippines	Independent Director	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

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 nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this 30 SEP 2021 in Makati City.

HONORIO T. TAN
Affiant

SUBSCRIBED AND SWORN TO before me in Makati City this 30 SEP 2021, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. P6823026A, issued by the Department of Foreign Affairs NCR West valid until 16 April 2028.

ATTY. ROMELYN T. MONZON
Notary Public
Until December 31, 2021
Roll of Attorneys No. 74099
IBP No. 156357/02-06-2021/Makati City Chapter
PTR No. 8535236/01-06-2021/Makati City
Notarial Commission No. M-185 (2021-2022)
TIN 764-855-047
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ATTY. ROMELYN T. MONZON
NOTARY PUBLIC
ROLL NO. 74099
MAKATI CITY, PHILIPPINES

Doc. No. 122;
Page No. 26;
Book No. I;
Series of 2021

Annex "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MAYLYN Z. DY**, Filipino, of legal age, and a resident of 121 B. Gonzalez Street, Crystal Court Unit-E, Xavierville II, Quezon City, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan, and have been its independent director since 15 December 2016.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Woodside Properties & Land Corp.	Corporate Secretary	1991 to present
VitaMaxx Realty	Director	1998 to present
Vita Homes	President	2000 to present
North East Dialysis Center	Treasurer	2000 to present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

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 nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this 3 0 SEP 2021 in Makati City.

MAYLYN Z. DY
Affiant

SUBSCRIBED AND SWORN TO before me in Makati City this 3 0 SEP 2021, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, Passport No. P9993182A, issued by the Department of Foreign Affairs Manila, valid until 18 December 2028.

ATTY. ROMELYN T. MONZON
Notary Public
Until December 31, 2021
Roll of Attorneys No. 74099
IBP No. 156357/02-06-2021/Makati City Chapter
PTR No. 8535236/01-06-2021/Makati City
Notarial Commission No. M-185 (2021-2022)
TIN 764-855-047
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ATTY. ROMELYN T. MONZON
NOTARY PUBLIC
ROLL NO. 74099
MAKATI CITY, PHILIPPINES

Doc. No. 121;
Page No. 26;
Book No. 1;
Series of 2021.

Annex "D"

GREENERGY
HOLDINGS, INC.

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A, Pulilan, Bulacan
Tel. No. (02) 997-5184

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENERGY HOLDINGS, INC. AND ITS SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ANTONIO L. TIU
Chairman of the Board and President

KENNETH S. TAN
Chief Financial Officer

Signed this 28th of April 2021.

SUBSCRIBED AND SWORN TO before me this 14th day of May, 2021, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Name	Competent Evidence of Identity	Expiration Date & Place of Issue
Antonio L. Tiu	Passport No. P5749783A	Valid until 24 January 2028; issued at the DFA-Manila
Kenneth S. Tan	DL No. N04-90-144089	Valid until 26 December 2021 issued By LTO

Doc. No. 307
Page No. 64
Book No. II
Series of 2021.

CHRISTIAN JASON O. DALUDADO
NOTARY PUBLIC
ROLL NO. 73615
MAKATI CITY, PHILIPPINES

ATTY. CHRISTIAN JASON O. DALUDADO
Notary Public
Until June 30, 2021
Roll of Attorneys No. 73615
IBP No. 145313/01-06-2021/Makati City Chapter
PTR No. 8535232/01-06-2021/Makati City
Notarial Commission No. M-573 (2019-2020)
TIN 469-624-483
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ANNEX "A"

bakertilly

CONSTANTINO AND PARTNERS
22nd Floor Citibank Tower
8741 Paseo de Roxas
Salcedo Village, Makati City
Philippines

T: (+632) 8 848 1051
F: (+632) 7 728 1014

mail@bakertilly.ph
www.bakertilly.ph

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

Opinion

We have audited the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audits 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.

Recoverability of Receivables from Stockholders

As at December 31, 2020, the Group has a net carrying value of receivables from stockholders amounting to ₱690.1 million. This represents 26.8% of the Group's total assets. In addition, the assessment of recoverability of the advances requires a high level of management judgment and the estimation of future cash repayments. The Group's disclosure about the transaction and recoverability of the amounts are included in Note 16 of the consolidated financial statements.

Audit response

Our audit procedures focused on the evaluation of management's assessment on the recoverability of the advances to the stockholders. We obtained confirmation from the stockholders for the acknowledgement of the liability to the Group and repayment agreement that covers the timing and manner of payment either through future cash flows and/or liquidation.

Impairment Testing of Property and Equipment

The carrying amounts of property and equipment are reviewed and assessed whenever there are indications of impairment. In 2020, due to the imposed continuing community quarantines, the Group's agri-tourism segment continues to be affected by the lower number of guests and limited operations. These events and conditions are impairment indicator factors which require the assessment of the recoverable amount of the property and equipment as there is a heightened level of uncertainty on the future economic outlook and market forecast. The Group's impairment test was significant to our audit because the assessment process requires significant judgment and assumptions involving expected financial performance for discounted cash flows and for the appropriate valuation methodology in determining the fair value.

Audit response

Our audit procedures included review and assessment of the judgments and assumptions used in the cash flow projections, tested the discount rate used by comparing against market data and reviewed the Group's disclosures about these assumptions to which the outcome of the impairment test is crucial in determining the recoverable amount of the assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the auditors' report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Edwin F. Ramos.

CONSTANTINO AND PARTNERS
BOA Registration No. 0213, valid until November 15, 2022
SEC Accreditation No. (A.N.) 0213-SEC, valid until July 20, 2024 (Group A)
BIR A.N. 08-001507-000-2020, valid until December 21, 2023

By:

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
PTR No. 8582767, issued on January 29, 2021, Makati City
TIN 134-885-074-000
BIR A.N. 08-001507-008-2021, valid until February 10, 2024
SEC A.N. 1795-A, valid until November 10, 2022 (Group A)

Makati City, Philippines
April 28, 2021

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
ASSETS		
Current Assets		
Cash (Note 6)	**₱ 2,784,168**	₱ 1,320,074
Receivables – net (Note 7)	**251,845,717**	252,196,139
Due from related parties – net (Note 16)	**696,111,219**	717,917,772
Other current assets – net (Note 9)	**19,790**	9,281,497
Total Current Assets	**950,760,894**	980,715,482
Noncurrent Assets		
Deposits for land acquisition (Note 8)	**19,600,000**	19,600,000
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**1,458,373,432**	2,461,005,166
Property and equipment – net (Note 13)	**141,632,520**	154,518,437
Investment properties – net (Note 14)	**6,320,465**	6,320,465
Total Noncurrent Assets	**1,625,926,417**	2,641,444,068
	₱ 2,576,687,311	₱ 3,622,159,550
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 15)	**₱ 8,089,349**	₱ 19,215,473
Due to related parties (Note 16)	**91,673,912**	80,986,459
Income tax payable	**27,124**	165,449
Deposit for future stock subscription (Note 16)	**221,821,275**	221,821,275
Total Current Liabilities	**321,611,660**	322,188,656
Equity		
Attributable to equity holders of Parent Company		
Capital stock (Note 17)		
Common – ₱1.00 par value		
Authorized – 1,900,000,000 shares in 2020 and 2019		
Subscribed and paid – 1,704,778,573 shares in 2020 and 1,703,278,572 in 2019	**1,704,778,573**	1,703,278,572
Preferred – ₱0.10 par value		
Authorized and subscribed 1,000,000,000 shares	**100,000,000**	100,000,000
Additional paid-in capital	**268,090,531**	268,090,531
Cumulative fair value loss on financial assets at FVOCI (see Note 10)	**(1,640,670,111)**	(638,038,377)
Retained earnings	**1,724,527,465**	1,753,401,814
	2,156,726,458	3,186,732,540
Non-controlling interests	**98,349,193**	113,238,354
Total Equity	**2,255,075,651**	3,299,970,894
	₱ 2,576,687,311	₱ 3,622,159,550

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	2020	2019	2018
REVENUES (Note 18)			
Sales	**₱ 9,392,912**	₱ 1,645,603	₱ 3,447,073
Rent	**434,838**	395,307	359,370
	9,827,750	2,040,910	3,806,443
COST OF SALES (Note 19)	**8,645,989**	2,774,771	2,446,363
GROSS INCOME (LOSS)	**1,181,761**	(733,861)	1,360,080
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(31,463,192)**	(36,603,237)	(38,456,848)
OPERATING LOSS	**(30,281,431)**	(37,337,098)	(37,096,768)
OTHER INCOME (CHARGES) – Net			
Provisions for impairment loss (Notes 7, 9, 14 and 16)	**(18,373,435)**	(27,734,778)	(12,751,337)
Reversal of impairment loss (Notes 7, 9 and 16)	**4,749,477**	–	–
Reversal of payables (Notes 15 and 16)	**116,332**	8,272,480	59,026
Accounts written off (Notes 7 and 9)	**(22,208)**	(28,656)	(142,666)
Interest income (Note 6)	**1,827**	28,917	111,901
Foreign exchange gain (loss) (Note 6)	**(1,820)**	(3,931)	3,029
Gain on:			
Sale of financial asset at FVOCI (Note 10)	**86,578**	220,000	–
Reclassification of investment in associate to FVOCI (Notes 10 and 11)	–	–	2,613,537,267
Deemed disposal of investment in associate (Note 11)	–	–	186,436,244
Sale of investment in associate (Note 11)			78,968,491
Equity in exchange differences on translation of foreign operations of associate	–	–	(9,337,832)
Equity in net loss of associate (Note 11)	–	–	(760,596)
	(13,443,249)	(19,245,968)	2,856,123,527
INCOME (LOSS) BEFORE INCOME TAX	**(43,724,680)**	(56,583,066)	2,819,026,759
INCOME TAX EXPENSE (Note 21)	**40,563**	165,449	28,443
NET INCOME (LOSS)	**(₱ 43,765,243)**	(₱ 56,748,515)	₱ 2,818,998,316

(Forward)

(Carryforward)

	2020	2019	2018
OTHER COMPREHENSIVE INCOME (OCI)			
Not reclassifiable subsequently to profit or loss			
Increase (decrease) in fair value of financial asset at FVOCI (Note 10)	**(₱ 1,002,631,734)**	(₱ 638,038,377)	₱ 1,600,000
Share on equity in other comprehensive income on remeasurements of retirement liability - net of deferred tax (Note 11)	**-**	-	363,044
	(1,002,631,734)	(638,038,377)	1,963,044
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱ 1,046,396,977)**	(₱ 694,786,892)	₱ 2,820,961,360
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**(₱ 28,874,349)**	(₱ 40,692,467)	₱ 2,829,534,918
Non-controlling interests (Note 23)	**(14,890,894)**	(16,056,048)	(10,536,602)
	(₱ 43,765,243)	(₱ 56,748,515)	₱ 2,818,998,316
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**(₱ 1,031,506,083)**	(₱ 678,730,844)	₱ 2,830,896,202
Non-controlling interests (Note 23)	**(14,890,894)**	(16,056,048)	(9,934,842)
	(₱ 1,046,396,977)	(₱ 694,786,892)	₱ 2,820,961,360
EARNINGS (LOSS) PER SHARE (Note 22)	**(₱ 0.02)**	(₱ 0.02)	₱ 1.77

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	2020	2019	2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY			
CAPITAL STOCK (Note 17)			
Common			
Authorized – 1.9 billion shares			
Par value – ₱1.00 per share			
Issued and subscribed			
Balance at beginning of year	**₱ 1,800,778,572**	₱ 1,800,778,572	₱ 1,800,778,572
Issuance during the year	**1**	–	–
Balance at end of year	**1,800,778,573**	1,800,778,572	1,800,778,572
Subscriptions receivable			
Balance at beginning of year	**(97,500,000)**	(97,500,000)	(97,500,000)
Collections during the year	**1,500,000**	–	–
Balance at end of year	**(96,000,000)**	(97,500,000)	(97,500,000)
Common stock net of subscriptions receivable	**1,704,778,573**	1,703,278,572	1,703,278,572
Preferred – ₱0.10 par value per share			
Issued	**100,000,000**	100,000,000	100,000,000
	1,804,778,573	1,803,278,572	1,803,278,572
ADDITIONAL PAID-IN CAPITAL	**268,090,531**	268,090,531	268,090,531
CUMULATIVE FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of year	**(638,038,377)**	607,640	(390,600)
Unrealized gain (loss) during the year	**(1,002,631,734)**	(638,038,377)	998,240
Reclassification to retained earnings	–	(607,640)	–
Balance at end of year (Note 10)	**(1,640,670,111)**	(638,038,377)	607,640
SHARE IN OCI OF ASSOCIATE			
Balance at beginning of year	–	–	1,687,040
Reclassification (Note 10)	–	–	(2,050,084)
Share in:			
Remeasurement of pension liability - net of tax	–	–	363,044
Balance at end of year (Note 11)	–	–	–
RETAINED EARNINGS			
Balance at beginning of year	**1,753,401,814**	1,793,486,641	(1,037,637,525)
Net income (loss) during the year	**(28,874,349)**	(40,692,467)	2,829,534,918
Reclassification from OCI	–	607,640	–
Reclassification of share in OCI of associate (Note 10)	–	–	1,589,248
Balance at end of year	**1,724,527,465**	1,753,401,814	1,793,486,641
	₱ 2,156,726,458	₱ 3,186,732,540	₱ 3,865,463,384

(Forward)

(Carryforward)

	2020	2019	2018
NON-CONTROLLING INTERESTS			
Balance at beginning of year	**₱ 113,238,354**	₱ 129,294,402	₱ 139,229,244
Net loss during the year	**(14,890,894)**	(16,056,048)	(10,536,602)
Addition during the year	**1,733**	–	–
Share in increase in fair value of financial assets at FVOCI (Note 10)	–	–	601,760
Balance at end of year (Note 23)	**98,349,193**	113,238,354	129,294,402
	₱ 2,255,075,651	₱ 3,299,970,894	₱ 3,994,757,786

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(Amounts in Philippine Pesos)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱ 43,724,680)**	(₱ 56,583,066)	₱ 2,819,026,759
Adjustments for:			
Provisions for impairment losses (Notes 7, 9, 14, 16)	**18,373,435**	27,734,778	12,751,337
Depreciation and amortization (Note 13)	**12,885,917**	12,844,793	12,814,521
Reversal of impairment loss (Notes 7, 9 and 16)	**(4,749,477)**	-	-
Reversal of payables (Notes 15 and 16)	**(116,332)**	(8,272,480)	-
Write-off (Notes 5, 7 and 9)	**581,377**	28,656	142,666
Interest income (Note 6)	**(1,827)**	(28,917)	(111,901)
Unrealized foreign exchange loss (gain) (Note 6)	**1,820**	3,931	(3,029)
Gain on:			
Sale of financial asset at FVOCI (Note 10)	-	(220,000)	-
Reclassification of investment in associate to financial assets at FVOCI (Note 10)	-	-	(2,613,537,267)
Deemed disposal of investment in associate (Note 11)	-	-	(186,436,244)
Sale of investment in associate (Note 11)	-	-	(78,968,491)
Exchange differences on translation of foreign operations of associate	-	-	9,337,832
Equity in net loss of associate (Note 11)	-	-	760,596
Operating loss before working capital changes	**(16,749,767)**	(24,492,305)	(24,223,221)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables (Note 7)	**4,754,584**	(2,053,509)	(3,580,344)
Other current assets (Note 9)	**(685,283)**	(9,050,758)	(217,165)
Increase (decrease) in trade and other payables (Note 15)	**(11,009,792)**	4,585,221	(4,707,330)
Cash used in operations	**(23,690,258)**	(31,011,351)	(32,728,060)
Interest received (Note 6)	**1,827**	28,917	111,901
Income taxes paid	**(178,888)**	(956)	(292,140)
Net cash used in operating activities	**(23,867,319)**	(30,983,390)	(32,908,299)

(Forward)

(Carryforward)

	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Collections from related parties (Note 16)	**₱ 20,547,225**	₱ 38,071,311	₱ 37,556,012
Advances made to related parties (Note 16)	**(7,403,179)**	(31,962,293)	(150,342,991)
Increase in deposit for land acquisition (Note 8)	–	(4,000,000)	(4,600,000)
Proceeds from sale of:			
Financial asset at FVOCI (Note 10)	–	2,190,000	–
Investment in associate (Note 11)	–	–	88,856,878
Additions to property and equipment (Note 13)	–	(257,360)	(38,906)
Net cash provided by (used in) investing activities	**13,144,046**	4,041,658	(28,569,007)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties (Note 16)	**12,313,789**	7,814,924	76,686,015
Payments to related parties (Note 16)	**(1,626,336)**	(36,901,907)	(5,380,589)
Collection of stock subscriptions	**1,500,000**	–	–
Increase in noncontrolling interest	**1,733**	–	–
Issuance of shares	**1**	–	–
Additional deposits for future stock subscription (Note 16)	–	44,821,275	–
Net cash provided by financing activities	**12,189,187**	15,734,292	71,305,426
EFFECT OF EXCHANGE RATE CHANGES IN CASH	**(1,820)**	(3,931)	3,029
NET INCREASE (DECREASE) IN CASH	**1,464,094**	(11,211,371)	9,831,149
CASH AT BEGINNING OF YEAR (Note 6)	**1,320,074**	12,531,445	2,700,296
CASH AT END OF YEAR (Note 6)	**₱ 2,784,168**	₱ 1,320,074	₱ 12,531,445

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. Corporate Information

Greenergy Holdings Incorporated ("GHI" or the Parent Company) was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, the SEC approved the amendment of its Articles of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly-listed in the Philippine Stock Exchange (PSE) under ticker symbol "GREEN".

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property, and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that GHI shall not engage as stock brokers or dealers in securities.

The Parent Company and its subsidiaries (collectively referred to as the "Group") are involved in diversified industries such as renewable energy and waste recycling projects, food and agriculture, information technology, fintech, biotech, green infrastructure, and transient oriented property development. The Group plans to invest in green and sustainable projects and aims to become a carbon neutral company by the year 2030 under vision #GREEN2030.

The Parent Company's registered address and principal place of business is at 54 National Road, Dampol II-A, Pulilan, Bulacan 3005, Philippines.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Subsidiary	Country of incorporation	Nature of business	Principal place of business	Ownership 2020	Ownership 2019
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable Energy System	Pulilan, Bulacan	**100.00%**	100.00%
Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100.00%**	100.00%
Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real Estate and Agriculture	Makati City	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Philippines	Information Technology	Makati City	**51.00%**	51.00%
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51.00%**	51.00%
Yakuru Group Pty. Limited (YGPL)	Australia	Professional, Scientific and technical Services	New South Wales, Australia	**51.00%**	-

Going Concern

The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue towards increasing revenues and improving operations despite significant losses incurred over the years. The Group shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management facility and information technology.

In view thereof, the Parent Company has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas since 2019. The Parent Company plans to invest in green and sustainable projects and aims to become a carbon neutral company by the year 2030 under vision #GREEN2030.As a result, the Parent Company has the following business activities:

A. On March 25, 2021, the Parent Company executed a Memorandum of Agreement (the "MOA") with Ala Eh Knit, Inc. ("Ala Eh"), an affiliate of Abacore Capital Holdings, Inc., ("ABA") for the development and operation of a logistics center and food terminal in a three-hectare property in Barangay Santa Rita, Aplaya, Batangas City (the "Property").

   Under the MOA, Ala Eh shall amend its Articles of Incorporation as follows:
   1. Increase its authorized capital stock to ₱1,500,000,000 (the "Increase");
   2. Change its primary purpose to allow it to engage in the business of operating, managing, leasing, and developing the Logistic Center and the Food Terminal Complex; and
   3. Change its corporate name.

   The existing shareholders of Ala Eh shall likewise infuse the Property into Ala Eh in exchange for such number of shares equivalent to 40% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the existing shareholders' intended subscription is Six Hundred Million Pesos (₱600,000,000). The Parent Company, on the other hand, shall subscribe to such number of shares equivalent to 60% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the Parent Company's intended subscription is Nine Hundred Million Pesos (₱900,000,000). The Parent Company shall manage the construction, development and operation of the Logistics Center consisting of cold and dry storage facilities, agri-processing facilities and other facilities that are necessary for marketing and procurement activities.

   As at April 28, 2021, pursuant to the MOA, the Parent Company and Ala Eh are still in discussion on the most tax efficient manner of infusing the Property into Ala Eh. Once the parties have agreed on said manner of transfer, Ala Eh shall proceed to get the necessary approvals from its Board of Directors, stockholders, the SEC, and other relevant regulatory agencies, if any, to implement the transactions contemplated under the MOA (e.g., amendments of the Articles of Incorporation, infusion of the Property, execution of subscription agreement, etc.).

B. On March 1, 2021, the Parent Company, ABS-CBN Corporation ("ABS-CBN") and iBayad Online Ventures, Inc. ("iBayad") executed a legally binding Term Sheet for the acquisition by the Parent Company of fifty-one million (51,000,000) fully paid common shares of U-Pay Digital Technologies, Inc. ("U-Pay") from ABS-CBN which would result in the Parent Company owning fifty-one percent (51%) of the outstanding capital stock of U-Pay (the "Transaction"). The Parent Company shall pay the total amount of Fifty-Four Million Pesos (₱54,000,000) as consideration for the Transaction.

Under the Term Sheet, iBayad shall provide expertise in financial technology, programs and software applications it has developed and will develop for U-Pay, including the service and maintenance thereof. Further, the execution of the definitive agreements is conditioned on a satisfactory legal, financial and environmental, social and governance due diligence by the Parent Company. The Parent Company is given 45 days from execution of the Term Sheet within which to complete the due diligence. The Transaction is also subject to approvals of pertinent government authorities.

U-Pay is a fintech company engaged in the business of customer and merchant e-wallet/e-money services and other related services, operating a platform therefor, as well as advertising, producing, distributing, and marketing products and services that are connected to the operations of said business. It has a Type "C" E-Money Issuer license issued by the Bangko Sentral ng Pilipinas and duly registered to operate as a Remittance and Transfer Company."

The closing of the agreement is extended until May 15, 2021 due to community quarantines imposed in the country.

C. On February 24, 2021, the Parent Company executed a Subscription Agreement with Ocean Biochemistry Technology Research, Inc. ("OBTRI") wherein the Parent Company subscribed to thirty-seven thousand five hundred (37,500) primary common shares of OBTRI from the unissued portion of the latter's outstanding capital stock with a subscription price per share of One Hundred Pesos (₱100) or an aggregate subscription price of Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000) ("Subscription Price"). The Parent Company has paid 25% of the Subscription Price upon execution of the Subscription Agreement while the balance shall be paid upon call by the Board of Directors of OBTRI. Upon issuance of the shares, the Parent Company shall hold 60% of the total issued and outstanding shares of OBTRI.

   OBTRI is a domestic corporation engaged in the business of manufacturing and trading. Upon compliance with the relevant regulatory requirements, it intends to engage in manufacturing and trading of pharmaceutical, nutraceutical and alternative medicine and will secure a registration with the Food and Drug Administration. It is 51% owned by M2000 Imex Company, Inc., a wholly-owned subsidiary of AgriNurture, Inc., prior to the Parent Company's subscription."

D. On January 26, 2021, the Parent Company executed a Memorandum of Agreement (the "Agreement") with ITBS Information Technology Business Solutions Corp. ("ITBS") for the integration of ePitaka, a payment platform system for financial transactions developed by the Parent Company's related parties, with ITBS' Smart Country Ecosystem's electronic Know Your Citizen platform installed by ITBS in various local government units in the Philippines. The Agreement has a term of three years with an option to renew for another two years upon expiration of the original term.

E. On April 11, 2019, the Parent Company entered into an International Distributorship Agreement (IDA) with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. On April 10, 2020, the Agreement was extended for a period of 30 days or until May 10, 2020. On May 11, 2020, the parties mutually agreed to have the Parent Company, through its wholly-owned subsidiary, Winsun Green Ventures, Inc. (WGVI), continue as distributor of Hanergy's solar products in the Philippines. On the same date, WGVI and Hanergy Thin Film Power Asia Pacific Limited executed an International Distributorship Agreement.

F. On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold 51% equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

G. On July 17, 2019, the Parent Company also entered into a Memorandum of Agreement (MOA) with RYM Business Management Corp. ("RYM") and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock (the "Investment"). The Investment is subject to verification and validation by RYM of the titles and ownership rights of the landowners.

   On October 15, 2019, the Parties agreed to the extension of the prescribed periods provided in the Agreement. However, upon review of the pertinent documents related to the parcels of land and the investment, additional period is required to finalize the due diligence audit, to complete the appraisal report, and to implement the investment. In view thereof, on July 1, 2020, the Parties have agreed to further extend the following period in relation to the MOA:
   1. An additional period of one hundred eighty (180) days from July 1, 2020 for the validation and verification of titles and the issuance of the appraised reports;
   2. An additional period of two hundred ten (210) days from July 1, 2020 to execute the first (1st) tranche of the Investment; and
   3. An additional period of two hundred forty (240) days from July 1, 2020 to execute the second (2nd) tranche of the Investment.

   However, on December 28, 2020 the Parent Company and RYM have decided to no longer pursue the transaction contemplated under the MOA due to the impact of the COVID-19 pandemic, the resulting prolonged community quarantine, and the effect thereof on real estate property businesses.

With the above investments, the management of the Parent Company assessed that the going concern assumption remains to be appropriate as the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result from the outcome of this uncertainty.

<u>Subsidiaries</u>
The principal activities of the subsidiaries are as follows:

<u>SREDC</u>
SREDC's principal activity is in real estate and agriculture. The Parent Company owns 62.39% of the subsidiary. In 2019, the Parent Company provided for impairment loss on the investment amounting to ₱7.3 million. Additional impairment loss was provided in 2020 amounting to ₱32.5 million.

<u>WGVI</u>
WGVI was incorporated on June 22, 2012 with the primary purpose engaging in the business of renewable energy projects. WGVI has a capital deficiency amounting to ₱66.7 million and ₱66.8 million as at December 31, 2020 and 2019, respectively. It started its commercial operation in 2020.

On February 22, 2019, the BOD authorized the Parent Company to make an additional investment up to ₱100 million to finance the latter's "green" projects involving solar power and liquefied natural gas. As of December 31, 2020, the additional investment is not yet made.

On May 10, 2020, WGVI executed an International Distributorship Agreement ("Agreement") with Hanergy Thin Film Power Asia Pacific Limited to be the latter's distributor of its solar products in the Philippines. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. WGVI recognized ₱6.7 million revenue from this agreement in 2020.

TWMRSI

TMWRSI is 51% owned by the Parent Company. It was incorporated primarily to engage in the business of waste management facility. In 2013, the Parent Company advanced ₱235.0 million to TWMRSI, which was used to acquire machinery and equipment and steel structure for the latter's waste recycling project located in Valenzuela City and which was initially expected to be in full operation in 2014. However, as at December 31, 2020, TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located. Consequently, in 2014, the Parent Company's investment was provided with full allowance as the management believed that investment is already impaired.

ADHI

ADHI, a wholly-owned subsidiary of the Parent Company, was incorporated on June 17, 2014 to operate as a holding company for the Parent Company's agricultural portfolio. ADHI has a capital deficiency amounting to ₱320,114 and ₱270,573 as at December 31, 2020 and 2019, respectively. In 2017, the Parent Company's investment was provided with full allowance as management believed that it was already impaired. As at December 31, 2020, ADHI has not yet started its commercial operations.

LSTI

LSTI, a 51% owned subsidiary of the Parent Company, was registered with the SEC on August 14, 2014 to engage in the business of information and communications technology. LSTI has a capital deficiency amounting to ₱116,998 and ₱55,184 as at December 31, 2020 and 2019, respectively. In 2017, the Parent Company provided full allowance on the investment as management believed that it was already impaired. As at December 31, 2020, LSTI has not yet started its commercial operations.

YGPL

On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold fifty-one percent (51%) equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL started its operations in the last quarter of 2020 and shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

Approval of consolidated financial statements

The consolidated financial statements as at and for the year ended December 31, 2020 and 2019 were approved and authorized for issue by the BOD on April 28, 2021.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income (FVOCI) which is measured at fair value. The Group presents all items of income and expenses in a single statement of comprehensive income. These consolidated financial statements and notes are presented in Philippine Peso, which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes the statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

Principles of Consolidation
The consolidated financial statements of the Group comprise the accounts of the Parent Company and its subsidiaries where the Parent Company has control.

Specifically, the Parent controls an investee if it 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 has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangement; and
- the Group's voting rights and potential voting rights.

The Parent re-assesses its control over 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 on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

When the Parent loses control over a subsidiary, at the date when control is lost, it: (a) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount; (b) derecognizes the carrying amount of any noncontrolling interests including any components of other comprehensive income attributable to them; (c) recognizes the fair value of the consideration received; (d) recognizes the fair value of any investment retained in the former subsidiary at its fair value; (e) accounts for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities; and (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the Parent.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Non-controlling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income (loss) and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of Parent Company.

Noncontrolling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with noncontrolling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

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

3. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the applicable amended accounting standards that became effective in the current year. Unless otherwise indicated, the following amended PAS and PFRS that became effective in 2020 do not have any significant impact on the Group's financial statements or are not applicable to the Group.

<u>Adopted but Did Not Have Significant Impact on the Financial Statements</u>

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. An amendment to PFRS 16, *Leases* provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  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 PRFSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

The amendments clarify when information is material and incorporate some of the guidance in PAS 1 about immaterial information. In particular, the amendments clarify:

- o that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- o the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of financial information they need.

- Revised Conceptual Framework for Financial Reporting

  The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes are made to any of the current accounting standards. The Group has assessed that its accounting policies are still appropriate under the revised framework.

<u>New and Amended Standards Issued but not yet Effective</u>
Standards issued but not yet effective up to the date of the Group's financial statements are listed below. Unless otherwise indicated, the Group does not expect that the adoption of these new and amended standards to have significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

<u>Effective in 2021</u>

- PFRS 17, *Insurance Contracts*

  This standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

  This standard is not applicable to the Group as it has no insurance contracts.

<u>Effective in 2022</u>
These are effective on or after January 1, 2022. Earlier adoption is permitted.

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

  The amendments specify that the cost of fulfilling a contract comprises those that relate directly to the contract, which can either be incremental costs or an allocation of other costs that relate directly to fulfilling contracts. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparative financial statements are not restated.

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

  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling and the cost of producing such items in profit or loss. An entity applies the amendments retrospectively on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments update a reference to the Conceptual Framework as this would cause conflicts for entities applying PFRS 3. Potential conflicts occur as the definition of assets and liabilities in the 2018 Framework differ from those in the 1989 Framework potentially leading to day 2 gains or losses post-acquisition for some balances recognized. An exception has been added to the requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

- Annual Improvements to PFRS Standards 2018-2020 Cycle
  - Amendments to PFRS 1, *Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Fees in the '10 Percent' Test for Derecognition of Financial Liabilities*
  - Amendments to PFRS 16, *Lease Incentives*
  - Amendments to PAS 41, *Taxation in Fair Value Measurements*

Effective in 2023
- Amendments to PFRS 17, Insurance Contracts
- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

Deferred
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

No mandatory effective date
PFRS 9, *Financial Instruments* (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)

The Group will continue to assess the relevance and impact of the above standards, amendments and improvements to standards, and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Group's financial statements when these are adopted.

4. **Summary of Significant Accounting and Financial Reporting Policies**

The principal accounting and financial reporting policies adopted in preparing the financial statements of the Group are summarized below and in the succeeding pages the policies have been consistently applied to all years presented unless otherwise stated.

Current and Noncurrent Classification
The Group presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading and rendering the service,
- expected to be realized within twelve months after the reporting period,
- expected to be settled on demand, or
- cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets, including deferred tax assets are classified as noncurrent.

A liability is current when:
- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading and rendering the service,
- it is due to be settled within twelve months after the reporting period,
- it is expected to be settled on demand, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities, including deferred tax liabilities are classified as noncurrent.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the 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 nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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 assets or liabilities and the level of the fair value hierarchy.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where an unobservable data is used, the difference between the transaction price and model value is only recognized in the statements of comprehensive income (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.

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

Initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL, if any, are expensed in profit or loss.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument with similar maturities. Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

Classification of financial assets
The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- Those to be measured at amortized cost.

Financial assets at FVOCI
Financial assets at FVOCI comprise:
- Equity instruments
  Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to be recognized in this category. These are strategic investments and the Group considers this classification to be more relevant. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group classifies its investment in shares of stocks as financial asset at FVOCI as at December 31, 2020 and 2019 (see Note 10).

- Debt instruments
  Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Group has no debt instruments at FVOCI as at December 31, 2020 and 2019.

Financial assets at FVPL
The Group classifies the following financial assets at FVPL:
- debt investments that do not qualify for measurement at either amortized cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statements of profit or loss when the right of payment has been established.

The Group has no financial assets at FVPL as at December 31, 2020 and 2019.

Financial assets at amortized cost
The amortized cost of a financial asset is the present value of future cash receipts discounted at the effective interest rate. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This classification includes the Group's cash, nontrade receivables and due from related parties as at December 31, 2020 and 2019 (see Notes 6, 7 and 16).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Subsequent measurement of financial assets

- Debt instruments
  There are three measurement categories into which the Group classifies its debt instruments:

  - *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in the statements of profit or loss. Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

  - *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in the statements of profit or loss.

  - *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains and losses in the period in which it arises.

- Equity instruments
  The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based in the difference between the contractual cash flows due in accordance with the contract and all the cash flows of that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

In measuring ECL, the Group must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence;
- Discounting for the time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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).

The Group may apply the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the trade receivable and contract assets, if any. It also allows the Group to use a simplified "provision matrix" for calculating expected losses. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Forward-looking information are considered as economic inputs, such as gross domestic product (GDP) or gross national income (GNI), exchange rate, interest rate, inflation rate and other economic indicators.

For cash in banks, nontrade receivables and due from related parties, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks, nontrade receivables and due from related parties since initial recognition.

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Classification and subsequent measurement of financial liabilities
The Group classifies its financial liabilities in the following categories:

- *Financial Liabilities at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or the Group elects to designate a financial liability under this category. Financial liabilities at FVPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

  As at December 31, 2020 and 2019, the Group has no financial liabilities at FVPL.

- *Financial liabilities at amortized cost*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables) or borrowing (e.g. long-term debt). The financial liabilities are initially recorded at fair value less directly attributable transaction costs.

  After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains and losses on derecognition are also recognized in profit or loss.

  As at December 31, 2020 and 2019, this category includes the Group's trade and other payables (except for government payables) and due to related parties (see Notes 15 and 16).

Short-term payables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

The classification depends on the purpose for which the financial liabilities are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

Derecognition of Financial Instruments
Financial assets
A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all 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 of an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the assets, 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.

On disposal of debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss. On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the 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 amounts is recognized in profit or loss.

Classification of Financial Instrument between Debt and Equity
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses. A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Group's consolidated statements 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Group's consolidated statements of financial position.

Advances to Officers and Employees
Advances represent amount advanced to officers and employees for business expenses subject for liquidation on which future economic benefits are expected to flow to the Group within the normal operating cycle or within 12 months form the end of financial reporting period. These are initially recorded at actual cash advanced to officers and employees and are subsequently applied against actual purchases of related assets, costs or expenses incurred.

Other Current Assets
This account comprises the following:
- *Prepayments* are costs and expenses which are paid in advance of actually incurring them and regularly recurring in the normal course of the business. Prepaid expenses are initially recorded at actual amount paid for expenses and are amortized as the benefits of the payments are received by the Group and are charged to expense in the applicable period of expiration.
- *Input value added tax (VAT)* represents VAT imposed on the Group by its suppliers for the accuisition of goods and services as required by the Philippine taxation laws and regulations. Input VAT is presented as current asset and will be used to offset against the Group's current output VAT liabilities, if any. Input VAT is initially recognized at cost (actual amount paid for) and subsequently stated at its net recoverable amount (unutilized amount of input VAT less impairment). Input VAT that is considered not recoverable permanently is derecognized and written-off to expense.

Advances for Waste Recycling Project
Advances for waste recycling project are initially recorded at cost and subsequently stated at cost less any impairment in value. The advances are mainly for the acquisitions of steel structures, machinery and equipment to be used for the construction of waste recycling facilities. The facilities will be transferred to property and equipment and shall be subject to depreciation and impairment upon their completion and put into operation.

Deposits for Land Acquisition
Deposit for land acquisition mainly represents usufruct rights over a property. This is initially recorded at the cash amount deposited and subsequently stated at cost, less impairment losses, if any.

Investment Properties
Investment property pertains to properties held for capital appreciation. These are initially recorded at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing property at the time the costs are incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment property. Subsequent to initial recognition, investment property is carried at cost less any impairment in value.

Investment property is derecognized when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected to arise from the continued use of the properties. Any gain or loss on the retirement or disposal of said properties are recognized in the statements of profit or loss in the year of retirement or disposal.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or, (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment properties are measured at the carrying value of the assets transferred.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of property and equipment 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
Building and improvements	25
Land improvements	15
Transportation equipment and machineries	5
Furniture, fixtures and office equipment	5
Bearer assets	5

The estimated recoverable reserves, useful lives and depreciation and amortization methods are reviewed periodically to ensure the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group's consolidated statements of comprehensive income (loss) in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Fully depreciated assets that are still being used in the operations continue to be carried in the books.

Impairment of Nonfinancial Assets
An assessment is made at each financial reporting period to determine whether there is any indication of impairment of nonfinancial assets. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's value in use and its net selling price. Estimating the value in use amount requires management to make an estimate of the expected future cash flows and to choose a suitable discount rate in order to calculate the present value of those cash flows. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and (d) other related parties such as directors, officers and stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Equity
- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.
- *Subscriptions receivable* pertains to the uncollected portion of subscribed and paid, or issued.
- *Cumulative fair value gain (loss)* on fair market value of financial asset at FVOCI are recognized immediately in other comprehensive income in equity in the period in which they arise and cannot be reclassified to profit or loss in subsequent periods.
- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Group's consolidated statements of comprehensive income (loss).

Deposit for Future Stocks Subscription
Deposit for future stocks subscription represents funds received by the Group from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock. Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for future stocks subscription as part of equity if and only if, all of the following elements are present as at the end of the period:
- The unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Basic Earnings (Loss) per share (EPS)
EPS is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded using the functional currency exchange rates prevailing at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the closing functional currency exchange rate at the end of financial reporting date. All differences are taken to the consolidated statements of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Revenue Recognition
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Group and the revenue, related cost incurred or to be incurred/cost to complete the transactions can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue excludes any value added tax.

The following specific revenue recognition criteria must also be met before revenue is recognized:

- *Agri-tourism revenue* is recognized when the related service is rendered.
- *Sale of fruits and vegetables* in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of trade discounts, if any.
- *Sale of goods* is recognized at point in time when the control of the products has been transferred, that is when the products have been delivered to the buyer. Delivery does not occur until the products have been shipped to the specified location and the risks of obsolescence and loss have been transferred to the buyer.
- *Rental income* is recognized on a straight-line basis over the term of the lease.
- *Gain on sale of asset* is recognized when the sale transactions occur.

- *Interest income,* which is presented net of final taxes paid or withheld, is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.
- *Realized gains and losses* are recognized when the sale transaction occurs.
- *Other income* is recognized when earned or realized.

Cost and Expense Recognition

Cost of sales is recognized when goods are sold upon delivery to buyers and as cost of services are incurred. Operating and other expenses which include expenses that are related to administering and operating the business are expensed upon utilization of the service or at the date they are incurred. Interest and similar expenses are reported on accrual basis.

Employee Benefits

- *Short-term benefits*

  Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, SSS, PHIC and HDMF contributions, short-term compensated absences, bonuses and nonmonetary benefits.

- *Retirement Benefits*

  The Group does not have a formal retirement benefit plan. However, the Group will provide retirement benefits in compliance with Republic Act (RA) 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

Income Taxes

Income taxes represent the sum of the tax currently due and deferred tax.

Current tax

The tax currently due is based on taxable income for the year. Taxable income differs from income as reported in the Group's consolidated statements of comprehensive income (loss) because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rate that have been enacted or substantively enacted at the end of each financial reporting period.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of each financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled. The carrying amount of deferred tax asset is reviewed at the end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Income tax relating to items recognized directly in equity is recognized in equity and not in the Group's consolidated statements of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Leases
The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the asset. If the Group has the right to control the use of an identified asset only for a portion of the term of the contract, the contract contains a lease for that portion of the term.

Group as a lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes 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.

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental expenses under operating leases are recognized as expense in the profit or loss on a straight-line basis over the term of the lease.

A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that 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 specified asset; and
d. There is a substantial change in the asset.

Where 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) above, and at the date of renewal or extension period for scenario (b).

Segment Reporting
For management purposes, the Group is organized into operating segments according to the nature of the sales and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in the consolidated financial statements (see Note 27).

Provisions
Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of financial reporting period and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events after the End of Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of financial reporting period, if any, are reflected in the consolidated financial statements. However, post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the consolidated financial statements.

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:

- *Assessment of Going Concern*
  Management has made an assessment of the Group's ability to continue as going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Also, the Group has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas. With these investments, the management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans. Therefore, the consolidated financial statements continue to be prepared on a going concern basis (see Note 1).

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Group regularly reassesses whether its control over an investee in facts and circumstances indicate that there are changes to one or more of the three elements of control as discussed in Note 2. The Group determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Classification of Financial Instruments and Measurement Criteria*
  The Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Operating and Finance Leases*
  The Group has entered into a lease agreement as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

  As at December 31, 2020 and 2019, the Group's lease agreement is an operating lease.

- *Determination of Fair Value of Financial Instruments*
  The Group carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Group's financial instruments as at December 31, 2020 and 2019 is shown in Note 24.

- *Assessment of Retirement Liability*
  Management has reviewed its obligation for retirement benefit costs in view of the requirements under Republic Act (RA) 7641. Management has assessed that the current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits.

  Accordingly, no provision for retirement benefit costs is recognized in the financial statements as at December 31, 2020 and 2019.

  Management, however, will continue to have a yearly assessment of its obligation, if any, to pay retirement benefit costs.

- *Identification of Contract with Customers under PFRS 15*
  The Group has approved purchase orders with customers constituting valid contracts as specific details such as quantity, price, contract terms and their specific obligations are clearly identified. 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 products that will be transferred to the customers.

- *Identifying Performance Obligations*
  The Group identifies performance obligations by considering whether the promised goods in the contract are distinct goods. A good is distinct when the customer can benefit from the good on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good to the customer is separately identifiable from the other promises in the contract.

  The performance obligation of the Group is satisfied at a point in time when the control of the products has been transferred, that is when the products have been delivered to the buyer. Delivery does not occur until the products have been shipped to the specified location and the risks of loss have been transferred to the buyer.

Estimates
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received, discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high.

  Accordingly, additional impairment of receivables from related parties were provided in 2020 and 2019 amounting to ₱8.6 million and ₱23.7 million, respectively (see Note 16). Allowance for impairment of nontrade receivables amounting to ₱0.03 million and ₱3.4 million were recognized in 2020 and 2019, respectively. Nontrade receivables amounting to ₱140,890 were directly written off in 2018 (see Note 7).

  The Group's allowance for impairment on financial assets amounted to ₱83.8 million and ₱79.6 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 16).

  The carrying values of financial assets as at December 31, 2020 and 2019 are shown in Notes 6, 7 and 16.

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews its nonfinancial assets included in advances to officers and employees, other current assets, deposits for land acquisition, advances for waste recycling project, investment properties, property and equipment for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price and 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 its nonfinancial assets included in receivables, other current assets, deposits for land acquisition, advances for waste recycling project, investment properties, property and equipment.

  The Group's allowance for impairment loss for nonfinancial assets follow:

	2020	2019
Advances for waste recycling project (Note 12)	**₱235,008,036**	₱235,008,036
Input VAT (Note 9)	**9,381,384**	559,169
Investment property (Note 14)	**737,095**	737,095
Total	**₱245,126,515**	₱236,304,300

  Accounts written off amounted to ₱581,377 in 2020 and ₱28,656 in 2019 (see Note 9).

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets, if any. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. Any reduction in the estimated useful lives of property and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  There are no changes in the useful lives of the property and equipment in 2020 and 2019.

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset and liability was recognized in the Group's consolidated financial statements as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provisions for Contingencies*
  The Group is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Group has no provisions as at December 31, 2020 and 2019.

6. Cash

This account consists of:

	2020	2019
Cash on hand	**₱1,500,000**	₱–
Savings and current deposits	**1,234,168**	1,270,074
Petty cash	**50,000**	50,000
	₱2,784,168	₱1,320,074

Cash on hand represents undeposited collection of capital stock subscriptions.

Savings and current accounts generally earn interest based on prevailing respective bank deposit rates of less than 1% annually.

Interest income on cash in banks recognized in profit or loss in the Group's consolidated statements of comprehensive income (loss) amounted to ₱1,827 in 2020, ₱28,917 in 2019 and ₱111,901 in 2018. Interest income in 2019 and 2018 include interest earned by the cash equivalent which pertains to time deposit made for a period of three months and earns interest at 2.75% which matured in February 2019.

Cash in banks denominated in foreign currency with Peso equivalents are as follows:

	Foreign currency	Peso
2020	**US$2,498**	**₱119,986**
	EU500	**29,345**
2019	US$1,078	₱54,683
	EU500	28,176

The above balances were translated using the prevailing exchange rates as of December 31, 2020 and 2019:

	2020	2019
US Dollar	**48.04**	50.74
Euro	**58.69**	56.35

Foreign exchange gain (loss) amounted to (₱1,820) in 2020, (₱3,931) in 2019, and ₱3,029 in 2018.

7. Receivables

This account consists of:

	2020	2019
Nontrade receivables	**₱252,168,352**	₱251,757,957
Advances to officers and employees	**6,210**	5,171,188
	252,174,562	256,929,145
Allowance for impairment loss:		
Nontrade receivables	**(328,845)**	(1,253,070)
Advances to officers and employees	**–**	(3,479,936)
	₱251,845,717	₱252,196,139

Nontrade receivables pertain to the unsecured, noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) was subsequently assigned by TLCIF to Zongshan Fucang Trade Co. Ltd. (ZFTC) on December 29, 2014, subject to the consent of the Parent Company. Nontrade receivable also include rent receivable (see Note 18).

The Parent Company agreed to the assignment of receivables to ZFTC under the following terms and conditions:

a. ZFTCL shall pay the nontrade receivables on or before December 31, 2016 in cash and non-cash assets acceptable to the Parent Company; and
b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTC and the Parent Company.

In 2019, the Parent Company and ZFTC agreed to convert these receivables into an investment with a particular interest. As at December 31, 2020, conversion is still in process.

Advances to officers and employees are unsecured and noninterest-bearing advances made for various business-related expenses which are subject to liquidation. Impaired advances to employees amounting to ₱347,627 as at December 31, 2017 were written off in 2018. Furthermore, nontrade receivable amounting to ₱140,890 was directly written off in 2018.

The movement of allowance for impairment losses is shown below:

	2020	2019	2018
Balance at beginning of year	**₱4,733,006**	₱1,285,933	₱347,627
Reversal of provision	**(4,733,006)**	–	–
Provision	**328,845**	3,447,073	1,285,933
Write off	–	–	(347,627)
Balance at end of year	**₱328,845**	₱4,733,006	₱1,285,933

All receivables are unsecured and noninterest bearing.

8. Deposits for Land Acquisition

On January 18, 2013, the Group, through SREDC, entered into an agreement (the "Agreement") with Mr. Laureano R. Gregorio Jr. ("Mr. Gregorio"), a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, which is currently the site of the Park. The initial total consideration was ₱400.0 million to be settled based on the deliverables of Mr. Gregorio. The consideration shall be adjusted depending on the fair market value of the Park as may be determined by a mutually acceptable appraisal company.

A partial payment consisting of ₱6.0 million paid on January 28, 2013 and ₱5.0 million on July 2, 2014, recognized as deposit for land acquisition, was made. Pending the delivery of the documents and titles evidencing the real and enforceable rights over the Park which shall be delivered within two (2) years from the date of agreement, SREDC was granted usufructuary rights over the property. The parties may, however, agree to extend the period as the circumstances may warrant.

The fair value of the Park as at February 8, 2013 is ₱446.1 million which is based on the appraised value made by an independent appraiser as stated in its appraisal report dated February 20, 2013. On March 19, 2013, SREDC and Mr. Gregorio agreed to change the total consideration from its initial consideration of ₱400.0 million to ₱446.1 million based on the appraised value.

The details of the appraised value are as follows:

Land (150 hectares at ₱1.8 million per hectare or ₱180 per sq. m.)	₱270,000,000
Buildings	75,823,000
Other land improvements	100,250,000
	₱446,073,000

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which included the construction and operation of at most sixty (60) greenhouses for high value crops and a twenty (20) - hectare asparagus farm. In connection with this, the BOD approved to advance ₱200.0 million to one of SREDC's stockholders to be adjusted as may be deemed appropriate.

The advances made by SREDC to its stockholder totaling ₱446.1 million in 2014 were made subject to liquidation for the following purposes (see Note 16):

a. To cover the post-dated checks issued by the stockholder as payment to Mr. Gregorio for the Park pursuant to the Agreement.
b. To pay for the improvements that will be acquired and introduced on the Park.
c. To pay for the day-to-day operations of the Park.

On December 10, 2014, the Agreement between Mr. Gregorio and the SREDC was extended for another three years or until January 17, 2018. No liquidation was made until January 17, 2018. To allow Mr. Gregorio more time to meet the conditions of the Agreement, on January 5, 2018, the Agreement was extended for another five years from January 17, 2018 or until January 16, 2023.

Moreover, the parties agreed to defer the encashment of the post-dated checks issued as payment for the Park since the payments are dependent on the fulfillment of the conditions of contract. In 2015, the stockholder paid for the improvements made in the Park, including the construction of thirty (30) greenhouses with an estimated cost of ₱10.5 million.

In 2019, land costing ₱63,360,000 was acquired through liquidation of the advances made to stockholder (see Note 13). There are no liquidations in 2020.

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners he represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. Accordingly, the Parent Company made a deposit amounting to ₱4.6 million in 2018. In September 2019, the Parent Company made an additional investment amounting to ₱4.0 million.

9. Other Current Assets

This account consists of:

	2020	2019
Input VAT	**₱9,381,384**	₱9,807,436
Prepaid tax	**19,790**	33,230
	9,401,174	9,840,666
Less allowance for impairment on input VAT	**9,381,384**	559,169
	₱19,790	₱9,281,497

Impaired input VAT amounting to ₱581,377 in 2020 and ₱28,656 in 2019 were written off. Previously impaired input VAT amounting ₱15,771 was reversed in 2020.

10. Financial Assets at FVOCI

The rollforward analysis of this accounts is shown below:

	2020	2019	2018
Balance at beginning of year	**₱2,461,005,166**	₱3,101,013,543	₱370,000
Fair value loss during the year	**(1,002,631,734)**	(638,038,377)	1,600,000
Disposal during the year	–	(1,970,000)	–
Additions during the year by way of reclassification	–	–	3,099,043,543
Balance at end of year	**₱1,458,373,432**	₱2,461,005,166	₱3,101,013,543

Financial asset at FVOCI pertain to investment in shares of stocks of AgriNurture, Inc. (ANI), a former associate (see Note 11). The fair value of this investment amounted to ₱1.5 billion at ₱8 per share as at December 31, 2020 and ₱2.5 billion at ₱13.5 per share as at December 31, 2019 based on the quoted price published by the PSE.

In 2020, the Parent Company invested in Mabuhay Holdings Corporation amounting to ₱1.64 million. In the same year, the Parent Company sold the said investment at a gain of ₱86,578.

In 2018, investment in shares of stocks with carrying value of ₱1,970,000 as at December 31, 2018 which represent quoted equity investments of a 62.39% owned subsidiary acquired in 2014 was sold in 2019 for ₱2.2 million, recognizing a gain amounting to ₱220,000. Accordingly, cumulative fair value gain as at December 31, 2018 amounting to ₱970,000 previously recognized for these specific shares was reclassified to retained earnings.

On December 27, 2018, ANI increased its authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 1.9 billion common shares with par value of ₱1.00 per share. The Parent Company waived its right to subscribe additional shares. As a result, the Parent Company's ownership to ANI's was reduced to 17.90% consisting of 182,296,679 common shares (see Note 11). Accordingly, the investment was reclassified to financial asset at FVOCI in 2018.

Details of additions by way of reclassification in 2018 is shown below:

Carrying value at date of deemed disposal	₱485,506,276
Gain on reclassification of investment in associate to financial assets at FVOCI	2,613,537,267
Balance at end of year – as financial asset at FVOCI	₱3,099,043,543

Rollforward analysis of fair market value of this investment, which is shown as "Cumulative fair value gain (loss) on financial asset at FVOCI" in the equity section of the consolidated statements of financial position is shown below:

	2020	2019	2018
Balance at beginning of year	**(₱638,038,377)**	₱970,000	(₱630,000)
Fair value gain during the year	**(1,002,631,734)**	(638,038,377)	1,600,000
Reclassification to retained earnings due to disposal during the year	–	(970,000)	–
Balance at end of year	**(₱1,640,670,111)**	(₱638,038,377)	₱970,000

There are no financial assets at FVOCI that are pledged as securities for liabilities.

11. Investment in Associate

This pertains to investment in ANI, a company incorporated in the Philippines. The Group holds 188,125,379 shares or 30.26% equity ownership with carrying value amounting to ₱319,154,639 as at December 31, 2017. In May and June 2018, the Parent Company sold 5,828,700 shares of its investment in ANI for net proceeds of ₱88.9 million at an average price of ₱15.24 per share. Gain on sale recognized in the Group's consolidated statements of comprehensive income amounted to ₱79.0 million. The sale resulted to the decrease in the Parent Company's ownership in ANI from 28.16% to 23.73%.

Furthermore, the Parent Company waived its right to subscribe additional shares in ANI when the SEC approved ANI's increase in authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 2.0 billion common shares with par value of ₱1.00 per share on December 28, 2018. The investment was diluted to 17.90%, as a result of the waiver of its right to subscribe additional shares in 2018.

On the date the Parent Company's investment ceased to be an associate, it re-measured the investment balance at fair value. The Parent Company recognized as gain on reclassification of investment in associate to financial asset at FVOCI in profit or loss the difference between:

a. The fair value of the retained investment; and
b. The carrying amount of the investment (at cost) at the date when significant influence is lost.

As at December 31, 2018, the remaining investment in ANI at fair value is accounted for in accordance with PFRS 9. Accordingly, the fair value of the remaining investment in ANI was reclassified to financial asset at FVOCI (see Note 10). The fair value of the remaining investment at the date it ceases to be an associate is the amount recognized on initial recognition as financial asset at FVOCI.

There were no significant changes in the carrying value of the net assets of ANI from December 28 to 31, 2018 when the Parent Company's investment in ANI was reclassified from associate to financial asset at FVOCI as a result of dilution (see Note 10). Gain on reclassification of the investment recognized in profit or loss in the consolidated statements of comprehensive income (loss) amounted to ₱2.6 billion (see Note 10). The gain was mainly due to the different measurements between the two types of investments.

The rollforward analysis of the carrying value of this account in 2018 is shown below:

Balance at beginning of year	₱319,154,639
Carrying value of shares sold during the year	(9,888,387)
Equity in other comprehensive loss of an associate during the year	(9,435,624)
Equity in net loss of an associate	(760,596)
Carrying value of the remaining investment in ANI at date of cease of significant influence (deemed disposal)	299,070,032
Gain on deemed disposal	186,436,244
Gain on reclassification of investment in associate to financial asset at FVOCI	2,613,537,267
Fair value of the remaining investment in ANI at date of cease of significant influence	3,099,043,543
Reclassification of investment in associate to financial asset at FVOCI (see Note 10)	(3,099,043,543)
Balance at end of year	₱–

The fair value of remaining investment in ANI at the date it ceases to be an associate amounted to ₱3.10 billion based on the quoted price per share is the amount recognized on initial recognition as financial asset at FVOCI in 2018.

12. Advances for Waste Recycling Project

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machinery and equipment and steel structures for the construction of a wet process recovery system for solid waste (the "Facility"). These are currently stored for free in a warehouse owned by a director of the TWMRSI located in Valenzuela City. TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project site will be located.

On April 20, 2015, TWMRSI engaged the services of a third party to appraise the market value of the facility. The facility was appraised at ₱113,759,000. However, management believed that the cost of advances for the Facility may no longer be recovered. Accordingly, a full impairment provision was made in 2014.

13. Property and Equipment

The rollforward analysis of this account is shown below:

	2020						
	Land	Land improvements	Building improvements	Transportation equipment and machinery	Furniture, fixtures and office equipment	Bearer assets	Total
Cost:	₱64,001,278	₱55,720,907	₱45,515,296	₱13,529,242	₱159,119	₱4,032,131	₱182,957,973
Accumulated depreciation and amortization:							
Balance at beginning of year	–	7,722,056	12,203,726	6,741,783	159,119	1,612,852	28,439,536
Depreciation and amortization	–	3,714,727	6,099,386	2,265,378	–	806,426	12,885,917
Balance at end of year	–	11,436,783	18,303,112	9,007,161	159,119	2,419,278	41,325,453
Net book value	₱64,001,278	₱44,284,124	₱27,212,184	₱4,522,081	₱–	₱1,612,853	₱141,632,520

	2019						
	Land	Land improvements	Building improvements	Transportation equipment and machinery	Furniture, fixtures and office equipment	Bearer assets	Total
Cost:							
Balance at beginning of year	₱641,278	₱55,720,907	₱45,515,296	₱13,271,882	₱159,119	₱4,032,131	₱119,340,613
Additions during the year	63,360,000	–	–	257,360	–	–	63,617,360
Balance at end of year	64,001,278	55,720,907	45,515,296	13,529,242	159,119	4,032,131	182,957,973
Accumulated depreciation and amortization:							
Balance at beginning of year	–	4,007,329	6,104,339	4,520,929	155,720	806,426	15,594,743
Depreciation and amortization	–	3,714,727	6,099,387	2,220,854	3,399	806,426	12,844,793
Balance at end of year	–	7,722,056	12,203,726	6,741,783	159,119	1,612,852	28,439,536
Net book value	₱64,001,278	₱47,998,851	₱33,311,570	₱6,787,459	₱–	₱2,419,279	₱154,518,437

As at December 31, 2019, additions amounting to ₱63,360,000 pertain to the liquidation of the advances extended to one of the stockholders (see Note 8). Fully depreciated assets amounting to ₱2,454,419 are still being used in operations.

Depreciation and amortization expense for the years ended December 31, 2020, 2019 and 2018 are shown as part of general and administrative expenses in the Group's consolidated statements of comprehensive income (loss) (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as at December 31, 2020 and 2019 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be significantly impaired.

Also, there are no contractual commitments to purchase property and equipment and no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Group as at December 31, 2020 and 2019.

14. Investment Properties

As at December 31, 2020 and 2019 the account consists of the following:

Property	Location	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

Fair value of the property was not determined as at December 31, 2020. However, the management believes that there were no conditions present in 2020 and 2019 that would significantly reduce the recoverable values of investment property from its net carrying value and that fair value of the investment approximates its carrying value.

The Group's management had reviewed the carrying values of the investment properties for any impairment as at December 31, 2020 and 2019. Allowance for impairment amounted to ₱0.74 million as at December 31, 2020 and 2019.

There are no contractual commitments to purchase or construct investment property. There is also no investment property that are pledged as securities as at December 31, 2020 and 2019. Furthermore, there is no property whose tittle is restricted from use of the Group as at December 31, 2020 and 2019.

15. Trade and Other Payables

This account consists of:

	2020	2019
Trade	**₱87,767**	₱13,857,584
Government payables	**4,545,871**	4,524,783
Accrued expenses	**578,896**	484,580
Refundable deposit (Note 18)	**270,000**	270,000
Advances from officers and employees	**2,606,815**	78,526
	₱8,089,349	₱19,215,473

Trade payables are unsecured and noninterest-bearing which arise from purchases of materials, supplies and services in the ordinary course of business that are settled within 90 days.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Accrued expenses include accruals of professional fees, taxes and penalties.

Advances from officers and employees which are noninterest-bearing which arise from rendering of services to the Group are payable on demand.

All trade and other payables are unsecured and noninterest-bearing. Trade and other payables amounting to ₱116,332 in 2020 and ₱288,423 in 2019 were reversed.

16. Related Party Transactions

The Group entered into transactions with related parties. Details of these transactions follow:

a. The Group availed and extended unsecured noninterest-bearing cash advances from and to its related parties with no definite repayment dates for working capital requirements.

b. The Group extended noninterest-bearing and unsecured cash advances to one of its stockholders for the acquisition and development of the Park amounting to ₱446.1 million in 2014 (see Notes 1 and 8). In 2019, additional advances amounting to ₱9.97 million was extended, while settlement received amounted to ₱79.98 million. In 2020, settlement received amounted to ₱12.8 million.

c. As at December 31, 2020 and 2019 details and outstanding balances of due to and from related parties follow:

	2020	2019
Receivables		
Stockholders	**₱707,135,290**	₱726,054,930
Affiliates	**72,550,298**	66,774,704
	779,685,588	792,829,634
Allowance for impairment	**(83,574,369)**	(74,911,862)
	₱696,111,219	₱717,917,772
Payables		
Stockholders	**₱20,473,777**	₱66,952,128
Affiliates	**71,200,135**	14,034,331
	₱91,673,912	₱80,986,459

For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The rollforward analysis of related party accounts follow:

	2020	2019
Receivables		
Balance at beginning of year	**₱717,917,772**	₱811,115,326
Collections	**(20,547,225)**	(38,071,311)
Advances made during the year	**7,403,179**	31,962,293
Liquidation (Notes 8 and 13)	–	(63,360,000)
	704,773,726	741,646,308
Provision for impairment	**(8,663,207)**	(23,728,536)
Reversal of impairment	**700**	–
Balance at end of year	**₱696,111,219**	₱717,917,772
Payable		
Balance at beginning of year	**₱80,986,459**	₱118,057,499
Advances received during the year	**12,313,789**	7,814,924
Payments made during the year	**(1,626,336)**	(36,901,907)
Reversal during the year	–	(7,984,057)
Balance at end of year	**₱91,673,912**	₱80,986,459

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI). Subject to the application to and approval by the SEC of the Parent Company's increase of its authorized capital stock (the "Increase"), EHI subscribed to ₱250.0 million worth of common shares at ₱1.00 per share and ₱37.5 million worth preferred shares at ₱0.01 per share. On May 22, 2019, the Parent Company and EHI executed an Amended Subscription Agreement amending the Subscription Agreement dated July 2, 2014 to increase the subscription of EHI from ₱250 million worth of common shares to ₱750 million worth of common shares. The amended number of subscribed common shares represent 25% of the required subscription out of the proposed increase. The deposit will be converted into equity once approval from the SEC have been obtained.

In 2019, the Group received additional deposits amounting to ₱44.8 million. The Group is awaiting approval by the SEC of the increase as at December 31, 2020. The balance of the deposit for future stock subscription presented under current liabilities in the Group's consolidated statements of financial position amounted to ₱221.8 million as at December 31, 2020 and 2019.

e. The summary of the Group's related party transactions follows:

	2020		2019			
Category	Amount	Balance - Asset (Liability)	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders						
Receivables		₱707,135,290		₱726,054,930	Noninterest-bearing; collectible on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; with impairment
• Liquidation	₱–		(₱63,360,000)			
• Collections	(19,571,213)		(16,615,578)			
• Advances made	651,573		9,996,193			
• Allowance for impairment	(8,509,531)	(17,018,462)	(8,508,931)	(8,508,931)		
Payable		(20,473,777)		(14,034,331)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(7,090,469)		(941,197)			
• Payments made	651,023		942,456			
Deposit for future stock subscriptions	–	(221,821,275)	(44,821,275)	(221,821,275)	Noninterest-bearing; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates						
Receivable		72,550,298		66,774,704	Noninterest-bearing; collectible on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	6,751,606		21,966,100			
• Collections received	(976,012)		(21,455,733)			
• Allowance for impairment		(66,555,907)		(66,402,931)		
Provision	(153,676)		(15,219,605)			
Reversal	700					
Payable		(71,200,135)		(66,952,128)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(5,223,320)		(6,873,727)			
• Payments made	975,313		35,959,451			
• Reversal	–		7,984,057			

f. Compensation paid to key management personnel for the years then ended December 31, 2020 and 2019 follows:

	2020	2019
Short term benefits		
Salaries and wages	**₱2,008,809**	₱1,133,745
13th month pay and other benefits	**161,006**	87,826
	₱2,169,815	₱1,221,571

g. Below are the account balances as at December 31, 2020 and 2019 on the separate financial statements of the companies within the Group which were eliminated upon consolidation:

	2020					
	Payable					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivable:						
GHI	₱233,500,737	₱65,407,714	₱10,294,877	₱198,590	₱205,865	₱309,607,783
WGVI	120,870	–	–	–	–	120,870
	₱233,621,607	₱65,407,714	₱10,294,877	₱198,590	₱205,865	₱309,728,653

	2019					
	Payable					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivable:						
GHI	₱233,500,068	₱65,434,185	₱10,230,266	₱197,960	₱205,315	₱309,567,794
WGVI	120,870	–	–	–	–	120,870
	₱233,620,938	₱65,434,185	₱10,230,266	₱197,960	₱205,315	₱309,688,664

h. There are no other significant related party transactions in 2020 and 2019.

17. Equity

Capital Stock

Based on the Amended Articles of Incorporation dated September 11, 2014, the Parent Company's preferred shares have, among others, the following features: (a) voting, (b) right to receive dividends at the rate as may deemed by the BOD under the prevailing market conditions, and (c) in liquidation, dissolution, and winding up of the Parent Company, whether voluntary or otherwise, the right to be paid in full or ratably insofar as the assets of the Parent Company will permit, the par value or face value of each preferred shares as the BOD may determine, upon issue, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of common shares.

The stockholders of the Parent Company shall have no pre-emptive rights to subscribe to or purchase any or all, issue or dispose of shares of any class of the Group.

The details of the capital stock as at December 31, 2020 and 2019 are as follows:

	2020			
	Preferred		Common	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.10 par value per preferred share/ ₱1.0 par value per common share	1,000,000,000	₱100,000,000	1,900,000,000	₱1,900,000,000
Subscribed and issued	1,000,000,000	₱100,000,000	1,704,778,573	₱1,704,778,573

	2019			
	Preferred		Common	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.10 par value per preferred share/ ₱1.0 par value per common share	1,000,000,000	₱100,000,000	1,900,000,000	₱1,900,000,000
Subscribed and issued	1,000,000,000	₱100,000,000	1,703,278,572	₱1,703,278,572

There were no movements in the Group's preferred shares in 2020 and 2019.

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized shares
September 11, 2014	2,900,000,000
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The total number of shareholders of the Group is 1,028 and 1,031 as at December 31, 2020 and 2019, respectively.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares as at December 31, 2020 and 2019 are as follows:

	2020		2019	
	High	Low	High	Low
First	₱2.17	₱0.65	₱3.55	₱1.97
Second	1.93	0.74	2.92	2.24
Third	2.26	1.50	2.64	1.87
Fourth	2.74	2.17	2.54	1.80

18. Revenues

Sales pertain to receipts from agri-tourism, sale of fruits and vegetables, sale of solar, and sale of medicines.

The table shows the analysis of sales of the Group by major sources for the years ended December 31, 2020 and 2019:

Category	**2020**	2019	2018
Sale of solar energy	**₱6,713,476**	₱–	₱–
Sale of fruits and vegetables	**2,162,169**	976,573	1,623,398
Rental income	**434,838**	395,307	359,370
Sale of supplements	**355,466**	–	–
Agri-tourism	**161,801**	669,030	1,823,675
Total	**₱9,827,750**	₱2,040,910	₱3,806,443

The performance obligation to provide tourism services is satisfied at a point in time which is upon render of service and delivery of the goods. There are no outstanding contract balances from the Group's sales. The Group has no liability related to these services.

Rental income

The Group leases its nine-hectare property situated at Rosario, Batangas effective from January 1, 2015 to December 31, 2015, and shall be automatically renewed for successive one-year periods unless terminated. Under the terms of the lease agreement, the rental shall be ₱30,000 per hectare per annum, exclusive of VAT and subject to an escalation of 10% per year starting from the second year of the lease agreement.

Rent receivable amounted to ₱2.0 million and ₱1.6 million as at December 31, 2020 and 2019, respectively (see Note 7). Refundable deposit under this lease agreement amounted to ₱270,000 as at December 31, 2020 and 2019 (see Note 15).

19. Cost of Sales

This account consists of:

	2020	2019	2018
Solar energy	**₱6,328,777**	₱–	₱–
Farm supplies	**1,958,272**	2,083,709	2,203,849
Supplements	**230,380**	–	–
Meals	**128,560**	691,062	242,514
	₱8,645,989	₱2,774,771	₱2,446,363

20. General and Administrative Expenses

This account consists of:

	2020	2019	2018
Depreciation and amortization (Note 13)	**₱12,885,917**	₱12,844,793	₱12,814,521
Contractual services	**8,257,143**	9,827,514	8,819,198
Salaries and wages	**4,153,870**	5,184,433	1,858,289
Utilities	**2,134,710**	2,629,038	2,543,972
Legal and professional	**1,150,582**	1,215,280	2,058,082
Transportation	**625,423**	737,656	911,978
Materials and supplies	**587,258**	388,200	305,666
Repairs and maintenance	**559,986**	1,092,051	1,143,089
Representation and entertainment	**363,791**	108,531	435,338
Listing and stock transfer fees	**322,639**	1,744,516	643,964
Taxes and licenses	**246,705**	231,824	120,406
Penalties and fines	–	370,049	5,336,289
Brokers' fee	–	–	803,266
Handling cost	–	–	151,907
Miscellaneous	**175,168**	229,352	510,883
	₱31,463,192	₱36,603,237	₱38,456,848

Salaries and wages include medical expense, SSS, HDMF, and PhilHealth contributions.

Miscellaneous expenses include directors fee, advertising, service charges and other fees.

As at December 31, 2020, 2019, and 2018, the Group is not covered by the provisions of the Republic Act No. 7641, Retirement Pay Law, because the total number of regular employees is not more than 10, which is the number of mandated to comply with the said law. Accordingly, the Group has not made a provision for retirement benefits.

21. Income Taxes

a. The current income tax expense in 2020, 2019, and 2018 pertains to MCIT, except for WGVI which pertains to RCIT in 2020.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in Group's consolidated statements of comprehensive income (loss) is as follows:

	2020	2019	2018
Income (loss) before income tax	**(₱43,724,680)**	(₱56,583,066)	₱2,819,026,759
Multiplied by statutory tax rate	**30%**	30%	30%
Income tax expense computed at statutory tax rate	**(13,117,404)**	(16,974,920)	845,708,028
Income tax effects of:			
Provisions for impairment loss (Notes 7, 9, 14 and 16)	**5,450,817**	8,320,433	4,221,181
Reversal of allowance for impairment	**(1,424,843)**	–	–
Nondeductible expenses	**162,584**	116,012	4,134,247
Applied MCIT	**(53,329)**	–	–
Nontaxable income	**(37,526)**	–	–
Accounts written off	**6,662**	–	–
Deferred tax assets not recognized	**(1,836)**	–	–
Interest income subjected to final tax (Note 6)	**(549)**	(8,676)	(33,570)
Applied NOLCO	–	(739,888)	–
Nontaxable income	–	–	(863,682,600)
Equity in loss of associate	–	–	228,179
Increase in fair value of biological assets	–	–	(165,934)
Unrecognized deferred tax assets on:			
NOLCO	**9,038,489**	9,287,039	9,434,535
MCIT	**17,498**	165,449	28,443
	₱40,563	₱165,449	₱28,443

c. Net Operating Loss Carry-Over (NOLCO)

- NOLCO incurred prior to taxable year 2020
  NOLCO incurred prior to taxable year 2020 can be claimed as deduction against regular taxable income within the next three (3) consecutive taxable years immediately following the year of such loss. The Group incurred the following NOLCO:

Year incurred	NOLCO	Expired	Unexpired	Tax benefit	Year of expiration
2019	₱30,774,580	₱–	₱30,774,580	₱9,287,039	2022
2018	31,719,395	–	31,719,395	9,434,535	2021
2017	1,337,437	1,337,437	–	–	2020
	₱63,831,412	₱1,337,437	₱62,493,975	₱18,721,574	

- NOLCO incurred in taxable year 2020
  Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under Revenue Regulations (RR) No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Year incurred	NOLCO	Expired	Unexpired	Tax benefit	Year of expiration
2020	₱30,691,585	₱–	₱30,691,585	₱9,038,489	2025

The Group did not recognize the future income tax benefit of NOLCO because it is not likely to be utilized prior to its expiration.

d. The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year	Expiration	Applied/Expired	Balance
2020	2023	₱–	₱17,498
2019	2022	–	165,449
2018	2021	–	28,443
2017	2020	241,816	–
		₱241,816	₱211,390

The income tax benefit of MCIT is not recognized in the consolidated financial statements as management believes that these could not be utilized prior to its expiration.

e. The Group opted for the itemized deduction scheme for its income tax reporting in 2020, 2019 and 2018.

22. Basic Earnings (Loss) per Share

The following table presents the information necessary to compute the basic earnings (loss) per share attributable to equity holders of the Group.

	2020	2019	2018
Net income (loss) attributable to the equity holders of the Parent Company	**(₱28,874,349)**	(₱40,692,467)	₱2,829,534,918
Divided by weighted average number of common shares	**1,704,778,573**	1,703,278,572	1,703,278,572
Basic earnings (loss) per share	**(₱0.02)**	(₱0.02)	₱1.77

The Group has no diluted loss per share for the years ended December 31, 2020, 2019 and 2018.

23. Non-controlling Interests

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Parent Company. The details of the account are as follows:

	2020			
	Balance at beginning of year	Net income (loss)	Addition during the year	Balance at end of year
SREDC	₱228,743,356	(₱14,881,975)	₱–	₱213,861,381
LSTI	(26,559)	(30,289)	–	(56,848)
TWMRSI	(115,478,443)	(39,923)	–	(115,518,366)
YGPL	–	61,293	1,733	63,026
	₱113,238,354	(₱14,890,894)	₱1,733	₱98,349,193

	2019		
	Balance at beginning of year	Net loss	Balance at end of year
SREDC	₱244,732,633	(₱15,989,277)	₱228,743,356
LSTI	1,574	(28,133)	(26,559)
TWMRSI	(115,439,805)	(38,638)	(115,478,443)
	₱129,294,402	(₱16,056,048)	₱113,238,354

	2018			
	Balance at beginning of year	Net income (loss)	Other comprehensive income (loss)	Balance at end of year
SREDC	₱254,612,499	(₱10,481,626)	₱601,760	₱244,732,633
LSTI	11,557	(9,983)	–	1,574
TWMRSI	(115,394,812)	(44,993)	–	(115,439,805)
	₱139,229,244	(₱10,536,602)	₱601,760	₱129,294,402

Other comprehensive loss pertains to fair value loss on financial asset at FVOCI for the year attributable to non-controlling interest.

24. **Financial Instruments**

The following tables set forth the carrying values and estimated fair values of the Group's financial asset and liabilities recognized as at December 31, 2020 and 2019:

	2020			
	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Cash on hand (Note 6)	₱1,500,000	₱1,500,000	₱–	₱1,500,000
Petty cash (Note 6)	50,000	50,000	₱–	50,000
Financial assets at amortized cost				
Cash in banks (Note 6)	1,234,168	1,234,168	–	1,234,168
Nontrade receivables – net (Note 7)	251,839,507	251,839,507	–	251,839,507
Due from related parties – net (Note 16)	696,111,219	696,111,219	–	696,111,219
Financial asset at FVOCI (Note 10)	1,458,373,432	1,458,373,432	1,458,373,432	–
	₱2,409,108,326	₱2,409,108,326	₱1,458,373,432	₱950,734,894
Financial liabilities at amortized cost				
Trade and other payables* (Note 15)	₱3,543,478	₱3,543,478	₱–	₱3,543,478
Due to related parties (Note 16)	91,673,912	91,673,912	–	91,673,912
	₱95,217,390	₱95,217,390	₱–	₱95,217,390

	2019			
	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Petty cash (Note 6)	₱50,000	₱50,000	₱–	₱50,000
Financial assets at amortized cost				
Cash in banks (Note 6)	1,270,074	1,270,074	–	1,270,074
Nontrade receivables – net (Note 7)	250,504,887	250,504,887	–	250,504,887
Due from related parties – net (Note 16)	717,917,772	717,917,772	–	717,917,772
Financial asset at FVOCI (Note 10)	2,461,005,166	2,461,005,166	2,461,005,166	–
	₱3,430,747,899	₱3,430,747,899	₱2,461,005,166	₱969,742,733
Financial liabilities at amortized cost				
Trade and other payables* (Note 15)	₱14,690,690	₱14,690,690	₱–	₱14,690,690
Due to related parties (Note 16)	80,986,459	80,986,459	–	80,986,459
	₱95,677,149	₱95,677,149	₱–	₱95,677,149

**Excluding government payables amounting to ₱4.5 million in 2020 and 2019 (see Note 15).*

Methods and Assumption Used to Estimate Fair Value
The carrying values of the financial assets, except financial asset at FVOCI, and financial liabilities approximate their fair values due to their relatively short-term maturities or short-term nature of transactions. Financial assets at FVOCI pertaining to investment in a listed company included in level 1 is valued based at published prices. The fair value of financial assets and financial liabilities included in level 2 which are not traded in active market are determined based on the expected cash flows of the underlying asset and liability based on the investment where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

There are no transfers to and from level 1 and 2 categories during 2020 and 2019.

25. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its investing and financing activities. The Group's principal financial instruments comprise of cash in banks, nontrade receivables, financial asset at FVOCI, trade and other payables, and due to and from related parties. The main purpose of investing these financial instruments (assets) is to maximize interest yield and for capital appreciation. The Group's policies and guidelines cover credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- *Credit Risk*
  Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, resulting in financial loss to the Group. The Group is exposed to credit risk primarily from cash in banks, nontrade receivables, due from related parties and financial asset at FVOCI.

  With respect to credit risk arising from the Group's financial 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.

  Credit risk exposure
  The table below shows the gross maximum exposure to credit risk of the Group as at December 31, 2020 and 2019, without considering the effects of credit risk mitigation techniques.

	2020	2019
Cash in banks	**₱2,734,168**	₱1,270,074
Nontrade receivables	**252,168,352**	251,757,957
Due from related parties	**779,685,588**	792,829,634
Financial assets at FVOCI	**1,458,373,432**	2,461,005,166
	₱2,492,961,540	₱3,506,862,831

Credit quality per class of financial asset
Below is the credit quality per class of financial assets as at December 31, 2020 and 2019.

	2020				
	Neither past due nor impaired		Past due but		
	High grade	Standard grade	not impaired	Impaired	Total
Cash in banks	₱2,620,799	₱113,369	₱–	₱–	₱2,734,168
Nontrade receivables	–	1,720,770	250,118,737	328,845	252,168,352
Due from related parties	7,403,179	688,708,040	–	83,574,369	779,685,588
Financial asset at FVOCI	–	1,458,373,432	–	–	1,458,373,432
	₱10,023,978	₱2,148,915,611	₱250,118,737	₱83,903,214	₱2,492,961,540

	2019				
	Neither past due nor impaired		Past due but		
	High grade	Standard grade	not impaired	Impaired	Total
Cash in banks	₱1,158,522	₱111,552	₱–	₱–	₱1,270,074
Nontrade receivables	–	361,707	250,143,180	1,253,070	251,757,957
Due from related parties	–	717,917,772	–	74,911,862	792,829,634
Financial asset at FVOCI	2,461,005,166	–	–	–	2,461,005,166
	₱2,462,163,688	₱718,391,031	₱250,143,180	₱76,164,932	₱3,506,862,831

The credit quality of cash and financial assets at FVOCI quoted securities are based on the nature and performance of the counterparty. High grade cash in banks are placed, invested, or deposited in local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability. Investment in shares of stocks under high grade classification are assigned to financial assets invested to well-established and financially sound company.

High grade receivables are those with no default in payment. Standard grade pertains receivables are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence. The Group is not exposed to large concentration of credit risks.

Impairment assessment
The Group applies general approach for determining the ECLs of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. The management has assessed that due from related parties amounting to ₱83.6 million in 2020 and ₱74.9 million in 2019 are uncollectible.

- Liquidity Risk
  The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

Maturity Profile
The maturity profile of the Group's financial assets and liabilities are presented below:

	2020			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱2,734,168	₱–	₱–	₱2,734,168
Nontrade receivables – net	251,839,507	–	–	251,839,507
Due from related parties – net	696,111,219	–	–	696,111,219
Financial asset at FVOCI		–	1,458,373,432	1,458,373,432
	₱950,684,894	₱–	₱1,458,373,432	₱2,409,058,326
Financial liabilities				
Trade and other payables*	₱–	₱3,543,478	₱–	₱3,543,478
Due to related parties	91,673,912	–	–	91,673,912
	₱91,673,912	₱3,543,478	₱–	₱95,217,390

	2019			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱1,270,074	₱–	₱–	₱1,270,074
Nontrade receivables – net	250,504,887	–	–	250,504,887
Due from related parties – net	717,917,772	–	–	717,917,772
Financial asset at FVOCI	–	–	2,461,005,166	2,461,005,166
	₱969,692,733	₱–	₱2,461,005,166	₱3,430,697,899
Financial liabilities				
Trade and other payables*	₱–	₱14,690,690	₱–	₱14,690,690
Due to related parties	80,986,459	–	–	80,986,459
	₱80,986,459	₱14,690,690	₱–	₱95,677,149

* *Excluding government payables amounting to ₱4.5 million in 2020 and 2019 (see Note 15).*

- Interest rate risk
  The Group is not exposed to interest rate fluctuations on their cash in banks and cash equivalents. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest-bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2020 and 2019 are less than 1%.

- Equity Price Risk
  The Group's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levels of equity indices and the value of stocks traded in the stock market.

  At December 31, 2020 and 2019, if the quoted stock price for the securities using PSE index had increased by 70% and 38%, respectively, Group's total equity would have been higher by about ₱1.02 billion and ₱932.3 million, respectively. On the other hand, if the quoted market price for these securities had decreased by the same percentage, with all other variables held constant, total equity for the period would have been lower by the same amount. The analysis is based on the assumption that the quoted prices had changed by 70% and 38%, with all other variables held constant.

- Foreign Currency Risk
  Currency risk arises when transactions are denominated in foreign currency. The Group is not exposed to significant foreign currency risk given that the Group's foreign currency denominated financial assets which pertains to cash in banks are not significant in amount.

26. Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Group considers the following accounts as its capital:

	2020	2019
Capital stocks	**₱1,804,778,573**	₱1,803,278,572
Additional paid-in capital	**268,090,531**	268,090,531
Retained earnings	**1,724,527,465**	1,753,401,814
Due to related parties	**91,673,912**	80,986,459
	₱3,889,070,481	₱3,905,757,376

The Group manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2020 and 2019 follow:

	2020	2019
Total debt	**₱321,611,660**	₱322,188,656
Total equity	**2,255,075,651**	3,299,970,894
	14%	10%

The Group had not been subjected to externally imposed capital requirements in 2020 and 2019. No changes were made pin the objectives, policies, and processes during the years ended December 31, 2020 and 2019.

27. Segment Reporting

Business Segments
For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:
a. The holding segment is engaged in investment holding;
b. The renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The waste management segment is engaged in the business of building, operating and managing waste recovery facilities;
d. The real estate segment is engaged in the business of real estate development and improvement for agri-tourism; and
e. The information technology segment is engaged in the business of software and other communication technology solutions and value-added services arising from or connected to telecommunications.
f. The professional, scientific and technical services segment is engaged in biotechnology with primary focus on development and marketing of medicinal hemp globally.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consists principally of operating cash, receivables, property and equipment and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans payable.

Segment Transactions
Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation.

Segment Financial Information
The segment financial information is presented as follows:

	2020							
	Holding	Renewable energy	Waste management	Lease and agri-tourism	Information technology	Professional, Scientific and Technical Services	Elimination	Total
Income								
Revenue	₱–	₱6,713,476	₱–	₱2,758,808	₱–	₱355,466	₱–	₱9,827,750
Gain on sale of financial asset at FVOCI	86,578	–	–	–	–	–	–	86,578
Interest income	716	676	–	435	–	–	–	1,827
Reversal of allowance	480,619	15,771	–	4,733,006	–	–	(479,919)	4,749,477
Reversal of payables	116,332	–	–	–	–	–	–	116,332
	684,245	6,729,923	–	7,492,249	–	355,466	(479,919)	14,781,964
Expense								
General and administrative expenses	(3,904,091)	(6,452,707)	(81,475)	(29,400,246)	(61,814)	(230,380)	(676)	(40,131,389)
Impairment loss	(33,301,575)	(204,046)	–	(17,647,758)	–	–	32,779,944	(18,373,435)
Unrealized forex loss	(1,820)	–	–	–	–	–	–	(1,820)
Provision for income tax	(4,057)	(23,066)	–	(13,440)	–	–	–	(40,563)
Net income (loss)	(36,527,298)	50,104	(81,475)	(39,569,195)	(61,814)	125,086	32,299,349	(43,765,243)
Net income (loss) attributable to:								
Equity holders of the Parent Company	(36,527,298)	50,104	(41,552)	(24,687,220)	(31,525)	63,793	32,299,349	(28,874,349)
Noncontrolling interest	–	–	(39,923)	(14,881,975)	(30,289)	61,293	–	(14,890,894)
	(₱36,527,298)	₱50,104	(₱81,475)	(₱39,569,195)	(₱61,814)	₱125,086	₱32,299,349	(₱43,765,243)
Assets and Liabilities								
Segment assets	₱2,366,011,218	₱6,094,576	₱–	₱540,540,715	₱266,170	₱128,622	(₱336,353,990)	₱2,576,687,311
Segment liabilities	₱307,120,986	₱72,806,949	₱233,878,338	₱18,018,719	₱383,169	₱–	(₱310,596,501)	₱321,611,660

	2019						
	Holding	Renewable energy	Waste management	Lease and agri-tourism	Information technology	Elimination	Total
Income							
Revenue	₱–	₱–	₱–	₱2,040,910	₱–	₱–	₱2,040,910
Gain on sale of financial asset at FVOCI	–	–	–	220,000	–	–	220,000
Interest income	3,787	255	–	24,875	–	–	28,917
Reversal of payables	8,160,559	91,798	20,123	182,213	–	(182,213)	8,272,480
	8,164,346	92,053	20,123	2,467,998	–	(182,213)	10,562,307
Expense							
General and administrative expenses	(6,098,390)	(309,140)	(98,573)	(33,025,360)	(57,414)	182,213	(39,406,664)
Impairment loss	(23,433,095)	–	–	(11,956,004)	–	7,654,321	(27,734,778)
Unrealized forex loss	(3,931)	–	–	–	–	–	(3,931)
Provision for income tax	(163,211)	(1,836)	(402)	–	–	–	(165,449)
Net loss	(21,534,281)	(218,923)	(78,852)	(42,513,366)	(57,414)	7,654,321	(56,748,515)
Net loss attributable to:							
Equity holders of the Parent Company	(21,534,281)	(218,923)	(40,214)	(26,524,089)	(29,281)	7,654,321	(40,692,467)
Noncontrolling interest	–	–	(38,638)	(15,989,277)	(28,133)	–	(16,056,048)
	(₱21,534,281)	(₱218,923)	(₱78,852)	(₱42,513,366)	(₱57,414)	₱7,654,321	(₱56,748,515)
Assets and Liabilities							
Segment assets	₱3,412,959,641	₱235,680	₱–	₱577,309,605	₱266,170	(₱368,611,546)	₱3,622,159,550
Segment liabilities	₱316,410,377	₱66,998,157	₱233,796,863	₱15,218,415	₱321,355	(₱310,556,511)	₱322,188,656

	2018						
	Holding	Renewable energy	Waste management	Lease and agri-tourism	Information technology	Elimination	Total
Income							
Revenue	₱–	₱–	₱–	₱3,806,443	₱–	₱–	₱3,806,443
Gain on:							
Reclassification of investment	2,613,537,267	–	–	–	–	–	2,613,537,267
Dilution of investment in associate	186,436,244	–	–	–	–	–	186,436,244
Sale of investment	78,968,491	–	–	–	–	–	78,968,491
Equity in net loss of associate	(760,596)	–	–	–	–	–	(760,596)
Exchange differences on translation of foreign translation	(9,337,832)						(9,337,832)
Interest income	1,053	253	–	110,595	–	–	111,901
Other income	14,000	–	–	14,285	30,741	–	59,026
Unrealized forex gain	3,029	–	–	–	–	–	3,029
	2,868,861,656	253	–	3,931,323	30,741	–	2,872,823,973
Expense							
General and administrative expenses	(10,311,077)	(105,322)	(91,823)	(30,487,155)	(50,500)	–	(41,045,877)
Impairment loss	(11,465,404)	–	–	(1,285,933)	–	–	(12,751,337)
Provision for income tax	(341)	–	–	(27,487)	(615)	–	(28,443)
Net income (loss)	2,847,084,834	(105,069)	(91,823)	(27,869,252)	(20,374)	–	2,818,998,316
Net income (loss) attributable to:							
Equity holders of the Parent Company	2,847,084,834	(105,069)	(46,830)	(16,389,386)	(10,391)	–	2,829,534,918
Noncontrolling interest	–	–	(44,993)	(9,879,866)	(9,983)	–	(10,536,602)
	₱2,847,084,834	(₱105,069)	(₱91,823)	(₱26,269,252)	(₱20,374)	₱–	₱2,818,998,316
Assets and Liabilities							
Segment assets	₱4,029,724,904	₱417,637	₱–	₱615,968,354	₱266,170	(₱341,642,149)	₱4,304,734,916
Segment liabilities	₱308,071,545	₱66,961,192	₱233,718,010	₱11,363,798	₱263,941	(₱310,401,356)	₱309,977,130

28. **Events After Reporting Period**

COVID-19

In a move to contain the COVID-19 pandemic, the community quarantine which was imposed on March 29, 2020 was extended throughout December 31, 2020. On February 27, 2021, it was announced that Metro Manila and other provinces have extended the general community quarantine (GCQ) until March 28, 2021. On March 29, 2021, enhanced community quarantine (ECQ) has been imposed until April 30, 2021. Throughout the imposition of the community quarantine, the Group has observed the government mandates and directive related thereto. COVID-19 pandemic poses a significant impact on the Group's financial statements due to a volatile stock price movement which affects its financial assets at FVOCI and delays in completion of the agreements as stated in Note 1. Further, travel restrictions gravely affect SREDC's tourism operations. Nevertheless, the Group's management and BOD will continuously monitor the impacts of COVID-19 and will plan accordingly to minimize and (or) mitigate further risk on the Group's financial performance and position. The Group has taken measures to preserve the health and safety of its stakeholders as well as the business operations.

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax Incentives for Enterprises Act" (Create Act) was passed into law. Salient provision of Create Act applicable to the Group are as follows:

1. Reduction in corporate income tax (CIT) rate effective July 1, 2020 as follows:

   Domestic corporations shall be subject to the following reduced CIT rates depending on their assets and taxable income:
   a. Those with assets amounting to ₱100,000,000 and below, and with taxable income equivalent to ₱5,000,000 and below will be subjected to a 20% tax rate;
   b. Those with assets above ₱100,000,000 or those with taxable income amounting to more than ₱5,000,000 will be subjected to a 25% tax rate.

   (Note: Computation of total assets is exclusive of the value of the land where the property, plant, and equipment are situated.)

   Foreign Corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.

2. Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023.

3. Regional Operating Headquarters (ROHQs) of multinational companies previously subject to a tax of 10% on their taxable income shall be subject to the regular corporate income tax effective January 1, 2022.

4. Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be one percent (1%).

5. For entities under the 25% income tax rate, their deductible interest expense shall be reduced by an amount equivalent to 20% of the interest income subject to final tax.

The Create Act is effective on April 11, 2021.

The proper calculation of the current income tax and related tax accounts as at and for the taxable year ended December 31, 2020 as a result of the reduction tax rate under the Create Act is presented below. The adjustment relating to such calculation, if any, will be recognized in the Group's financial statements as at and for the year ended December 31, 2021.

	December 31, 2020	Adjustments on reduction of tax rate	As adjusted
1. Provision for income tax	₱40,563	(₱6,448)	₱34,115
2. Prepaid income tax	19,790	6,404	26,194
3. Income tax payable	27,124	(6,133)	20,991

29. Other Matters

Anti-Money Laundering

On December 15, 2015, the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, EHI and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

On January 22, 2016, the Parent Company and SREDC filed a Motion for Reconsideration of the Order, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the on-going proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures) lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving SREDCs had economic justifications and involved business transactions, which were timely made public.

In an Order dated July 9, 2018 (Order), the RTC categorically ruled that "the funds in the subject accounts of respondent Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and the said bank accounts were "ordered Discharged from the effects of the APO dated December 31, 2015. With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated July 9, 2018) dated August 3, 2018 ("Motion"), while the Parent Company and SREDC filed their *Comment/Opposition* (to the Motion for Reconsideration) dated December 11, 2018 on even date.

On July 1, 2019, the RTC Manila issued the *Order* of even date, denying the Petitioner's *Motion for Reconsideration* dated August 3, 2019 for lack of merit. In this connection, the Petitioner' has 60 days from its receipt of the said *Order* within which to assail the same through a petition for *certiorari* with the Court of Appeals. As of date however, the Parent Company has not yet received any notice that the Petitioner filed such a petition for *certiorari.*

Considering the lapse of the reglementary period to file a petition for *certiorari*, the *Orders* dated July 9, 2018 and July 1, 2019 are now final and executory.

As a consequence of the *Order*, the above-mentioned bank account of the Parent Company remains to be discharged from the effects of the APO.

National Labor Relations Commission

On October 4, 2017, SREDC terminated the employment of its security personnel, Mr. George Espinoza (Mr. Espinoza), for repeatedly defying the directives of SREDC regarding his reassignment and for verbally threatening the person who served him the Notice of Termination and the Management of SREDC. On October 10, 2017, SREDC received summons requiring it to appear before the National Conciliation and Mediation Board in Calamba City, Laguna for mandatory conference. Mediation between the parties failed. Consequently, they were required to submit their respective Position Papers on February 7, 2018. Mr. Espinoza demanded either his reinstatement or the payment of separation pay, back wages, damages, and attorney's fees. SREDC countered that Mr. Espinoza was dismissed for just causes, i.e. insubordination and serious misconduct, and with due process, therefore he is not entitled to reinstatement, separation pay, back wages, or any other money claim.

On March 7, 2018, the parties filed Replies to each other's Position Paper. On March 30, 2018, in its Decision of even date, the Labor Arbiter dismissed the charges for illegal dismissal. However, the Labor Arbiter also held that there was a failure to observe due process. Hence, nominal damages amounting to ₱30,000 was awarded to Mr. Espinoza. In addition, the Labor Arbiter also awarded the amount of ₱88,398 representing Mr. Espinoza's purported wage differential.

On December 7, 2018, Mr. Espinoza filed his Notice & Memorandum of Appeal of even date, appealing the Labor Arbiter's finding of a valid dismissal. Meanwhile, on December 10, 2018, SREDC also filed its Memorandum of Partial Appeal of even date, appealing the monetary awards to Mr. Espinoza.

On April 30, 2019, the National Labor Relations Commission (NLRC) 5th Division promulgated a Decision of even date, thereby modifying the earlier Decision dated March 30, 2018 of the Labor Arbiter. The NLRC otherwise declared that Mr. Espinoza was illegally dismissed. Accordingly, SREDC was directed to reinstate Mr. Espinoza to his previous position or to an equivalent position with payment of back wages provisionally computed at ₱209,637. The NLRC also affirmed the award of salary differentials, which was recomputed at ₱64,942 from September 20, 2014. Thereafter, SREDC sought the reconsideration of the Decision dated March 30, 2018, but the same was denied. On September 17, 2019, the NLRC promulgated a Resolution of even date, thereby denying SREDC's Motion for Reconsideration dated June 28, 2019.

On February 4, 2020, Mr. Espinoza filed a Motion for Execution of the Decision dated April 30, 2019 of the NLRC before the Labor Arbiter in the NLRC Regional Arbitration Branch IV, Calamba City. On March 3, 2020, a pre-execution conference was conducted by the Labor Arbiter, wherein SREDC requested for time to file its opposition to Mr. Espinoza's Motion.

On March 12, 2020, SREDC filed its Opposition of even date. Another pre-execution conference was set on 31 March 2020. However, with the Enhanced Community Quarantine (ECQ) due to COVID-19 being implemented by the National Government at that time, the said conference was cancelled. To date, the resetting of the foregoing pre-execution conference is yet to be set by the Labor Arbiter. Likewise, the resolution of Mr. Espinoza's Motion for Execution remains to be pending.

In the meantime, on December 20, 2019, SREDC filed its Petition for Certiorari (with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction) dated December 20, 2019 before the Honorable Court of Appeals. After receiving the pleadings and submissions from SREDC and from Mr. Espinoza, the Court of Appeals issued a Decision on March 5, 2021, thereby giving due course to SREDC's Petition. In the said Decision, the Court of Appeals, among others, set aside the earlier decisions of the labor tribunals and ordered Mr. Espinoza to return to work. To date, SREDC intends to file a motion for the partial reconsideration of the said Decision, which will be due on April 7, 2021.

bakertilly

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INDEPENDENT AUDITOR'S REPORTS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group), as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 28, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 the Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for 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 consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

CONSTANTINO AND PARTNERS
BOA Registration No. 0213, valid until November 15, 2022
SEC Accreditation No. (A.N.) 0213-SEC, valid until July 20, 2024 (Group A)
BIR A.N. 08-001507-000-2020, valid until December 21, 2023

By:

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
PTR No. 8582767, issued on January 29, 2021, Makati City
TIN 134-885-074-000
BIR A.N. 08-001507-008-2021, valid until February 10, 2024
SEC A.N. 1795-A, valid until November 10, 2022 (Group A)

Makati City, Philippines
April 28, 2021

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

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GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2020

	Carrying Value	Fair Value
Cash on hand	₱ 1,500,000	₱ 1,500,000
Petty cash	50,000	50,000
Financial assets at amortized costs		
Cash in banks	1,234,168	1,234,168
Nontrade receivables – net	251,839,507	251,839,507
Due from related parties – net	696,111,219	696,111,219
Financial asset at FVOCI	1,458,373,432	1,458,373,432
	₱ 2,409,108,326	₱ 2,409,108,326

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020 AND 2019

	2020	2019
Receivables:		
Stockholders	**₱ 707,135,290**	₱ 726,054,930
Affiliates	**72,550,298**	66,774,704
	779,685,588	792,829,634
Allowance for impairment	**(83,574,369)**	(74,911,862)
	₱ 696,111,219	₱ 717,917,772

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Intercompany Receivable and Payables

	2020					
	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables:						
GHI	₱ 233,500,737	₱ 65,407,714	₱ 10,294,877	₱ 198,590	₱ 205,865	₱ 309,607,783
WGVI	120,870	-	-	-	-	120,870
	₱ 233,621,607	₱ 65,407,714	₱ 10,294,877	₱ 198,590	₱ 205,865	₱ 309,728,653

	2019					
	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables						
GHI	₱ 233,500,068	₱ 65,434,185	₱ 10,230,266	₱ 197,960	₱ 205,315	₱ 309,567,794
WGVI	120,870	-	-	-	-	120,870
	₱ 233,620,938	₱ 65,434,185	₱ 10,230,266	₱ 197,960	₱ 205,315	₱ 309,688,664

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2020

	2020	2019
Payables:		
Stockholders	**₱ 71,200,135**	₱ 14,034,331
Affiliates	**20,473,777**	66,952,128
	₱ 91,673,912	₱ 80,986,459

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
DECEMBER 31, 2020

	Number of Shares		No. of Shares Reserved for Options, etc.	Number of Shares Held by		
Title of Issue	Authorized	Issued and Outstanding		Affiliates	Directors, Officers, and Employees	Others
Common share at ₱1 par value	1,900,000,000	1,703,278,573	–	207,768,560	333,522,008	1,161,988,005
Preferred share at P0.10 par value	1,000,000,000	1,000,000,000	–	1,000,000,000	–	–
	2,900,000,000	2,703,278,573	–	1,207,768,560	333,522,008	1,161,988,005

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

RATIO	FORMULA	2020	2019
Current / Liquidity Ratio			
Current ratio	Current Assets / Current Liabilities	**2.96**	3.04
Quick asset ratio	Current Assets - Other current assets / Current Liabilities	**2.96**	3.02
Solvency Ratio / Debt to equity ratio	Total Liabilities / Total Equity	**0.14**	0.10
Asset to equity ratio	Total Assets / Total Equity	**1.14**	1.10
Interest rate coverage ratio	Income Before Tax / Finance Cost	**N/A**	N/A
Profitability Ratios			
Return on assets	Net Income (Loss) / Average Total Assets	**(0.01)**	(0.01)
Return on equity	Net Income (Loss) / Average Total Equity	**(0.02)**	(0.02)

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
LIST OF TOP 20 STOCKHOLDERS OF RECORD

Name of Stockholder	Shares Subscribed	Outstanding
Common		
PCD Nominee Corporation (Filipino)	447,578,240	24.85%
ThomasLloyd Cleantech Infrastucture Fund GMBH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Jian-Cheng Cai	160,000,000	8.89%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PPARR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry Go Yu	52,000,000	2.89%
Ann Loraine Buencamino	51,500,000	2.86%
ARC Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.22%
Paul Vincent Lee	36,000,000	2.00%
Fab People, Inc.	31,000,000	1.72%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Leonardo S. Gayao	28,000,000	1.55%
Others*	86,431,773	4.80%
	1,800,778,573	100.00%

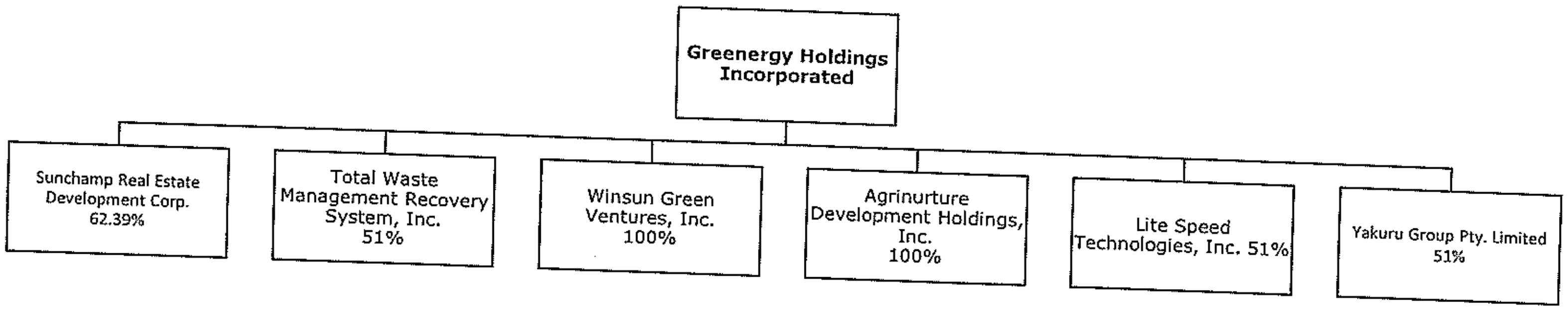
**The total issued and outstanding shares of the Parent Company is 1,800,778,573 which includes the forty (40) fractional shares which resulted from the implementation of the change in par value of its common shares from P0.01 to P1.00 as approved by the Securities and Exchange Commission.*

Name of Stockholder	Total Numbers of Shares Subscribed	Percent to Total Outstanding
Preferred		
Earthright Holdings, Inc.	1,000,000,000	100.00%

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Unappropriated retained earnings, as adjusted, beginning	₱ 1,753,401,814
Net loss based on the face of audited financial statements closed to retained earnings	(28,874,349)
Net Loss Actual/Realized	(28,874,349)
Retained earnings, as adjusted, ending	**₱ 1,724,527,465**

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
GROUP CHART



Annex "E"

COVER SHEET

SEC Registration Number

A	S	O	9	2	-	0	0	5	8	9

COMPANY NAME

GREENERGY HOLDINGS
INCORPORATED

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

54 NATIONAL ROAD DAMPOL II-A,
PULILAN, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	MSRD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.ghi.com.ph	(02) 8 997-5184	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,028	Second Friday of June	DECEMBER 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
Mr. Kenneth S. Tan	kenneth.tan@ghi.com.ph	(02) 8 997-5184	NA

CONTACT PERSON'S ADDRESS

Unit 112 Cedar Mansion II, No. 7 St Jose Ma. Escriva Drive, 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.

GREENERGY
HOLDINGS, INC

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A, Pulilan, Bulacan
Tel. No. (02) 997-5184

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENERGY HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of and for the years ended December 31, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ANTONIO L. TIU
Chairman of the Board and President

KENNETH S. TAN
Chief Financial Officer

Signed this 28th of April 2021.

SUBSCRIBED AND SWORN TO before me this 14th day of May, 2021, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Name	**Competent Evidence of Identity**	**Expiration Date & Place of Issue**
Antonio L. Tiu	Passport No. P5749783A	Valid until 24 January 2028; issued at the DFA-Manila
Kenneth S. Tan	DL No. N04-90-144089	Valid until 26 December 2021 issued By LTO

Doc. No. 306
Page No. 64
Book No. II
Series of 2021.

CHRISTIAN JASON O. DALUDADO
NOTARY PUBLIC
ROLL NO. 73615
MAKATI CITY, PHILIPPINES

ATTY. CHRISTIAN JASON O. DALUDADO
Notary Public
Until June 30, 2021
Roll of Attorneys No. 73615
IBP No. 145313/01-06-2021/Makati City Chapter
PTR No. 8535232/01-06-2021/Makati City
Notarial Commission No. M-573 (2019-2020)
TIN 469-624-483
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

CONSTANTINO AND PARTNERS
22nd Floor Citibank Tower
8741 Paseo de Roxas
Salcedo Village, Makati City
Philippines

T: (+632) 8 848 1051
F: (+632) 7 728 1014

mail@bakertilly.ph
www.bakertilly.ph

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Greenergy Holdings Incorporated
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

Report on the Financial Statements

Opinion

We have audited the financial statements of Greenergy Holdings Incorporated (Parent Company) which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Parent Company in accordance with the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company's financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Greenergy Holdings Incorporated. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

CONSTANTINO AND PARTNERS
BOA Registration No. 0213, valid until November 15, 2022
SEC Accreditation No. (A.N.) 0213-SEC, valid until July 20, 2024 (Group A)
BIR A.N. 08-001507-000-2020, valid until December 21, 2023

By:

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
PTR No. 8582767, issued on January 29, 2021, Makati City
TIN 134-885-074-000
BIR A.N. 08-001507-008-2021, valid until February 10, 2024
SEC A.N. 1795-A, valid until November 10, 2022 (Group A)

Makati City, Philippines
April 28, 2021

GREENERGY HOLDINGS INCORPORATED
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
ASSETS		
Current Assets		
Cash (Note 6)	**₱ 1,806,955**	₱ 541,639
Receivables – net (Note 7)	**250,124,947**	250,188,829
Due from related parties – net (Note 13)	**321,812,379**	334,247,954
Input VAT (Note 5)	-	536,423
Total Current Assets	**573,744,281**	585,514,845
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	**1,458,373,432**	2,461,005,166
Investments in subsidiaries – net (Note 10)	**325,201,659**	357,748,954
Deposit for land acquisition (Note 9)	**8,600,000**	8,600,000
Total Noncurrent Assets	**1,792,175,091**	2,827,354,120
	₱ 2,365,919,372	₱ 3,412,868,965
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱ 289,867**	₱ 14,087,885
Due to related parties (Note 13)	**84,593,826**	79,976,837
Income tax payable (Note 16)	**4,058**	163,131
Deposit for future stock subscription (Note 13)	**221,821,275**	221,821,275
Total Current Liabilities	**306,709,026**	316,049,128
Equity		
Capital stock		
Common shares – ₱1 par value		
Authorized – 1,900,000,000 shares in 2020 and 2019		
Subscribed and paid – 1,704,778,573 shares in 2020 and 1,703,278,572 in 2019	**1,704,778,573**	1,703,278,572
Preferred shares – ₱0.10 par value		
Authorized and subscribed 1,000,000,000 shares	**100,000,000**	100,000,000
Additional paid-in capital	**268,090,531**	268,090,531
Cumulative fair value loss on financial asset at FVOCI (Note 8)	**(1,640,670,111)**	(638,038,377)
Retained earnings	**1,627,011,353**	1,663,489,111
Total Equity (Note 19)	**2,059,210,346**	3,096,819,837
	₱ 2,365,919,372	₱ 3,412,868,965

See accompanying Parent Company Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Philippine Pesos)

	2020	2019
INCOME		
Reversal of impairment loss on subsidiary (Note 13)	**₱ 480,619**	₱ -
Reversal of payables (Notes 12 and 13)	**116,332**	8,156,559
Gain on sale of investment (Note 8)	**86,578**	-
Interest income (Note 6)	**717**	3,787
	684,246	8,160,346
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	**37,157,946**	29,447,754
LOSS BEFORE INCOME TAX	**(36,473,700)**	(21,287,408)
INCOME TAX EXPENSE (Note 16)	**4,058**	163,131
NET LOSS	**(36,477,758)**	(21,450,539)
OTHER COMPEREHENSIVE LOSS		
Not reclassifiable subsequently to profit or loss		
Fair value loss on financial asset at FVOCI (Note 8)	**(1,002,631,734)**	(638,038,377)
TOTAL COMPREHENSIVE LOSS	**(₱ 1,039,109,492)**	(₱ 659,488,916)

See accompanying Parent Company Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
CAPITAL STOCK		
Common – ₱1 par value		
Balance at beginning of year	**₱ 1,800,778,572**	₱ 1,800,778,572
Issued during the year	**1**	-
Balance at end of year	**1,800,778,573**	1,800,778,572
Subscriptions receivable		
Balance at beginning of year	**(97,500,000)**	(97,500,000)
Collections during the year	**1,500,000**	-
Balance at end of year	**(96,000,000)**	(97,500,000)
Common stock net of subscription receivable	**1,704,778,573**	1,703,278,572
Preferred – ₱0.10 par value (Note 15)		
Issued	**100,000,000**	100,000,000
	1,804,778,573	1,803,278,572
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	**268,090,531**	268,090,531
CUMULATIVE FAIR VALUE LOSS ON FINANCIAL ASSET AT FVOCI		
Balance at beginning of year	**(638,038,377)**	-
Fair value loss during the year (Note 8)	**(1,002,631,734)**	(638,038,377)
Balance at end of year	**(1,640,670,111)**	(638,038,377)
RETAINED EARNINGS		
Balance at beginning of year	**1,663,489,111**	1,684,939,650
Net loss during the year	**(36,477,758)**	(21,450,539)
Balance at end of year	**1,627,011,353**	1,663,489,111
	₱ 2,059,210,346	₱ 3,096,819,837

See accompanying Parent Company Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Philippine Pesos)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱ 36,473,700)	(₱ 21,287,408)
Adjustments for:		
Provision for impairment loss (Notes 5, 10 and 13)	33,301,575	23,433,095
Input VAT written off (Note 5)	(559,169)	-
Reversal of allowance for impairment (Note 13)	(480,619)	-
Reversal of payables (Notes 12 and 13)	(116,332)	(8,156,559)
Unrealized foreign exchange loss (Note 6)	2,989	3,682
Interest income (Note 6)	(717)	(3,787)
Depreciation (Note 11)	-	3,400
Operating loss before working capital changes	(4,325,973)	(6,007,577)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables (Note 7)	63,882	(46,199)
Input VAT	454,192	(325,652)
Increase (decrease) in trade and other payables (Note 12)	(13,681,686)	370,609
Cash used in operations	(17,489,585)	(6,008,819)
Income taxes paid	(163,131)	-
Interest received (Note 6)	717	3,787
Net cash used in operating activities	(17,651,999)	(6,005,032)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections from related parties (Note 13)	12,873,354	21,314,930
Advances to related parties (Note 13)	(67,560)	(29,107,993)
Investment in subsidiary (Note 10)	(2,480)	-
Deposit for land acquisition (Note 9)	-	(4,000,000)
Net cash provided by (used in) investing activities	12,803,314	(11,793,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances received from related parties (Note 13)	5,120,018	6,348,364
Collection of subscriptions	1,500,000	-
Payments to related parties (Note 13)	(503,029)	(35,319,907)
Issuance of shares	1	-
Additional deposits for future stock subscription (Note 13)	-	44,821,275
Net cash provided by financing activities	6,116,990	15,849,732
EFFECTS OF EXCHANGE RATE CHANGES ON CASH (Note 6)	(2,989)	(3,682)
NET INCREASE (DECREASE) IN CASH	1,265,316	(1,952,045)
CASH AT BEGINNING OF YEAR (Note 6)	541,639	2,493,684
CASH AT END OF YEAR (Note 6)	₱ 1,806,955	₱ 541,639

See accompanying Parent Company Notes to Financial Statements.

1. Corporate Information

Greenergy Holdings Incorporated (the "Parent Company") was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, SEC approved the amendment of its Articles of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly-listed in the Philippine Stock Exchange (PSE) under ticker symbol "GREEN".

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property; and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the Parent Company shall not engage as stock brokers or dealers in securities.

The Parent Company's registered address and principal place of business is at 54 National Road, Dampol II-A, Pulilan, Bulacan 3005, Philippines.

As at December 31, 2020 and 2019, the Parent Company holds investments in the following subsidiaries:

Investee	Country of incorporation	Principal activity	Principal place of business	Ownership 2020	Ownership 2019
1. Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	**100.0%**	100.0%
2. Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment holding	Makati City	**100.0%**	100.0%
3. Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real estate and agriculture	Makati City	**62.4%**	62.4%
4. Lite Speed Technologies, Inc. (LSTI)	Philippines	Information technology	Makati City	**51.0%**	51.0%
5. Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste management facility	Pulilan, Bulacan	**51.0%**	51.0%
6. Yakuru Group Pty. Limited (YGPL)	Australia	Professional, Scientific and technical Services	New South Wales, Australia	**51.0%**	-

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Parent Company will be able to continue towards increasing revenues and improving its operations despite significant losses incurred over the years. The Parent Company shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management facility and information technology.

In view thereof, the Parent Company has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas since 2019. The Parent Company plans to invest in green and sustainable projects and aims to become a carbon neutral company by the year 2030 under vision #GREEN2030. As a result, the Parent Company has the following business activities:

A. On March 25, 2021, the Parent Company executed a Memorandum of Agreement (the "MOA") with Ala Eh Knit, Inc. ("Ala Eh"), an affiliate of Abacore Capital Holdings, Inc., ("ABA") for the development and operation of a logistics center and food terminal in a three-hectare property in Barangay Santa Rita, Aplaya, Batangas City (the "Property").

   Under the MOA, Ala Eh shall amend its Articles of Incorporation as follows:
   1. Increase its authorized capital stock to ₱1,500,000,000 (the "Increase"),
   2. Change its primary purpose to allow it to engage in the business of operating, managing, leasing, and developing the Logistic Center and the Food Terminal Complex, and
   3. Change its corporate name.

   The existing shareholders of Ala Eh shall likewise infuse the Property into Ala Eh in exchange for such number of shares equivalent to 40% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the existing shareholders' intended subscription is Six Hundred Million Pesos (₱600,000,000). The Parent Company, on the other hand, shall subscribe to such number of shares equivalent to 60% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the Parent Company's intended subscription is Nine Hundred Million Pesos (₱900,000,000). The Parent Company shall manage the construction, development and operation of the Logistics Center consisting of cold and dry storage facilities, agri-processing facilities and other facilities that are necessary for marketing and procurement activities.

   As at April 28, 2021, pursuant to the MOA, the Parent Company and Ala Eh are still in discussion on the most tax efficient manner of infusing the Property into Ala Eh. Once the parties have agreed on said manner of transfer, Ala Eh shall proceed to get the necessary approvals from its Board of Directors, stockholders, the SEC, and other relevant regulatory agencies, if any, to implement the transactions contemplated under the MOA (e.g., amendments of the Articles of Incorporation, infusion of the Property, execution of subscription agreement, etc.).

B. On March 1, 2021, the Parent Company, ABS-CBN Corporation ("ABS-CBN") and iBayad Online Ventures, Inc. ("iBayad") executed a legally binding Term Sheet for the acquisition by the Parent Company of fifty-one million (51,000,000) fully paid common shares of U-Pay Digital Technologies, Inc. ("U-Pay") from ABS-CBN which would result in the Parent Company owning fifty-one percent (51%) of the outstanding capital stock of U-Pay (the "Transaction"). The Parent Company shall pay the total amount of Fifty-Four Million Pesos (₱54,000,000) as consideration for the Transaction.

Under the Term Sheet, iBayad shall provide expertise in financial technology, programs and software applications it has developed and will develop for U-Pay, including the service and maintenance thereof. Further, the execution of the definitive agreements is conditioned on a satisfactory legal, financial and environmental, social and governance due diligence by the Parent Company. The Parent Company is given 45 days from execution of the Term Sheet within which to complete the due diligence. The Transaction is also subject to approvals of pertinent government authorities.

U-Pay is a fintech company engaged in the business of customer and merchant e-wallet/e-money services and other related services, operating a platform therefor, as well as advertising, producing, distributing, and marketing products and services that are connected to the operations of said business. It has a Type "C" E-Money Issuer license issued by the Bangko Sentral ng Pilipinas and duly registered to operate as a Remittance and Transfer Company.

The closing of the agreement is extended until May 15, 2021 due to community quarantines imposed in the country.

C. On February 24, 2021, the Parent Company executed a Subscription Agreement with Ocean Biochemistry Technology Research, Inc. ("OBTRI") wherein the Parent Company subscribed to thirty-seven thousand five hundred (37,500) primary common shares of OBTRI from the unissued portion of the latter's outstanding capital stock with a subscription price per share of One Hundred Pesos (₱100) or an aggregate subscription price of Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000) ("Subscription Price"). The Parent Company has paid 25% of the Subscription Price upon execution of the Subscription Agreement while the balance shall be paid upon call by the Board of Directors of OBTRI. Upon issuance of the shares, the Parent Company shall hold 60% of the total issued and outstanding shares of OBTRI.

OBTRI is a domestic corporation engaged in the business of manufacturing and trading. Upon compliance with the relevant regulatory requirements, it intends to engage in manufacturing and trading of pharmaceutical, nutraceutical and alternative medicine and will secure a registration with the Food and Drug Administration. It is 51% owned by M2000 Imex Company, Inc., a wholly-owned subsidiary of AgriNurture, Inc., prior to the Parent Company's subscription."

D. On January 26, 2021, the Parent Company executed a Memorandum of Agreement (the "Agreement") with ITBS Information Technology Business Solutions Corp. ("ITBS") for the integration of ePitaka, a payment platform system for financial transactions developed by the Parent Company's related parties, with ITBS' Smart Country Ecosystem's electronic Know Your Citizen platform installed by ITBS in various local government units in the Philippines. The Agreement has a term of three years with an option to renew for another two years upon expiration of the original term.

E. On April 11, 2019, the Parent Company entered into an International Distributorship Agreement (IDA) with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. On April 10, 2020, the Agreement was extended for a period of 30 days or until May 10, 2020. On May 11, 2020, the parties mutually agreed to have the Parent Company, through its wholly-owned subsidiary, Winsun Green Ventures, Inc. (WGVI), continue as distributor of Hanergy's solar products in the Philippines. On the same date, WGVI and Hanergy Thin Film Power Asia Pacific Limited executed an International Distributorship Agreement.

F. On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold 51% equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

G. On July 17, 2019, the Parent Company also entered into a Memorandum of Agreement (MOA) with RYM Business Management Corp. ("RYM") and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock (the "Investment"). The Investment is subject to verification and validation by RYM of the titles and ownership rights of the landowners.

   On October 15, 2019, the Parties agreed to the extension of the prescribed periods provided in the Agreement. However, upon review of the pertinent documents related to the parcels of land and the investment, additional period is required to finalize the due diligence audit, to complete the appraisal report, and to implement the investment. In view thereof, on July 1, 2020, the Parties have agreed to further extend the following period in relation to the MOA:

   1. An additional period of one hundred eighty (180) days from July 1, 2020 for the validation and verification of titles and the issuance of the appraised reports;
   2. An additional period of two hundred ten (210) days from July 1, 2020 to execute the first (1st) tranche of the Investment; and
   3. An additional period of two hundred forty (240) days from July 1, 2020 to execute the second (2nd) tranche of the Investment.

   However, on December 28, 2020 the Parent Company and RYM have decided to no longer pursue the transaction contemplated under the MOA due to the impact of the COVID-19 pandemic, the resulting prolonged community quarantine, and the effect thereof on real estate property businesses.

With the above investments, the management of the Parent Company assessed that the going concern assumption remains to be appropriate as the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result from the outcome of this uncertainty.

<u>Authorization for Issuance of Financial Statements</u>
The accompanying financial statements of the Parent Company as at and for the year ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on April 28, 2021.

2. Basis of Preparation

The financial statements have been prepared using the historical cost basis except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. These financial statements are presented in Philippine Peso, the Parent Company's functional and reporting currency under Philippine Financial Reporting Standard (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements present, in compliance with PFRS, which may be obtained from SEC.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Council (FRSC) and adopted by SEC.

3. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted by the Parent Company are consistent with those of the previous financial years except for the applicable amended accounting standards that became effective in the current year. Unless otherwise indicated, the following amended PAS and PFRS that became effective in 2020 did not have any significant impact on the Parent Company's financial statements or are not applicable to the Parent Company.

Adopted but Did Not Have Significant Impact on the Financial Statements

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. An amendment to PFRS 16, *Leases* provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.

  The Parent Company did not enter into rent concessions in 2020.

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  These amendments will apply on future business combinations of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Revised Conceptual Framework for Financial Reporting
  The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes are made to any of the current accounting standards. The Parent Company has assessed that its accounting policies are still appropriate under the revised framework.

New and Amended Standards Issued but not yet Effective
Standards issued but not yet effective up to the date of the Parent Company's financial statements are listed below. Unless otherwise indicated, the Parent Company does not expect that the adoption of these new and amended standards to have significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective in 2021

- PFRS 17, *Insurance Contracts*
  This standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

  This standard is not applicable to the Parent Company as it has no insurance contracts.

Effective in 2022
These are effective on or after January 1, 2022. Earlier adoption is permitted.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*
  The amendments specify that the cost of fulfilling a contract comprises those that relate directly to the contract, which can either be incremental costs or an allocation of other costs that relate directly to fulfilling contracts. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparative financial statements are not restated.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*
  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling and the cost of producing such items in profit or loss. An entity applies the amendments retrospectively on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments update a reference to the Conceptual Framework as this would cause conflicts for entities applying PFRS 3. Potential conflicts occur as the definition of assets and liabilities in the 2018 Framework differ from those in the 1989 Framework potentially leading to day 2 gains or losses post-acquisition for some balances recognized. An exception has been added to the requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

- Annual Improvements to PFRS Standards 2018-2020 Cycle
  - Amendments to PFRS 1, *Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PFRS 16, *Lease Incentives*
  - Amendments to PAS 41, *Taxation in fair value measurements*

Effective in 2023

- Amendments to PFRS 17, Insurance Contracts
- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

Deferred

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

No mandatory effective date

PFRS 9, *Financial Instruments* (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)

The Parent Company will continue to assess the relevance and impact of the above standards, amendments and improvements to standards, and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Parent Company's financial statements when these are adopted.

4. Summary of Significant Accounting and Financial Reporting Policies

The principal accounting and financial reporting policies adopted in preparing the financial statements of the Parent Company are summarized below and in the succeeding pages the policies have been consistently applied to all years presented unless otherwise stated.

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period,
- expected to be collectible on demand, or
- cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent. Deferred tax assets are classified as noncurrent assets.

A liability is current when:
- expected to be settled in normal operating cycle,
- held primarily for the purpose of trading,
- due to be settled within twelve months after the reporting period,
- expected to be settled on demand, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are considered noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Parent Company determines the policies and procedures for both recurring and nonrecurring fair value measurements. For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in the statements of comprehensive loss unless it qualifies for recognition as some other type of asset or liability. In cases where an unobservable data is used, the difference between the transaction price and model value is only recognized in the statements of comprehensive loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the "Day 1" difference amount.

<u>Financial Assets and Liabilities</u>
<u>*Date of recognition*</u>
The Parent Company recognizes a financial asset or liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way to purchase or sale of financial assets, recognition and derecognition, as applicable, is done using the settlement date accounting.

<u>*Initial recognition*</u>
At initial recognition, the Parent Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL, if any, are expensed in profit or loss.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument with similar maturities.

Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

<u>*Classification of financial assets*</u>
The Parent Company classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- Those to be measured at amortized cost.

Financial assets at fair value through other comprehensive income (FVOCI)
Financial assets at FVOCI comprise:
- Equity instruments
  Equity securities which are not held for trading, and which the Parent Company has irrevocably elected at initial recognition to be recognized in this category. These are strategic investments and the Parent Company considers this classification to be more relevant.

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

As at December 31, 2020 and 2019, the Parent Company has investments in shares of stock valued at FVOCI (see Note 8).

- Debt instruments

  Debt securities where the contractual cash flows are solely principal and interest and the objective of the Parent Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

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

  The Parent Company has no debt instruments at FVOCI as at December 31, 2020 and 2019.

Financial assets at FVPL

The Parent Company classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive loss.

This category includes derivative instruments and listed equity investments which the Parent Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statements of comprehensive loss when the right of payment has been established.

The Parent Company has no financial asset at FVPL as at December 31, 2020 and 2019.

Financial assets at amortized cost

The amortized cost of a financial asset is the present value of future cash receipts discounted at the effective interest rate. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is measured at amortized cost if it is not designated as FVPL and meets both of the following conditions:

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

This classification includes cash, nontrade receivables and due from related parties as at December 31, 2020 and 2019 (Notes 6, 7 and 13) which are held by the Parent Company with the objective to collect the contractual cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Parent Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The classification depends on the Parent Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Parent Company reclassifies debt investments when and only when its business model for managing those assets changes.

<u>*Subsequent measurement of financial assets*</u>

- Debt instruments

  There are three measurement categories into which the Parent Company classifies its debt instruments:

  - *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in the statements of comprehensive loss.

    Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

  - *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss.

    When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in the statements of profit or loss.

  - *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains and losses in the period in which it arises.

  The Parent Company has no debt instrument financial assets as at December 31, 2020 and 2019.

- Equity instruments

  The Parent Company subsequently measures all equity investments at fair value. Where the Parent Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Parent Company's right to receive payments is established.

  The Parent Company's equity instruments are subsequently measured at FVOCI as at December 31, 2020 and 2019 (Note 8).

Impairment of financial assets
The Parent Company recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based in the difference between the contractual cash flows due in accordance with the contract and all the cash flows of that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

In measuring ECL, the Parent Company must reflect:
- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence;
- Discounting for the time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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).

The Parent Company may apply the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the trade receivable and contract assets, if any. It also allows the Parent Company to use a simplified "provision matrix" for calculating expected losses. The provision matrix is based on the Parent Company's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Forward-looking information are considered as economic inputs, such as gross domestic product (GDP) or gross national income (GNI), exchange rate, interest rate, inflation rate and other economic indicators.

For cash in banks, nontrade receivables and due from related parties, the Parent Company applies the general approach in calculating ECLs. The Parent Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks, nontrade receivables and due from related parties since initial recognition.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Classification and subsequent measurement of financial liabilities
The Parent Company classifies its financial liabilities in the following categories:
- *Financial Liabilities at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or the Parent Company elects to designate a financial liability under this category. Financial liabilities at FVPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

  As at December 31, 2020 and 2019, the Parent Company has no financial liabilities at FVPL.

- *Financial liabilities at amortized cost*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables) or borrowing (e.g. long-term debt).

  The financial liabilities are initially recorded at fair value less directly attributable transaction costs.

  After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains and losses on derecognition are also recognized in profit or loss.

  As at December 31, 2020 and 2019, this category includes the Parent Company's trade and other payables and due to related parties (Notes 12 and 13).

Short-term payables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

The classification depends on the purpose for which the financial liabilities are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

<u>*Derecognition of Financial Instruments*</u>

Financial assets

A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Parent Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows of an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the assets, the asset is recognized to the extent of the Parent Company'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 Parent Company could be required to repay.

On disposal of debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss. On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the 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 amounts is recognized in profit or loss.

Classification of Financial Instrument between Debt and Equity
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses. A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Parent Company; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Parent Company's statements 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Parent Company's statements of financial position.

Advances to Employees
Advances to employees for business expenses that are yet to be received such as purchases of goods and services subject to liquidation are recognized at the actual cash amount advanced to employees, less any impairment. These are initially recorded at actual cash advanced to employees and are subsequently applied to the related assets, costs or expenses incurred.

Input value added tax (VAT)
Input VAT represents VAT imposed on the Parent Company by its suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations. Input VAT is presented as current asset and will be used to offset against the Parent Company's current output VAT liabilities, if any. Input VAT is initially recognized at cost (actual amount paid for) and subsequently stated at its net recoverable amount (unutilized amount of input VAT less impairment). Input VAT that is considered not recoverable permanently is derecognized and written-off to expense.

Investment in Subsidiaries
A subsidiary is an entity over which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee generally accompanying a shareholding of more than ½ of the voting rights.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Parent Company's investment in subsidiaries is accounted for under the cost method of accounting. Under the cost method, investment is recognized initially at cost and subsequently at cost less impairment losses, if any. Income from the investment is recognized only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognized as a reduction of the cost of the investment.

The carrying value of investment is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of impairment loss is recognized in profit or loss in the Parent Company's statements of comprehensive loss.

Deposit for Land Acquisition
Deposit for land acquisition mainly represents cash payment to acquire a land. This is initially recorded at the cash amount deposited and subsequently stated at cost, less impairment losses, if any.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets follow:

Category	Estimated useful life
Transportation equipment	5 years
Furniture, fixtures and equipment	5 years

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Parent Company's statements of comprehensive loss in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Impairment of Nonfinancial Assets
An assessment is made at each end of financial reporting period to determine whether there is any indication of impairment of the Parent Company's nonfinancial assets included in receivables, input VAT, investment in subsidiaries, property and equipment, and deposit for land acquisition or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is computed as the higher of the asset's value in use and its net selling price. An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period in which it arises. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization), had no impairment loss been recognized for the asset in prior years.

Deposit for Future Stocks Subscription
Deposit for future stocks subscription represents funds received by the Parent Company from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for stocks subscription as part of equity if and only if, all of the following elements are present as at the end of the period:
- The unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the Parent Company and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual; and (d) other related parties such as directors, officers, and stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Equity
- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.
- *Subscriptions receivable* pertains to the uncollected portion of subscribed and paid, or issued.
- *Cumulative unrealized loss* on financial asset at FVOCI are recognized immediately in other comprehensive income in equity in the period in which they arise and cannot be reclassified to profit or loss in subsequent periods.
- *Retained earnings* include all current and prior period results of operations as disclosed in the Parent Company's statements of comprehensive loss.

Revenue Recognition

The Parent Company recognizes revenue to depict the transfer of services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The Parent Company applies the following five steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Parent Company and the revenue, related cost incurred or to be incurred/cost to complete the transactions can be reliably measured. The Parent Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Parent Company, if any. Revenue excludes any value added tax.

The following specific revenue recognition criteria must also be met before revenue is recognized:

- *Interest income,* which is presented net of final taxes paid or withheld, is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.
- *Gain on sale of asset* is recognized when sale transaction occurs.
- *Other income* is recognized as these accrue.

Cost and Expense Recognition

Expenses are recognized in the Parent Company's statements of comprehensive loss when incurred or upon utilization of the service at the date they are incurred.

Employee Benefits

- *Short-term benefits*

  Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

  Short-term benefits given by the Parent Company to its employees include salaries and wages, SSS, PHIC and HDMF contributions, short-term compensated absences, bonuses and nonmonetary benefits.

- *Retirement Benefits*
  The Parent Company does not have a formal retirement benefit plan. However, the Parent Company will provide retirement benefits in compliance with Republic Act (RA) 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

Income Tax

Income taxes represent the sum of the tax currently due and deferred tax.

Current tax

The tax currently due or recoverable from tax authorities is based on taxable income for the year. Taxable income differs from income as reported in the Parent Company's statements of comprehensive loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Parent Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of each financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carry forward benefits of net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled. The carrying amount of deferred tax assets is reviewed at each end of financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Income tax relating to items recognized directly in OCI is recognized in equity and not in the statements of comprehensive loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Provisions

Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of financial reporting period and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

Events After End of Financial Reporting Period
Post year-end events that provide additional information about the Parent Company's position at the reporting period (adjusting events) are reflected in the Parent Company's financial statements. However, post year-end events that are non-adjusting events are disclosed in the notes to financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the Parent Company's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the financial statements.

Judgments
In the process of applying the Parent Company'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 financial statements:

- *Going Concern*
  The management made an assessment at the Parent Company's ability to continue as a going concern and is satisfied that the Parent Company has the resources to continue the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast a significant doubt upon the Parent Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis (see Note 1).

- *Determination of Control*
  The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity.

  The Parent Company controls an entity if and only if the Parent Company has all of the following:
  a. Power over the entity;
  b. Exposure, or rights, to variable returns from its involvement with the entity; and,
  c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

  The Parent Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Classification of Financial Instruments and Measurement Criteria*
  The Parent Company classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Parent Company's business model for managing them. The Parent Company determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Determination of Fair Value of Financial Instruments*
  The Parent Company carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Parent Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Parent Company's financial instruments as at December 31, 2020 and 2019 is shown in Note 17.

- *Assessment of Retirement Liability*
  Management has reviewed its obligation for retirement benefit costs in view of the requirements under RA 7641. Management has assessed that the current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit costs is recognized in the financial statements as at December 31, 2020 and 2019. Management, however, will continue to have a yearly assessment of its obligation, if any, to pay retirement benefit costs.

Estimates
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  The Parent Company applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received, discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high.

  Accordingly, additional impairment of due from related parties amounting to ₱0.1 million and ₱15.6 million were recognized as at December 31, 2020 and 2019, respectively (see Note 13).

  The Parent Company's allowance for impairment amounted to ₱365.7 million and ₱366.1 million as at December 31, 2020 and 2019, respectively (see Note 13).

- *Estimation of Impairment of Nonfinancial Assets*
  The Parent Company reviews its nonfinancial assets included in advances to employees, input VAT, investment in subsidiaries, property and equipment, and deposit for land acquisition for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. As described in the accounting policy, the Parent Company estimates the recoverable amount as the higher of the net selling price and 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 Parent Company is required to make estimates and assumptions that may affect its nonfinancial assets included in advances to employees, input VAT, investment in subsidiaries, property and equipment, and deposit for land acquisition.

The Parent Company's allowance for impairment on nonfinancial assets follow:

	2020	2019
Investment in subsidiaries (Note 10)	**₱61,960,194**	₱29,410,419
Input VAT	**641,400**	559,169
	₱62,601,594	₱29,969,588

In 2020, input VAT amounting to ₱559,169 was written off.

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Parent Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets, if any. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction on the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease the related asset account.

  There are no changes in the useful lives of the property and equipment in 2020 and 2019.

- *Estimation of Deferred Tax Assets*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset was recognized in the Parent Company's financial statements as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provision for Contingencies*
  The Parent Company is a party to certain lawsuits and claims arising in the extra-ordinary circumstances. The probable costs for the resolution of these lawsuit and claims are estimated in consultation with legal counsel and are based upon an analysis of potential outcome. No provision for probable losses has been recognized in the Parent Company's financial statements, as management believes that the eventual liabilities under lawsuit and claims, if any, will not be material.

  The Parent Company has no provisions as at December 31, 2020 and 2019.

6. Cash

Cash includes cash in banks which pertain to savings and current deposits that generally earn interest based on prevailing rates of less than 1% annually. Balances as at December 31, 2020 and 2019 amounted to ₱306,955 and ₱541,639, respectively.

Cash on hand as of December 31, 2020 represents undeposited collection of capital stock subscriptions.

Interest income on cash in banks recognized in profit or loss in the Parent Company's statements of comprehensive loss amounted to ₱717 in 2020 and ₱3,787 in 2019.

Cash in bank denominated in foreign currency amounted to $1,076 with Peso equivalent of ₱51,693 as at December 31, 2020 and $1,078 with Peso equivalent of ₱54,683 as at December 31, 2019. Balances have been translated at a rate of ₱48.04 to US$1 as at December 31, 2020 and ₱50.74 to US$1 as at December 31, 2019. Unrealized foreign exchange loss amounting to ₱2,989 in 2020 and ₱3,682 in 2019 is reported under general and administrative expenses as 'others' (see Note 14).

7. Receivables

This account consists of:

	2020	2019
Nontrade receivables	**₱250,118,737**	₱250,143,180
Advances to employees	**6,210**	45,649
	₱250,124,947	₱250,188,829

Nontrade receivables pertain to the unsecured and noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) subsequently assigned by TLCIF to Zhongshan Fucang Trade Co. Ltd. (ZFTC) on December 29, 2014, as consented by the Parent Company with the following terms and conditions:

a. ZFTC shall pay the nontrade receivables on or before December 31, 2016 in cash or non-cash assets acceptable to the Parent Company; and
b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTC and the Parent Company.

In 2019, the Parent Company and ZFTC agreed to convert these receivables into an investment with a particular interest. As of December 31, 2020, conversion is still in process.

Advances to employees are generally for business purposes and subject to liquidation.

All of the Parent Company's receivables are noninterest–bearing and were not pledged to any of the Parent Company's liabilities.

8. Financial Asset at FVOCI

This account pertains to the shares of stock of ANI held by the Parent Company as at December 31, 2020 and 2019.

The rollforward analysis of this account is shown below:

	2020	2019
Balance at beginning of year	**₱2,461,005,166**	₱3,099,043,543
Fair value loss during the year	**(1,002,631,734)**	(638,038,377)
Balance at end of year	**₱1,458,373,432**	₱2,461,005,166

The fair value of this investment amounted to ₱1.5 billion at ₱8 per share as at December 31, 2020 and ₱2.5 billion at ₱13.5 per share as at December 31, 2019 based on the quoted price published by the PSE.

The rollforward analysis of cumulative fair value loss on financial asset at FVOCI as presented in the statements of financial position follows:

	2020	2019
Balance at beginning of year	₱638,038,377	₱–
Fair value loss during the year	1,002,631,734	638,038,377
Balance at end of year	₱1,640,670,111	₱638,038,377

In 2020, the Parent Company invested in Mabuhay Holdings Corporation amounting to ₱1.64 million. In the same year, the Parent Company sold the said investment at a gain of ₱86,578.

There are no financial assets at FVOCI that are pledged as securities for liabilities.

9. Deposit for Land Acquisition

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners he represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. Accordingly, the Parent Company made a deposit amounting to ₱4.6 million in 2018.

In September 2019, the Parent Company made an additional investment amounting to ₱4.0 million.

As of December 31, 2020, necessary arrangements for the purchase of the land are still in process.

Management believes that there are no indications of impairment on its deposit as at December 31, 2020 and 2019.

10. Investment in Subsidiaries

This account consists of investments in shares of stocks of the following subsidiaries:

	Ownership			
	2020	2019	2020	2019
Sunchamp Real Estate Development Corp. (SREDC)	62.4%	62.4%	₱365,000,000	₱365,000,000
Winsun Green Ventures, Inc. (WGVI)	100.0%	100.0%	20,000,000	20,000,000
Total Waste Management Recovery System, Inc. (TWMRSI)	51.0%	51.0%	1,937,500	1,937,500
Lite Speed Technologies, Inc. (LSTI)	51.0%	51.0%	159,373	159,373
Agrinurture Development Holdings, Inc. (ADHI)	100.0%	100.0%	62,500	62,500
Yakuru Group Pty. Limited (YGPL)	51.0%	–	2,480	–
			387,161,853	387,159,373
Allowance for impairment			(61,960,194)	(29,410,419)
			₱325,201,659	₱357,748,954

Rollforward analysis of this account follows:

	2020	2019
Cost:		
Balance at beginning of year	**₱387,159,373**	₱387,159,373
Additions during the year	**2,480**	–
Balance at end of year	**387,161,853**	387,159,373
Allowance for impairment:		
Balance at beginning of year	**(29,410,419)**	(22,159,373)
Provision during the year (Note 14)	**(32,549,775)**	(7,251,046)
Balance at end of year	**(61,960,194)**	(29,410,419)
	₱325,201,659	₱357,748,954

SREDC

SREDC's principal activity is in real estate and agriculture. The Parent Company owns 62.39% of the subsidiary. In 2019, the Parent Company provided for impairment loss on the investment amounting to ₱7.3 million. Additional impairment loss was provided in 2020 amounting to ₱32.5 million.

WGVI

WGVI was incorporated on June 22, 2012 with the primary purpose engaging in the business of renewable energy projects. WGVI has a capital deficiency amounting to ₱66.7 million and ₱66.8 million as at December 31, 2020 and 2019, respectively. It started its commercial operation in 2020.

On February 22, 2019, the BOD authorized the Parent Company to make an additional investment up to ₱100 million to finance the latter's "green" projects involving solar power and liquefied natural gas. As of December 31, 2020, the additional investment is not yet made.

On May 10, 2020, WGVI executed an International Distributorship Agreement ("Agreement") with Hanergy Thin Film Power Asia Pacific Limited to be the latter's distributor of its solar products in the Philippines. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. WGVI recognized ₱6.7 million revenue from this agreement in 2020.

TWMRSI

TMWRSI is 51% owned by the Parent Company. It was incorporated primarily to engage in the business of waste management facility. In 2013, the Parent Company advanced ₱235.0 million to TWMRSI, which was used to acquire machinery and equipment and steel structure for the latter's waste recycling project located in Valenzuela City and which was initially expected to be in full operation in 2014. However, as at December 31, 2020, TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located. Consequently, in 2014, the Parent Company's investment was provided with full allowance as the management believed that investment is already impaired.

ADHI

ADHI, a wholly-owned subsidiary of the Parent Company, was incorporated on June 17, 2014 to operate as a holding company for the Parent Company's agricultural portfolio. ADHI has a capital deficiency amounting to ₱320,114 and ₱270,573 as at December 31, 2020 and 2019, respectively. In 2017, the Parent Company's investment was provided with full allowance as management believed that it was already impaired. As at December 31, 2020, ADHI has not yet started its commercial operations.

LSTI
LSTI, a 51% owned subsidiary of the Parent Company, was registered with the SEC on August 14, 2014 to engage in the business of information and communications technology. LSTI has a capital deficiency amounting to ₱116,998 and ₱55,184 as at December 31, 2020 and 2019, respectively. In 2017, the Parent Company provided full allowance on the investment as management believed that it was already impaired. As at December 31, 2020, LSTI has not yet started its commercial operations.

YGPL
On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold fifty-one percent (51%) equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL started its operations in the last quarter of 2020 and shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

Summarized financial information of the subsidiaries in 2020 and 2019 follows:

2020	SREDC	WGVI	TWMRSI	ADHI	LSTI	YGPL
Current assets	₱381,587,730	₱6,094,576	₱–	₱91,845	₱266,170	₱128,622
Noncurrent assets	158,952,983	–	–	–	–	–
Current liabilities	18,018,719	72,806,950	233,878,338	411,959	383,168	–
Total equity (deficiency)	522,521,994	(66,712,374)	(233,878,338)	(320,114)	(116,998)	128,622
Revenue	2,758,807	6,713,476	–	–	–	–
Net loss	(39,569,197)	50,104	(81,476)	(49,541)	(61,814)	125,086

2019	SREDC	WGVI	TWMRSI	ADHI	LSTI
Current assets	₱405,470,704	₱235,680	₱–	₱90,676	₱266,170
Noncurrent assets	171,838,902	–	–	–	–
Current liabilities	15,218,415	66,998,158	233,796,862	361,249	321,354
Total equity (deficiency)	562,091,191	(66,762,478)	(233,796,862)	(270,573)	(55,184)
Revenue	1,645,603	–	–	–	–
Net loss	(42,513,364)	(218,923)	(78,852)	(83,743)	(57,414)

11. **Property and Equipment**

The rollforward analysis of this account in 2019 is shown below:

	Transportation equipment	Furniture, fixtures and equipment	Total
Cost:	₱2,293,176	₱161,243	₱2,454,419
Accumulated depreciation:			
Balance at beginning of year	2,293,176	157,843	2,451,019
Depreciation (Note 14)	–	3,400	3,400
Balance at end of year	2,293,176	161,243	2,454,419
Net book value	₱–	₱–	₱–

Fully depreciated property and equipment are still being used in operations in 2020 and 2019. There are no acquisitions of property and equipment in 2020 and 2019.

There is no contractual commitment to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Parent Company as at December 31, 2020 and 2019.

12. Trade and Other Payables

This account consists of:

	2020	2019
Accrued expenses	**₱185,000**	₱215,000
Trade payables	**87,767**	13,857,584
Government payables	**16,539**	14,740
Advances from officers and employees	**561**	561
	₱289,867	₱14,087,885

Accrued expenses include accrual of professional fees.

Trade payables are unsecured and noninterest-bearing, which arise from purchases of materials, supplies and services in the ordinary course of business that are settled within 90 days. Trade payables amounting to ₱116,332 in 2020 were reversed.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees which will be remitted in the subsequent month.

Advances from officers and employees which are noninterest-bearing and payable on demand arises from advances made by the latter to defray the expenses of the Parent Company. Advances from officers and employees amounting to ₱172,502 were reversed in 2019.

13. Related Party Transactions

The Parent Company has the following related party transactions:

a. Extended (received) advances to (from) its related parties which are noninterest-bearing, unsecured and have no definite repayment dates. These are collectible in cash or can be offset against corresponding payables or liquidated upon completion of the projects of the Parent Company and its subsidiaries. As at December 31, 2020 and 2019, outstanding balances are as follows:

	2020		
Receivables:	Gross	Allowance	Net
Stockholders	₱311,517,502	₱–	₱311,517,502
Subsidiaries	309,607,784	(299,312,907)	10,294,877
Affiliates*	66,403,331	(66,403,331)	–
	₱687,528,617	(₱365,716,238)	₱321,812,379
Payables:			
Affiliates	₱70,560,045		₱70,560,045
Stockholders	14,033,781		14,033,781
	₱84,593,826		₱84,593,826

	2019		
Receivables:	Gross	Allowance	Net
Stockholders	₱324,363,686	₱–	₱324,363,686
Subsidiaries	309,567,794	(299,683,526)	9,884,268
Affiliates*	66,402,931	(66,402,931)	–
	₱700,334,411	(₱366,086,457)	₱334,247,954
Payables:			
Affiliates*	₱65,942,506		₱65,942,506
Stockholders	14,034,331		14,034,331
	₱79,976,837		₱79,976,837

**Affiliate is an entity under common control of the Parent Company's stockholders.*

Allowance for impairment amounting to ₱365.7 million and ₱366.1 million as at December 31, 2020 and 2019, respectively pertains to a portion of advances to subsidiaries and affiliates which management believes are no longer recoverable.

The rollforward analysis of related party accounts follow:

	2020	2019
Due from:		
Balance at beginning of year	**₱700,334,411**	₱692,541,348
Collections	**(12,873,354)**	(21,314,930)
Advances made	**67,560**	29,107,993
	687,528,617	700,334,411
Allowance for impairment	**(365,716,238)**	(366,086,457)
Balance at end of year	**₱321,812,379**	₱334,247,954
Due to:		
Balance at beginning of year	**₱79,976,837**	₱116,932,437
Advances received	**5,120,018**	6,348,364
Payments made	**(503,029)**	(35,319,907)
Reversals	–	(7,984,057)
Balance at end of year	**₱84,593,826**	₱79,976,837

Advances from related parties are for working capital requirements which are noninterest-bearing, unsecured and have no fixed repayment terms.

Rollforward analysis of allowance for impairment follows:

	2020	2019
Balance at beginning of year	**₱366,086,457**	₱350,463,577
Impairment loss during the year (Note 14)	**110,400**	15,622,880
Reversal during the year	**(480,619)**	–
Balance at end of year	**₱365,716,238**	₱366,086,457

b. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI) subject to the application to and approval of SEC of the increase in its authorized capital stock (the "Increase"), EHI subscribed to ₱250.0 million worth of common shares at ₱1.00 per share and ₱37.5 million worth of preferred shares at ₱0.01 per share of which ₱177.0 million shall be paid in cash upon execution of the subscription agreement with the balance due upon approval by the SEC of the increase. On May 22, 2019, the Parent Company and EHI executed an Amended Subscription Agreement amending the Subscription Agreement dated July 2, 2014 to increase the subscription of EHI from ₱250 million worth of common shares to ₱750 million worth of common shares. The amended number of subscribed common shares represent 25% of the required subscription out of the proposed increase. This will be converted to equity once the approval from the SEC have been obtained.

   In 2019, the Parent Company received additional deposits amounting to ₱44.8 million. The outstanding deposits amounted to ₱221.8 million as at December 31, 2020 and 2019. The Parent Company is awaiting approval by the SEC of the increase as at December 31, 2020.

c. The Parent Company offset advances received from a stockholder and an affiliate amounting to ₱502,480 and ₱550, respectively as at December 31, 2020, and advances made to an affiliate amounting to ₱20.8 million as at December 31, 2019. The Parent Company has 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 summary of the Parent Company's related party transactions follows:

Category	2020 Amount	2020 Balance – Asset (Liability)	2019 Amount	2019 Balance – Asset (Liability)	Terms and Conditions/ Settlement	Guaranty/ Provision
Stockholders						
Receivable		₱311,517,502		₱324,363,686	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; no impairment
• Advances made	₱–		₱7,704,587			
• Collections/offsetting	(12,846,184)		(500,000)			
Deposit for stock subscription	–	(221,821,275)	44,821,275	(221,821,275)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Payable		(14,033,781)		(14,034,331)	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants;
• Payments made	550		1,259			
Subsidiaries						
Receivable - net		10,294,877		9,884,268	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; with impairment
• Advances made	66,460		337,307			
• Collections	(26,470)					
• Impairment	299,312,907		299,683,526			
Affiliates						
Payable		(70,560,045)		(65,942,506)	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants;
• Payments made	502,479		14,518,648			
• Reversal	–		7,984,057			
• Advances received	(5,120,018)		(6,348,364)			
Receivable		–		–	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; with impairment
• Advances made	1,100		21,066,099			
• Collections/ offsetting	(700)		(20,814,930)			
• Impairment	(66,403,351)		(66,402,931)			

d. The key management personnel compensation paid by the Parent Company in 2020 and 2019 follows:

	2020	2019
Short term benefits		
Salaries and wages	**₱2,008,809**	₱1,133,745
13th month pay and other benefits	**161,006**	87,826
	₱2,169,815	₱1,221,571

e. The Parent Company does not have a formal retirement benefit plan. However, the Parent Company will provide retirement benefits in compliance with RA 7641.

f. There were no other significant transactions of related parties during the year.

14. **General and Administrative Expenses**

This account consists of:

	2020	2019
Provisions for impairment loss (Notes 5, 10 and 13)	**₱33,301,576**	₱23,433,095
Salaries and wages	**2,874,060**	3,144,908
Professional fees	**322,639**	717,730
Listing and stock transfer fees	**517,494**	1,744,516
Telephone charges	**41,786**	19,286
Transportation and travel	**755**	3,181
Taxes and licenses	**500**	9,448
Penalties and fines	**–**	324,393
Representation and entertainment	**–**	5,755
Depreciation (Note 11)	**–**	3,400
Repairs and maintenance	**–**	2,000
Others	**99,136**	40,042
	₱37,157,946	₱29,447,754

Salaries and wages include medical expense, SSS, HDMF, and PhilHealth contributions.

Others include mail and postages, foreign exchange loss, web development, service charges, printing expenses, bank charges, and advertising.

15. **Preferred Shares**

The Parent Company's preferred shares consisting of 1,000,000,000 shares with par value of ₱0.10 per share have the following rights, privileges, limitations and restrictions, which shall also appear on the Certificates of the Preferred Shares of the Parent Company:

1. The right to vote and be voted for;
2. The right to receive, out of the unrestricted retained earnings of the Parent Company, participating dividends at the rate as may be deemed proper by the BOD under the prevailing market conditions or such other relevant factors as the BOD may consider. Said dividends may be declared and payable at the discretion of the BOD after taking into account the Parent Company's earnings, cash flows, financial conditions and other factors as the BOD may consider relevant; and
3. In the liquidation, dissolution and winding up of the Parent Company, whether voluntary or otherwise the right to be paid in full or ratably, insofar as the assets of the Parent Company will permit, the par value or face of each preferred share as the BOD may determine upon their issuance, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of the common shares.

16. **Income Taxes**

a. The current income tax expense amounting to ₱4,058 in 2020 and ₱163,131 in 2019 pertain to MCIT.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in statements of comprehensive loss follows:

	2020	2019
Loss before income tax	**(₱36,473,700)**	(₱21,287,408)
Multiplied by statutory tax rate	**30%**	30%
Income tax expense (future tax benefit) computed at statutory tax rate	**(10,942,110)**	(6,386,222)
Income tax effects of:		
Nondeductible expenses	**9,990,473**	7,127,246
Reversal of allowance for impairment	**(144,186)**	–
Interest income subject to final tax	**(215)**	(1,136)
Applied NOLCO	–	(739,888)
Unrecognized deferred tax assets on:		
NOLCO	**1,096,038**	–
MCIT	**4,058**	163,131
Income tax expense	**₱4,058**	₱163,131

c. Net Operating Loss Carry-Over (NOLCO)

- *NOLCO incurred prior to taxable year 2020*
  NOLCO incurred prior to taxable year 2020 can be claimed as deduction against regular taxable income within the next three consecutive taxable years immediately following the year of such loss.

  The Parent Company incurred the following NOLCO:

Year incurred	NOLCO	Expired	Unexpired	Tax benefit	Year of expiration
2018	₱4,913,136	₱–	₱4,913,136	₱1,473,941	2021
2017	1,072,872	1,072,872	–	–	2020
	₱5,986,008	₱1,072,872	₱4,913,136	₱1,473,941	

- *NOLCO incurred in taxable year 2020*
  Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under Revenue Regulations (RR) No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Year incurred	NOLCO	Expired	Unexpired	Tax Benefit	Year of Expiration
2020	₱3,653,460	₱–	₱3,653,460	₱1,096,038	2025

The Parent Company did not recognize the future income tax benefit of NOLCO because it is not likely to be utilized prior to its expiration.

d. The carryforward incurred MCIT which can be claimed as deduction against future regular corporate tax due is as follows:

Year incurred	Year of expiration	Applied/Expired	Balance
2020	2023	₱–	₱4,058
2019	2022	–	163,131
2018	2021	–	61
2017	2020	3	–
		₱3	₱167,250

Deferred tax benefit of MCIT is not recognized in the financial statements as management believes that future taxable profits may not be available against which these income tax benefits can be utilized prior to its expiration.

e. The Parent Company opted for the itemized deduction scheme for its income tax reporting in 2020 and 2019.

17. Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Parent Company's financial assets and liabilities recognized as at December 31, 2020 and 2019:

		2020			
	Note	Carrying value	Fair value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets at amortized cost					
Cash	6	₱1,806,955	₱1,806,955	₱–	₱1,806,955
Nontrade receivables	7	250,118,737	250,118,737	–	250,118,737
Due from related parties	13	321,812,379	321,812,379	–	321,812,379
Financial asset at FVOCI	8	1,458,373,432	1,458,373,432	1,458,373,432	–
		₱2,032,111,503	₱2,032,111,503	₱1,458,373,432	₱573,738,071
Financial liabilities at amortized cost					
Trade and other payables*	12	₱273,328	₱273,328	₱–	₱273,328
Due to related parties	13	84,593,826	84,593,826	–	84,593,826
		₱84,867,154	₱84,867,154	₱–	₱84,867,154

**Excluding government payables amounting to ₱16,539 in 2020.*

		2019			
	Note	Carrying value	Fair value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets at amortized cost					
Cash in banks	6	₱541,639	₱541,639	₱–	₱541,639
Nontrade receivables	7	250,143,180	250,143,180	–	250,143,180
Due from related parties - net	13	334,247,954	334,247,954	–	334,247,954
Financial asset at FVOCI	8	2,461,005,166	2,461,005,166	2,461,005,166	–
		₱3,045,937,939	₱3,045,937,939	₱2,461,005,166	₱584,932,773
Financial liabilities at amortized cost					
Trade and other payables*	12	₱14,073,145	₱14,073,145	₱–	₱14,073,145
Due to related parties	13	79,976,837	79,976,837	–	79,976,837
		₱94,049,982	₱94,049,982	₱–	₱94,049,982

**Excluding government payables amounting to ₱14,740 in 2019.*

<u>Methods and Assumption Used to Estimate Fair Value</u>

The carrying values of the financial assets, except financial asset at FVOCI, and financial liabilities approximate their fair values due to their relatively short-term maturities or short-term nature of transactions. Financial assets at FVOCI pertaining to investment in a listed company included in level 1 is valued based at published prices. The fair value of financial assets and financial liabilities included in level 2 which are not traded in active market are determined based on the expected cash flows of the underlying asset and liability based on the investment where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

There are no transfers to and from level 1 and 2 categories during 2020 and 2019.

18. Financial Risk Management Objectives and Policies

The Parent Company is exposed to a variety of financial risks, which resulted from its investing and financing activities. The Parent Company's principal financial instruments comprise of cash in banks, nontrade receivables, trade and other payables and due to and from related parties. The main purpose of investing this financial instrument (assets) is to maximize interest yield and for capital appreciation.

The Parent Company's policies and guidelines cover credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Parent Company's results and financial position. The Parent Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- *Credit Risk*

  Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk primarily from cash in banks, receivables, due from related parties and financial asset at FVOCI.

  With respect to credit risk arising from the Parent Company's financial assets, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

  Credit risk exposure

  The table below shows the gross maximum exposure to credit risk of the Parent Company as at December 31, 2020 and 2019, without considering the effects of credit risk mitigation techniques.

	2020	2019
Cash (Note 6)	**₱1,806,955**	₱541,639
Nontrade receivables (Note 7)	**250,118,737**	250,143,180
Due from related parties (Note 13)	**321,812,379**	334,247,954
Financial asset at FVOCI (Note 8)	**1,458,373,432**	2,461,005,166
	₱2,032,111,503	₱3,045,937,939

  Credit quality per class of financial asset

  Below is the credit quality per class of the Parent Company's financial assets as at December 31, 2020 and 2019.

	2020				
	Neither past due nor impaired		Past due but not		
	High grade	Standard grade	impaired	Impaired	Total
Cash	₱1,779,212	₱27,743	₱–	₱–	₱1,806,955
Nontrade receivables	–	–	250,118,737	–	250,118,737
Due from related parties – net	–	321,812,379	–	365,716,238	687,528,617
Financial asset at FVOCI		1,458,373,432	–	–	1,458,373,432
	₱1,779,212	₱1,780,213,554	₱250,118,737	₱365,716,238	₱2,397,827,741

	2019				
	Neither past due nor impaired		Past due but not		
	High grade	Standard grade	impaired	Impaired	Total
Cash in banks	₱515,021	₱26,618	₱–	₱–	₱541,639
Nontrade receivables	–	–	250,143,180	–	250,143,180
Due from related parties – net	–	334,247,954	–	366,086,457	700,334,411
Financial asset at FVOCI	2,461,005,166	–	–	–	2,461,005,166
	₱2,461,520,187	₱334,274,572	₱250,143,180	₱366,086,457	₱3,412,024,396

The credit quality of cash and financial assets at FVOCI quoted securities are based on the nature and performance of the counterparty. High grade cash in banks are placed, invested, or deposited in local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability. Investment in shares of stocks under high grade classification are assigned to financial assets invested to well-established and financially sound company.

High grade receivables are those with no default in payment. Standard grade pertains receivables are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Parent Company's financial strength and undermine public confidence. The Parent Company is not exposed to large concentration of credit risks.

Impairment assessment
The Parent Company applies general approach for determining the ECLs of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. The management has assessed that due from related parties amounting to ₱365.7 million in 2020 and ₱366.1 million are uncollectible.

- *Liquidity Risk*
  The Parent Company seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

  The Parent Company's financial assets and liabilities are all collectible and payable, respectively, on demand.

- *Interest Rate Risk*
  The Parent Company is exposed to interest rate fluctuations on their cash in banks. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest–bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2020 and 2019 are less than 1%.

- Equity Price Risk
  The Parent Company's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levels of equity indices and the value of stocks traded in the stock market.

  At December 31, 2020 and 2019, if the quoted stock price for the securities using PSE index had increased by 70% and 38%, respectively, the Parent Company's total equity would have been higher by about ₱1.02 billion and ₱932.3 million, respectively. On the other hand, if the quoted market price for these securities had decreased by the same percentage, with all other variables held constant, total equity for the period would have been lower by the same amount. The analysis is based on the assumption that the quoted prices had changed by 70% and 38%, with all other variables held constant.

- *Foreign Currency risk*
  Currency risk arises when transactions are denominated in foreign currency. The Parent Company is not exposed to significant foreign currency risk given that the Parent Company's foreign currency denominated financial asset which pertains to cash in banks are not significant in amount (see Note 6).

19. Capital Management

The primary objective of the Parent Company's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Parent Company considers the following accounts as its capital:

	2020	2019
Capital stock	**₱1,804,778,573**	₱1,803,278,572
Additional paid-in capital	**268,090,531**	268,090,531
Retained earnings	**1,627,011,353**	1,663,489,111
Due to related parties	**84,593,826**	79,976,837
	₱3,784,474,283	₱3,814,835,051

The Parent Company manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2020 and 2019 follow:

	2020	2019
Total debt	**₱306,709,026**	₱316,049,128
Total equity	**2,059,210,346**	3,096,819,837
Debt-to-equity ratio	**0.15:1.00**	0.10:1.00

The stockholders of the Parent Company approved the amendment of the Parent Company's Articles of Incorporation and By-Laws to effect the increase of authorized capital stock from ₱2 billion up to an amount not exceeding ₱10 billion and delegated the determination thereof to the BOD during the Annual Stockholders' Meeting held on December 11, 2012, and confirmed such authority at the Annual Stockholders' Meeting held on December 20, 2017. Approval of increase is still pending with the SEC as at December 31, 2020.

The Parent Company had not been subjected to externally imposed capital requirements in 2020 and 2019. No changes were made in the objectives, policies, and processes during the years ended December 31, 2020 and 2019.

20. **Other Matters**

On December 15, 2015, the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, EHI and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

On January 22, 2016, the Parent Company and SREDC filed a Motion for Reconsideration of the Order, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the on-going proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures) lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

In an Order dated July 9, 2018 (Order), the RTC categorically ruled that "the funds in the subject accounts of respondent Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and the said bank accounts were "ordered Discharged from the effects of the APO dated December 31, 2015. With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated July 9, 2018) dated August 3, 2018 ("Motion"), while the Parent Company and SREDC filed their *Comment/Opposition* (to the Motion for Reconsideration) dated December 11, 2018 on even date.

On July 1, 2019, the RTC Manila issued the *Order* of even date, denying the Petitioner's *Motion for Reconsideration* dated August 3, 2019 for lack of merit. In this connection, the Petitioner' has 60 days from its receipt of the said *Order* within which to assail the same through a petition for *certiorari* with the Court of Appeals. As of date however, the Parent Company has not yet received any notice that the Petitioner filed such a petition for *certiorari*.

Considering the lapse of the reglementary period to file a petition for *certiorari*, the *Orders* dated July 9, 2018 and July 1, 2019 are now final and executory.

As a consequence of the *Order*, the above-mentioned bank account of the Parent Company remains to be discharged from the effects of the APO.

21. Events after the End of Financial Reporting Period

COVID-19

In a move to contain the COVID-19 pandemic, the community quarantine which was imposed on March 29, 2020 was extended throughout December 31, 2020. On February 27, 2021, it was announced that Metro Manila and other provinces have extended the general community quarantine (GCQ) until March 28, 2021. On March 29, 2021, enhanced community quarantine (ECQ) has been imposed until April 30, 2021. Throughout the imposition of the community quarantine, the Parent Company has observed the government mandates and directive related thereto. COVID-19 pandemic poses a significant impact on the Parent Company's financial statements due to a volatile stock price movement which affects its financial assets at FVOCI and delays in completion of the agreements as stated in Note 1. Nevertheless, the Parent Company's management and BOD will continuously monitor the impacts of COVID-19 and will plan accordingly to minimize and (or) mitigate further risk on the Parent Company's financial performance and position. The Parent Company has taken measures to preserve the health and safety of its stakeholders as well as the business operations.

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax Incentives for Enterprises Act" (Create Act) was passed into law. Salient provision of Create Act applicable to the Company are as follows:

1. Reduction in corporate income tax (CIT) rate effective July 1, 2020 as follows:

   Domestic corporations shall be subject to the following reduced CIT rates depending on their assets and taxable income:

   a. Those with assets amounting to ₱100,000,000 and below, and with taxable income equivalent to ₱5,000,000 and below will be subjected to a 20% tax rate;
   b. Those with assets above ₱100,000,000 or those with taxable income amounting to more than ₱5,000,000 will be subjected to a 25% tax rate.

   (Note: Computation of total assets is exclusive of the value of the land where the property, plant, and equipment are situated.)

   Foreign Corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.

2. Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023.

3. Regional Operating Headquarters (ROHQs) of multinational companies previously subject to a tax of 10% on their taxable income shall be subject to the regular corporate income tax effective January 1, 2022.

4. Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be one percent (1%).

5. For entities under the 25% income tax rate, their deductible interest expense shall be reduced by an amount equivalent to 20% of the interest income subject to final tax.

The Create Act is effective on April 11, 2021.

The proper calculation of the current income tax and related tax accounts as at and for the taxable year ended December 31, 2020 as a result of the reduction tax rate under the Create Act is presented below. The adjustment relating to such calculation, if any, will be recognized in the Company's financial statements as at and for the year ended December 31, 2021.

	December 31, 2020	Adjustments on reduction of tax rate	As adjusted
1. Provision for income tax	₱4,058	(₱1,014)	₱3,044
2. Prepaid income tax	4,058	(1,014)	3,044

22. Supplemental Information Required by Bureau of Internal Revenue (BIR)

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

a. Input VAT declared during the year 2020 follows:

Balance at beginning of year	₱536,423
Current year's domestic purchase of goods	104,979
	641,402
Less allowance for impairment loss	(641,402)
Balance at end of year	₱–

b. The Parent Company's taxes and licenses in 2020 shown in profit or loss in the statements of comprehensive loss amounted to ₱500 which pertains to its annual registration fee.

c. The amount of withholding taxes on compensation accrued and paid amounted to ₱81,966 in 2020.

d. There were no accruals or payments for the following taxes in 2019:
   - Custom duties and tariff fees
   - Excise tax
   - Output vat
   - Documentary stamp tax
   - Capital gains tax

e. The Parent Company is not involved in any tax cases under preliminary investigation, litigation and prosecution in courts or outside the BIR for the year ended December 31, 2020.

CONSTANTINO AND PARTNERS
22nd Floor Citibank Tower
8741 Paseo de Roxas
Salcedo Village, Makati City
Philippines

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F: (+632) 7 728 1014

mail@bakertilly.ph
www.bakertilly.ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited the Parent Company financial statements of Greenergy Holdings Incorporated as at and for the year ended December 31, 2020 on which we have rendered the attached report dated April 28, 2021.

In compliance with SRC Rule 68, we are stating that the said Parent Company has eight hundred seventy (870) stockholders owning one hundred (100) or more shares each.

CONSTANTINO AND PARTNERS
BOA Registration No. 0213, valid until November 15, 2022
SEC Accreditation No. (A.N.) 0213-SEC, valid until July 20, 2024 (Group A)
BIR A.N. 08-001507-000-2020, valid until December 21, 2023

By:

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
PTR No. 8582767, issued on January 29, 2021, Makati City
TIN 134-885-074-000
BIR A.N. 08-001507-008-2021, valid until February 10, 2024
SEC A.N. 1795-A, valid until November 10, 2022 (Group A)

Makati City, Philippines
April 28, 2021

eafs@bir.gov.ph

Wed, May 5, 2:15 PM (6 days ago)

to GREENERGYHOLD2020

Hi GREENERGY HOLDINGS, INCORPORATED,

Valid files

- EAFS001817292AFSTY122020.pdf
- EAFS001817292ITRTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-PRQ234VN0CH6B9H58NSSM4YR10NPQTRQ3S**
Submission Date/Time: **May 05, 2021 02:02 PM**
Company TIN: **001-817-292**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Annex "F"

C O V E R   S H E E T
for
AMENDED QUARTERLY 17-Q

SEC Registration Number

A	S	0	9	2	-	0	0	5	8	9

C O M P A N Y   N A M E

GREENERGY HOLDINGS INCORPORATED

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

#54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN 3005

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q-2	MSRD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
greenergy@ghi.com.ph	(02) 8997-5184	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,028	Second Friday of June	DECEMBER 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
Mr. Kenneth S. Tan	kenneth.tan@ghi.com.ph	(02) 8997-5184	N/A

CONTACT PERSON's ADDRESS

54 National Road, Dampol II-A, Pulilan, Bulacan

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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the quarterly period ended	:	**30 June 2021**
2.	SEC Identification Number	:	**AS092-000589**
3.	BIR Tax Identification Number	:	**001-817-292**
4.	Exact name of Registrant as specified in its charter	:	**Greenergy Holdings Incorporated**
5.	Province, Country or other Jurisdiction on incorporation or organization	:	**Philippines**
6.	Industrial Classification Code	:	**(SEC Use Only)**
7.	Address of Principal Office	:	**54 National Road, Dampol II-A Pulilan, Bulacan**
8.	Issuer's Telephone No. including area code	:	**(02) 8997-5184**
9.	Former name of the Company	:	**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 Stock Outstanding and Amount of Debt Outstanding[1]
Common	1,800,778,573
Preferred	1,000,000,000
Amount of Debt Outstanding:	P316,954,360

11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes [**x**]   No [ ]

The Issuer has 464,760,002 shares listed in the Philippine Stock Exchange.

[1] As of 30 June 2021

12. Indicate by check mark whether the registrant:

a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 41 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such report).

Yes [**x**] No [ ]

b. Has been subject to such filing requirement for the past 90 days.

Yes [**x**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of Greenergy Holdings Incorporated and subsidiaries as of and for the period ended 30 June 2021 (with comparative figures as of 31 December 2020 and for the period ended 30 June 2020) are filed as part of this SEC Form 17-Q as Annex "A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the attached unaudited consolidated financial statements of Greenergy Holdings Incorporated and subsidiaries as of and for the period ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Interim 2nd Quarter

Balance Sheet

Cash and cash equivalent amounted to ₱85.14 million as at June 30, 2021 from 2.78 million consolidated at December 31, 2020. The increase in cash is due to collection from stockholders and affiliates during the quarter.

Receivables increase to ₱255.57 million on June 30, 2021 from ₱251.85 million as of December 31, 2020 mainly due to sales on account during the quarter.

Due from related parties decreased to ₱499.60 million on June 30, 2021 from ₱ 696.1 million consolidated at December 31, 2020 as a result of liquidation and collections during the quarter.

Financial assets at fair value through other comprehensive income remain the same during the quarter.

Property and equipment, decreased to P 135.26 million on June 30, 2021 from ₱141.63 million as at December 31, 2020 due to standard depreciation.

Trade and Other Payables decreased to ₱ 5.65 million on June 30, 2021, compared to the December 31, 2020 amounting to ₱8.10 million due to payments of payables during the quarter.

Non-controlling interest increased to ₱98.86 million on June 30, 2021 from 98.35 million as at December 31, 2020 due to net income results of the operations of subsidiaries under common control.

Income Statement

Revenue recorded for the first six (6) months of 2021 is ₱14.68 million, which includes operation of renewal energy unit, Agri-tourism and biotechnology. The increase is due to increase in demand for fresh harvest, supplements such as CBD oil and solar panels.

Expenses such as contractual services, utilities, repairs and maintenance, materials and supplies, transportation, legal and professional and taxes and licenses decreased by ₱3.22 million during the 2^{nd} quarter of 2021 as compared to same quarter last year due to cost cutting measures implemented by the management.

As a result of the above, the Company had a Consolidated Operating Income of ₱0.61 million for the period June 30, 2021.

The Group shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management, biotechnology, financial and information technology.

The Group has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas. With these investments, the management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

PART II--OTHER INFORMATION

None.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**GREENERGY HOLDINGS INCORPORATED**
Signature and Title	**ANTONIO L. TIU** Chairman/President/Chief Executive Officer
Date	August 11, 2021
Signature and Title	**KENNETH S. TAN** Treasurer/Chief Financial Officer
Date	August 11, 2021

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalent (Note 6)	**₱ 85,141,701**	₱ 2,784,168
Receivables – net (Note 7)	**255,568,330**	251,845,717
Due from related parties – net (Note 17)	**499,602,408**	696,111,219
Advances to projects (Note 8)	**50,000,000**	-
Other current assets – net (Note 10)	**37,246**	19,790
Total Current Assets	**890,349,685**	950,760,894
Noncurrent Assets		
Deposits for land acquisition (Note 9)	**19,600,000**	19,600,000
Financial asset at fair value through other comprehensive income (FVOCI) (Note 11)	**1,519,673,432**	1,458,373,432
Property and equipment – net (Note 14)	**135,263,349**	141,632,520
Investment properties – net (Note 15)	**6,320,465**	6,320,465
Total Noncurrent Assets	**1,680,857,246**	1,625,926,417
	₱ 2,571,206,931	₱ 2,576,687,311
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 16)	**₱ 5,655,038**	₱ 8,089,349
Due to related parties (Note 17)	**89,351,982**	91,673,912
Income tax payable	**126,065**	27,124
Deposit for future stock subscription (Note 17)	**221,821,275**	221,821,275
Total Current Liabilities	**316,954,360**	321,611,660
Equity		
Attributable to equity holders of Parent Company		
Capital stock (Note 18)		
Common – ₱1.00 par value		
Authorized – 1,900,000,000 shares in 2020 and 2019		
Subscribed and paid – 1,704,778,573 shares in 2020 and 1,703,278572 in 2019	**₱ 1,704,778,573**	₱ 1,704,778,573
Preferred – ₱0.10 par value		
Authorized and subscribed – 1,000,000,000 shares	**100,000,000**	100,000,000
Additional paid-in capital	**268,090,531**	268,090,531
Cumulative fair value gain (loss) on financial asset at FVOCI (see Note 10)	**(1,640,670,111)**	(1,640,670,111)
Retained earnings (deficit)	**1,723,190,060**	1,724,527,465
	2,155,389,053	2,156,726,458
Non-controlling interests	**98,863,518**	98,349,193
Total Equity	**2,254,252,571**	2,255,075,651
	₱ 2,571,206,931	₱ 2,576,687,311

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Amounts in Philippine Pesos)

	For the Quarter-ended June 30		For the Six months-ended June 30	
	2021	**2020**	**2021**	2020
SALES (Note 19)	**₱ 14,667,345**	₱ 166,904	**₱ 26,177,643**	₱ 507,649
COST OF SALES (Note 20)	**7,822,718**	723,038	**14,045,148**	1,067,173
GROSS INCOME (LOSS)	**6,844,627**	(556,134)	**12,132,495**	(559,524)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(6,391,876)**	(7,064,042)	**(11,398,136)**	(14,618,180)
OPERATING INCOME/(LOSS)	**452,752**	(7,620,176)	**734,359**	(15,177,704)
OTHER INCOME (CHARGES) – Net				
Rental income (Note 19)	**–**	98,827	**–**	197,654
Interest income (Note 6)	**471**	676	**769**	1,034
Unrealized foreign exchange gain (loss) (Note 6)	**84**	(496)	**547**	(173)
	555	99,007	**1,317**	198,515
INCOME/(LOSS) BEFORE INCOME TAX	**453,307**	(7,521,169)	**735,675**	(14,979,189)
INCOME TAX EXPENSE (Note 22)	**(51,408)**	(1,909)	**126,065**	–
NET INCOME/(LOSS)	**P 504,715**	(₱ 7,523,078)	**₱ 609,610**	(₱ 14,979,189)

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Amounts in Philippine Pesos)

	2021	2020
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		
CAPITAL STOCK (Note 18)		
Common		
Authorized – 1.9 billion shares		
Par value – ₱1.00 per share		
Issued and subscribed – 1,800,778,572 shares	**₱ 1,800,778,573**	₱ 1,800,778,572
Subscription receivable	**(96,000,000)**	(97,500,000)
	1,704,778,573	1,703,278,572
Preferred		
Authorized – 1 billion shares		
Par value – ₱0.10 per share		
Issued – 1,000,000,000 shares	**100,000,000**	100,000,000
ADDITIONAL PAID-IN CAPITAL	**268,090,531**	268,090,531
CUMULATIVE FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSET AT FVOCI		
Balance at beginning of the period	**(638,038,377)**	(638,038,377)
Unrealized gain (loss) during the period	**(1,002,631,734)**	(1,312,536,089)
Balance at end of the period (Note 12)	**(1,640,670,111)**	(1,950,574,466)
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of year	**1,723,517,851**	1,753,401,814
Net income (loss) during the year	**(327,791)**	(5,154,561)
Balance at end of year	**1,723,190,060**	1,748,247,253
	₱ 2,155,389,053	₱ 1,869,041,890
NON-CONTROLLING INTERESTS		
Balance at beginning of year	**₱ 97,926,117**	₱ 113,238,354
Net loss during the year	**937,401**	(2,305,368)
Balance at end of year (Note 24)	**98,863,518**	110,932,986
	₱ 2,254,252,571	₱ 1,979,974,876

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Amounts in Philippine Pesos)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/ loss before income tax	**₱ 735,675**	(₱ 7,458,020)
Adjustments for:		
Depreciation and amortization (Note 14)	**6,439,069**	3,210,349
Interest income (Note 6)	**(769)**	(358)
Unrealized foreign exchange loss (gain) (Note 6)	**(547)**	(323)
Operating income/(loss) before working capital changes	**7,173,428**	(4,248,352)
Changes in operating assets and liabilities:		
Increase in:		
Receivables (Note 7)	**(3,722,613)**	(443,572)
Other current assets (Note 10)	**(17,456)**	(30,971)
Decrease in trade and other payables (Note 16)	**(2,434,311)**	(232,091)
Net cash (used in) provided by operations	**999,048**	(4,954,986)
Interest received (Note 6)	**769**	358
Income taxes paid	**(27,124)**	(1,909)
Net cash provided by (used in) operating activities	**972,693**	(4,956,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections from related parties (Note 17)	**₱ 145,076,121**	₱ 3,848,805
Advances made to related parties (Note 17)		(600)
Acquisition of property and equipment	**(69,898)**	
Acquisition of financial asset	**(61,300,000)**	
Net cash provided by investing activities	**83,706,223**	3,848,205
CASH FLOWS FROM A FINANCING ACTIVITY		
Advances received from related parties (Note 17)	**(2,321,930)**	1,028,696
Net cash (used in) provided by financing activities	**(2,321,930)**	1,028,696
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENT	**547**	323
NET DECREASE IN CASH AND CASH EQUIVALENT	**82,357,533**	(79,313)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR (Note 6)	**2,784,168**	1,320,074
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 6)	**₱ 85,141,701**	₱ 1,240,761

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. Corporate Information

Greenergy Holdings Incorporated ("GHI" or the "Parent Company") was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, the SEC approved the amendment of its Articles of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly listed in the Philippine Stock Exchange (PSE) under ticker symbol "GREEN".

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property, and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the corporation shall not engage as stock brokers or dealers in securities.

The Parent Company and its subsidiaries (collectively referred to as the "Group") are involved in diversified industries such as renewable energy and waste recycling projects, food and agriculture information technology, fintech, biotech, green infrastructure, and transient oriented property development. The group plans to invest in green and sustainable project and aims to become a carbon neutral company by the year 2030 under vision #GREEN2030.

The Parent Company's registered address and principal place of business is at 54 National Road, Dampol II-A, Pulilan, Bulacan 3005.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Subsidiary	Country of incorporation	Nature of business	Principal place of business	Ownership 2020	Ownership 2019
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable Energy System	Pulilan, Bulacan	**100.00%**	100.00%
Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100.00%**	100.00%
Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real Estate and Agriculture	Makati City	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Philippines	Information Technology	Makati City	**51.00%**	51.00%
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51.00%**	51.00%

Yakuru Group Pty. Limited (YGPL)	Australia	Professional, Scientific and technical Services	New South Wales, Australia	**51.00%**	–
Ocean Biochemistry Technology Research, Inc.	Philippines	Manufacture, distribution, production of goods and commodities	Pulilan, Bulacan	**60.00%**	-

Going Concern

The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue towards increasing revenues and improvingoperations despite significant losses incurred over the years. The Group shall continue to expand its core business and increase coverage in various investments in diversifiedindustries such as, but not limited to, renewable energy, real estate, agriculture, waste management facility and information technology.

In view thereof, the Parent Company has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas since 2019. The Parent Company plans to invest in green and sustainable projects and aims to become a carbon neutral company by the year 2030 undervision #GREEN2030.As a result, the Parent Company has the following business activities:

A. On March 25, 2021, the Parent Company executed a Memorandum of Agreement (the "MOA") with Ala Eh Knit, Inc. ("Ala Eh"), an affiliate of Abacore Capital Holdings, Inc., ("ABA") for the development and operation of a logistics center and food terminal in a three-hectare property in Barangay Santa Rita, Aplaya, Batangas City (the "Property").

   Under the MOA, Ala Eh shall amend its Articles of Incorporation as follows:

   1. Increase its authorized capital stock to ₱1,500,000,000 (the "Increase");
   2. Change its primary purpose to allow it to engage in the business of operating, managing, leasing, and developing the Logistic Center and the Food Terminal Complex; and
   3. Change its corporate name.

   The existing shareholders of Ala Eh shall likewise infuse the Property into Ala Eh in exchange for such number of shares equivalent to 40% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the existing shareholders' intended subscription is Six Hundred Million Pesos (₱600,000,000). The Parent Company, on the other hand, shall subscribe to such number of shares equivalent to 60%of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the Parent Company's intended subscription is Nine Hundred Million Pesos (₱900,000,000). The Parent Company shall manage the construction, development and operation of the Logistics Center consisting of cold and dry storage facilities, agri-processing facilities and other facilities that are necessary for marketing and procurement activities.

   As at April 28, 2021, pursuant to the MOA, the Parent Company and Ala Eh are still in discussion on the most tax efficient manner of infusing the Property into Ala Eh. Once the parties have agreed on said manner of transfer, Ala Eh shall proceed to get the necessary approvals from its Board of Directors, stockholders, the SEC, and other relevant regulatory agencies, if any, to implement the transactions contemplated under the MOA (e.g., amendments of the Articles of Incorporation, infusion of the Property, execution of subscription agreement, etc.)

B. On March 1, 2021, the Parent Company, ABS-CBN Corporation ("ABS-CBN") and iBayad Online Ventures, Inc. ("iBayad") executed a legally binding Term Sheet for the acquisitionby the Parent Company of fifty-one million (51,000,000) fully paid common shares of U-Pay Digital Technologies, Inc. ("U-Pay") from ABS-CBN which would result in the Parent Company owning fifty-one percent (51%) of the outstanding capital stock of U-Pay (the "Transaction"). The Parent Company shall pay the total amount of Fifty-Four Million Pesos (₱54,000,000) as consideration for the Transaction.

   Under the Term Sheet, iBayad shall provide expertise in financial technology, programs and software applications it has developed and will develop for U-Pay, including the service and maintenance thereof. Further, the execution of the definitive agreements is conditioned on a satisfactory legal, financial and environmental, social and governance due diligence by the Parent Company. The Parent Company is given 45 days from execution of the Term Sheet within which to complete the due diligence. The Transactionis also subject to approvals of pertinent government authorities.

   On July 30, 2021, the Board of Directors authorized the Parent Company to enter into a Share Purchase Agreement with ABS-CBN for: (i) the investment of the Company in U-Pay through acquisition from ABS-CBN of 51,000,000 shares of stocks of U-pay (the "Subject Shares") with a par value of P1.00 per share, at a price of its total par value of P51,000,000 (the "Purchase Price"), which would result in the Company owning 51% of the outstanding capital stock of U-Pay: and (ii) payment of additional consideration of P3,000,000 for disbursement of fees and charges due on U-Pay's governmental permits and licenses, reimbursement for the pre-operating expenses advanced by ABS-CBN to U-Pay and assignment to U-Pay of ABS-CBN's rights and interests to the marks and all other intellectual property rights created and developed by ABS-CBN.

   Also, the Parent Company was authorized to enter into a Shareholders' Agreement with the existing shareholder of U-Pay, iBayad, which will govern the relationship between the said corporation and the Parent Company as shareholders of U-Pay.

   On even date, the Share Purchase Agreement was executed by the Parent Company and ABS-CBN. The closing date of the Transaction shall be subject to the completion of certain conditions precedent to closing, including the issuance by the Bangko Sentral ng Pilipinas (BSP) of a letter of no objection to the acquisition of the Subject Shares by the Company, which shall not be later than 30 September 2021.

   U-Pay is a fintech company engaged in the business of customer and merchant e-wallet/e-money services and other related services, operating a platform therefor, as well as advertising, producing, distributing, and marketing products and services that areconnected to the operations of said business. It has a Type "C" E-Money Issuer license issued by the BSP and duly registered to operate as a Remittanceand Transfer Company."

C. On July 23, 2021, the Parent Company executed a Memorandum of Agreement (the "MOA") with Dito Telecommunity Corporation ("DITO") whereby the Parent Company shall render commission-based lead generation services to DITO to lead the public to DITO-related programs and services through offline or online/digital means using its own system or the system of any of its third-party affiliates. The Parent Company and DITO will also collaborate in other areas through co-marketing efforts to support the expansion of DITO's client base and at the same time promote the Parent Company's digital initiatives. The MOA shall have a term of one (1) year, renewable upon the agreement of the parties.

The collaboration between the Parent Company and DITO will pave the way for the conversion of the Parent Company's existing clients, partners, and affiliates to become DITO mobile subscribers, and will expand the Company's vision to build a digital ecosystem for the agricultural sector under vision #GREEN2030.

DITO is a licensed telecommunications company with the necessary franchise, equipment, and capability to operate a mobile telecommunication network and offer products and services to the public such as postpaid and prepaid mobile plans and co-branded handsets and other merchandise.

D. On February 23, 2021, the Parent Company executed a Subscription Agreement with Ocean Biochemistry Technology Research, Inc. ("OBTRI") wherein the Parent Company subscribed to thirty-seven thousand five hundred (37,500) primary common shares of OBTRI from the unissued portion of the latter's outstanding capital stock with a subscription price per share of One Hundred Pesos (₱100) or an aggregate subscription price of Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000) ("Subscription Price"). The Parent Company has paid 25% of the Subscription Price upon execution of the Subscription Agreement while the balance shall be paid upon call by the Board of Directors of OBTRI. Upon issuance of the shares, the Parent Company shall hold 60% ofthe total issued and outstanding shares of OBTRI.

OBTRI is a domestic corporation engaged in the business of manufacturing and trading.Upon compliance with the relevant regulatory requirements, it intends to engage in manufacturing and trading of pharmaceutical, nutraceutical and alternative medicine and will secure a registration with the Food and Drug Administration. It is 51% owned by M2000 Imex Company, Inc., a wholly-owned subsidiary of AgriNurture, Inc., prior to the Parent Company's subscription.

E. On January 26, 2021, the Parent Company executed a Memorandum of Agreement (the "Agreement") with ITBS Information Technology Business Solutions Corp. ("ITBS") for the integration of ePitaka, a payment platform system for financial transactions developed by the Parent Company's related parties, with ITBS' Smart Country Ecosystem's electronic Know Your Citizen platform installed by ITBS in various local government units in the Philippines. The Agreement has a term of three years with an option to renew for another two years upon expiration of the original term.

F. On April 11, 2019, the Parent Company entered into an International Distributorship Agreement (IDA) with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. ON April 10, 2020, the Agreement was extended for a period of 30 days or until May 10, 2020. On May 11, 2020, the parties mutually agreed to have the Parent Company, through its wholly-owned subsidiary, Winsun Green Ventures, Inc. (WGVI), continue as distributor of Hanergy's solar products in the Philippines. On the same date, WGVI and Hanergy Thin Film Power Asia Pacific Limited executed an International Distributorship Agreement.

On May 11, 2021, the agreement between Hanergy and WGVI has expired. WGVI has decided not to renew the Agreement and open up supply sourcing of its pending project from any solar panel suppliers which can offer the best technology at efficient cost, in light of the advancement in global solar technology and improved cost efficiency.

G. On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold 51% equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

On July 17, 2019, the Parent Company also entered into a Memorandum of Agreement (MOA) with RYM Business Management Corp. ("RYM") and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock (the "Investment"). The Investment is subjectto verification and validation by RYM of the titles and ownership rights of the landowners.

On October 15, 2019, the Parties agreed to the extension of the prescribed periods provided in the Agreement. However, upon review of the pertinent documents related to the parcels of land and the investment, additional period is required to finalize the duediligence audit, to complete the appraisal report, and to implement the investment. In view thereof, on July 1, 2020, the Parties have agreed to further extend the following period in relation to the MOA:

1. An additional period of one hundred eighty (180) days from July 1, 2020 for the validation and verification of titles and the issuance of the appraised reports;
2. An additional period of two hundred ten (210) days from July 1, 2020 to execute the first (1st) tranche of the Investment; and
3. An additional period of two hundred forty (240) days from July 1, 2020 to executethe second (2nd) tranche of the Investment.

However, on December 28, 2020 the Parent Company and RYM have decided to no longer pursue the transaction contemplated under the MOA due to the impact of the COVID-19 pandemic, the resulting prolonged community quarantine, and the effect thereof on real estate property businesses.

With the above investments, the management of the Parent Company assessed that the going concern assumption remains to be appropriate as the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The financial statements do not include any adjustments to reflect the possible future effectson the recoverability and classification of assets or the amount and classification of liabilitiesthat may result from the outcome of this uncertainty.

Subsidiaries

The principal activities of the subsidiaries are as follows:

SREDC

SREDC's principal activity is in real estate, tourism, and agriculture. The Parent Company owns 62.39% of the subsidiary. In 2019, the Parent Company provided for impairment loss on the investment amounting to ₱7.3 million. Additional impairment loss was provided in 2020 amounting to ₱32.5 million.

WGVI

WGVI was incorporated on June 22, 2012 with the primary purpose engaging in the business of renewable energy projects. WGVI has a capital deficiency amounting to ₱66.0 million and ₱

66.7 million as at June 30, 2021 and December 31, 2020, respectively. It started its commercial operation in 2020.

On February 22, 2019, the Board of Directors authorized the Parent Company to make an additional investment up to ₱100 million to finance the latter's "green" projects involving solar power and liquefied natural gas. As of December 31, 2020, the additional investment is not yet made.

On May 10, 2020, WGVI executed an International Distributorship Agreement ("Agreement")with Hanergy Thin Film Power Asia Pacific Limited to be the latter's distributor of its solar products in the Philippines. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term.

On May 11, 2021 the agreement between Hanergy and WGVI has expired. WGVI has decided not to renew the Agreement and open up supply sourcing of its pending project from any solar panel suppliers which can offer the best technology at efficient cost, in light of the advancement in global solar technology and improved cost efficiency.

<u>TWMRSI</u>
TMWRSI is 51% owned by the Parent Company. It was incorporated primarily to engage inthe business of waste management facility. In 2013, the Parent Company advanced ₱235.0 million to TWMRSI, which was used to acquire machinery and equipment and steel structure for the latter's waste recycling project located in Valenzuela City and which was initially expected to be in full operation in 2014.

As at December 31, 2020, TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located. Consequently, in 2014, the ParentCompany's investment was provided with full allowance as the management believed that investment is already impaired.

On April 28, 2021 the BOD approved the subscription of 7,500,000 common shares of TWMRSI upon approval of the increase in authorized capital stock. As a result, the Company will hold sixty percent (60%) of the total issued and outstanding shares of TWMRSI.

<u>ADHI</u>
ADHI, a wholly-owned subsidiary of the Parent Company, was incorporated on June 17, 2014 to operate as a holding company for the Parent Company's agricultural portfolio. ADHI has a capital deficiency amounting to ₱320,114 and ₱ 270,573 as at June 30, 2021 and December 31, 2020, respectively. In 2017, the Parent Company's investment was provided with full allowance as management believed that it was already impaired. As at December 31, 2020, ADHI has not yet started its commercial operations. ADHI is currently completing its registration as a Freeport Area of Bataan (FAB) Registered Enterprise and intends to commence its operation within the Authority of the Freeport Area of Bataan (AFAB) on the third quarter of 2021.

<u>LSTI</u>
LSTI, a 51% owned subsidiary of the Parent Company, was registered with the SEC on August 14, 2014 to engage in the business of information and communications technology. LSTI has a capital deficiency amounting to ₱116,998 and ₱55,184 as at June 30, 2021 and December 31, 2020 respectively. In 2017, the Parent Company provided full allowance on the investment as management believed that it was already impaired. As at June 30, 2021,LSTI has not yet started its commercial operations.

On April 28, 2021 the BOD approved the subscription of 7,500,000 common shares of LSTI from the increase in authorized capital stock, the Company will hold ninety percent (90%) of the total issued and outstanding shares LSTI.

YGPL
On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold fifty-one percent (51%) equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL started its operations in the last quarter of 2020 and shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

OBTRI
OBTRI was incorporated and registered with the SEC on 23 March 2009. It is a domestic corporation engaged in the business of manufacturing and trading. Pursuant to the Subscription Agreement executed on 23 February 2021 between the Company and OBTRI, the Company shall hold sixty percent (60%) of the total issued and outstanding shares of OBTRI.

As of reporting date, OBTRI has not yet started its commercial operations.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis except for financial asset at fair value through other comprehensive income (FVOCI) which is measured at fair value. The Group presents all items of income and expenses in a single statement of comprehensive income. These consolidated financial statements and notes are presented in Philippine Pesos, which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes the statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

Principles of Consolidation
The consolidated financial statements of the Group comprise the accounts of the Parent Company and its subsidiaries where the Parent Company has control.

Specifically, the Parent controls an investee if it 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 has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangement; and
- the Group's voting rights and potential voting rights.

The Parent re-assesses its control over 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 on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

When the Parent loses control over a subsidiary, at the date when control is lost, it: (a) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount; (b) derecognizes the carrying amount of any noncontrolling interests including any components of other comprehensive income attributable to them; (c) recognizes the fair value of the consideration received; (d) recognizes the fair value of any investment retained in the former subsidiary at its fair value; (e) accounts for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities; and (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the Parent.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Non-controlling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income (loss) and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of Parent Company.

Noncontrolling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with noncontrolling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

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

3. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the applicable amended accounting standards that became effectivein the current year. Unless otherwise indicated, the following amended PAS and PFRS that became effective in 2020 do not have any significant impact on the Group's financial statements or are not applicable to the Group.

Adopted but Did Not Have Significant Impact on the Financial Statements

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferralof lease payments. An amendment to PFRS 16, *Leases* provides lessees with an option to treat

qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.

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

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  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 PRFSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. The amendments clarify when information is material and incorporate some of the guidance in PAS 1 about immaterial information. In particular, the amendments clarify:

  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of financial information they need.

- Revised Conceptual Framework for Financial Reporting

  The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes are made to any of the current accounting standards. The Group has assessed that its accounting policies are still appropriate under the revised framework.

<u>New and Amended Standards Issued but not yet Effective</u>

Standards issued but not yet effective up to the date of the Group's financial statements are listed below. Unless otherwise indicated, the Group does not expect that the adoption of these new and amended standards to have significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective in 2021

- PFRS 17, *Insurance Contracts*
  This standard establishes the principles for the recognition, measurement, presentation,and disclosure of insurance contracts within the scope of the Standard.

  This standard is not applicable to the Group as it has no insurance contracts.

Effective in 2022

These are effective on or after January 1, 2022. Earlier adoption is permitted.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*
  The amendments specify that the cost of fulfilling a contract comprises those that relate directly to the contract, which can either be incremental costs or an allocation of other costs that relate directly to fulfilling contracts. Entities apply the amendments to contractsfor which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparative financialstatements are not restated.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling and the cost of producing such items in profit or loss. An entity applies the amendments retrospectively on or after the beginning of the earliest period presented in the financial statements in which the Amendments to PFRS 3, *Reference to the Conceptual Framework.*

- The amendments update a reference to the Conceptual Framework as this would cause conflicts for entities applying PFRS 3. Potential conflicts occur as the definition of assets and and liabilities in the 2018 Framework differ from those in the 1989 Framework potentially leading to day 2 gains or losses post-acquisition for some balances recognized. An exception has been added to the requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* entity first applies the amendments.

- Annual Improvements to PFRS Standards 2018-2020 Cycle
  - Amendments to PFRS 1, *Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Fees in the '10 Percent' Test for Derecognition of FinancialLiabilities*
  - Amendments to PFRS 16, *Lease Incentives*
  - Amendments to PAS 41, *Taxation in Fair Value Measurements*

Effective in 2023

- Amendments to PFRS 17, Insurance Contracts
- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

Deferred

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this

interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

No mandatory effective date
PFRS 9, *Financial Instruments* (Hedge Accounting and amendments to PFRS 9, PFRS 7 andPAS 39)

The Group will continue to assess the relevance and impact of the above standards, amendments and improvements to standards, and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Group's financial statements when these are adopted

4. Summary of Significant Accounting and Financial Reporting Policies

The principal accounting and financial reporting policies adopted in preparing the financial statements of the Group are summarized below and in the succeeding pages the policies have been consistently applied to all years presented unless otherwise stated.

Current and Noncurrent Classification
The Group presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period,
- expected to be settled on demand, or
- cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent. Deferred tax assets are classified as noncurrent assets.

A liability is current when:
- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period,
- it is expected to be settled on demand, or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are considered noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the 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 nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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 assets or liabilities and the level of the fair value hierarchy.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where an unobservable data is used, the difference between the transaction price and model value is only recognized in the statements of comprehensive income (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.

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

Initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL, if any, are expensed in profit or loss.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument with similar maturities. Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

Classification of financial assets

The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- Those to be measured at amortized cost.

Financial assets at FVOCI
Financial assets at FVOCI comprise:
- Equity instruments
  Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to be recognized in this category. These are strategic investments and the Group considers this classification to be more relevant. Gains and losses on these financial assets are never recycled to profit or loss.

  Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

  The Group classifies its investment in shares of stocks as financial asset at FVOCI as at June 30, 2021 and December 31, 2020 (see Note 10).

- Debt instruments
  Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statements

of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no debt instruments at FVOCI as at June 30, 2021 and December 31, 2020.

Financial assets at FVPL

The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statements of profit or loss when the right of payment has been established.

The Group has no financial assets at FVPL as at June 30, 2021 and December 31, 2020.

Financial assets at amortized cost

The amortized cost of a financial asset is the present value of future cash receipts discounted at the effective interest rate. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

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

This classification includes the Group's cash and cash equivalent, nontrade receivables and due from related parties as June 30, 2021 and December 31, 2020 (see Notes 6, 7 and 16).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Subsequent measurement of financial assets

- Debt instruments

  There are three measurement categories into which the Group classifies its debt instruments:

  - *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in the statements of profit or loss. Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

  - *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in the statements of profit or loss.

  - *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains and losses in the period in which it arises.

- Equity instruments

  The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based in the difference between the contractual cash flows due in accordance with the contract and all the cash flows of that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

In measuring ECL, the Group must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence;
- Discounting for the time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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).

The Group may apply the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the trade receivable and contract assets, if any. It also allows the Group to use a simplified "provision matrix" for calculating expected losses. The provision matric is based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Forward-looking information are considered as economic inputs, such as gross domestic product (GDP) or gross national income (GNI), exchange rate, interest rate, inflation rate and other economic indicators.

For cash in banks and cash equivalent, nontrade receivables and due from related parties, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks, nontrade receivables and due from related parties since initial recognition.

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Classification and subsequent measurement of financial liabilities

The Group classifies its financial liabilities in the following categories:

- *Financial Liabilities at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or the Group elects to designate a financial liability under this category. Financial liabilities at FVPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

  As at June 30, 2021 and December 31, 2020, the Group has no financial liabilities at FVPL.

- *Financial liabilities at amortized cost*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables) or borrowing (e.g. long-term debt). The financial liabilities are initially recorded at fair value less directly attributable transaction costs.

  After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains and losses on derecognition are also recognized in profit or loss.

As at June 30, 2021 and December 31, 2020, this category includes the Group's trade and other payables and due to related parties (see Notes 16 and 17).

Short-term payables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

The classification depends on the purpose for which the financial liabilities are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

Derecognition of Financial Instruments

Financial assets

A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all 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 of an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the assets, 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.

On disposal of debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss. On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the 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 amounts is recognized in profit or loss.

Classification of Financial Instrument between Debt and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Group's consolidated statements 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Group's consolidated statements of financial position.

Cash and Cash Equivalent
Cash pertains to cash on hand and in banks which are stated at face value. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value. These are initially recognized at face value and are subsequently measured at amortized cost (undiscounted amount to be received less any impairment).

Advances for Waste Recycling Project
Advances for waste recycling project are initially recorded at cost and subsequently stated at cost less any impairment in value. The advances are mainly for the acquisitions of steel structures, machinery and equipment to be used for the construction of waste recycling facilities. The facilities will be transferred to property and equipment and shall be subject to depreciation and impairment upon their completion and put into operation.

Advances to Officers and Employees
Advances represent amount advanced to officers and employees for business expenses subject for liquidation on which future economic benefits are expected to flow to the Group within the normal operating cycle or within 12 months form the end of financial reporting period. These are initially recorded at actual cash advanced to officers and employees and are subsequently applied against actual purchases of related assets, costs or expenses incurred.

Other Current Assets
This account comprises the following:

- *Prepayments* are costs and expenses which are paid in advance of actually incurring them and regularly recurring in the normal course of the business. Prepaid expenses are initially recorded at actual amount paid for expenses and are amortized as the benefits of the payments are received by the Group and are charged to expense in the applicable period of expiration.

- *Input value added tax (VAT)* represents VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations. Input VAT is presented as current asset and will be used to offset against the Group's current output VAT liabilities, if any. Input VAT is initially recognized at cost (actual amount paid for) and subsequently stated at its net recoverable amount (unutilized amount of input VAT less impairment). Input VAT that is considered not recoverable permanently is derecognized and written-off to expense.

Advances for Waste Recycling Project

Advances for waste recycling project are initially recorded at cost and subsequently stated at cost less any impairment in value. The advances are mainly for the acquisitions of steel structures, machinery and equipment to be used for the construction of waste recycling facilities. The facilities will be transferred to property and equipment and shall be subject to depreciation and impairment upon their completion and put into operation.

Deposits for Land Acquisition
Deposit for land acquisition mainly represents usufruct rights over a property. This is initially recorded at the cash amount deposited and subsequently stated at cost, less impairment losses, if any.

Investment in Associate
Investment in associate (Investee Company) is accounted for under the equity method of accounting. An associate is an entity in which the Group holds 20% or more ownership or, has the ability to significantly influence the Investee Company's operating activities. An investment is accounted for using the equity method from the day it becomes an associate.

On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the Investee Company's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the Investee Company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the Investee Company.

Under the equity method, the investments in the Investee Company are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the Investee Company, less any impairment in values. The consolidated statements of comprehensive income (loss) reflect the share of the results of the operations of the Investee Company. The Group's share of post-acquisition movements in the Investee Company's equity reserves is recognized directly in equity. Equity in net losses of an associate is recognized only up to the extent of acquisition costs. Equity in net income of an associate is not available for dividends declaration until actually received.

Profits and losses resulting from transactions between the Group and the Investee Company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group shall discontinue the use of the equity method from the date when it ceases to have significant influence over an associate and shall account for the retained investment in accordance with PFRS 9 from that date, provided the associate does not become a subsidiary or a joint venture as defined in PAS 31. On the loss of significant influence, the Group shall measure at fair value any investment the investor retains in the former associate.

The Group shall recognize in profit or loss any difference between:

a. The fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and
b. The carrying amount of the investment at the date when significant influence is lost.

When an investment ceases to be an associate and is accounted for in accordance with PFRS 9, the fair value of the investment at the date when it ceases to be an associate shall be recognized as its fair value on initial recognition as a financial asset in accordance with PFRS 9.

If the Group loses significant influence over an associate, the associate shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate.

If a Group's ownership interest in an associate is reduced, the investor shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Biological Assets and Agricultural Produce

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the fair value or cost of the assets can be measured reliably.

The Group measures its biological assets at cost on initial recognition and at fair value less estimated costs to sell at the end of each reporting date. The Group uses the income approach, particularly the present value method, in computing for the fair value of the biological assets. This approach reflects the expectations about the cash flows from the biological assets from reporting period date to harvest period. The fair value measurement is categorized at level 2, which uses inputs that are not based on observable market data. The cash inflow would typically be the present value of the forecasted gross revenue from sale of harvested biological assets, which is a function of the price, expected production and the applicable discount rate given the nature of the biological assets. The forecasted gross revenue will be reduced by the forecasted costs, which will be the incremental, cost to sell and spoilage costs. The excess of the forecasted gross revenue over the forecasted costs will be the fair value of the biological assets. Cost to sell are the incremental costs directly attributable to the disposal of the agricultural produce, excluding finance costs and income taxes. Subsequent gains or losses arising from changes in fair value less cost to sell of the assets, resulting from fluctuations in population, growth, price and other factors, are credited or charged to profit or loss for the period. Costs incurred in maintaining or enhancing the biological assets are recognized as expenses when incurred.

Gains or losses arising from the changes in fair value less estimated point-of-sale costs of a biological asset are included in the Group's statements of comprehensive income (loss) for the period in which they arise.

Investment Properties

Investment property pertains to properties held for capital appreciation. These are initially recorded at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing property at the time the costs are incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment property.

Subsequent to initial recognition, investment property is carried at cost less any impairment in value.

Investment property is derecognized when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected to arise from the continued use of the properties. Any gain or loss on the retirement or disposal of said properties are recognized in the statements of profit or loss in the year of retirement or disposal.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or, (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment properties are measured at the carrying value of the assets transferred.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance including the cost of day-to-day servicing of an item of property and equipment, are normally charged to operations in the period in which the costs are incurred. In situation 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 is computed on the straight-line method over the following estimated useful lives of the assets as follows:

	Years
Land improvements	15
Building and improvements	10
Transportation equipment and machineries	5
Furniture, fixtures and office equipment	5
Bearer assets	5

The estimated recoverable reserves, useful lives and depreciation and amortization methods are reviewed periodically to ensure the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group's consolidated statements of comprehensive income (loss) in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Fully depreciated assets that are still being used in the operations continue to be carried in the accounts.

Impairment of Nonfinancial Assets

An assessment is made at each financial reporting period to determine whether there is any indication of impairment of nonfinancial assets. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Estimating the value in use amount requires management to make an estimate of the expected future cash flows and to choose a suitable discount rate in order to calculate the present value of those cash flows. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and (d) other related parties such as directors, officers and stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Refundable Deposits

Refundable deposit refers to the security deposit received from a lessee for the lease of the Group's property. This is classified as financial liability measured at amortized cost. In case the future cash flows for purposes of computing amortization cannot be readily determined and reasonably measured, deposits are carried at cost less any impairment in value.

Equity

- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.
- *Subscriptions receivable* pertains to the uncollected portion of subscribed and paid, or issued.
- *Cumulative fair value gain (loss)* on fair market value of financial asset at FVOCI are recognized immediately in other comprehensive income in equity in the period in which they arise and cannot be reclassified to profit or loss in subsequent periods.
- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Group's consolidated statements of comprehensive income (loss).

Deposit for Future Stocks Subscription

Deposit for future stocks subscription represents funds received by the Group from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock. Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for future stocks subscription as part of equity if and only if, all of the following elements are present as at the end of the period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Basic Earnings (Loss) per share (EPS)
EPS is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Revenue Recognition
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group applies the following five steps:
1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Group and the revenue, related cost incurred or to be incurred/cost to complete the transactions can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue excludes any value added tax.

The following specific revenue recognition criteria must also be met before revenue is recognized:

- *Agri-tourism revenue* is recognized when the related service is rendered.
- *Sale of fruits and vegetables* in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of trade discounts, if any.
- *Rental income* is recognized on a straight-line basis over the term of the lease.
- *Gain on sale of asset* is recognized when the sale transactions occur.
- *Interest income,* which is presented net of final taxes paid or withheld, is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from

bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

- *Realized gains and losses* are recognized when the sale transaction occurs.
- *Other income* is recognized when earned or realized.

Cost and Expense Recognition

Expenses are recognized in the Group's consolidated statements of comprehensive income (loss) when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Employee Benefits

- *Short-term benefits*
  Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, SSS, PHIC and HDMF contributions, short-term compensated absences, bonuses and nonmonetary benefits.

- *Retirement Benefits*
  The Group does not have a formal retirement benefit plan. However, the Group will provide retirement benefits in compliance with Republic Act (RA) 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

Foreign Currency Transactions and Translations

The Group's consolidated financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group's consolidated financial statements are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange as at the financial reporting date.

Gains or losses arising from these transactions and translations are recognized in the Group's consolidated statements of comprehensive income (loss). Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Taxes

Income taxes represent the sum of the tax currently due and deferred tax.

Current tax

The tax currently due is based on taxable income for the year. Taxable income differs from income as reported in the Group's consolidated statements of comprehensive income (loss) because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rate that have been enacted or substantively enacted at the end of each financial reporting period.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences at the end of each financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled. The carrying amount of deferred tax asset is reviewed at the end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Income tax relating to items recognized directly in equity is recognized in equity and not in the Group's consolidated statements of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

<u>Leases</u>

<u>Policies beginning January 1, 2019</u>
The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the asset. If the Group has the right to control the use of an identified asset only for a portion of the term of the contract, the contract contains a lease for that portion of the term.

Group as a lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

<u>Policies prior to January 1, 2019</u>
The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes 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.

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental expenses under operating leases are recognized as expense in the profit or loss on a straight-line basis over the term of the lease.

A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that 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 specified asset; and
d. There is a substantial change in the asset.

Where 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) above, and at the date of renewal or extension period for scenario (b).

Group as lessor
Leases which do not transfer from the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income on a monthly basis as this accrue in accordance with the substance of the contractual agreement. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of Construction in progress included under "Property and Equipment" account in the consolidated statements of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operations in the period in which they are incurred.

Segment Reporting
For management purposes, the Group is organized into operating segments according to the nature of the sales and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in the consolidated financial statements (see Note 27).

Provisions
Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of financial reporting period and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events after the End of Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of financial reporting period, if any, are reflected in the consolidated financial statements. However, post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. **Significant Accounting Judgments and Estimates**

The preparation of the Group's consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the consolidated financial statements.

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:

- *Assessment of Going Concern*
  Management has made an assessment of the Group's ability to continue as going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans. Therefore, the consolidated financial statements continue to be prepared on a going concern basis (see Note 1).
- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Group regularly reassesses whether its control over an investee in facts and circumstances indicate that there are changes to one or more of the three elements of control as discussed in Note 2. The Group determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Classification of Financial Instruments and Measurement Criteria*
  The Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Operating and Finance Leases*
  The Group has entered into a lease agreement as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

  As at June 30, 2021 and December 31, 2020, the Group's lease agreement is an operating lease.

- *Determination of Fair Value of Financial Instruments*
  The Group carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized

different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

The summary of the carrying values and fair values of the Group's financial instruments as at June 30, 2021 and December 31, 2020 is shown in Note 24.

- *Assessment of Retirement Liability*
  Management has reviewed its obligation for retirement benefit costs in view of the requirements under Republic Act (RA) 7641. Management has assessed that the current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit costs is recognized in the financial statements as at June 30, 2021 and December 31, 2020.

  Management, however, will continue to have a yearly assessment of its obligation, if any, to pay retirement benefit costs.

- *Determination of Functional Currency*
  Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

<u>*Estimates*</u>
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties.

  A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high.

  Accordingly, additional impairment of receivables from related parties were provided in june 30, 2021 and 2020 amounting to ₱8.7 million and ₱23.7 million, respectively (see Note 16). Allowance for impairment of nontrade receivables amounting to ₱0.03 million and P3.4 million were recognized in 2020 and 2019, respectively. Nontrade receivables amounting to ₱140,890 were directly written off in 2018 (see Note 7).

  The Group's allowance for impairment amounted to ₱336 million as at June 30, 2021 and December 31, 2020 (see Notes 7 and 16).

  The carrying values of financial assets as at June 30, 2021 and December 31, 2020 are shown in Notes 6, 7 and 16.

- *Estimation of Impairment of Financial Asset at FVOCI*
  The Group carries the financial asset at fair value, which requires the use of accounting estimates and judgment, in cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is

substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument.

The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

The carrying values of financial asset at FVOCI as at June 30, 2021 and December 31, 2020 are shown in Note 11.

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets, if any. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. Any reduction in the estimated useful lives of property and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  There are no changes in the useful lives of the property and equipment in 2021 and 2020.

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews its nonfinancial assets included in advances to officers and employees, other current assets, deposits for land acquisition, advances for waste recycling project, investment properties, property and equipment for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

  As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price and 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 its nonfinancial assets included in receivables, other current assets, deposits for land acquisition, advances for waste recycling project, investment properties, property and equipment.

  The Group's allowance for impairment loss for nonfinancial assets follow:

	2021	2020
Advances for waste recycling project (Note 12)	**₱235,008,036**	₱235,008,036
Input VAT (Note 9)	**9,422,502**	9,381,384
Investment property (Note 14)	**737,095**	737,095
Total	**₱245,167,633**	₱245,126,515

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from

the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

No deferred tax asset and liability was recognized in the Group's consolidated financial statements as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provisions for Contingencies*
  The Group is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Group has no provisions as at June 30, 2021 and December 31, 2020.

6. Cash and Cash Equivalent

This account consists of:

	2021	2020
Savings and current deposits	**₱80,940,951**	₱1,234,168
Cash on hand	**4,150,750**	1,500,000
Petty Cash	**50,000**	50,000
	₱85,141,701	₱2,784,168

Savings and current accounts generally earn interest based on prevailing respective bank deposit rates of less than 1% annually.

Interest income on cash in banks and cash equivalent recognized in profit or loss in the Group's consolidated statements of comprehensive loss amounted to ₱471 in 2021 and ₱358 in 2020. Interest income in 2019 and 2018 include interest earned by the cash equivalent which pertains to time deposit made for a period of three months and earnsinterest at 2.75% which matured in February 2019. Cash in banks denominated in foreign currency with Peso equivalents are as follows:

	Foreign currency	Peso
2021	**US$3076**	**₱149,331**
2020	US$1944	₱94,303

The above balances were translated using the prevailing exchange rates as of June 30, 2021 and December 31, 2020:

	2021	2020
US Dollar	**48.54**	**48.53**

7. **Receivables**

This account consists of:

	2021	2020
Nontrade receivables	**₱255,893,965**	₱252,168,352
Advances to officers and employees	**3,210**	6,210
	255,897,175	252,174,562
Allowance for impairment loss:		
Nontrade receivables	**(328,845)**	(328,845)
	₱255,568,330	₱251,845,717

Nontrade receivables include an unsecured, noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) amounting to ₱250,142,630, which was subsequently assigned by TLCIF to Zongshan Fucang Trade Co. Ltd. (ZFTC) on December 29, 2014, subject to the consent of the Parent Company. Non-trade receivable also include rent receivable (see Note 19).

The Parent Company agreed to the assignment of receivables to ZFTC under the following terms and conditions:

a. ZFTCL shall pay the nontrade receivables on or before December 31, 2016 in cash and non-cash assets acceptable to the Parent Company; and

b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTC and the Parent Company.

   As at June 30, 2021, the nontrade receivables from ZFTC are not yet settled. In 2019, the Parent Company and ZFTC agreed to convert these receivables into an investment with a particular interest. As at June 30, 2021, conversion is still in process and expected to be completed within the year.

Advances to officers and employees are unsecured and noninterest-bearing advances made for various business-related expenses which are subject to liquidation on demand.

The movement of allowance for impairment losses is shown below:

	2021	2020
Balance at beginning of year	**₱328,845**	4,733,006
Reversal of Provision		(4,733,006)
Provision during the year	–	328,845
Written off during the year	–	–
Balance at end of year	**₱328,845**	₱328,845

8. **Advances to Projects**

Advances to projects represent cash advances provided for farm projects and other projects related to business development.

Advances to projects will be reclassified as "Biological Assets", "Property, Plant and Equipment" or "Investment" once the project or business prospect materialize.

9. Deposits for Land Acquisition

On January 18, 2013, the Group, through SREDC, entered into an agreement (the "Agreement") with Mr. Laureano R. Gregorio Jr. ("Mr. Gregorio"), a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, which is currently the site of the Park. The initial total consideration was ₱400.0 million to be settled based on the deliverables of Mr. Gregorio. The consideration shall be adjusted depending on the fair market value of the Park as may be determined by a mutually acceptable appraisal company.

A partial payment consisting of ₱6.0 million paid on January 28, 2013 and ₱5.0 million on July 2, 2014, recognized as deposit for land acquisition, was made. Pending the delivery of the documents and titles evidencing the real and enforceable rights over the Park which shall be delivered within two (2) years from the date of agreement, SREDC was granted usufructuary rights over the property. The parties may, however, agree to extend the period as the circumstances may warrant.

The fair value of the Park as at February 8, 2013 is ₱446.1 million which is based on the appraised value made by an independent appraiser as stated in its appraisal report dated February 20, 2013. On March 19, 2013, SREDC and Mr. Gregorio agreed to change the total consideration from its initial consideration of ₱400.0 million to ₱446.1 million based on the appraised value.

The details of the appraised value are as follows:

Land (150 hectares at ₱1.8 million per hectare or ₱180 per sq. m.)	₱270,000,000
Buildings	75,823,000
Other land improvements	100,250,000
	₱446,073,000

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which included the construction and operation of at most sixty (60) greenhouses for high value crops and a twenty (20) - hectare asparagus farm. In connection with this, the BOD approved to advance ₱200.0 million to one of SREDC's stockholders to be adjusted as may be deemed appropriate.

The advances made by SREDC to its stockholder totaling ₱446.1 million in 2014 were made subject to liquidation for the following purposes (see Note 16):

a. To cover the post-dated checks issued by the stockholder as payment to Mr. Gregorio for the Park pursuant to the Agreement.
b. To pay for the improvements that will be acquired and introduced on the Park.
c. To pay for the day-to-day operations of the Park.

On December 10, 2014, the Agreement between Mr. Gregorio and the SREDC was extended for another three years or until January 17, 2018. No liquidation was made until January 17, 2018. To allow Mr. Gregorio more time to meet the conditions of the Agreement, on January 5, 2018, the Agreement was extended for another five years from January 17, 2018 or until January 16, 2023.

Moreover, the parties agreed to defer the encashment of the post–dated checks issued as payment for the Park since the payments are dependent on the fulfillment of the conditions of contract. In 2015, the stockholder paid for the improvements made in the Park, including the construction of thirty (30) greenhouses with an estimated cost of ₱10.5 million.

In 2019, several lands amounting to ₱63.4 million were acquired through liquidation of the advances made to stockholder (see Note 13) for the following:

In the last quarter 2017, SREDC started its operation which offers agri-tourism and lifestyle center activities. The Group recognized revenue amounting to ₱0.3 million in 2020 and ₱0.5 million in 2019 which includes income from field trips and other recreational events, room services and other sale of agricultural products.

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners he represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. Accordingly, the Parent Company made a deposit amounting to ₱4.6 million in 2018. In September 2019, the Parent Company made an additional investment amounting to ₱4.0 million.

10. **Other Current Assets**

This account consists of:

	2021	2020
Input VAT	**₱9,4539,958**	₱9,381,384
Prepaid tax	**19,790**	19,790
	9,459,748	9,840,666
Less allowance for impairment	**9,422,502**	9,381,384
	₱37,246	₱19,790

Impaired input VAT amounting to ₱9,381,384 were written off in 2020.

11. **Financial Asset at FVOCI**

Below is the rollforward analysis of this account:

	2021	2020
Balance at beginning of year	**₱1,458,373,432**	₱2,461,005,166
Increase (decrease) in fair value		(1,002,631,734)
Acquisition during the year	**61,300,000**	
Disposal during the year	–	
Balance at end of year	**₱1,519,673,432**	₱1,458,373,432

Financial asset at FVOCI pertain to investment in shares of stocks of AgriNurture, Inc. (ANI), a former associate (see Note 11). The fair value of this investment amounted to ₱1.5 billion at ₱8 per share as at December 31, 2020 and ₱2.5 billion at ₱13.5 per share as at December 31, 2019 based on the quoted price published by the PSE.

In 2020, the Parent Company invested in Mabuhay Holdings Corporation amounting to ₱1.64 million. In the same year, the Parent Company sold the said investment at a gain of ₱86,578.

In 2018, investment in shares of stocks with carrying value of ₱1,970,000 as at December 31, 2018 which represent quoted equity investments of a 62.39% ownedsubsidiary acquired in 2014 was sold in 2019 for ₱2.2 million, recognizing a gain amounting to ₱220,000. Accordingly, cumulative fair value gain as at December 31, 2018 amounting to ₱970,000 previously recognized for these specific shares was reclassified to retained earnings.

On December 27, 2018, ANI increased its authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 1.9 billion common shares with par value of ₱1.00 per share. The Parent Company waived its right to subscribe additional shares. As a result, the Parent Company's ownership to ANI's was reduced to 17.90% consisting of 182,296,679 common shares (see Note 11). Accordingly, the investment was reclassified to financial asset at FVOCI in 2018.

Details of additions by way of reclassification in 2018 is shown below:

Carrying value at date of deemed disposal	₱485,506,276
Gain on reclassification of investment in associate to financial assets at FVOCI	2,613,537,267
Balance at end of year – as financial asset at FVOCI	₱3,099,043,543

Rollforward analysis of fair market value of this investment, which is shown as "Cumulative fair value gain (loss) on financial asset at FVOCI" in the equity section of the consolidated statements of financial position is shown below:

	2020	2019	2018
Balance at beginning of year	**(₱638,038,377)**	₱970,000	(₱630,000)
Fair value gain during the year	**(1,002,631,734)**	(638,038,377)	1,600,000
Reclassification to retained earnings due to disposal during the year	–	(970,000)	–
Balance at end of year	**(₱1,640,670,111)**	(₱638,038,377)	₱970,000

There are no financial assets at FVOCI that are pledged as securities for liabilities.

12. Investment in Associate

This pertains to investment in ANI, a company incorporated in the Philippines. The Group holds 188,125,379 shares or 30.26% equity ownership with carrying value amounting to

₱319,154,639 as at December 31, 2017. In May and June 2018, the Parent Company sold 5,828,700 shares of its investment in ANI for net proceeds of ₱88.9 million at an average price of ₱15.24 per share. Gain on sale recognized in the Group's consolidated statements of comprehensive income amounted to ₱79.0 million. The sale resulted to the decrease in the Parent Company's ownership in ANI from 28.16% to 23.73%.

Furthermore, the Parent Company waived its right to subscribe additional shares in ANI when the SEC approved ANI's increase in authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 2.0 billion common shares with par value of ₱1.00 per share on December 28, 2018. The investment was diluted to 17.90%, as a result of the waiver of its right to subscribe additional shares in 2018.

On the date the Parent Company's investment ceased to be an associate, it re-measured the investment balance at fair value. The Parent Company recognized as gain on reclassification of investment in associate to financial asset at FVOCI in profit or loss the difference between:

a. The fair value of the retained investment; and
b. The carrying amount of the investment (at cost) at the date when significant influence is lost.

As at December 31, 2018, the remaining investment in ANI at fair value is accounted for in accordance with PFRS 9. Accordingly, the fair value of the remaining investment in ANI was reclassified to financial asset at FVOCI (see Note 10). The fair value of the remaining investment at the date it ceases to be an associate is the amount recognized on initial recognition as financial asset at FVOCI.

There were no significant changes in the carrying value of the net assets of ANI from December 28 to 31, 2018 when the Parent Company's investment in ANI was reclassified from associate to financial asset at FVOCI as a result of dilution (see Note 10). Gain on reclassification of the investment recognized in profit or loss in the consolidated statements of comprehensive income (loss) amounted to ₱2.6 billion (see Note 10). The gain was mainly due to the different measurements between the two types of investments.

The rollforward analysis of the carrying value of this account in 2018 is shown below:

Balance at beginning of year	₱319,154,639
Carrying value of shares sold during the year	(9,888,387)
Equity in other comprehensive loss of an associate during the year	(9,435,624)
Equity in net loss of an associate	(760,596)
Carrying value of the remaining investment in ANI at date of cease of significant influence (deemed disposal)	299,070,032
Gain on deemed disposal	186,436,244
Gain on reclassification of investment in associate to financial asset at FVOCI	2,613,537,267
Fair value of the remaining investment in ANI at date of cease of significant influence	3,099,043,543
Reclassification of investment in associate to financial asset at FVOCI (see Note 10)	(3,099,043,543)
Balance at end of year	₱–

The fair value of remaining investment in ANI at the date it ceases to be an associate amounted to ₱3.10 billion based on the quoted price per share is the amount recognized on initial recognition as financial asset at FVOCI in 2018.

13. **Advances for Waste Recycling Project**

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machinery and equipment and steel structures for the construction of a wet process recovery system for solid waste (the "Facility"). These are currently stored forfree in a warehouse owned by a director of the TWMRSI located in Valenzuela City. TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project site will be located.

On April 20, 2015, TWMRSI engaged the services of a third party to appraise the market value of the facility. The facility was appraised at ₱113,759,000. However, management believed that the cost of advances for the Facility may no longer be recovered. Accordingly,a full impairment provision was made in 2014.

14. **Property and Equipment**

The rollforward analysis of this account is shown below:

	Land	**Land improvements**	**Building improvements**	**Transportation equipment and machineries**	**Furniture, fixtures and office equipment**	**Bearer assets**	**Total**
				2021			
Cost:							
Balance at beginning of year	**64,001,278**	**55,720,907**	**45,515,296**	**13,434,282**	**254,079**	**4,032,131**	**182,957,973**
Additions during the year	**–**	**–**	**–**	**69,900**	**–**	**–**	**69,900**
Balance at end of year	**64,001,278**	**55,720,907**	**45,515,296**	**13,504,182**	**254,079**	**4,032,131**	**183,027,873**
Accumulated depreciation and amortization:							
Balance at beginning of year	**–**	**11,436,784**	**18,303,112**	**8,970,201**	**196,079**	**2,419,279**	**41,325,455**
Depreciation and amortization	**–**	**1,857,364**	**3,049,694**	**1,101,572**	**27,227**	**403,213**	**6,439,069**
Balance at end of year	**–**	**13,294,148**	**21,352,806**	**10,071,773**	**223,306**	**2,822,492**	**47,764,524**
Net book value	**64,001,278**	**42,426,759**	**24,162,490**	**3,432,409**	**30,773**	**1,209,639**	**135,263,349**

	Land	Land improvements	Building improvements	Transportation equipment and machineries	Furniture, fixtures and office	Bearer assets	Total
				2020			
Cost:							
Balance at beginning of year	641,278	55,720,907	45,515,296	13,434,282	254,079	4,032,131	119,597,973
Additions during the year	63,360,000						63,360,000
Balance at end of year	64,001,278	55,720,907	45,515,296	13,434,282	254,079	4,032,131	182,957,973
Balance at beginning of year		7,722,056	12,203,726	6,741,783	164,426	1,702,508	28,534,499
Depreciation and amortization		3,714,728	6,099,386	2,228,418	31,653	716,771	12,790,956
Balance at end of year		11,436,784	18,303,112	8,970,201	196,079	2,419,279	41,325,455
Net book value	64,001,278	44,284,123	27,212,184	4,464,081	58,000	1,612,852	141,632,518

Depreciation and amortization expense for the period ended June 30, 2021 and 2020 are shown as part of general and administrative expenses in the Group's consolidated statements of comprehensive income (loss) (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as at June 30, 2021 and December 31, 2020 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be significantly impaired.

There are no contractual commitments to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Group in both periods.

15. **Investment Properties**

As at June 30, 2021 and December 31, 2020 the account consists of the following:

Property	Location	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

The land located in Rosario, Batangas, and in Cabuyao Laguna and Olongapo City were acquired in 2013 and 2008, respectively. These properties with total land area of 35,886 square meters are intended to be held for capital appreciation. The estimated fair value as at December 31, 2018 amounted to ₱6.32 million using the Market Data Approach based on available market information. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available.

Fair value of the property was not determined as at June 30, 2021. However, the management believes that there were no conditions present in 2021 and 2020 that would significantly reduce the recoverable values of investment property from its net carrying value and that fair value of the investment approximates its carrying value.

The Group's management had reviewed the carrying values of the investment properties for any impairment as at June 30, 2021 and December 31, 2019. Allowance for impairment amounted to ₱0.74 million as at June 30, 2021 and December 31, 2020.

There are no contractual commitments to purchase or construct investment property. There is also no investment property that are pledged as securities as at June 30, 2021 and December 31, 2020. Furthermore, there is no property whose title is restricted from use of the Group in both years.

16. **Trade and Other Payables**

This account consists of:

	2021	2020
Trade	**₱733,781**	₱87,767
Government payables	**4,541,361**	4,545,871
Accrued expenses	**109,896**	578,896
Refundable deposit	**270,000**	270,000
Advances from Officer and Employee	–	2,606,815
	₱5,655,038	₱8,089,349

Trade payables are unsecured and noninterest-bearing which arise from purchases of materials, supplies and services in the ordinary course of business that are settled within 90 days.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Accrued expenses include accruals of professional fees, taxes and penalties.

Advances from officers and employees are noninterest-bearing which arise from rendering of services to the Group are payable on demand.

17. Related Party Transactions

The Group entered into transactions with related parties. Details of these transactions follow:

a. The Group availed and extended unsecured noninterest-bearing cash advances from and to its related parties with no definite repayment dates for working capital requirements.

b. The Group extended noninterest-bearing and unsecured cash advances to one of its stockholders for the acquisition and development of the Park amounting to ₱446.1 million in 2014 (see Notes 1 and 8). In 2020, additional settlement received amounted to ₱3.8 million.

c. As at June 30, 2021 and December 31, 2020 details and outstanding balances of due to and from related parties follow:

	2021	2020
Receivables		
Stockholders	**₱509,819,408**	₱707,135,290
Affiliates	**73,357,369**	72,550,298
	583,176,777	779,685,588
Allowance for impairment	**(83,574,369)**	(83,574,369)
	₱499,602,408	₱696,111,219
Payables		
Affiliates	**₱54,510,904**	71,200,135
Stockholders	**34,841,078**	20,473,777
	₱89,351,982	₱91,673,912

For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The rollforward analysis of related party accounts follow:

	2021	2020
Receivables		
Balance at beginning of year	**₱696,111,219**	₱717,917,772
Liquidation during the period (Note 8)	**(135,979,753)**	(20,547,225)
Collections during the period	**(61,478,000)**	
Advances made during the period	**948,942**	7,403,879
	499,602,408	704,774,426
Provision for impairment during the year	–	(8,663,207)
Balance at end of year	**₱499,602,408**	₱696,111,219
Payable		
Balance at beginning of year	**₱91,673,912**	₱80,986,459
Advances received during the period		12,313,789
Payments made during the period	**(2,321,930)**	(1,629,336)
Reversal during the period	–	
Balance at end of the period	**89,351,982**	**91,673,912**

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI). Subject to the application to and approval by the SEC of the Parent Company's increase of its authorized capital stock (the "Increase"), EHI subscribed to ₱250.0 million worth of common shares at ₱1.00 per share and ₱37.5 million worth preferred shares at ₱0.01 per share. On May 22, 2019, the Parent Company and EHI executed an Amended Subscription Agreement amending the Subscription Agreement dated July 2, 2014 to increase the subscription of EHI from ₱250 million worth of common shares to ₱750.0 million worth of common shares. The amended number of subscribed common shares represent 25% of the required subscription out of the proposed increase. The deposit will be converted into equity once approval from the SEC have been obtained.

In 2019, the Parent Company received additional deposits amounting to ₱44.8 million. The Group is awaiting approval by the SEC of the increase. The balance of the deposit for future stock subscription presented under current liabilities in the Group's consolidated statements of financial position amounted to ₱221.8 million as at June 30, 2021 and December 31, 2020.

e. The summary of the Group's related party transactions follows:

	2021			
Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱509,819,408	Noninterest-bearing; payable on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; with impairment
• Liquidation	(135,604,753)			
• Collections	(61,478,000)			
• Advances made	948,942			
• impairment		(17,018,462)		
	-			
	-			
Payable		(34,841,078)	Noninterest-bearing; payable Allowance for on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	14,060,004			
• Payments made	-			
Deposit for future stock subscriptions	-	(221,821,275)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates				
Receivable		73,357,369	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	52,910			
• Collections received	-			
• Allowance for impairment	-	(66,555,907)		
Payable		(54,510,904)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	-			
• Payments made	17,138,161			
• Write-off				

	2020			
Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱722,206,125	Noninterest-bearing; payable on	Unsecured; no significant
• Liquidation	(₱3,848,805)		demand and to be settled	warranties and covenants;
• Collections	-		through liquidation	with impairment
• Advances made	600			
• Allowance for impairment		-		
	-			
	-			
Payable		(14,034,331)	Noninterest-bearing; payable on	Unsecured; no significant
• Advances received	-		demand and to be settled in cash	warranties and covenants
• Payments made	3,000			
Deposit for future stock subscriptions	-	(221,821,275)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates				
Receivable		66,775,304	Noninterest-bearing; payable on	Unsecured; no significant
• Advances made	600		demand and to be settled in cash	warranties and covenants;
• Collections received	-			with impairment
• Allowance for impairment	-	(66,402,931)		
Payable		(67,980,824)	Noninterest-bearing; payable on	Unsecured; no significant
• Advances received	-		demand and to be settled in cash	warranties and covenants
• Payments made	1,328,696			
• Write-off	-			

f. Compensation paid to key management personnel for June 30, 2021 and 2020 follows:

	2021	2020
Short term benefits		
Salaries and wages	**₱458,404**	₱401,678
13th month pay and other benefits	**38,200**	40,782
	₱496,604	₱390,078

g. There are no other significant related party transactions on June 30, 2021 and December 2020

18. **Equity**

Capital Stock

Based on the Amended Articles of Incorporation dated September 11, 2014, the Parent Company's preferred shares have, among others, the following features: (a) voting, (b) right to receive dividends at the rate as may deemed by the BOD under the prevailing market conditions, and (c) in liquidation, dissolution, and winding up of the Parent Company, whether voluntary or otherwise, the right to be paid in full or ratably insofar as the assets of the Parent Company will permit, the par value or face value of each preferred shares as the BOD may determine, upon issue, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of common shares.

The stockholders of the Parent Company shall have no pre-emptive rights to subscribe to or purchase any or all, issue or dispose of shares of any class of the Group.

Details of the capital stock as at June 30, 2021 and December 31, 2020 follow:

	Preferred		Common	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.10 par value per preferred share/ ₱1.0 par value per common share	1,000,000,000	₱100,000,000	1,900,000,000	₱1,900,000,000
Subscribed and issued	1,000,000,000	₱100,000,000	1,704,778,573	₱1,704,778,573

There were no movements in the Group's common and preferred shares in 2021 and 2020.

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized shares
September 11, 2014	2,900,000,000
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The total number of shareholders of the Group is 1,028 as at June 30, 2021.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares as at June 30, 2021 and 2020 are as follows:

	2021		2020	
	High	Low	High	Low
First	₱4.94	₱3.69	₱2.17	₱0.65
Second	4.53	3.35	1.93	0.74
Third	–	–	2.26	1.50
Fourth	–	–	2.74	2.17

19. **Sales**

Sales pertain to receipts from agri-tourism and sale of fruits and vegetables. These are currently the only sources of income of the Group.

Category	**2021**	**2020**
Sale of solar energy	**₱ 5,806,223**	**₱-**
Sale of fruits and vegetables	**16,304,540**	**362,948**
Sale of supplements (CBD oil)	**4,016,880**	-
Agri-tourism	**50,000**	109,780
Total	**₱ 26,177,643**	**₱340,745**

The table shows the analysis of sales of the Group by major sources for the years ended June 30, 2021 and 2020:

The performance obligation to provide tourism services is satisfied at a point in time which is upon render of service and delivery of the goods. There are no outstanding contract balances from the Group's sales. The Group has no liability related to these services.

Rental income
The Group leases its nine-hectare property situated at Rosario, Batangas effective from January 1, 2015 to December 31, 2015, and shall be automatically renewed for successive one-year periods unless terminated. Under the terms of the lease agreement, the rental shall be ₱30,000 per hectare per annum, exclusive of VAT and subject to an escalation of 10% per year starting from the second year of the lease agreement.

Rent receivable amounted to ₱1.7 million as at June 30, 2021 and December 31, 2020 respectively (see Note 7). Refundable deposit under this lease agreement amounted to ₱270,000 as at June 30, 2021 and December 31, 2020 (see Note 15)

20. **Cost of Sales**

This account consists of:

	2021	2020
Farm supplies	**6,690,722**	1,067,173
Solar Energy	**5,225,601**	
Supplements	**2,128,825**	
	₱14,045,148	**₱1,067,173**

21. **General and Administrative Expenses**

This account consists of:

	Note	**2021**	2020
Depreciation and amortization	13	**₱6,4239,069**	₱6,420,698
Utilities		**1,322,038**	1,048,565
Salaries and wages		**1,262,012**	2,224,680
Contractual services		**1,066,429**	3,627,688
Listing and stock transfer fees		**427,770**	315,064
Legal and professional		**296,347**	67,000
Taxes and licenses		**184,211**	6,500
Transportation		**175,343**	285,976
Materials and supplies		**127,514**	312,010
Repairs and maintenance		**88,708**	233,821
Representation and entertainment		**2,087**	72,278
Miscellaneous		**6,609**	3,900
		₱11,398,136	₱14,618,180

Miscellaneous expenses include advertising, service charges and other fees.

As at June 30, 2021 and 2020, the Group is not covered by the provisions of the Republic Act No. 7641, Retirement Pay Law, because the total number of regular employees is not more than 10, which is the number of mandated to comply with the said law. Accordingly, the Group has not made a provision for retirement benefits.

22. **Income Taxes**

a. The current income tax expense in 2021 and 2020 pertains to RCIT and MCIT respectively.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in Group's consolidated statements of comprehensive income (loss) is as follows:

	Notes	**2021**	**2020**
Income (loss) before income tax		**₱735,675**	**(₱7,458,020)**
Multiplied by statutory tax rate		**20%**	**30%**
Income tax expense computed at statutory tax rate		**147,035**	**(2,237,406)**
Income tax effects of:			
Interest income subjected to final tax	6	**(192)**	**(107)**
Unrecognized deferred tax assets on:			
NOLCO		**(20,778)**	**2,239,422**
		₱126,065	**₱1,909**

c. The Group has NOLCO which can be claimed as deduction against future taxable income for the next three years as follows:

Year incurred	NOLCO	Expired	Unexpired	Tax benefit	Year of expiration
2019	₱30,774,580	₱–	₱30,774,580	₱9,287,039	2022
2018	31,719,395	–	31,719,395	9,434,535	2021
2017	1,337,437	1,337,437	–	–	2020
	₱63,831,412	₱1,337,437	₱62,493,975	₱18,721,574	

The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year incurred	NOLCO	Expired	Unexpired	Tax benefit	Year of expiration
2020	₱30,691,585	₱–	₱30,691,585	₱9,038,489	2025

The income tax benefits of NOLCO and MCIT were not recognized in the consolidated financial statements as management believes that these could not be utilized prior to its expiration.

d. The Group opted for the itemized deduction scheme for its income tax reporting in 2020 and 2019.

23. **Basic Earnings (Loss) per Share**

The following table presents the information necessary to compute the basic earnings (loss) per share attributable to equity holders of the Group.

	2021	2020
Net loss attributable to the equity holders of the Parent Company	**(₱327,791)**	**(₱5,154,561)**
Divided by: Weighted average number of common shares	**1,704,778,573**	**1,703,278,572**
Basic loss per share	**(₱0.0002)**	**(₱0.003)**

The Group has no diluted loss per share for the year ended June 30, 2021 and 2020.

24. **Non-controlling Interests**

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Parent Company. The details of the account are as follows:

	2021			
	Balance at beginning of year	Net income (loss)	Addition during the year	Balance at end of year
SREDC	₱213,861,381	15,096	-	₱213,876,477
LSTI	(56,848)	-	-	(56,848)
TWMRSI	(115,518,366)	(2,842)	-	(115,521,208)
YGPL	63,026	925,147	-	988,173
OBTRI	–	–	(423,076)	(423,076)
TWMRSI	₱98,349,193	937,401	(423,076)	₱98,863,518

	2020			
	Balance at beginning of year	Net income (loss)	Addition during the year	Balance at end of year
SREDC	₱228,743,356	(₱14,881,975)	₱–	₱213,861,381
LSTI	(26,559)	(30,289)	–	(56,848)
TWMRSI	(115,478,443)	(39,923)	–	(115,518,366)
YGPL	–	61,293	1,733	63,026
	₱113,238,354	(₱14,890,894)	₱1,733	₱98,349,193

Other comprehensive loss pertains to fair value loss on financial asset at FVOCI for the year attributable to non–controlling interest.

25. **Financial Instruments**

The following tables set forth the carrying values and estimated fair values of the Group's financial asset and liabilities recognized as at June 30, 2021 and December 31, 2020:

	2021			
	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Cash on hand (Note 6)	4,150,750	4,150,750	₱–	4,150,750
Petty cash (Note 6)	50,000	50,000	₱–	50,000
Financial assets at amortized cost				
Cash in banks (Note 6)	80,940,951	80,940,951	–	80,940,951
Nontrade receivables – net (Note 7)	255,568,329	255,568,329	–	255,568,329
Due from related parties – net (Note 17)	499,602,408	499,602,408	–	499,602,408
Financial asset at FVOCI (Note 11)	1,519,673,432	1,519,673,432	1,519,673,432	–
	₱2,359,985,870	₱2,359,985,870	₱1,519,673,432	₱840,312,438
Financial liabilities at amortized cost				
Trade and other payables* (Note 16)	₱1,113,677	₱1,113,677	₱–	₱1,113,677
Due to related parties (Note 17)	89,351,982	89,351,982	–	89,351,982
	₱90,465,659	₱90,465,659	₱–	₱90,465,659

	2020			
	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Cash on hand (Note 6)	₱1,500,000	₱1,500,000	₱–	₱1,500,000
Petty cash (Note 6)	50,000	50,000	₱–	50,000
Financial assets at amortized cost				
Cash in banks (Note 6)	1,234,168	1,234,168	–	1,234,168
Nontrade receivables – net (Note 7)	251,839,507	251,839,507	–	251,839,507
Due from related parties – net (Note 16)	696,111,219	696,111,219	–	696,111,219
Financial asset at FVOCI (Note 10)	1,458,373,432	1,458,373,432	1,458,373,432	–
	₱2,409,108,326	₱2,409,108,326	₱1,458,373,432	₱950,734,894
Financial liabilities at amortized cost				
Trade and other payables* (Note 15)	₱3,543,478	₱3,543,478	₱–	₱3,543,478
Due to related parties (Note 16)	91,673,912	91,673,912	–	91,673,912
	₱95,217,390	₱95,217,390	₱–	₱95,217,390

**Excluding government payables amounting to ₱4.45 million on 2021 and ₱4.46 million in 2020 (see Note 15).*

Methods and Assumption Used to Estimate Fair Value
The carrying values of the financial assets, except financial asset at FVOCI, and financial liabilities approximate their fair values due to their relatively short-term maturities or short-term nature of transactions. Financial assets at FVOCI pertaining to investment in a listed company included in level 1 is valued based at published prices. The fair value of financial assets and financial liabilities included in level 2 which are not traded in active market are determined based on the expected cash flows of the underlying asset and liability basedon the investment where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

There are no transfers to and from level 1 and 2 categories during 2021 and 2020

26. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its investing and financing activities. The Group's principal financial instruments comprise of cash in banks, nontrade receivables, financial asset at FVOCI, trade and other payables, and due to and from related parties. The main purpose of investing these financial instruments (assets) is to maximize interest yield and for capital appreciation. The Group's policies and guidelines cover credit, liquidity risk, interest rate risk, equity price risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- *Credit Risk*
  Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, resulting in financial loss to the Group. The Group is exposed to credit risk primarily from cash in banks, nontrade receivables, due from related parties and financial asset at FVOCI.

  With respect to credit risk arising from the Group's financial 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.

  Credit risk exposure
  The table below shows the gross maximum exposure to credit risk of the Group as at June 30, 2021 and December 31, 2020, without considering the effects of credit risk mitigation techniques.

	2021	2020
Cash in banks	**80,940,951**	**₱2,734,168**
Nontrade receivables	**253,089,561**	**252,168,352**
Due from related parties	**583,176,777**	**779,685,588**
Financial assets at FVOCI	**1,519,673,432**	**1,458,373,432**
	P 2,436,880,721	**₱2,492,961,540**

  Credit quality per class of financial asset
  Below is the credit quality per class of financial assets as at June 30, 2021 and December 31, 2020.

2021

	Neither past due nor impaired		Past due but		
	High grade	Standard grade	not impaired	Impaired	Total
Cash in banks	₱80,940,951	-	₱–	₱–	₱80,940,951
Nontrade receivables	–		252,760,716	328,845	253,089,561
Due from related parties	948,942	498,653,466	–	83,574,369	583,176,777
Financial asset at FVOCI	–	1,519,673,432	–	–	1,519,673,432
	₱81,889,892	₱2,018,326,898	₱252,760,716	₱83,903,214	₱2,436,880,721

	2020				
	Neither past due nor impaired		Past due but		
	High grade	Standard grade	not impaired	Impaired	Total
Cash in banks	₱2,620,799	₱113,369	₱–	₱–	₱2,734,168
Nontrade receivables	–	1,720,770	250,118,737	328,845	252,168,352
Due from related parties	7,403,179	688,708,040	–	83,574,369	779,685,588
Financial asset at FVOCI	–	1,458,373,432	–	–	1,458,373,432
	₱10,023,978	₱2,148,915,611	₱250,118,737	₱83,903,214	₱2,492,961,540

The credit quality of cash and financial assets at FVOCI quoted securities are based on the nature and performance of the counterparty. High grade cash in banks are placed, invested, or deposited in local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability. Investment in shares of stocks under high grade classification are assigned to financial assets invested to well-established and financially sound company.

High grade receivables are those with no default in payment. Standard grade pertains receivables are active accounts with propensity of deteriorating to mid-range age buckets.These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence. The Group is not exposed to large concentration of credit risks.

Impairment assessment
The Group applies general approach for determining the ECLs of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cashflows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates.The management has assessed that due from related parties amounting to ₱83.6 million in 2020 are uncollectible.

- *Liquidity Risk*
  The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

  Maturity Profile
  The maturity profile of the Group's financial assets and liabilities are presented below:

	2021			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱80,940,951	₱–	₱–	₱80,940,951
Nontrade receivables – net	255,568,329	–	–	255,568,329
Due from related parties – net	499,602,408	–	–	499,602,408
Financial asset at FVOCI		–	1,519,673,432	1,519,673,432
	₱836,111,688	–	₱1,519,673,432	₱2,355,785,120
Financial liabilities				
Trade and other payables*	₱1,113,677	₱1,113,677	₱–	₱1,113,677
Due to related parties	89,351,982	89,351,982	–	89,351,982
	₱90,465,659	₱90,465,659	₱–	₱90,465,659

	2020			
	On demand	Due within one year	Due beyond one year but not morethan five years	Total
Financial assets				
Cash in banks	₱2,734,168	₱–	₱–	₱2,734,168
Nontrade receivables – net	251,839,507	–	–	251,839,507
Due from related parties – net	696,111,219	–	–	696,111,219
Financial asset at FVOCI		–	1,458,373,432	1,458,373,432
	₱950,684,894	₱–	₱1,458,373,432	₱2,409,058,326
Financial liabilities				
Trade and other payables*	₱–	₱3,543,478	₱–	₱3,543,478
Due to related parties	91,673,912	–	–	91,673,912
	₱91,673,912	₱3,543,478	₱–	₱95,217,390

- Interest rate risk

  The Group is not exposed to interest rate fluctuations on their cash in banks and cash equivalents. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest-bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2020 and 2019 are less than 1%.

- Equity Price Risk

  The Group's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levelsof equity indices and the value of stocks traded in the stock market.

  At December 31, 2020 and 2019, if the quoted stock price for the securities using PSE index had increased by 70% and 38%, respectively, Group's total equity would have been higher by about ₱ 1.02 billion and ₱932.3 million, respectively. On the other hand, if the quoted market price for these securities had decreased by the same percentage, with all other variables held constant, total equity for the period would have been lower by the same amount. The analysis is based on the assumption that the quoted prices had changed by 70% and 38%, with all other variables held constant.

- Foreign Currency Risk

  Currency risk arises when transactions are denominated in foreign currency. The Groupis not exposed to significant foreign currency risk given that the Group's foreign currency denominated financial assets which pertains to cash in banks are not significant in amount.

27. Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Group considers the following accounts as its capital:

	2021	2020
Capital stocks	**₱1,804,778,573**	₱1,804,778,573
Additional paid-in capital	**268,090,531**	268,090,531
Retained earnings	**1,723,190,060**	1,724,527,465
Due to related parties	**89,351,982**	91,673,912
	₱3,885,411,146	₱3,889,070,481

The Group manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at June 30, 2021 and December 31, 2020 follow:

	2021	2020
Total debt	**₱316,954,360**	**₱321,611,660**
Total equity	**2,254,252,571**	**2,255,075,651**
	14%	14%

The Group had not been subjected to externally imposed capital requirements in 2021 and 2020. No changes were made pin the objectives, policies, and processes during the years ended December 31, 2020 and 2019.

28. **Segment Reporting**

Business Segments

For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

a. The holding segment is engaged in investment holding;
b. The renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The waste management segment is engaged in the business of building, operating and managing waste recovery facilities;
d. The real estate segment is engaged in the business of real estate development and improvement for agri-tourism; and
e. The information technology segment is engaged in the business of software and other communication technology solutions and value-added services arising from or connected to telecommunications.
f. The professional, scientific and technical services segment is engaged in biotechnology with primary focus on development and marketing of medicinal hemp globally.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consists principally of operating cash, receivables, property and equipment and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans payable.

Segment Transactions

Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation

Segment Financial Information

The segment financial information is presented as follows:

	2021							
	Holding	Renewable energy	Waste management	Lease and agri-tourism	Information technology	Professional, Scientific and Technical Services	Elimination	Total
Income								
Revenue	₱–	₱ 5,806,223	₱–	₱16,354,540	₱–	₱4,016,880	₱–	₱ 26,177,643
Gain on sale of financial asset at FVOCI		–	–	–	–	–	–	
Interest income	472	81	–	216	–	–	–	769
Foreign Exchange gain	547	-		-	–	–	–	547
	1,019	(5,806,303)	–	16,354,756	–	4,016,880	-	26,178,959
Expense								
General and administrative expenses	(1,777,925)	(5,226,151)	(5,800)	(16,304,583)		(2,128,825)		(25,443,284)
Provision for income tax		(116,030)	–	(10,035)	–	–	–	(126,065)
Net income (loss)	(1,776,906)	464,122	(5,800)	40,139	-	1,888,055	-	609,610
Net income (loss) attributable to:								
Equity holders of the Parent Company	(1,776,906)	464,122	(2,958)	25,043		962,908		(327,791)
Noncontrolling interest	–	–	(2,842)	15,096		925,147		937,401
Assets and Liabilities								
Segment assets	2,367,360,241	16,666,505	6,630	538,275,666	10,050,197	2,016,677	(363,168,985)	2,571,206,931
Segment liabilities	(310,188,020)	(82,914,755)	(233,890,768)	(16,771,223)	(167,195)	-	326,977,601	(316,954,360)

	2020							
	Holding	Renewable energy	Waste management	Lease and agri-tourism	Information technology	Professional, Scientific and Technical Services	Elimination	Total
Income								
Revenue	₱–	₱6,713,476	₱–	₱2,758,808	₱–	₱355,466	₱–	₱9,827,750
Gain on sale of financial asset at FVOCI	86,578	–	–	–	–	–	–	86,578
Interest income	716	676	–	435	–	–	–	1,827
Reversal of allowance	480,619	15,771	–	4,733,006	–	–	(479,919)	4,749,477
Reversal of payables	116,332	–	–	–	–	–	–	116,332
	684,245	6,729,923	–	7,492,249	–	355,466	(479,919)	14,781,964
Expense								
General and administrative expenses	(3,904,091)	(6,452,707)	(81,475)	(29,400,246)	(61,814)	(230,380)	(676)	(40,131,389)
Impairment loss	(33,301,575)	(204,046)	–	(17,647,758)	–	–	32,779,944	(18,373,435)
Unrealized forex loss	(1,820)	–	–	–	–	–	–	(1,820)
Provision for income tax	(4,057)	(23,066)	–	(13,440)	–	–	–	(40,563)
Net income (loss)	(36,527,298)	50,104	(81,475)	(39,569,195)	(61,814)	125,086	32,299,349	(43,765,243)
Net income (loss) attributable to:								
Equity holders of the Parent Company	(36,527,298)	50,104	(41,552)	(24,687,220)	(31,525)	63,793	32,299,349	(28,874,349)
Noncontrolling interest	–	–	(39,923)	(14,881,975)	(30,289)	61,293	–	(14,890,894)
	(₱36,527,298)	₱50,104	(₱81,475)	(₱39,569,195)	(₱61,814)	₱125,086	₱32,299,349	(₱43,765,243)
Assets and Liabilities								
Segment assets	₱2,366,011,218	₱6,094,576	₱–	₱540,540,715	₱266,170	₱128,622	(₱336,353,990)	₱2,576,687,311
Segment liabilities	₱307,120,986	₱72,806,949	₱233,878,338	₱18,018,719	₱383,169	₱–	(₱310,596,501)	₱321,611,660

29. **Events After Reporting Period**

COVID-19

In a move to contain the COVID-19 pandemic, the community quarantine which was imposed on March 29, 2020 was extended throughout December 31, 2020. On February 27, 2021, itwas announced that Metro Manila and other provinces have extended the general community quarantine (GCQ) until March 28, 2021. On March 29, 2021, enhanced community quarantine (ECQ) has been imposed until April 30, 2021. Throughout the imposition of the community quarantine, the Group has observed the government mandates and directive related thereto. COVID-19 pandemic poses a significant impact on the Group's financial statements due to a volatile stock price movement which affects its financial assets at FVOCI and delays in completion of the agreements as stated in Note 1. Further, travel restrictionsgravely affect SREDC's tourism operations. Nevertheless, the Group's management and BOD will continuously monitor the impacts of COVID-19 and will plan accordingly to minimize and(or) mitigate further risk on the Group's financial performance and position. The Group has taken measures to preserve the health and safety of its stakeholders as well as the businessoperations.

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax Incentives for Enterprises Act" (Create Act) was passed into law. Salient provision of CreateAct applicable to the Group are as follows:

1. Reduction in corporate income tax (CIT) rate effective July 1, 2020 as follows:

   Domestic corporations shall be subject to the following reduced CIT rates depending on their assets and taxable income:
   a. Those with assets amounting to ₱100,000,000 and below, and with taxable income equivalent to ₱5,000,000 and below will be subjected to a 20% tax rate;
   b. Those with assets above ₱100,000,000 or those with taxable income amounting to more than ₱5,000,000 will be subjected to a 25% tax rate.

   (Note: Computation of total assets is exclusive of the value of the land where the property, plant, and equipment are situated.)

   Foreign Corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.

2. Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023.

3. Regional Operating Headquarters (ROHQs) of multinational companies previously subject to a tax of 10% on their taxable income shall be subject to the regular corporate income tax effective January 1, 2022.

4. Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be one percent (1%).

5. For entities under the 25% income tax rate, their deductible interest expense shall be reduced by an amount equivalent to 20% of the interest income subject to final tax.

The Create Act took effect on April 11, 2021.

The proper calculation of the current income tax and related tax accounts as at and for the taxable year ended December 31, 2020 as a result of the reduction tax rate under the Create Act is presented below. The adjustment relating to such calculation, if any, will be recognized in the Group's financial statements as at and for the year ended December 31, 2021

30. **Other Matters**

On Voluntary Trading Suspension

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE. The request was filed in order to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company in a Freeze Order issued by the Court of Appeals.

After careful review of the Request to Lift and the documents in support thereof as well as the conduct of a due diligence review of the Parent Company's disclosures and reports, the PSE granted the Request to Lift the trading suspension.

On November 5, 2018, the shares of the Parent Company resumed trading in the PSE.

On Civil Forfeiture

On December 15, 2015, the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, EHI and related corporations were allegedly without any underlying legal or trade obligation, purpose or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

On January 22, 2016, the Parent Company and SREDC filed a Motion for Reconsideration of the Order, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the on-going proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures) lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving SREDCs had economic justifications and involved business transactions, which were timely made public.

On July 19, 2018, the Parent Company received an Order dated July 9, 2018 (the "Discharge Order") from the Court. In the Discharge Order, the Court ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the bank accounts of the Parent Company and SREDC were "orders discharged from the effects of the Asset Preservation Order (APO) dated December 15, 2015." With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts.

On August 9, 2018, the Parent Company received a copy of the Motion for Reconsideration dated August 3, 2018 (the Motion for Reconsideration") filed by the Republic of the Philippines ("Petitioner") with the Regional Trial Court assailing the Discharge Order.

In an Order dated July 9, 2018 (Order), the Court categorically ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the bank account of the Parent Company and SREDC was "ordered Discharged from the effects of the Asset Preservation Order (APO) dated December 15, 2015."

Thereafter, the Petitioner, through the Office of the Solicitor General, filed a Motion for Reconsideration (to the Order dated July 9, 2018) dated August 3, 2018 on even date to which the Parent Company and SREDC filed its Comment/Opposition (to the Motion for Reconsideration) dated December 11, 2018 on even date.

On July 1, 2019, the RTC Manila issued the Order of even date, denying the Petitioner's Motion for Reconsideration dated August 3, 2019 for lack of merit. In this connection, the "Petitioner" has sixty (60) days from its receipt of the said Order within which to assail the same through a petition for certiorari with the Court of Appeals. As of date however, the Parent Company has not yet received any notice that the Petitioner filed such a petition for certiorari.

Considering the lapse of the reglementary period to file a petition for certiorari, the Parent Company has been advised that both the Orders July 9, 2018 and July 1, 2019 are now final and executory.

ANNEX "G"

OFFICIAL RECEIPT

Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Accountable Form No. 51 Revised 2006	ORIGINAL
DATE October 06,2021	No. 2046639

PAYOR GREENERGY HOLDINGS INCORPORATED
PULILAN, BULACAN

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
		MSRD	
Information Statement - Registrant	4020199099(678)		7,500.00
Legal Research Fee (A0823)	2020105000(131)		75.00

TOTAL PHP 7,575.00

AMOUNT IN WORDS

SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Received
- [X] Cash
- [ ] Treasury Warrant
- [ ] Check
- [ ] Money Order

Received the Amount Stated Above

Treasury Warrant, Check, Money Order Number

RENE B. TAN
COLLECTING OFFICER

Date of Treasury Warrant, Check, Money Order

O.R. No. 2046639

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.