

MABUHAY

HOLDINGS CORPORATION

June 30, 2020

THE PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

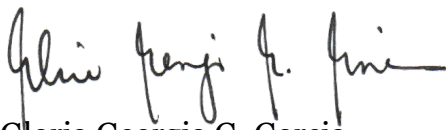
Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Subject: **MABUHAY HOLDINGS CORPORATION**
Annual Report ended December 31, 2019

Gentlemen:

We submit herewith a copy of the Annual Report for the year ended December 31, 2019 (SEC Form 17-A) of MABUHAY HOLDINGS CORPORATION with the attached Audited Consolidated Financial Statements for the year ended December 31, 2019 and 2019 Sustainability Report.

Very truly yours,



Gloria Georgia G. Garcia
Treasurer and Corporate Compliance Officer

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COMPANY INFORMATION

mabuhayholdings@yahoo.com

750-2000

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CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

GLORIA GEORGIA G. GARCIA

ggg.mhc@gmail.com

750-2000

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CONTACT PERSON's ADDRESS	
NAME	
ADDRESS	
CITY	
STATE	
ZIP	
PHONE	
FAX	
EMAIL	

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 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 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Year Ended **DECEMBER 31, 2019**
2. SEC Identification Number: **150014**
3. BIR Tax Identification Number: **050-000-473-206**
4. Exact Name of Registrant: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: **HO**
7. Address of Principal Office: **35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223**
8. Registrant's Telephone Number, Including Area Code: **(632) 750-2000**
9. Former Name, former address, former fiscal year, if changed from last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA
 - Common stock** **1,200,000,000 shares**
11. Are any or all of these securities listed on a Stock Exchange.
 - Yes ☒ No ☐
 - Philippine Stock Exchange** **Common shares of stock**
12. Check whether the Registrant:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a), thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months
 - Yes ☒ No ☐
 - (b) has been subject to such filing requirements for the past 90 days
 - Yes ☒ No ☐
13. Aggregate market value of the voting stock held by non-affiliates of the registrant

Total number of subscribed shares	1,200,000,000
Less: Shares held by affiliates	769,821,804
Shares held by non-affiliates	430,178,196
Market price as of December 31, 2019	0.57
Aggregate market value of voting stock held by non-affiliates	<u>P245,201,572</u>

Year 2018 Form 17-A**Table of Contents**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1 – Business

Mabuhay Holdings Corporation (hereafter referred to as “Registrant” or “MHC” or “Company”) was incorporated on April 06, 1988. It is a holding company principally engaged in the acquisition and disposition of investments in securities, stocks, real and personal properties, and of any kind of properties and of investments in other entities.

It was incorporated with an authorized capital of 200 million shares at a par value of P1 per share. It was listed at both the Makati and Manila stock exchanges in 1990. The Articles of Incorporation were amended in 1994 to increase authorized capital to 4 billion shares at P1 par value per share. Currently, capital stock issued and subscribed total 1.2 billion shares, of which P975.5 million have been paid out of the P1.2 billion subscriptions. MHC shares are now traded in the Philippine Stock Exchange.

The registrant currently holds office at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223. Its last annual stockholders’ meeting was on September 24, 2019.

As of December 31, 2019, the Registrant holds directly or indirectly substantial investments in several other corporations. Three of these are wholly owned subsidiaries while the rest are investees in which MHC has sizeable claims and interests.

For the past five years, operating activities of the Group have been kept to the minimum except for its large associate, Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (PIHI). In 2018, the Group, through its wholly-owned subsidiary T&M Holdings, Inc., sold part of its shareholdings in PIHI. The sale reduced the Group's ownership interest in IRC from 29.62% to 11.4% as of December 31, 2018.

A. SUBSIDIARIES AND AFFILIATES

Major investees of the Registrant are the following:

1. T & M Holdings, Inc. (100%-owned by the Registrant)

T & M Holdings, Inc. (T&MHI) which was registered with the Commission on November 10, 1995, is a holding company engaged in investments in real properties, marketable securities and stocks of other companies, domestic or foreign.

2. M & M Holdings Corporation (M&MHC) (100%-owned by the Registrant)

Like T&MHI, M & M Holdings Corporation which was registered with the SEC on April 21, 1995, is a holding company engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks. Currently, M&MHC has no substantial property except for some advances to its parent company, and a minimal amount of cash.

3. Tagaytay Properties and Holdings Corporation (TPHC) (26.04%-owned by the Registrant)

A real estate company established and registered with the SEC on April 13, 1998, TPHC owns a high potential and strategically-located land in Tagaytay City. This property was supposed to be developed into a mixed commercial and residential subdivision but such plans were postponed indefinitely as a result of changes in the zoning laws of the city.

4. The Taal Company, Inc. (TTCI) (29.97%-owned by the Registrant)

The Taal Company, incorporated on August 29, 1990, is a real estate company with property holdings in several parts of the Batangas province.

5. The Angeles Corporation (TAC) (38.46%-owned by the Registrant)

The Angeles Corporation is an investment company incorporated on October 14, 1994. Most of its assets are invested in shares of the Prosperity Taxi Cab Corporation (PTCC), which the Company sold to a third party in 2009.

6. Mindanao Appreciation Corporation (MAC) (28.5%-owned by the Registrant)

Mindanao Appreciation Corporation is an investment Company, incorporated and registered with the SEC on November 21, 1991. Most of its assets are invested in shares of Mabuhay Holdings Corporation and The Taal Company, Inc.

B. FOREIGN SALES. Not applicable to the Registrant.

C. COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY. The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's business interests are concentrated in the real estate property business. Tagaytay Properties & Holdings Corporation and The Taal Co., Inc., each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas and Cavite. The aggregate landholdings of the Registrant's investees easily run to 17.8 hectares, many of which are in prime locations.

D. DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant's business and concerns.

E. TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to /from them. The Registrant exercises control and management over some of its investees.

F. NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

G. EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant's business and concerns.

H. ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant's business and concerns.

I. COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant's business and concerns.

J. TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. As of December 31, 2019, The Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there had been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

Item 2 – Properties

All the following properties owned by MHC and its affiliates/subsidiaries are free from lien:

Name of Property	Owner	Area	Location
Landicho Property	The Taal Co., Inc.	39,781 sq. m	Lumang Lipa, M.Kahoy, Batangas
Zara Property	The Taal Co., Inc.	14,022 sq. m	Don Juan, Cuenca, Batangas
Raňola Property	The Taal Co., Inc.	778 sq. m	Tanza, Cavite
Tagaytay Property	Tagaytay Properties and Holdings Corp.	98,671 sq. m	Rotonda, Tagaytay City
Carandang	Tagaytay Properties and Holdings Corp.	6,533 sq. m	Ambolong, Batangas
Atienza	Tagaytay Properties and Holdings Corp.	3,036 sq. m	Ambolong, Batangas
Landicho	Tagaytay Properties and Holdings Corp.	15,605 sq. m	M. Kahoy, Batangas
35F Rufino Pacific Tower (office condo unit)	Mabuhay Holdings Corp.	886 sq. m*	Ayala Avenue, Makati City

- * Half of the 35th Floor is leased out to Smart Communications, Inc. and the other half is being used as The Registrant's office together with Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (PIHI). Rental revenues from this property amounted to P7.76M in 2019 as reflected in the Consolidated Statements of Total Comprehensive Income, Notes 8 and 17 of the Consolidated Financial Statements as of and for the year ended December 31, 2019, which are an integral part of this report.

The Registrant has plans to acquire property in the next 12 months or beyond as discussed in Note 1 to the Consolidated Financial Statements.

Item 3 – Legal Proceedings

The Registrant and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Registrant's consolidated financial position except for the case mentioned in Note 20 of the Audited Financial Statements for which adequate provisions have been made.

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

There were no substantial matters submitted to a vote of the security holders during the 4th quarter of the year 2019. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on September 24, 2019. In that meeting, the stockholders elected the directors for 2020. Messrs. Steven G. Virata and Rodrigo B. Supeña were the Registrant's independent directors in compliance with SEC Memorandum Circular No. 16, Series of 2002, Section 38 of the Securities Regulation Code and its implementing rules and regulations.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 – Market for the Registrant's Common Equity and Related Stockholder Matters

The Registrant's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of four billion shares, 1.2 billion have been subscribed. As of December 31, 2019, MHC has received P194.7 million as deposits for future stock subscription. Although these deposits were intended for capital subscription, they were presented as liability in the Statement of Financial Position for the purpose of complying with SEC rule 68-D.

Dividends. No dividend declarations were made during the two recent fiscal years of the Registrant. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity.

Stock Prices. The shares of MHC traded along the following bands during 2019 and 2018:

	2019		2018	
	High	Low	High	Low
First Quarter	0.64	0.55	0.84	0.30
Second Quarter	0.82	0.51	0.77	0.55
Third Quarter	0.77	0.55	0.81	0.56
Fourth Quarter	0.61	0.54	0.64	0.50

The listed price of MHC shares as of end of first quarter of 2020 is P0.54, with a high of P0.64 and a low of P0.27.

Recent Sales of Unregistered Securities. No securities of the Registrant have been sold within the past three years which have not been registered under the Securities Regulation Code. Neither is there any claim for exemption from registration made by the Company.

Stockholders.

Stockholders of record as at December 31, 2019 total one hundred ninety five (195) in number, broken down as follows:

Citizen	No. of Shares	Percentage	No. of Holders
Filipino	829,171,840	69.10%	183
American	908,000	0.08%	7
Chinese	105,050	0.00%	2
Other Alien	369,815,110	30.82%	3
	1,200,000,000	100.00%	195

Top 20 Stockholders as at December 31, 2019 all holding Common Stock:

Rank	Name of Stockholder	No. of Shares Held	Percentage
1	PCD Nominee Corporation (NF)	369,815,010	30.82%
2	Prokey Investments Ltd.	351,289,763	29.27%
3	PCD Nominee Corporation (F)	316,041,988	26.34%
4	Guoco Securities (Phils.), Inc.	123,192,131	10.27%
5	Papa Securities Corporation	13,550,000	1.13%
6	Mindanao Appreciation Corp.	10,183,000	0.85%
7	Avesco Marketing	1,600,000	0.13%
8	Four Treasures Development Corp.	1,200,000	0.10%
9	Yan, Lucio W.	1,000,000	0.08%
10	Prosperity Taxi Cab Corp.	1,000,000	0.08%
11	International Polymer Corp.	900,000	0.08%
12	Century Sports Phils., Inc.	812,000	0.07%
13	Zosa, Rolando M.	800,000	0.07%
14	Uy, Samson	700,000	0.06%
15	Mendoza, Alberto &/or Jeanie Mendoza	650,000	0.05%
16	Sy, Siliman	546,000	0.05%
17	Sickling II, Herbert William	500,000	0.04%
18	South China Holdings	432,000	0.04%
19	Dyhongpo, Carlos	330,000	0.03%
20	Dyhongpo, Vivian	300,000	0.03%

There had been no sales of unregistered or exempt securities of the Registrant, or issuance of its securities constituting exempt transaction.

Item 6 – Management’s Discussion and Analysis or Plan of Operation

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

For the past years, the Group’s main focus was to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties, Inc.) (PIHI), by assisting it to secure funding for its residential development

projects in its Binangonan property. These projects of PIHI are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

After the Group sold a significant part of its shareholdings in PIHI in 2018, it plans to concentrate on the acquisition of properties for rental purposes as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects with its foreign business partners. Among the Group's short-term and long-term plans are: (a) to acquire developed properties with the intention of converting the properties for lease operations; (b) to acquire properties for development and to convert these properties for leases; (c) to acquire properties for development of affordable housing units as part of its corporate social responsibility to contribute to the housing requirements of the country; (d) to continue to retain its substantial remaining shares of stocks in PIHI for appreciation and eventual cash flows from future dividend declarations; and (e) to continue to retain its investment properties for appreciation, and to plan for possible development of the prime properties.

The planned acquisitions of rental yielding properties and development of affordable housing units are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investments in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Other than its gear towards opening projects on affordable housing, the Group does not anticipate other heavy requirement for working capital in 2020.

2019

Results of Financial Operations

A comparative review of the Registrant's financial operations for the period ended **December 31, 2019** vis-à-vis the same period last year showed the following:

Total revenues decreased by P14.2M or 15.02% mainly due to other income which registered at P21.96M in 2018 as compared to P5.4M in 2019. Total expenses decreased by P267.0M or 50.8% mainly due to the one-time effect of the loss on disposal of investment in an associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties, Inc.) (PIHI) in 2018 offset by an increase in unrealized loss on revaluation of securities of P83.1M in 2019. Net finance income registered at P23.1M with no finance costs in 2019 as compared to P6.66M in 2018. Interest income increased by P3.3M offset by decrease in finance costs of P20.97M in 2019 and decrease in net foreign exchange loss of P5.5M.

Share in net earnings of IRC registered at P7.5M for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8M in 2017.

Net loss before income taxes registered at P154.86M for 2019 and net loss for the year registered at P205.02M after income tax provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (December 2019 vs. December 2018)

Cash

Decrease of P11.7M or 6.06% mainly due to additional investments in financial assets and used for working capital.

Financial assets at fair value through profit or loss

Decrease of P168.7M or 42.9% mainly due to the decline in fair value of the Group's remaining investments in PIHI shares from P2.25/share in 2018 to P1.25/share in 2019.

Notes receivables

Decrease of P44.15M or 42.3% mainly due to the amounts written-off after a final settlement agreement with PIHI as discussed in Note 4 to the Consolidated Financial Statements.

Investment in an associate

The 100% decrease in the account is discussed in details in Note 6 to the Consolidated Financial Statements.

Property and equipment, net

Decrease of P0.76M or 32.7% mainly due to charges for depreciation.

Investment properties

Increase of P66.73M or 16.7% due to gain on fair value as a result of the appraisal of the properties.

Borrowings

No movement in borrowings during the year.

Accounts payable and other current liabilities

Decrease of P7.09M or 36.8% mainly due to payment of accruals and write-off of long outstanding payables.

Deferred income tax liabilities, net

Increase of P49.3M or 41.5% due mainly to the tax effect of unrealized gain on fair value change in investment property.

Key Performance and Financial Soundness Indicators

Definition of Ratios

Net Profit Ratio	-	$\frac{\text{Consolidated Net Income (Loss)}}{\text{Total Revenues}}$
Return on Assets	-	$\frac{\text{Net Income}}{\text{Total Assets}}$
Return on Equity	-	$\frac{\text{Net Income}}{\text{Total Stockholders' Equity}}$
Current Ratio	-	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Acid Test	-	$\frac{\text{Cash on hand and in banks} + \text{Financial Assets at Fair Value} + \text{Notes and other receivables}}{\text{Current Liabilities}}$
Debt to Equity	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt to Assets	-	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset to Equity	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Interest Coverage	-	$\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$
Earnings (Loss) Per Share	-	$\frac{\text{Net Income Attributable to Equity Holders of Parent Co.}}{\text{Average number of Outstanding Common Shares}}$

(%)	<u>Dec. 31, 2019*</u>	<u>Dec. 31, 2018*</u>	<u>Dec. 31, 2017*</u>
Net Profit Ratio	-2.5561	-4.8774	1.0471
Return on Assets	-0.2177	-0.4173	0.0140
Return on equity	-0.4157	-0.6594	0.0203
Current ratio	1.7058	2.4637	0.4695
Acid test	1.6960	2.4543	0.4634
Debt to equity	0.9094	0.5803	0.4563
Debt to assets	0.4763	0.3672	0.3133
Asset to equity	1.9094	1.5803	1.4563
Interest coverage	-	-19.5018	3.8545
Earnings (loss) per share	-0.2206	-0.4873	0.0200

*Audited

2018

Results of Financial Operations

A comparative review of the Registrant's financial operations for the period ended **December 31, 2018** vis-à-vis the same period last year showed the following:

Total revenues increased by P71.9M or 319.7% mainly due to gains realized on the change in fair value of investment properties. Total expenses likewise increased by P508.9M or 3119.9% mainly due to the loss on disposal of investment in an associate Philippine Infradev Holdings, Inc. (formerly IRC Properties, Inc.) (PIHI) as a result of the sale of part of shareholdings in PIHI. Said sale decreased the Group's ownership interest to 11.4% as of December 31, 2018, hence, investments are reclassified to Financial Assets at Fair Value through Profit or Loss and accumulated share in net earnings of PIHI recognized in the books are derecognized. A net finance costs of P6.66M resulted in 2018 due to increase in finance cost by P11.02M, increase in net foreign exchange loss of P6.6M and decrease in finance income by P4.4M.

Share in net earnings of PIHI registered at P7.5M for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8M in 2017.

Net loss before income taxes registered at P429.97M for 2018 and net loss for the year registered at P460.38M after income tax provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (December 2018 vs. December 2017)

Cash

Increase of P187.7M or 3339.4% mainly due to the proceeds from the sale of PIHI shares.

Financial assets at fair value through profit or loss

Increase of P390.95M or 19722.8% due to the reclassification of investments in shares of stocks of PIHI from investment in an associate to financial assets at fair value through profit or loss as a result of the sale of part of the Group's shareholdings in PIHI which decreased its ownership interest and the change in fair value of securities.

Notes and other receivables

Decrease of P84.22M or 42.96% mainly due to collection of notes and interest receivable from PIHI.

Investment in an associate

The 100% decrease in the account is discussed in details in Note 6 of the Notes to the Consolidated Financial Statements.

Property and equipment, net

Increase of P1.003M or 75.4% mainly due to acquisition offset by charges for depreciation.

Investment properties

Increase of P64.66M or 19.3% due to gain on fair value as a result of the appraisal of the properties.

Borrowings

Decrease of P121.4M or 89.9% due to payment of loans.

Accounts payable and other current liabilities

Decrease of P23.04M or 54.47% largely due to repayment of accrued interest on borrowings.

Deferred income tax liabilities, net

Increase of P27.8M or 31.15% due mainly to the tax effect of unrealized gain on fair value change in investment property.

2017**Results of Financial Operations**

A comparative review of the Registrant's financial operations for the period ended **December 31, 2017** vis-à-vis the same period last year showed the following:

Total revenues decreased by P46.295M or 67.3% mainly due to net effect of recovery of impairment losses on investment in an associate and reversal of allowance for impairment loss recognized in 2016 vs. none in 2017. Total operating expenses decreased by P0.846M or 4.9% mainly due to decrease in salaries and employee benefits and professional fees. A net finance income of P15.411M resulted in 2017 due to decrease in finance cost by P18.7M, a net foreign exchange gain of P0.89M with a decrease in finance income by P3.25M.

Share in net earnings of PIHI, an associate decreased by P14.19M or 67.6% due to a lower gain on fair value change in investment property of the associate.

Net income before income taxes registered at P28.4M for 2017 and net income for the year registered at P23.55M after income tax provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (December 2017 vs. December 2016)**Cash**

Decrease of P24.4M or 81.3% mainly due to additional loans extended to PIHI and acquisition of additional PIHI shares.

Financial assets at fair value through profit or loss

Decrease of P0.286M or 12.6% due to decline in fair value of securities.

Notes and other receivables

Increase of P28.8M or 17.2% mainly due to additional notes and accrued interest receivable from PIHI.

Prepayments

Increase of P1.28M or 92.6% mainly due to prepaid income taxes.

Investment in an associate

Please refer to Note 6 of the Notes to the Consolidated Financial Statements.

Property and equipment, net

Decrease of P1.35M or 50.4% mainly due to depreciation.

Investment properties

Increase of P15.15M or 4.7% due to gain on fair value.

Other non-current assets

Decrease of P.060M or 40.8% mainly due to decrease in fair value of available for sale securities of Mindanao Appreciation Corporation, a subsidiary.

Borrowings

Decrease of P0.573M or 0.42% due to foreign exchange translation difference.

Accounts payable and other current liabilities

Increase of P7.7M or 21.1% largely due to accrued interest on borrowings.

Deferred income tax liabilities, net

Increase of P4.79M or 5.7% due to unrealized gain on fair value change in investment property.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2019, as listed in the accompanying Index to Financial Statements and Supplementary Schedules, are filed as part of this Form 17-A.

The financial statements attached to the report include the audited statements of financial position, statements of total comprehensive income, statements of changes in equity, statements of cash flows and the notes to the financial statements. Such reports form part of our attachment to our SEC Annual Report Form 17-A.

Item 8 – Independent Public Accountants**(a) Audit and Audit-Related Fees**

There were no disagreements with the auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures.

As in previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.08M for the last two (2) calendar years ending December 31, 2019 and 2018.

(b) Tax Fees

There were routinary professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2019 and 2018. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees

There were no other professional services rendered by the external auditors during the period.

(d) Company Policy in Appointment of Independent Auditor

The President and the Treasurer recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves their recommendation.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers
--

- A. **DIRECTORS** – The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - He was elected Chairman of the Board in 2003 and has been a member of the Board of Directors as early as 1991. He is a consultant of the Castillo Laman Tan Pantaleon & San Jose Law Offices and a Director or Officer of the following companies: Anglo Philippine Holdings Corporation, Alsons Consolidated Resources Corporation, Philweb Corporation, CP Group of Companies, Carlos Palanca Foundation, Inc., MAA Consultants, Inc., Solid Group Inc., United Paragon Mining Corporation, The Metropolitan Club, Inc. and various client corporations of their law firm. Attorney San Jose, a Filipino, is 78 years old.

Esteban G. Peña Sy, Director and President - He was elected as Director and President on Nov. 1, 2006 and has served as such for more than ten years now. He graduated from the University of the Philippines in 1968 with the degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He was the Managing Director of Pan Asian Management Ltd. And AI Financial Services Ltd., which are management and investment consultancy firms based in Hongkong, and Pan Asian Oasis Telecom Ltd. that operates joint venture factories engaged in the manufacture of communication and fiber optic cables in China. His previous work experience includes the following: Asst. Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1971 - 1979 and Executive Director from 1980-1986; various positions in the Ayala Group of Companies from 1979-1984. Mr. Peña Sy, a Filipino citizen, is 72 years old.

Atty. Delfin P. Angcao, Corporate Secretary - Atty. Delfin Angcao holds the position since 1995. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a junior associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was a former associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His other business experience in the last 5 years are as follows: director and/or Corporate/Asst. Corporate Secretary of various client corporations of CLTPSJ namely: United Paragon Mining Corporation, The Manila Southwoods Golf & Country Club, Inc., and Golden Valley Exploration Corporation. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Attorney Angcao, a Filipino, is 62 years old.

Atty. Ana Maria Katigbak, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then from June 27, 2007 up to the present. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. Her other business experience in the last 5 years are as follows: assistant corporate secretary of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Premier Entertainment Productions, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb Corporation. She is also a lecturer at the Thames International Business School, Philippine Campus. Atty. Katigbak, a Filipino, is 51 years old.

Anselm Wong, Director - Mr. Anselm Wong has been elected as director since January 12, 2017 upon the resignation of Mr. Shinsuke Amiya. He is the Chief Operating Officer of Asia Development Capital Co., Ltd. (formerly Asia Alliance Holdings Co., Ltd., a company listed in The Tokyo Stock Exchange since June 2015). Mr. Wong, a Malaysian citizen, is 34 years old.

Yang Min Lan, Director - Mr. Yang, aged 42, received a Doctor's Degree in Engineering from The National Yunlin University of Science and Technology in Taiwan in 2009. Mr. Yang has been a member of Taiwan Certified Public Technician of higher examination for civil since 2008. He is also a member of the Taiwan Professional Civil Engineers Association. He has been involved in varied construction projects in Taiwan in the development of roads, bridges, buildings, and especially in hotel and residential development.

He also taught in Chienkuo Technology University. Presently, Mr. Yang is Chairman and Director of Lan Hai Co. Ltd., a construction consulting company since August 2015.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. Mr. Supeña, a Filipino, is 80 years old.

Steven Gamboa Virata, Independent Director – Mr. Steven Virata joined the Company in 2001. A degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His other business experiences in the last 5 years are as follows: currently, he is a Director of C. Virata and Associates, ATAR-IV, Inc., Chilco Holdings Inc., and V.L. Araneta Properties, Inc. He was elected last year and is nominated this year, as an independent director. Mr. Virata, a Filipino, is 62 years old.

Messrs. Rodrigo B. Supeña and Steven G. Virata were elected as the Company's independent directors at the last annual stockholders' meeting held on September 24, 2019.

INDEPENDENT DIRECTORS

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, and under the New Manual on Corporate Governance, the Corporate Governance Committee shall, perform the functions previously undertaken by the Nomination and Election Committee, and shall be responsible in review and evaluation of qualifications of all persons nominated to the Board and other appointments that require Board approval. The Corporate Governance Committee is composed of the following as members:

- | | | |
|------------------------------|---|--------------------------------|
| 1. Steven G. Virata | - | Chairman, Independent director |
| 2. Rodrigo B. Supeña | - | Member, Independent director |
| 3. Roberto V. San Jose | - | Member |
| 4. Anselm Wong | - | Member |
| 5. Ana Maria A. Katigbak-Lim | - | Member |

On May 20, 2008, the stockholders and the board of directors of the Company have duly approved to amend the Company's By-Laws by inserting a new provision therein relating to the procedure on nomination and election of independent directors as required under SRC Rule 38 of the Implementing Rules and Regulations of the Securities Regulations Code. The amended By-Laws is yet to be filed with and approved by the SEC.

B. EXECUTIVE OFFICERS/CONTROL PERSONS

Esteban G Peña Sy, President - See foregoing Director's Profile.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry. Ms. Garcia, a Filipino, is 49 years old.

All the directors and executive officers named above were elected to their positions for a term of one (1) year and to serve as such until their successors are elected and qualified.

None of the directors and officers of the Company was involved in the past five years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

No directors and officers are related to the extent of the fourth civil degree either by consanguinity or affinity.

There is no other person aside from those listed under Directors and Executive Officers who makes a significant contribution to the business.

Except for the above directors and officers, the Registrant has no significant employees (as the term is defined under the SRC and its implementing rules and regulations).

Item 10 – Executive Compensation

Compensation of Directors and Executive Officers

The annual compensation of the Company's Chief Executive Officer and three most highly compensated executive officers for the last two (2) fiscal years and the ensuing year 2020 (estimate) are as follows:

Name and Principal Position	Salary			Bonus	Other Annual Compensation
	2020 (Estimate)	2019	2018		
Roberto V. San Jose <i>Chairman of the Board</i>					
Esteban G. Peña Sy <i>President</i>					
Delfin P. Angcao <i>Corporate Secretary</i>					
Gloria Georgia G. Garcia <i>Treasurer</i>					
Aggregate compensation (all key officers and directors as a group)					
Note: Registrant has no other executive officers except those named above.	P4.8M	P4.8M	P4.7M	None	None

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Executive officers employed by the Registrant, receiving fixed monthly salary (see table above) are Mr. Esteban G. Peña Sy and Ms. Gloria Georgia G. Garcia.

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 11 – Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of December 31, 2019:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy, President of Registrant	Filipino	351,289,763	29.27
Common	PCD Nominee Corporation* G/F MSE Building 6767 Ayala Avenue, Makati City	B. A. Securities *	Foreign	369,815,010	30.82
TOTAL				721,104,773	60.09

* B.A. Securities, Inc. is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past years, Mr. Esteban G. Peña Sy or Atty. Roberto V. San Jose, the Chairman of the Meeting was appointed proxy for shares in the name of B. A. Securities, Inc., Registrant is not aware of the identity of its new proxy, if any, entitled to vote in the forthcoming annual stockholders' meeting.

**Prokey Investment Ltd. (Prokey) is a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the SEC on March 15, 2010 to operate a representative office in the Philippines. Mr. Esteban Peña Sy, President of the Registrant and the owner of Prokey will exercise his right to vote for these shares.

(2) Security Ownership of Management.

The following directors and officers are record/beneficial (R/B) owners of the Registrant's shares as indicated opposite their names as of December 31, 2019:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Citizenship	Percent of Ownership
		Shares	Amount	Nature		
Common	Roberto V. San Jose Director/Chairman of the Board	600	600	R & B	Filipino	0
Common	Esteban G. Peña Sy	353,299,813	353,299,813	R & B	Filipino	29.44
Common	Delfin P. Angcao Director/Corp. Secretary	641	641	R & B	Filipino	0
Common	Steven G. Virata Director	100	100	R	Filipino	0
Common	Rodrigo B. Supena	50	50	R	Filipino	0

Common	Ana Maria A. Katigbak Director/Asst. Corp. Secretary	50	100	R	Filipino	0
Common	Anselm Wong	50	50	R	Malaysian	0
Common	Yang Min Lan	50	50	R	Taiwanese	0
Common	Gloria Georgia G. Garcia, Treasurer	50	50	R	Filipino	0
TOTAL		353,301,404	353,301,454			29.44

Item 12 – Certain Relationships and Related Transactions

There are no related party transactions other than those presented in Note 16 of the Notes to Consolidated Financial Statements attached herein.

PART IV – CORPORATE GOVERNANCE

Item 13 – Compliance with Leading Practice on Corporate Governance

The Company is committed to good corporate governance and continues to pursue efforts towards attaining full compliance with its New Manual on Corporate Governance.

The Company has designated its SVP-Treasurer and Chief Financial Officer, Ms. Gloria Georgia G. Garcia, as Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Company's New Manual on Corporate Governance.

The Company progressively develops a plan and timetable for compliance with certain leading practices and principles of good corporate governance, such as structured monitoring of compensation, benefits, succession planning and continuous training for management and key personnel on the leading practices of good corporate governance.

PART V -- EXHIBITS AND SCHEDULES

Item 14 – Exhibits and Reports on Form 17-C

A. **Exhibits** -- The exhibits, as indicated in the Index to Exhibits, are either not applicable to the Company or require no answer.

B. **Report on SEC Form 17-C**

The following current reports have been reported by Mabuhay Holdings Corporation during the year 2019 through official disclosures dated:

Date	Disclosures
June 18, 2019	Notice of Annual Stockholders' Meeting
June 18, 2019	Approval for the Issuance of 1.2Billion Shares from the unissued portion of the present authorized capital stock through Private Placement
August 19, 2019	Notice of Annual Stockholders' Meeting - Amendment
September 25, 2019	Results of Annual Stockholders' Meeting
September 25, 2019	Results of Organizational Meeting of Board of Directors
October 4, 2019	Change in Corporate Contact Details
October 28, 2019	Material Related Party Transaction Policy

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on

JUN 29 2020, 2020.

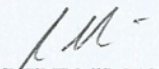
MABUHAY HOLDINGS CORPORATION

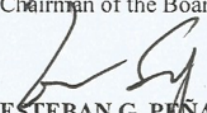
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated:

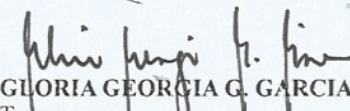
By:

Board of Directors and Officers:


ROBERTO V. SAN JOSE
Chairman of the Board


ESTEBAN G. PEÑA SY
Director and President


DELFIN R. ANGCAO
Corporate Secretary

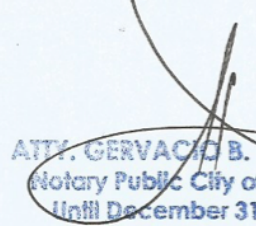

GLORIA GEORGIA G. GARCIA
Treasurer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this _____ day of JUN 29 2020, affiants exhibiting to me their Community Tax Certificates/Passports/Driver's License, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	P1329913A	December 20, 2016	DFANCR South
Esteban G. Peña Sy	P8276657A	August 09, 2018	DFA NCR Central
Delfin P. Angcao	P0113420A	August 31, 2016	Manila
Gloria Georgia G. Garcia	P8316836A	August 11, 2018	DFA NCR NorthEast

Doc. No. 224
Page No. 46
Book No. XIV
Series of 2020.


ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

MABUHAY HOLDINGS CORPORATION

INDEX TO EXHIBITS **SEC FORM 17-A**

Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
Instruments Defining the Rights of Security Holders, Including Indentures	*
Voting Trust Agreement	*
Material Contracts	*
Annual Report of Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
Report Furnished to Security Holders	*
Subsidiary of the Registrant	Page 18
Published Report Regarding Matters Submitted to Vote of Security Holders	*
Consents of Experts and Independent Counsel	*
Power of Attorney	*
Additional Exhibits	*

* Either not applicable to the Company or requires no answer.

SUBSIDIARIES OF THE REGISTRANT

The following are the subsidiaries of the Registrant over which it exercises considerable control:

A. Wholly-owned subsidiaries

T & M Holdings, Inc.
M & M Holdings Corporation

B. Others

<u>Subsidiary</u>	<u>Ownership</u>
The Taal Company, Inc.	29.97
Tagaytay Properties and Holdings Corporation	26.04
Mindanao Appreciation Corporation	28.51
The Angeles Corporation	38.46

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A	F	S	
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S	E	C	
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COMPANY INFORMATION

mabuhayholdings@yahoo.com

750-2000

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CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

GLORIA GEORGIA G. GARCIA

ggg.mhc@gmail.com

750-2000

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CONTACT PERSON's ADDRESS					

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **MABUHAY HOLDINGS CORPORATION and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

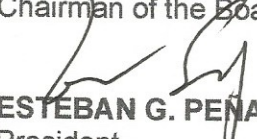
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

Isla Lipana & Co., the independent auditors, appointed by the stockholders, 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.


ROBERTO V. SAN JOSE
Chairman of the Board


ESTEBAN G. PEÑA SY
President


GLORIA GEORGIA G. GARCIA
Chief Financial Officer

Signed this 25th day of June 2020.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

JUN 30 2020

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this _____ day of June 2020 affiants exhibiting to me their Community Tax Certificates/Passport, as follows:

<u>Affiant</u>	<u>CTC No. / Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Roberto V. San Jose	P1329913A	Dec. 20, 2016	DFANCR South
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Gloria Georgia G. Garcia East	P8316836A	August 01, 2018	DFANCR North

Doc. No. 262

Page No. 54

Book No. XIV

Series of 2020

ATTY. GERVASIO B. ORTIZ JR.
Notary Public City of Makati
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MCLE Compliance No. VI-0024312
Appointment No. M-123-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Financial Statements

**As at December 31, 2019 and 2018 and for each of the
three years in the period ended December 31, 2019**



Independent Auditor's Report

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mabuhay Holdings Corporation (the "Parent Company") and its Subsidiaries (together, the "Group") as at December 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2019;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2019;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2019; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 2

We tailored the scope of our audits in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matter identified in our audits is as follow:

Key Audit Matter	How our audits addressed the Key Audit Matter
<p>Estimation of fair value of investment properties</p> <p>Refer to Note 8 to the consolidated financial statements for the details of the investment properties and Note 24.1 for discussion on critical accounting estimates and assumptions.</p> <p>This is a key audit matter mainly due to the materiality of the fair value of the investment properties. As at December 31, 2019, total investment properties, carried at fair value amounts to P466.96 million.</p> <p>An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property.</p> <p>In 2019, the Group recognized a fair value gain amounting to P66.73 million. This is based on the report prepared by an independent appraiser engaged by the Group using the market approach. This approach uses sales and listing of comparable properties registered within the vicinity premised on the factors of time, unit area or size, unit location, unit improvements, building location, building features or amenities, bargaining allowance, and others.</p>	<p>We addressed the matter by obtaining the appraisal report prepared by third party experts and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value and assessed in accordance with PFRS 13 requirements. In particular, audit evidence over the reliability of the appraiser report was obtained through independent verification of fair value of comparable properties within the area of the Group's properties.</p> <p>We evaluated competence, capabilities and objectivity of the independent appraiser by reviewing their profile, qualifications, client portfolio and business relationship with the Group.</p> <p>We also reviewed the accounting policy adopted by the Group's management on fair value measurement of investment properties.</p> <p>The current year adjustment relating to the valuation of investment properties was discussed and agreed with management.</p>



Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 3

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2019, but do not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 PFRS, 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 ability of each entity within the Group 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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 4

As part of an audit in accordance with PSA, 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 ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 5

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 7, 2020 at Makati City

SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022

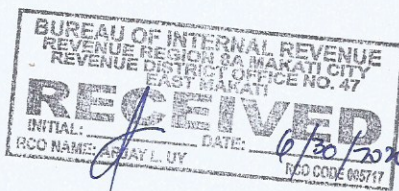
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

T.I.N. 152-015-095

BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
June 25, 2020





Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Mabuhay Holdings Corporation (the "Parent Company") and its Subsidiaries (together, the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 25, 2020. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of 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 the operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the 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, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner

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Makati City
June 25, 2020

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Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited the consolidated financial statements of Mabuhay Holdings Corporation (Parent Company) and its Subsidiaries as at and for the year ended December 31, 2019, on which we have rendered the attached report dated June 25, 2020. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs and the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional components required by Rule 68 of the SRC, and Schedules A, B, C, D, E, F, and G, as required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 7, 2020 at Makati City

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June 25, 2020

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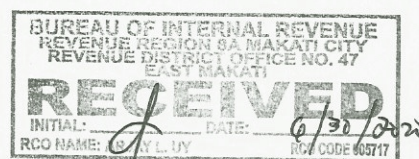
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Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position December 31, 2019 and 2018 (All amounts in Philippine Peso)

	Notes	2019	2018
<u>ASSETS</u>			
Current assets			
Cash	2	181,600,097	193,312,456
Financial assets at fair value through profit or loss	3	224,282,097	392,936,944
Notes receivables	4	60,000,000	104,149,336
Other current assets	5	7,205,152	10,330,367
Total current assets		473,087,346	700,729,103
Non-current assets			
Property and equipment, net	7	1,569,732	2,331,546
Investment properties	8	466,995,000	400,270,000
Total non-current assets		468,564,732	402,601,546
Total assets		941,652,078	1,103,330,649
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and other current liabilities	9	12,167,927	19,254,241
Income tax payable		85,304	76,315
Borrowings	10	13,624,642	13,624,642
Advances from related parties	16	9,002,267	9,002,267
Provision for litigation claims	20	47,770,052	47,770,052
Deposits for future share subscriptions	11	194,695,274	194,695,274
Total current liabilities		277,345,466	284,422,791
Non-current liabilities			
Provision for retirement benefits	19	3,004,170	1,881,793
Deferred income tax liabilities, net	14	168,141,338	118,845,832
Total non-current liabilities		171,145,508	120,727,625
Total liabilities		448,490,974	405,150,416
Equity			
Attributable to shareholders of the Parent Company			
Share capital	12	975,534,053	975,534,053
Treasury shares	12	(58,627,864)	(58,627,864)
Deficit		(587,193,449)	(372,020,560)
		329,712,740	544,885,629
Non-controlling interest		163,448,364	153,294,604
Total equity		493,161,104	698,180,233
Total liabilities and equity		941,652,078	1,103,330,649

The notes on pages 1 to 36 are an integral part of these financial statements.



Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Income				
Gain on fair value change in investment properties	8	66,725,000	64,662,455	15,154,545
Rental income	8	7,760,805	7,493,144	7,308,941
Gain on disposal of financial assets at FVPL	3	227,866	260,977	13,500
Dividend income		78,758	16,313	12,631
Other income	9,10	5,415,545	21,956,985	-
		80,207,974	94,389,874	22,489,617
Expenses				
Loss on disposal of investment in an associate	6	-	(412,815,027)	-
Unrealized loss on revaluation of securities	3	(171,429,440)	(88,356,620)	(211,755)
Loss on write-off of receivables	4	(64,576,561)	-	-
Salaries and employee benefits	18	(8,295,824)	(5,707,970)	(5,697,922)
Meeting expenses		(4,306,642)	(4,411,666)	(2,157,447)
Professional fees		(1,311,528)	(1,596,520)	(1,549,975)
Depreciation	7	(761,814)	(1,187,641)	(1,405,528)
Other expenses	13	(7,521,642)	(11,142,694)	(5,288,989)
		(258,203,451)	(525,218,138)	(16,311,616)
Income (loss) from operations		(177,995,477)	(430,828,264)	6,178,001
Finance income (cost), net				
Interest income	2,4	23,324,528	20,037,792	24,470,068
Foreign exchange gain (loss), net	23.1	(190,445)	(5,726,068)	891,507
Interest expense	10	-	(20,972,355)	(9,949,827)
		23,134,083	(6,660,631)	15,411,748
Share in net earnings of an associate		-	7,517,176	6,811,616
Income (loss) before income tax		(154,861,394)	(429,971,719)	28,401,365
Provision for income tax	14	(50,157,735)	(30,404,527)	(4,851,404)
Net income (loss) for the year		(205,019,129)	(460,376,246)	23,549,961
Other comprehensive income (loss)				
Item that may be reclassified to profit or loss				
Changes in fair value of available-for-sale financial assets		-	-	28,389
Item that will not be reclassified to profit or loss				
Share in other comprehensive gain (loss) of an associate		-	-	92,531
		-	-	120,920
Total comprehensive income (loss) for the year		(205,019,129)	(460,376,246)	23,670,881
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	15	(0.2206)	(0.4873)	0.0200
Net income (loss) attributable to:				
Shareholders of the Parent Company		(215,172,889)	(475,424,767)	19,481,795
Non-controlling interest		10,153,760	15,048,521	4,068,166
		(205,019,129)	(460,376,246)	23,549,961
Total comprehensive income (loss) attributable to:				
Shareholders of the Parent Company		(215,172,889)	(475,424,767)	19,574,326
Non-controlling interest		10,153,760	15,048,521	4,096,555
		(205,019,129)	(460,376,246)	23,670,881

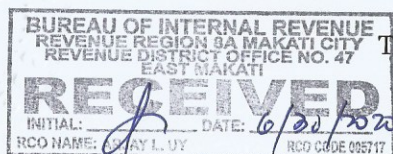
The notes on pages 1 to 36 are an integral part of these financial statements.



Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Shareholders of the Parent Company			Non-controlling interest	Total
	Share capital (Note 12)	Treasury shares (Note 12)	Retained earnings (Deficit)		
Balances as at January 1, 2017	975,534,053	(58,627,864)	83,829,881	134,149,528	1,134,885,598
Comprehensive income					
Net income for the year	-	-	19,481,795	4,068,166	23,549,961
Other comprehensive income for the year	-	-	92,531	28,389	120,920
Total comprehensive income for the year	-	-	19,574,326	4,096,555	23,670,881
Balances as at January 1, 2018	975,534,053	(58,627,864)	103,404,207	138,246,083	1,158,556,479
Comprehensive income					
Net income for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Balances as at December 31, 2018	975,534,053	(58,627,864)	(372,020,560)	153,294,604	698,180,233
Comprehensive income (loss)					
Net income (loss) for the year	-	-	(215,172,889)	10,153,760	(205,019,129)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	(215,172,889)	10,153,760	(205,019,129)
Balances as at December 31, 2019	975,534,053	(58,627,864)	(587,193,449)	163,448,364	493,161,104



The notes on pages 1 to 36 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Cash flows from operating activities				
Income (loss) before income tax		(154,861,394)	(429,971,719)	28,401,365
Adjustments for:				
Loss on disposal of investment in an associate	6	-	412,815,027	-
Unrealized loss on revaluation of securities	3	171,429,440	88,356,620	211,755
Loss on write-off of receivables	4	64,576,561	-	-
Provision for (reversal of) retirement obligation	19	1,122,377	(161,957)	1,372,281
Depreciation	7	761,814	1,187,641	1,405,528
Unrealized foreign exchange loss (gain)	23.1	190,445	(167,035)	(820,144)
Interest expense	10	-	20,972,355	9,949,827
Accounts written-off	9,13	(5,384,305)	464,215	88,300
Share in net earnings of an associate	6	-	(7,517,176)	(6,811,616)
Dividend income		(78,758)	(16,313)	-
Gain on disposal of financial assets at FVPL	3	(227,866)	(260,977)	(13,500)
Interest income	2,4	(23,324,528)	(20,037,792)	(24,470,068)
Gain on fair value change in investment properties	8	(66,725,000)	(64,662,455)	(15,154,545)
Operating income (loss) before working capital changes		(12,521,214)	1,000,434	(5,840,817)
Increase (decrease) in other current assets		(388,033)	(1,976,845)	(3,519,303)
Increase (decrease) in:				
Advances from related parties		-	(8,437,493)	2,524,644
Accounts payable and other current liabilities		(2,200,808)	(29,787,284)	(2,880,401)
Cash absorbed by operations		(15,110,055)	(39,201,188)	(9,715,877)
Interest received	2	6,384,651	239,471	26,693
Dividend received		78,758	16,313	-
Income tax paid		(328,542)	(409,775)	(2,492,577)
Net cash used in operating activities		(8,975,188)	(39,355,179)	(12,181,761)
Cash flows from investing activities				
Proceeds from disposal of an associate	6	-	284,829,514	-
Interest received	4	-	60,033,495	-
Collection of notes receivable	4	-	44,966,505	-
Additional investment in an associate		-	-	(12,158,054)
Proceeds from disposal of financial assets at FVPL	3	1,863,814	2,404,458	-
Acquisition of financial assets at FVPL	3	(4,410,540)	(7,129,443)	(2,010)
Acquisition of property and equipment	7	-	(2,190,179)	(91,851)
Net cash provided by (used in) investing activities		(2,546,726)	382,914,350	(12,251,915)
Cash flows from financing activities				
Payment of interest	10	-	(34,604,480)	-
Payment of borrowings	10	-	(121,429,849)	-
Net cash used in financing activities		-	(156,034,329)	-
Net increase (decrease) in cash for the year		(11,521,914)	187,524,842	(24,433,676)
Cash as at January 1		193,312,456	5,620,579	30,049,875
Effect of exchange rates on cash		(190,445)	167,035	4,380
Cash as at December 31	2	181,600,097	193,312,456	5,620,579
Non-cash transaction from investing activity				
Addition of financial assets at FVPL	3	-	474,325,358	-

The notes on pages 1 to 36 are an integral part of these financial statements.

