COVER SHEET

1	7	5	2	2	2

S.E.C. Registration Number

P.S.E. Control Number

VIVANT CORPORATION

(Company's Full Name)

9TH FLR. OAKRIDGE IT CENTER 3
OAKRIDGE BUSINESS PARK A.S.
FORTUNA ST MANDAUE CITY, CEBU

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

Joan A. Giduquio-Baron

Contact Persons

(032) 232-0283, 234-2256 and 234-2285

Telephone Number of the Contact Person

12 31

Month Day

Fiscal Year

SEC FORM 17-A

FORM TYPE

06 18

Month Day

N/A

Secondary license Type, If Applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders	Domestic	Foreign
1,423	1,415	8

To be accomplished by SEC Personnel concerned

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Document I.D.

Cashier

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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 fiscal year ended: **2019**

2. SEC Identification Number **175222**

3. BIR Tax Identification No. **242-603-734-000**

4. **VIVANT CORPORATION**
Exact name of issuer as specified in its charter

5. **City of Mandaluyong**
Province, Country or other jurisdiction of incorporation or organization

(SEC Use Only)

6. Industry Classification Code:

7. **VIVANT CORPORATION**
9th Floor, Oakridge IT Center 3, Oakridge Business Park,
A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu — **6014**
Address of principal office — Postal Code

8. **(6332) 234-2256; 234-2285**
Issuer's telephone number, including area code

9. **907-908 Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Mindanao Ave. cor Biliran Road, Brgy. Luz, Cebu City**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**1,023,456,698**
Amount of Debt Outstanding	**Php 6,065,964,309**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	**Common Stock**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x]   No [ ]

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

Yes [x]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

130,382,796 x Php 12.10 = Php 1,577,631,832.60

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1. Business Development

Vivant Corporation (Vivant or the Company) is a publicly listed holding company that, through its subsidiaries and affiliates, has interests in various companies engaged in the electric power generation (renewable and non-renewable energy), electric power distribution, and retail electricity supply business. The Garcia-Escaño family of Cebu (the Family) collectively owns approximately 76% of the outstanding capital stock of Vivant as of December 31, 2019.

Vivant's origins can be traced back to the rich and humble beginnings of Viuda y Hijos de F. Escaño Incorporada, the successor of the enterprise that Don Fernando Escaño founded in 1879, which came to be known as Hijos de F. Escaño Inc. (HDFE). The entry into the power industry dates back to the early 1900s when the Family diversified its business interests (mainly shipping and trade) to include electricity power distribution when it took over the operations of the Visayas Electric Company (VECO). VECO was the power distribution utility serving the electricity requirements of the City of Cebu and its surrounding municipalities.

The Second World War caused significant damage in the facilities of VECO. It was during the close of the war in 1945 that initiatives of VECO, alongside with the US Army, allowed the resumption of its operations to its pre-war levels. Staff levels were beefed up, while investments in new machineries and equipment poured in. Currently, VECO stands as the second largest privately-owned electric power distribution utility in the Philippines in terms of annual gigawatt-hour (GWh) sales. As of end-2019, Vivant has an effective equity interest of approximately 35% in VECO.

In 2002, the Family acquired 99% of Philstar.com, a company listed in the Philippine Stock Exchange (PSE). Subsequently, the Family's holdings in HDFE and VECO were infused to this company. Philstar.com was afterward renamed Vivant Corporation.

Starting in 2007, Vivant, through its subsidiaries and affiliates, started its foray into the power generation business via equity investments in the following generation companies:

- Cebu Private Power Corporation, owner and operator of a 70 megawatts (MW) diesel-fired power plant located in the island of Cebu;
- Delta P, Inc. (DPI), owner and operator of a 16 MW diesel-fired power plant in Palawan; and
- Cebu Energy Development Corporation, a project company that owns and operates a 246 MW coal-fired power plant in Toledo City, Cebu.

The Company likewise participated in the government's privatization efforts conducted by the Power Sector Assets and Liabilities Management (PSALM):

- Acquisition of the 0.8 MW Amlan Hydroelectric Power Plant in Negros island in 2009; and
- Appointment as the Independent Power Producer (IPP) Administrator of the 70 MW Bakun Hydroelectric Power Plant (BHPP) in Alilem, Ilocos Sur in 2009

In 2010, Vivant, through one of its subsidiaries, entered into an agreement with the Provincial Government of La Union (PGLU) for the management and operation of the 225 MW Bauang diesel-fired power plant.

In December 2012, Corenergy Inc. (Corenergy), through wholly-owned subsidiary Vivant Energy Corporation (Vivant Energy), was incorporated as the Retail Electricity Supply (RES) company of Vivant.

In April 2013, the Company, through one of its associates, broke ground for the construction of the 8 MW bunker- and 750 kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. The plants commenced commercial operations in the last quarter of 2014 and have serviced the power requirements of the local distribution utility via a Power Supply Agreement (PSA).

In November 2013, Vivant, through wholly-owned subsidiary Vivant Energy, participated in the public bidding process conducted by PSALM for the selection and appointment of the IPP Administrator for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPP) located at Tongonan, Leyte. On January 29, 2014, PSALM declared and selected Vivant Energy as the Winning Bidder for Seventeen (17) Strips of Energy of the ULGPP. This allowed Vivant Energy to sell 17 MW of geothermal power from ULGPP beginning January 1, 2015. In October 2019, the Administration Agreement for the Selection and Appointment of Independent Power Producer Administrators for the Strips of Energy of the Unified Leyte Geothermal Plant between Vivant Energy and PSALM was terminated.

In January 2014, Vivant signed an agreement to issue Php 3 billion (bn) in Fixed Rate Corporate Notes (FRCN). The offering was fully subscribed by a consortium of local banks. Proceeds of the issue, which were in 2 tranches, were earmarked to partly fund the Company's and its subsidiaries' capital projects.

In February 2014, a Memorandum of Understanding was executed by wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC) and Mindanao Energy Systems, Inc. (Minergy) that involved the possible equity investments by VIGC in Minergy's future power generation projects. Subsequent to this, a Subscription Agreement between VIGC and Minergy Coal Corporation (MCC) was executed, which allowed VIGC to subscribe to 40% of all issued capital and shares of MCC. MCC is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. Construction commenced in the first quarter of 2014. In 2015, MCC changed its corporate name to Minergy Power Corporation (MPC). The power generation facility started to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns, in September 2017.

On August 27, 2014, a shareholders' agreement between VIGC and Therma Power, Inc. (TPI) was signed. This agreement involved the investment by VIGC in Therma Visayas, Inc. (TVI), the project proponent for the construction and operation of a 2x170 MW coal-fired power generation facility in Toledo City, Cebu. The agreement involved the entry of VIGC into TVI for a 20% equity stake. Construction commenced in the first quarter of 2015. Commercial operations for Unit 1 and Unit 2 commenced within first half of 2019.

In December 2015, after the successful conduct of a Competitive Selection Process by the Palawan Electric Cooperative (PALECO), DPI was declared as the winning proponent and awardee of the 15–year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30 MW diesel-fired power plant. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

In September 2016, Corenergy obtained its 5-year Renewable Energy Supplier license from the Energy Regulatory Commission (ERC) and started supplying to retail customers in Luzon starting in 2018.

In January 2017, 1590 EC signed a 5-year Ancillary Service Procurement Agreement (ASPA) with the National Grid Corporation of the Philippines (NGCP). This involved the provision of Dispatchable Reserve on a non-firm basis. The ASPA became effective in May 2017, after obtaining Provisional Approval by the ERC.

In May 2017, Vivant entered into a joint venture with ET Energy Pilipinas Holding Corporation (ET-Pilipinas). The joint venture was established for the purpose of exploring opportunities in the solar rooftop space. Through 100%-owned Vivant Energy and Vivant Renewables Energy Corporation (VREC), the Company initially had 60% ownership in the joint venture company, ET-Vivant Solar Corporation (ET-Vivant). In November 2019, Vivant Energy and VREC bought out ET-Pilipinas, making ET-Vivant a wholly-owned subsidiary of Vivant.

In May 2017, a Commencement/Stay Order was issued by the Cebu City Regional Trial Court Branch 11 in favor of then 48%-owned Vivant-Sta. Clara Northern Renewables Generation Corporation (NR) pursuant to a Petition for Corporate Rehabilitation. NR is the Administrator of the 70MW capacity of the BHPP. While awaiting the court's decision on whether or not to allow the rehabilitation, Vivant, through wholly-owned subsidiaries Vivant Energy and VREC, sold all of its shareholdings in NR to North Renewable Energy Corporation in October 2018.

In December 2017, Vivant, through wholly-owned subsidiary VIGC, and Global Business Power Corporation (GBPC) signed a Pre-Development Agreement to jointly participate in a project that involved the construction and operation of a 2x335 MW coal fired power plant in La Union. This project will be undertaken through Global Luzon Energy Development Corporation, a special purpose vehicle that was set up where Vivant has an effective ownership of 42.5%.

Also, in December 2017, Vivant Energy and ICS Renewables Holdings, Inc. (ICS Renewables) executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred Vivant's ownership in AHPC to ICS Renewables by year-end.
A Deed of Sale with Assignment of Subscription Rights was likewise executed by Vivant Energy and ICS Renewables, which effectively transferred ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In May 2018, Sabang Renewable Energy Corporation (SREC) broke ground for the construction of a hybrid power generation facility in Bgy. Cabayugan, an unelectrified area in Puerto Princesa. The project is composed of a 1.4 MW solar power generation plant, a 2.3 MWh storage facility and a 1.28 MW diesel-fired power generation unit. SREC is the first to operate a smart hybrid power plant facility in an off-grid area. In addition to generating power, SREC is also responsible in distributing the electricity produced by the power plant to its consumers through its 14 km line under a Qualified Third-Party (QTP) Subsidy and Service Agreement with NPC and DOE. The Company has an effective ownership of 30% in SREC.

In June 2018, ET-Vivant purchased the shares of ET-Pilipinas in special purpose vehicle ET-Energy Island, Corp. (ETEI), the special purpose vehicle where all rooftop solar projects of Vivant are currently housed. In November 2019, ETEI declared commerciality for a 1.35MWp Solar Photovoltaic Plant in Mandaue City, Cebu. In the same month, Vivant Energy and VREC bought out ET-Pilipinas, making ET-Vivant a wholly-owned subsidiary of Vivant.

In December 2018, the Company established Vivant Infracore Holdings Inc (VIHI), the holding company that Vivant will use to house its business interests across different segments in infrastructure.

In May 2019, Vivant Hydrocore Holdings Inc. (VHHI) was incorporated as Vivant's water-industry arm, which will invest in and manage a diversified water portfolio in the areas of bulk water supply, wastewater treatment and water distribution.

In June 2019, Vivant, through wholly-owned subsidiary VHHI, entered into an agreement with an Israeli firm, Watermatic International Ltd., for the creation of a joint venture company Watermatic Philippines Corporation (WMP). This was part of Vivant's endeavors to diversify its investment portfolio to include infrastructure. WMP was envisioned to engage in the design, supply, installation, commissioning, operation, and maintenance of water treatment and waste water treatment plants. Vivant initially owned 50% of WMP. In November 2019, Vivant increased its stake in WMP to 60% through additional subscription of shares.

Also in November 2019, the Bantayan Electric Cooperative (BANELCO) concluded a successful competitive selection process by awarding a 15-year contract to supply 15 MW of the island's energy requirements to Isla Norte Energy Corporation (INEC), the joint-venture of Vivant Integrated Diesel Corporation (VIDC), a wholly owned subsidiary of Vivant Energy, and Gigawatt Power Inc. In February 2020, INEC and BANELCO signed the PSA. Vivant owns 65% equity in INEC through wholly-owned subsidiaries, VIDC and Vivant Energy.

2. Business of Issuer

Through its equity interests in its subsidiaries and associates, Vivant is in the business of electric power generation, electric power distribution and retail electricity supply in the Philippines. In a recent investment made in 2019, Vivant entered into the water infrastructure business (Please see Exhibit "A" for Vivant's Corporate Structure).

POWER GENERATION

As of end-2019, Vivant Energy holds all of Vivant's interests in the electric power generation business. To date, the Company has built a portfolio comprised of both renewable and non-renewable power generation plants with total attributable capacity of approximately 356 MW. As of December 31, 2019, approximately 70% of Vivant's net income from business segments was accounted for by its power generation business.

The table below summarizes the operating results of the generation companies as of December 31, 2019.

Generation Companies	**Energy Sold[1] (in GWh)**			**Revenue[2] (in Php million)**		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
CPPC	141.1	66.5	115.1	1,484.4	1,253.2	1,684.6
Delta P[3]	79.5	81.6	90.9	916.9	1,246.3	1,298.2
CEDC[4]	1,724.3	1,861.1	1,777.2	8,751.5	9,728.2	8,570.6
1590 EC	184.8	114.8	181.3	1,811.3	1,254.0	2,720.3
CIPC	27.5	33.0	38.3	356.2	494.4	569.4
VIVANT ENERGY[5]	140.0	151.2	69.7	807.6	916.4	987.6
MPC[6]	238.2	817.3	969.4	1,422.4	6,460.3	6,391.9
TVI[7]	--	224.5	1,532.7	--	701.9	6,254.3

Notes:

1. *Figures are at 100%.*
2. *Figures are at 100%.*
3. *Includes 30-MW expansion project, which started to feed into the PALECO service area in May 2017.*
4. *Includes billed minimum contracted energy.*
5. *Through IPP Administration Agreements with PSALM, which was terminated in October 2019.*
6. *Started operations in September 2017 with Unit 1 at 48 MW gross capacity and Units 2 and 3 at 55 MW gross capacity each.*
7. *TVI started operations in 2019. Unit 1 commenced commercial operations in April 2019 while Unit 2 commenced operations in August 2019.*

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 1994, CPPC owns and operates one of the largest diesel power plants in the island of Cebu – the 10 Caterpillar-Mak-powered 70 MW Bunker C-fired power plant situated on a 1.8-hectare site in the old VECO compound at Brgy. Ermita, Cebu City.

Commissioned in 1998, the CPPC plant was constructed pursuant to a build-operate-transfer (BOT) contract to supply 62 MW of power to VECO.

On April 20, 2007, Vivant acquired from East Asia Utilities Corporation 40% of the outstanding common shares of CPPC. The remaining 60% of the outstanding common shares was acquired by Aboitiz Power Corporation (AP).

In December 2010, CPPC started selling its excess capacity to the Wholesale Electricity Spot Market (WESM).

In July 2013, CPPC and VECO filed an application for a new 10-year PSA with the Energy Regulatory Commission (ERC). Upon approval and implementation, the new agreement will redound to a slightly lower electricity rate for VECO. As of December 2019, the application for the new rate is still pending approval from the ERC.

Delta P, Inc. (DPI)

Established in 1997, DPI is an independent power producer in Palawan operating a 16 MW bunker-fired power plant with 4 units of 4 MW generator sets. In March 2007, Gigawatt Power Inc. (GPI) acquired the 100% interest of Wärtsilä Technology Oy Ab in DPI. In June 2007, GPI divested and sold a 20% equity stake in DPI to Vivant. Through wholly-owned subsidiary Vivant Energy, Vivant's equity stake increased to 35% in October 2007 through an additional share acquisition from GPI.

The power plant facility of DPI is located on a 25,981 sq.m. parcel of land leased from the City Government of Puerto Princesa at Kilometer 13, North National Highway, Barangay Santa Lourdes, Puerto Princesa, Palawan. Commercial operations started in May 1997 by virtue of a Lease Agreement with the National Power Corporation (NPC), which was scheduled to expire in April 2009. The power generated by the plant served a portion of the electricity requirements of PALECO.

On February 6, 2009, DPI and PALECO signed a PSA for DPI to directly supply PALECO'S power requirements for the next 10 years. DPI and PALECO filed a joint petition with the ERC for the approval of the PSA, which the latter granted on November 9, 2009.

In May 2015, a Share Purchase Agreement was executed between Vivant Energy and GPI, which resulted to a 50:50 equity ownership between the companies.

In December 2015, after the successful conduct of a Competitive Selection Process by PALECO, DPI was declared as the winning proponent and awardee of the 15–year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30 MW diesel-fired power plant. In April 2016, DPI and PALECO filed a Joint Application with the ERC for the approval of the PSA. A public hearing was held on February 17, 2017. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

On February 6, 2019, a fire broke out in the old power plant of DPI which damaged 1 (out of 4) of the engines and the surrounding areas of the older facility. After rehabilitation was done, 2 engines went back online within 17 days from the incident, and the 3rd engine was running by April 2019.

Abovant Holdings, Inc. (AHI) and Cebu Energy Development Corporation (CEDC)

AHI was established in 2007 as a joint venture between Vivant and AP. The company's main purpose was to invest in a new power plant to be built in Barangay Daanlungsod, Toledo City, Cebu. AHI is 40% owned by Vivant (currently through wholly-owned VIGC) and 60% owned by AP (currently through wholly-owned Therma Power, Inc.).

AHI and Global Formosa Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation of the Metrobank Group and Formosa Heavy Industries, Inc., formed CEDC in December 2008 to build, own and operate a $450 million (mn) 3 x 82 MW coal-fired power plant located in Toledo, Cebu utilizing the latest Circulating Fluidized Bed technology. Commercial operations commenced in 2011. With AHI's 44% stake in CEDC (Global Formosa owns the remaining 56%), Vivant's effective interest in CEDC is at 17.6%.

In October 2009, CEDC signed an Energy Power Purchase Agreement (EPPA) with VECO for the supply of 105 MW of electricity for 25 years. The application for approval was filed with the ERC in the same year and was approved in February 2010. To date, CEDC has signed other EPPAs with electric cooperatives and distribution utilities in Cebu and Bohol. The company's EPPAs will provide contracted minimum energy offtake with fuel cost as a pass-through.

1590 Energy Corporation (1590 EC)

In March 2010, a Memorandum of Agreement (MOA) was entered into between the PGLU, Vivant Energy and GPI wherein the parties agreed to enter into a Sale and Purchase Agreement (SPA) giving Vivant Energy and GPI exclusive right to purchase the 225 MW Bauang diesel-fired power plant (Bauang plant) owned by the PGLU until July 25, 2010.

On July 22, 2010, the MOA was amended granting Vivant Energy and GPI the right to an interim management and operation of the Bauang diesel-fired power plant and an extension of the SPA for 6 months or until January 26, 2011. Hence, Vivant Energy and GPI incorporated 1590 EC in July 2010 to undertake all the rights, interests and obligations under the Interim Agreement. On September 10, 2010, Vivant Energy and GPI with the conformity of PGLU transferred all their rights, interests and obligations under the Interim Agreement to 1590 EC.

In December 2010, 1590 EC formally signified its intent to purchase the diesel power plant, thus, a Contract to Sell (CTS) was executed between 1590 EC and the PGLU, the closing of which was subject to certain conditions. In May 2012, a Mutual Rescission Agreement (MRA) was entered into by 1590 EC and the PGLU, thus terminating the CTS. Simultaneously, a MOA was executed by both parties giving 1590 EC the right to preserve, maintain and operate, including the right to use and sell the power generated by the Bauang plant for a period of one year. In 2013, 1590 EC and the PGLU entered into an agreement to extend the term of the MOA up to end-2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term of the MOA up to end-2018.

In January 2017, 1590 EC signed a 5-year ASPA with NGCP. This will involve the provision of Dispatchable Reserve on a non-firm basis. Effectivity of the contract will be upon receipt of a Provisional Approval by the ERC, which was obtained in May 2017.

In December 2017, Vivant Energy and ICS Renewables executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In January 2018, through a bidding conducted by the PGLU, 1590EC was awarded the right to operate and maintain the 215-MW diesel bunker-fired power plant located in Bauang, La Union through a 5-year lease, which commenced in January 2019.

Vivant-Malogo Hydropower, Inc. (VMHI)

VMHI was incorporated in June 2012 as the project company to implement a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facility in Barangay Kapitan Ramon in Silay City, which is located in the northwestern section of the Negros island. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility and is in the process of rebidding the project's Engineering, Procurement and Construction (EPC) contract. Construction of the plant is estimated to be completed after a period of 22 to 24 months. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved by 2020 upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP.

Vivant Energy holds an effective equity stake of 67% in VMHI.

Calamian Islands Power Corporation (CIPC)

CIPC was established in October 2010 as the project company to undertake the construction and operation of the 8 MW bunker- and 750 kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. In August 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Cooperative covering the total capacity of the project. CIPC broke ground in April 2013. The Busuanga power station started feeding into the island's grid in the fourth quarter of 2013, while the Coron power station commenced power generation in August 2014.

Vivant Energy has an equity stake of 50% in CIPC.

Minergy Power Corporation (MPC)

MPC, formerly known as MCC, is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In May 2014, a Subscription Agreement between VIGC and MCC was executed which allows VIGC to subscribe to 40% of all issued capital and shares of MPC.

Construction commenced in the first quarter of 2014. The plant started to feed into the franchise area of CEPALCO, which covers the City of Cagayan de Oro and adjoining towns, in September 2017.

Therma Visayas, Inc. (TVI)

TVI is the project company that will build, own and operate the 2x170 MW coal-fired power plant in Barangay Bato, Toledo City, Cebu. The project is intended to address the increasing power demand of the Visayas grid. The plant design includes provisions for the addition of a third generating unit.

In May 2014, TVI signed an EPC contract with Hyundai Engineering Co., Ltd. And Galing Power Energy Co., Inc.

An agreement was executed in August 2014 between VIGC and TPI, which allowed VIGC to acquire a 20% equity stake in TVI. TPI, a wholly-owned subsidiary of Aboitiz Power, is the parent company of TVI.

In March 2015, the Notice to Proceed for all EPC activities was issued. Works on grid connection and energization of the plant are underway. Commercial operations for Unit 1 commenced in April 2019 and Unit 2 commenced commercial operations in August 2019.

Sabang Renewable Energy Corporation (SREC)

SREC is the project proponent for the construction and operation of a hybrid power generation facility in Bgy. Cabayugan, an unelectrified area in Puerto Princesa. As the QTP, SREC will supply and distribute power to customers comprising mainly of local residents. The QTP location which is the gateway to the Puerto Princesa Underground River, a UNESCO World Heritage Site, has been waived from the franchise area of PALECO. The facility, which broke ground in May 2018 and completed in November 2019, is composed of a 1.4 MW solar power generation plant, a 2.3 MWh storage facility and a 1.28 MW diesel-fired power generation unit. The Company has an effective ownership of 30% in SREC.

Culna Renewable Energy Corporation (CREC)

CREC is the project proponent for the construction and operation of hybrid facilities to supply Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and BISELCO with the ERC on July 17, 2017, which is pending resolution.

ET-Vivant Solar Corporation (ET-Vivant)

As part of its venture into the retail business, Vivant, through wholly owned subsidiaries Vivant Energy and VREC, entered into a joint venture with ET-Pilipinas to construct and operate solar rooftop generation facilities. In March 22, 2018, ET-Vivant was incorporated with Vivant having a 60% equity stake. In November 2019, Vivant Energy and VREC bought out ET-Pilipinas, making ET-Vivant a wholly-owned subsidiary of Vivant.

As of November 2019, ET-Vivant's wholly owned special purpose vehicle, ETEI has completed and declared commerciality of a 1.35 MW solar rooftop facility for an industrial customer in Visayas. To date, ETEI completed a 0.80 MW solar rooftop facility in Luzon and 0.55 MW of solar rooftop facilities for commercial and industrial customers in Luzon and Visayas are currently under construction.

Future Projects

The Company continuously looks for opportunities in the power generation business, whether via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers.

Notwithstanding the review and evaluation process undertaken, the Company cannot give the assurance that a project, if implemented, will be successful. There is no assurance that the Company will eventually develop a particular project in the manner planned or at or below the cost estimated by the Company.

ELECTRIC POWER DISTRIBUTION

In addition to investments in the power generation sector, the Company has investments, both direct and indirect, in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales. As of end-2019, Vivant has a beneficial ownership in VECO of roughly 35%.

Visayan Electric Company (VECO)

VECO, through its predecessor, has been in the distribution business since the early 1900s. It is an electric distribution utility engaged in the conveyance, distribution and sale of electric power pursuant to its legislative franchise, Republic Act No. 9339, and serves the electrical needs of four cities (Cebu, Mandaue, Talisay and Naga), and four municipalities (Consolacion, Liloan, Minglanilla, and San Fernando), all located in the Province of Cebu. Its franchise was granted by the Congress of the Philippines and is due to expire in 2030. VECO's service coverage is about 672 square kilometers serving 450,087 customers with a peak demand of 601 MW and electricity sales of 3,501 GWh in 2019.

The table below summarizes the key operating statistics of VECO for 2019 and the past 2 years.

	Electricity Sold (MWh)	Peak Demand (MW)	# of Customers
2017	2,938,532	522	422,814
2018	3,159,032	547	437,823
2019	3,500,781	601	450,087

VECO is among the distribution utilities included in the third group (Group C) of private utilities to shift to Performance Based Regulation (PBR). The ERC issued in May 2010 its final determination on VECO's application for approval of its annual revenue requirements and performance incentive scheme under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

VECO was scheduled to undergo the PBR reset process in the first quarter of 2014. However, the company was not able to do so given that the ERC has since put on hold all PBR reset processes. As such, VECO has continued to apply the rates approved for the last year of the first regulatory period until such time it is able to undergo the ERC-mandated reset process.

RETAIL ELECTRICITY SUPPLY

One of the objectives of the EPIRA law is to ensure the competitive supply of electricity at the retail level. With the implementation of the Retail Competition and Open Access (RCOA), large-scale customers will be allowed to source electricity from Retail Electricity Suppliers (RES) licensed by the ERC.

Vivant has prepared its organization for the RCOA with the establishment of 2 RES companies.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009, as a joint venture between Vivant (40%) and AP (60%). The company obtained its five-year RES license in May 2012. Prism Energy is seen to service the requirements of the contestable customers in the Visayas region. License renewal process has been initiated and is just awaiting ERC decision.

As of year-end, Prism Energy was serving 43 customers with a total average consumption of 20,568,014 kWh per month. The total electricity delivered to its customer base amounted to 246,816,165 kWh in 2019.

Corenergy, Inc. (Corenergy)

Corenergy was incorporated in December 2012 as a wholly-owned subsidiary of Vivant, through Vivant Energy. The company obtained its 5-year RES license in September 2016 and is eyeing contestable customers in Luzon and Visayas regions.

For 2019, Corenergy served 2 customers with a total average consumption of 791,415 kWh per month. The total electricity delivered to its customers amounted to 12,052,422 kWh in 2019.

WATER INFRASTRUCTURE

Vivant continues to grow beyond the power business as it supports industries that improve everyday living. Through its wholly owned subsidiary VHHI, Vivant is on the look-out for opportunities in water infrastructure which relates to the provision of bulk water supply, water distribution and wastewater treatment services.

Watermatic Philippines Corporation (WMP)

WMP was established in July 2019 as the joint venture company of Vivant, through VHHI, and its Israeli partner WMI. Vivant's 60%-owned subsidiary specializes in providing solutions for water treatment for a variety of needs including for industry, drinking water, and agriculture. WMP's services include the design, engineering, construction, installation and operations and maintenance of water and wastewater treatment systems. It also assists clients in the project pre-development stage by providing the necessary technical studies and assessment and designing systems that are tailor-fit to the client's specific needs.

Vivant is in the process of evaluating and developing projects for this business.

(ii) Sales

The table below sets forth comparative figures for revenue, profitability and assets.

(in Php mn)	2017	2018	2019
Gross Income	4,135.0	4,280.3	5,979.6
Operating Income	1,504.7	1,838.4	2,927.1
Total Assets	15,753.5	17,197.3	20,867.0

The operations of Vivant, its subsidiaries and associates are based only in the Philippines.

Revenue contribution by business grouping is as follows:

	2017		2018		2019	
	Php mn	%-tot	Php mn	%-tot	Php mn	%-tot
Power Generation	3,295.9	80	3,421.3	80	4,986.4	83
Power Distribution	760.3	18	720.2	17	785.1	13
Retail Electricity Supply	6.2	0	21.7	0	36.2	1
Others	72.5	2	117.1	3	172.0	3
Total	4,135.0	100	4,280.3	100	5,979.6	100

(iii) Distribution Methods of Products and Services

The generation companies sell their electricity either through the WESM or through bilateral power supply agreements with private distribution utilities, cooperatives, RES and other large end-users.

Most of the generation companies have transmission service agreements with the NGCP for the transmission of electricity to the designated delivery points of their customers. Some have built their own transmission lines to directly connect to their customers.

The distribution company has an exclusive distribution franchise in the area where it operates. It has its own distribution network consisting of an extensive network of predominantly overhead lines and substations. An agreement with NGCP is likewise entered into to facilitate the use of NGCP's transmission facilities to receive power from its IPPs, NPC and/or PSALM for distribution to its respective customers.

The RES company entered into supply contracts with its existing customers. As of year-end, Prism Energy was serving 43 customers with a total average consumption of 20,568,014 kWh per month. The total electricity delivered to its customer base amounted to 246,816,165 kWh in 2019. Corenergy on the other hand served 2 customers during the year with a total average consumption of 791,415 kWh per month. The total electricity delivered to its customer base amounted to 12,052,422 kWh in 2019.

(iv) New Products and Services

Neither Vivant, nor its subsidiaries and associates, have any publicly-announced new product or service to date, apart from the ongoing greenfield, rehabilitation or expansion projects being undertaken.

(v) Competition

Power Generation

Vivant, through the facilities of its power generation subsidiaries and associates located in Luzon, Visayas and Mindanao, faces competition from other power generation plants that supply electricity to these island grids. Given the privatization of NPC-owned power generation facilities, the Company has to contend with local and multinational IPPs for signing power supply agreements and offering power supply through the WESM (where applicable).

The retail competition has further intensified the competition landscape for securing bilateral contracts. Generation companies have set up their RES operations to tap the contestable customers, which are currently large end-users with a monthly peak average demand of at least 750 kW for the preceding 12 months. Further competition can be brought about by entities that established RES operations by acting as demand aggregators. Customer migration could result to the reduction of existing supply contracts of power generation companies with distribution utilities. Negotiations for new contracts could result to less favorable terms given the current scenario.

Competition in the development of new power generation facilities, the acquisition of existing power plants and financing these undertakings could also be expected. Given the robust performance of the industry in the last couple of years, many investors have been attracted to participate and explore opportunities in the development of electric power generation projects, both in the renewable and non-renewable energy spectrum.

The renewable energy industry, particularly distributed generation through solar rooftops has been sustaining an upward trend for the past 3 years. The entry of regional players in the Philippines made the competitive environment attractive for consumers who are looking for lower levelized cost of electricity.

Electric Power Distribution

VECO has an exclusive franchise to distribute electricity in the area covered by its franchise.

Under Philippine law, the franchise of any distribution utility may be renewed by the Congress of the Philippines, provided that requirements relating to the rendering of public services are met. VECO intends to apply for the extension of its franchise upon its expiry. Competition or opposition from third parties may arise while the application for the extension of its franchise is underway. However, under the Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain from the ERC a Certificate of Public Convenience and Necessity and shall prove that such party has the technical and financial capability to operate a distribution franchise. Ultimately, it is the Philippine Congress that has absolute discretion in determining whether to issue new franchises or renew existing franchises.

Customer migration has transpired as contestable customers opted to source their electricity requirements via Retail Supply Contracts with licensed RES operators. As of date, the current threshold for voluntary participation of a contestable customer is monthly peak average demand of at least 500 kW for the preceding 12 months. The reduction from 1 MW to 750 kW and 500 kW was implemented through DOE Department Circular No. DC2017-12-0013. In the same circular, the DOE also provided for voluntary demand aggregation of electricity end-users within a contiguous area whose aggregate average peak demand in not less than 500 kW for the preceding 12 months.

Retail Electricity Supply

Vivant participates in the retail electricity market through Corenergy and Prism Energy. Competition has increased as more companies register as Retail Electricity Suppliers (RES). As of yearend-2019, there were 35 registered RES companies with the ERC.

(vi) Sources of Raw Materials and Supplies

Power Generation

Once operational, the Company's hydroelectric power generation plant will harness the kinetic energy from the flow of water on rivers to generate electricity. This hydroelectric company will possess a water permit issued by the National Water Resources Board (NWRB), which will allow it to utilize a certain volume of water from the applicable source of water flow to generate energy.

In the case of the fossil-fired power generation plants, fuel supply contracts with various suppliers have been entered into. Oil-fired plants have existing medium-term (2-3 years) contracts with local large oil companies and fuel distributors. The coal plant sources its fuel requirements via medium to long-term supply contracts with various suppliers.

The modules of the photovoltaic (PV) plants are solid-state devices that convert sunlight, the most abundant energy source on the planet, directly into electricity without an intervening heat engine or rotating equipment. Photovoltaic cells are made of various semiconductors, which are most commonly composed of silicon (Si) and compounds of cadmium sulphide (CdS), cuprous sulphide (Cu2S), and gallium arsenide (GaAs). These cells are packed into modules that produce a specific voltage and current when illuminated. The PV systems rely on sunlight, have no moving parts, are modular to match power requirements on any scale, are reliable, and have a long life.

Electric Power Distribution

VECO secured bulk of its electricity requirements by entering into bilateral agreements with various IPPs. These agreements are governed by the ERC regulations. Under current rules, VECO is allowed to purchase up to 90% of its total electricity requirements via bilateral contracts.

Below are the power purchase agreements of VECO in 2019.

Supplier	Contract Demand	Start Date	Expiry Date
CEDC	90.5 MW	Mar 2011	Feb 2036
Greencore	51 MW	Jan 2011	Dec 2024
CPPC	61.72 MW	Old PSA has been extended pending ERC approval of new PSA. New PSA will be 10 years from date of ERC approval.	
AES (UL)[1]	40 MW	Jan 2015	Terminated October 2019
VIVANT ENERGY[2] (UL)	17 MW	Jan 2015	Terminated October 2019
SLPGC	50 MW	Jan 2016	Jun 2018
TVI[3]	150MW	April 2019	March 2034

Notes:

1. *On October 25, 2019, the Administration Agreement for the Selection and Appointment of Independent Power Producer Administrators for the Strips of Energy of the Unified Leyte Geothermal Plant between AES and PSALM was terminated. Consequently, the power purchase agreement of VECO with AESI was terminated effective on the same date.*
2. *On October 25, 2019, the Administration Agreement for the Selection and Appointment of Independent Power Producer Administrators for the Strips of Energy of the Unified Leyte Geothermal Plant between Vivant Energy and PSALM was terminated. Consequently, the power purchase agreement of VECO with Vivant Energy was terminated effective on the same date.*
3. *As of April 2019, TVI started supplying 150MW of power to VECO with a cooperation period of 15 years from commercial operations date.*

To meet the future supply requirement of its franchise area, VECO entered into a 15-year power supply contract with TVI involving the supply of 150 MW to service VECO's long-term capacity requirement. Commercial operations of the supply contract with VECO commenced in 2019.

Given the impact of RCOA on its market, VECO will continue to review its contracts profile and negotiate, if necessary, for the reduction of its bilateral agreements.

(vii) Major Customers

The bulk of the total attributable electricity generated by Vivant, through its subsidiaries and associates, are sold to private distribution utilities, electric cooperatives, NGCP, RES and some large industrial users via bilateral agreements. The balance is sold through the WESM. For the year 2019, Vivant had a 91:9 sales mix that was in favor of energy sales covered by sale contracts.

Vivant's distribution business, on the other hand, has a wide and diverse customer base. The distribution utility's customers are categorized as follows:

- **Industrial customers**: consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
- **Residential customers**: consist of structures utilized for residential purposes
- **Commercial customers**: include service-oriented businesses, universities and hospitals
- **Other customers**: include streetlights

(viii) Transactions With and/or Dependence on Related Parties

Vivant and its subsidiaries and associates, in their regular conduct of business, have entered into related party transactions where Vivant, as parent company, provides 2 types of professional services: (1) strategic and technical, and (2) corporate center services.

Functions covered would include regulatory, sales and marketing, technical operations, business development, corporate finance, corporate management systems, legal and human resources among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2019.

- Vivant issued corporate guarantees for the following transactions:

    - Application for and the issuance of a domestic Standby Letter of Credit (SBLC) in behalf of an investee company relating to its debt service for its long-term project loan;
    - Foreign exchange hedging transaction entered into by an investee company that owns and operates a 300 MW coal fired power generation plant in Toledo City, Cebu.

- Vivant, on behalf of an investee company, applied for the issuance of a domestic SBLC to comply with the bid security requirement of a water distribution utility.

- Vivant entered into agreements with Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC), its stockholders, to perform consultancy services for the companies.

- Vivant has an outstanding lease agreement with a certain subsidiary involving rental of its commercial office space.

(ix) Government Approvals, Patents, Copyrights, Franchises

Power Generation

Under the EPIRA, the power generation business is not considered a public utility operation. However, there are standards, requirements and other terms and conditions set by the ERC that each existing and potential generation company should comply with. Once met, the ERC will issue a Certificate of Compliance (COC) that will allow the operation of the power generation facilities. A COC is valid for a period of 5 years from the date of issuance.

Hydroelectric power generation facilities, on the other hand, are required to obtain water permits from the NWRB. Said permit would indicate the approved water source and allowable volume of water that can be used by these facilities in generating power. The water permits do not have expiry dates and are usually not terminated as long as the holder of the permit is able to meet the terms indicated.

A generation company that operates a facility connected to the Grid must make sure that the technical design and operational criteria of the Philippine Grid Code and Philippine Distribution Code are met.

Power purchase agreements signed with both private distribution utilities and electric cooperatives are required to be evaluated and approved by the ERC.

Vivant and its subsidiaries and associates involved in the generation business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Electric Power Distribution

Electricity distribution is a regulated public utility business under the EPIRA. It requires a franchise that can be granted only by the Congress of the Philippines. A Certificate of Public Convenience and Necessity from the ERC is also needed to operate a public utility.

VECO's franchise is set to expire in 2030.

Given that the cost of purchased power is allowed to be passed on to the end-users, all power purchase agreements signed with power generation companies are required to be evaluated and approved by the ERC.

VECO has no pending application for the registration of intellectual property rights for any trademark associated with its corporate name and logo.

Retail Electricity Supply

With the implementation of the RCOA, the business of supplying electricity is not considered as a public utility operation under the EPIRA. However, proprietors of this business are required to obtain a license from the ERC in accordance with the ERC's rules and regulations. Vivant has two RES companies:

- Prism Energy, which is 40%-owned by Vivant, was awarded its license in May 2012.
- Corenergy, which is a wholly-owned subsidiary, was awarded its license in September 2016.

Water Infrastructure

There is an increasing participation and investment from the private sector to address the infrastructure gap in the water sector for the provision of bulk water supply, sewerage and water distribution services.

The primary regulatory agencies in the industry include the National Water Resources Regulatory Board (NWRB), the Local Water Utilities Authority (LWUA), the various Local Government Units (LGUs), and the special regulatory units such as the Metropolitan Waterworks and Sewerage System (MWSS).

Private entities that develop bulk water treatment plants and enter into bulk water supply agreements with water districts are required to secure a water right from the NWRB.

For private entities that provide water distribution services, a Certificate of Public Convenience issued by NWRB and a concession agreement with a Local Government Unit (LGU) is required.

Another area where the private sector may engage in is the treatment and sanitization of wastewater through Public-Private-Partnership models with the LGU to develop, operate and maintain wastewater treatment systems.

Vivant and its subsidiaries and associates involved in the water business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

(x) Effect of Existing or Probable Governmental Regulations

Given the changing landscape of the power industry brought about by the enactment of the EPIRA law in 2001, the following have had, will have or may have considerable impact on Vivant's businesses:

Wholesale Electricity Spot Market (WESM)

The WESM is a spot market for the buying and selling of electricity. This was established to enable competition to influence the production and consumption of electricity. The mechanism in place allows market forces to determine prices. The WESM provides another option for power generation companies that have no bilateral contracts on how to sell the energy generated by their power plants. Likewise, the WESM serves as a platform for distribution utilities, suppliers and wholesale consumers to purchase electricity even without a bilateral contract.

The WESM began operations in Luzon in June 2006 and in the Visayas in December 2010.

In December 2013, an amended Joint Resolution No. 2 was issued by Department of Energy (DOE), ERC and Philippine Electricity Market Corporation (PEMC) adjusting the WESM Offer Price Cap from Php 62,000 per MWh to Php 32,000 per MWh. This price cap is provisional and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, ERC issued Resolution No. 8, Series of 2014, to implement an interim secondary price cap of Php 6,245 per MWh, which will be imposed when the rolling average market price over a 72-hour period (3 days) equal to or exceed Php 8,186 per MWh. In December 2014, this was adopted as a permanent pre-emptive mitigating measure where imposition of such will be triggered when the rolling average market price over a 168-hour period (or 7 days) equal to or exceed Php 9,000 per MWh. A Petition for Declaratory Relief with Application for Temporary Restraining Order and Writ of Preliminary Injunction has been filed by the Philippine Independent Power Producers Association, Inc. with the Regional Trial Court of Pasig on the ground that the resolutions made by ERC are invalid and void. The Regional Trial Court of Pasig denied the Application for Temporary Restraining Order. On November 6, 2014, PIPPA withdrew its application for the issuance of a Writ of Preliminary Injunction and submitted the case for decision.

WESM operations in Mindanao was officially launched by the DOE in May 2017 through Department Circular NO. DC2017-05-0009. Effective June 26, 2017, all electric power industry participants in the Mindanao Grid were considered WESM Participants and were required to comply with the WESM registration requirements. Currently, the Mindanao Grid is governed by the Interim Mindanao Dispatch Protocol until the Commercial Operations Date of WESM Mindanao on June 26, 2018.

In July 2017, through the initiative of the DOE, the Transition Committee for PEMC was created through Department Order No. DO2017-07-0010, which was tasked among others to propose a way forward for the WESM. Consistent with the intention of the EPIRA, the Transition Committee formulated a transition proposal for an Independent Market Operator ("IMO") which provides for the formation of an independent entity separate from the PEMC to become the IMO, while PEMC remains the governance arm of the WESM. Before the functions of the market operator can be transferred to the IMO, a joint endorsement of the DOE and the power industry participants is required. Hence, on January 17, 2018, the DOE promulgated policies for the efficient transition of the WESM to the IMO. Thereafter, on February 6, 2018, a Special Membership Meeting was held by PEMC to vote for the endorsement of the Plan for Transition to the IMO of the PEMC and the transfer of the market operations function from PEMC to the IMO.

The Independent Electricity Market Operator of the Philippines Inc. (IEMOP) was thereafter organized as a non-stock, non-profit private corporation that is separate from PEMC. The IEMOP was incorporated to become the IMO, and as such, in September 2018, it formally took over the operations of the WESM from PEMC.

PEMC remains the governing body of the WESM and continues to perform the WESM governance functions.

Retail Competition and Open Access (RCOA)

Among the significant mandates under the EPIRA is a system of open access to transmission and distribution wires whereby the National Transmission Corporation (Transco), its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. The following are the conditions for the commencement of the RCOA:

- Establishment of the WESM;
- Approval of unbundled transmission and distribution wheeling charges;
- Initial implementation of the cross-subsidy removal scheme;
- Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the Independent Power Producer Administrators (IPPA).

In 2011, the ERC initiated proceedings through the conduct of public hearings to determine whether or not the RCOA may already be declared in Luzon and Visayas. Initially, the ERC declared December 26, 2011 as the date when full operations of the RCOA in Luzon and Visayas should commence. Under this initial phase, all electricity end-users that are certified by the ERC to be Contestable Customers with an average monthly peak demand of 1MW for the 12 months preceding December 26, 2011 were given the right to choose their own electricity suppliers. However, on October 24, 2011, the ERC deferred the implementation of the RCOA in Luzon and Visayas citing the inadequacy of rules, systems, preparations and infrastructure required therefor. This was in response to the request of MERALCO, Private Electric Power Operators Association, and Philippine Rural Electric Cooperatives Association, Inc. for a re-evaluation of the feasibility of the December 26, 2011 RCOA implementation date.

In December 2012, the ERC issued the Transitory Rules to govern the initial implementation of the RCOA. The Transitory Rules were arrived at by the ERC together with the DOE and the PEMC. Under the Transitory Rules, the new implementation date of the RCOA was on December 26, 2012. The period from December 26, 2012 to June 25, 2013 was declared as the Transition Period to allow the following: (1) development and finalization of the required infrastructure for systems, processes and information technology relating to RCOA, and (2) the registration into the WESM database of retail electricity suppliers and Contestable Customers into the WESM database. The initial commercial operations of the RCOA was scheduled during the period from June 26, 2013 to December 25, 2013. Full implementation of the RCOA will then commence from December 26, 2013 onwards. During said time, PEMC will act as the Central Registration Body and will be responsible for the development and management of the required systems, processes and information technology structure and the settlement of transactions in the WESM relating to the RCOA.

Implementation of the RCOA in Mindanao may take some time given the conditions for a competitive environment has yet to be met. However, the prevailing supply conditions have led to the Interim Mindanao Electricity Market (IMEM) to commence operations in December 2013. To address the supply shortfall in the grid, all registered generating facilities were mandated to fully account for their capacities in the market.

The ERC issued revised regulations involving the issuance of RES licenses in December 2013. Included in the rules change was the non-issuance of RES licenses to generating companies, IPPA and affiliates of distribution utilities during a transition period or until after market condition allows it. Moreover, there were additional licensing restrictions imposed, which are: (1) the inclusion of the RES' contracted capacity in the grid limitations involving total capacity controlled by affiliate generation companies; (2) imposition of a 50% cap on supply by a RES to its affiliate end-users; (3) imposition of a 50% cap on supply from an affiliate generation company to a RES.

As a result of these additional licensing restrictions, the Retail Electricity Suppliers Association of the Philippines, Inc. filed a petition for declaratory relief with an urgent application for an injunction with the Regional Trial Court (RTC) of Pasig City on the ground that the revised rules are unconstitutional and invalid.

In October 2014, the ERC issued Resolution No. 17, Series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses pending the promulgation of the amended RES Licensing Rules. Currently, ERC is reviewing the RES Licensing Rules and the Rules for Contestability.

On 12 May 2016, the ERC issued Resolution No. 11, Series of 2016 (ERC Resolution No. 11-16), which disallowed distribution utilities from engaging in the supply of electricity to end-users in the contestable market, unless as a Supplier of Last Resort (SOLR). Local RES are also mandated to wind down business within three (3) years from the effectivity of ERC Resolution No. 11-16. Thus, Retail Supply Contracts (RSC) that have already been executed by a Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provided that no RES is allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the Competitive Retail Electricity Market (CREM). Further, RES is not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability, which established the conditions and eligibility requirements for end-users to be part of the contestable market.

On May 27, 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No.4149-PSG, with a prayer for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction to (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3 of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the Revised Rules for Contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void.

On 13 July 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailed the jurisdiction of the RTC and separately filed Petitions for Certiorari and Prohibition before the Supreme Court on July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 2016, the Supreme Court, acting on the Petition filed by DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo De Manila University, and Riverbanks Development Corporation filed a petition, this time with the Supreme Court, to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On 21 February 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

The DOE and the ERC filed a Motion for Reconsideration before the Supreme Court to lift the TRO. Both likewise filed an Omnibus Motion seeking clarification on the scope and coverage of the TRO. To date, both have remained unresolved.

In November 2017, the DOE issued DOE Circular No. DC2017-12-0013 to address policy and regulatory gaps resulting from the abovementioned cases. In the said circular, the DOE provided for voluntary participation of Contestable Customers and lowered the threshold to from 1 MW to 750 kW and 500 kW. Voluntary Demand Aggregation was also permitted by December 2018 allowing electricity End-users within a contiguous area whose average peak demand is not less than 500 kW for the preceding 12-month period to aggregate their demand to be part of the Contestable Market and to enter into retail supply contracts with Aggregators.

The 2016 Philippine Grid Code

Under the EPIRA, the ERC was tasked to promulgate and enforce a national grid code. Enacted in December 2001, The Philippine Grid Code established and documented the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high-voltage backbone transmission system of the Philippines. The Philippine Grid Code identified and recognized the responsibilities and obligations of three (3) key independent functional groups, namely the (a) Grid Owner, (b) System Operator and (c) Market Operator

On October 5, 2016, the ERC through ERC Resolution No. 22, Series of 2016 approved the publication of the approved Philippine Grid Code 2016 Edition (the "2016 Grid Code"). Among the objectives in the 2016 Grid Code were to harmonize the provisions of the Philippine Grid Code with the issuances of the DOE and ERC and to adopt and fully implement the connection and operational requirements for Variable Renewable Energy (VRE) Generating Facilities consistent with the Renewable Energy Act.

Among the salient points of the 2016 Grid Code are as follows:

The inclusion of the connection and operational requirements for VRE facilities; setting the requirements pertaining to the connection and operational requirements of embedded generators were to be consigned to the Philippine Distribution Code; the provision for changes on frequency controls and responses; the introduction of a new way of classifying reserves from Contingency Reserve, Regulating Reserve and Dispatchable Reserves into Primary Reserve, Secondary Reserve and Tertiary Reserve, respectively; as regards ancillary services, the 2016 Grid Code provided a Frequency Reserve Obligation on the System Operator mandating it to contract for the Reserve or suffer penalty. The drafting of revisions and updates on the Ancillary Service Procurement Plan are on-going in accordance with the new ancillary structures based on the 2016 Grid Code.

From the time the 2016 Grid Code was enacted, developments in the WESM and other ancillary-related issuances have come up including proposed amendments to the Ancillary Services Cost Recovery Mechanism filed by the NGCP with the ERC. These prompted the DOE to issue Department Circular No. DC2019-12-0008 which (i) set up the General Framework Governing the Provision and Utilization of Ancillary Services in the Grid pending harmonization of ancillary service-related issuances and review of the relevant provisions of the 2016 Grid Code; and (ii) constituted the Ancillary Service Technical Working Group (AS-TWG) for the cost-recovery mechanism.

To date, existing cost-recovery mechanism for AS shall continue to be implemented until a new mechanism is recommended by the AS — TWG and adopted by the DOE and/or the ERC.

The Renewable Energy Act of 2008 (RE Act)

The RE Act was signed into law in December 2008 and became effective in January 2009.

The RE Act was designed to promote and develop the use of the country's RE resources with the intention of reducing the country's dependence on fossil fuels and improving the overall condition of the environment.

The RE Act offers fiscal and non-fiscal incentives to RE developers, subject to a certification issued by the DOE, in consultation with the Board of Investments. These incentives include:

- Income tax holiday for the first seven years of commercial operations
- Duty-free importation of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided said machinery, equipment and materials are directly, exclusively and actually used in RE facilities
- Special realty tax rates on equipment and machinery not exceeding 1.5% of the net book value
- Net operating loss carry over (NOLCO)
- Corporate tax rate of 10% after the 7th year
- Accelerated depreciation
- Zero percent value-added tax on sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of RE facilities
- Cash incentives for RE developers for missionary electrification
- Tax exemption on carbon emission credits
- Tax credit on domestic capital requirement and services

All fiscal incentives apply to all RE capacities upon effectivity of the RE Act.

Electricity generated from intermittent RE resources such as wind, solar, ocean, run-of-river hydropower and biomass are considered as 'must dispatch' based on available energy and shall be given priority dispatch.

In a resolution issued in 2012, the ERC adopted the following feed-in-tariff (FIT) for emerging RE resources, namely, wind, solar, run-of-river hydropower and biomass, and corresponding digression rates.

	FIT Rate (Php/kWh)	Degression Rate
Wind	8.53	0.5% after 2nd year of FIT effectivity
Solar	9.68	6% after 1st year of FIT effectivity
Run-of-river hydro	5.90	0.5% after 2nd year of FIT effectivity
Biomass	6.63	0.5% after 2nd year of FIT effectivity

The net metering program for RE was issued by the ERC in 2013, which is designed to, among others, encourage end-users to participate in the RE generation. The distribution utilities are required to enter into a net metering agreement with an end-user with installed RE system, subject to technical considerations.

The guidelines for the collection of the FIT-Allowance (FIT-All) and the disbursement of the FIT-All Fund by Transco were issued by the ERC in early 2014. The FIT-All is a uniform charge that will be collected from end-users by distribution utilities and RES entities. This will comprise the FIT-All Fund, whereby Transco serves as Administrator. The FIT-All Fund is for the guaranteed payment of the FIT for actual energy delivered by RE generators. In an order dated October 10, 2014 ERC Case No. 2014-109RC, the commission issued a provisional approval for the applied FIT-All of Php 0.0406 per kWh filed by Transco. Collection from end-users shall commence starting January 2015.

In December 2017, the DOE promulgated the rules and guidelines governing the establishment of the Renewable Portfolio Standards for On-Grid Areas through Department Circular No. DC2017-12-0015. The RPS Rules were adopted to mandate electric industry participants to source a portion of their electricity requirements from eligible RE sources in order to develop indigenous and environmentally friendly energy sources. With the minimum annual increment requirement of 1% to be applied to the Net Electricity Sales of the mandated participants, the DOE targets to increase the utilization of RE and reach a 35% RE share in the Energy Mix by 2030.

In July 2018, Department Circular No. DC2018-07-0019 containing the Rules Governing the Establishment of the Green Energy Option Program in the Philippines became effective. General rules and procedures were set out to guide end-users, RE supplier and network service providers in facilitating the options taken by end-users to choose RE Resources for their energy requirements.

In August 2018, the DOE promulgated the rules and guidelines governing the establishment of the Renewable Portfolio Standards for Off-Grid Areas through Department Circular No. DC018-08-0024. The RPS Off-Grid Rules was adopted to contribute to the growth of the RE Industry in the Off-Grid and Missionary Areas by mandating electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources. It was intended to rationalize the efficient use of the Universal Charge – Missionary Electrification and improve the self-sufficiency in power generation through integration of RE in the supply mix in Off-Grid Areas.

On October 1, 2019, the DOE harmonized and enhanced all existing guidelines and procedures regulating the transparent and competitive system of awarding RE Contracts and the registration of RE projects through Department Circular No. DC2019-10-0013 otherwise known as the “Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers”.

On December 4, 2019, the DOE promulgated the Renewable Energy Market Rules to facilitate the compliance of mandated participants with the RPS Rules (both on-grid and off-grid). The rules govern all electric power industry participants in all grids, both on-grid and off-grid areas, and tasked the PEMC to establish the Renewable Energy Market and the development of the Renewable Energy market System.

Reduction in Systems Loss

The ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency (Resolution No. 20, Series of 2017), which set distribution feeder loss cap for private distribution utilities at 6.50% for 2018, 6.25% for 2019, 6% for 2020, and 5.50% for 2021.

Under the new regulations, the actual electricity usage of the distribution company will be treated as an O&M expense in its PBR applications.

Competitive Selection Process

In June 2015, the DOE issued Department Circular No. DC2015-06-008 mandating all distribution utilities to undergo a Competitive Selection Process (CSP) in securing PSAs, through a Third-Party expert duly recognized by the DOE and ERC. Under the circular, the CSPs for the procurement of PSAs shall observe the aggregation for the un-contracted demand of the distribution utilities and shall be conducted annually. The terms and conditions of the PSAs shall be in accordance with the template PSA to be issued by the ERC in coordination with the DOE. The ERC and DOE were given one hundred twenty (120) days from the effectivity of the circular to issue the implementing guidelines and procedures for the circular.

In September 2015, the DOE together with the ERC posted for comments the first draft of the implementing guidelines of Department Circular No. DC2015-06-008. After conducting public hearing and receiving opposition from industry stakeholders, the ERC and DOE deferred issuing a decision on the mandatory implementation of the CSP.

Pending the issuance by the ERC of a prescribed CSP, the ERC issued in October 2015 Resolution No. 13 (CSP Resolution) directing all distribution utilities to conduct CSP in the procurement of their supply to the captive market. In the Resolution, a CSP is deemed successful if the distribution utility receives at least two (2) qualified bids. Direct negotiation may be conducted after at least two (2) failed CSPs.

In ERC Resolution No. 1, Series of 2015 dated 15 March 2016, the ERC restated the effectivity of the CSP Resolution to be April 30, 2016.

In February 2018, the DOE finally prescribed the “Policy for the Competitive Selection Process in the Procurement by Distribution Utilities of Power Supply Agreement for the Captive Market” through Department Circular No. DC2018-02-0003. Governing all DUs in both grid and off-grid areas, the policy mandates the procurement of all Power Supply Agreements for the captive market through CSP. In the Circular, the CSP may be conducted by a Third-Party Bids and Awards Committee (TPBAC) composed of 5 members, where 3 members will come from the DU and 2 from the captive customers. In lieu of the TPBAC, the DU may also opt to engage a Third-Party Auctioneer. Direct negotiation with generation companies is allowed after at least 2 failed CSPs and there is no outstanding dispute in the conduct of the CSP.

Framework for Embedded Generators

In February 2019, the DOE promulgated the "Framework Governing the Operations of Embedded Generators" through Department Circular No. DC2019-02-0003. Covering generation units that are indirectly connected to the Grid through distribution systems (Embedded Generators), the guidelines require all Embedded Generators to comply with the connection and operational requirements of the 2016 Grid Code and to secure a Certificate of Compliance from the ERC. Embedded Generators with material impact to Grid operations are also mandated to register with the WESM based on the criteria provided in the guidelines.

Energy Virtual One-Stop Shop

On May 28, 2019, the DOE prescribed the "Rules and Regulations Implementing Republic Act No. 11234" through the issuance of Department Circular No. DC2019-05-0007. Aimed at ensuring the timely completion of permits and licenses of power generation, transmission and distribution projects, the rules eliminate the redundancies and overlapping mandates in documentary submissions and processes and mandates the establishment of an online platform for government agencies, and for a paperless electronic application and processing system. Under the circular, the EVOSS Steering Committee was tasked to create a detailed process flow for each phase of the permitting process for each kind of power generation, transmission and distribution project.

Energy and Efficiency Conservation Act

On April 12, 2019, Republic Act No. 11285 otherwise known as the "Energy Efficiency and Conservation Act" was sign into law with the primary goal of institutionalizing energy efficiency and conservation, enhancing efficient use of energy, and granting incentives to energy efficiency and conservation projects.

As the lead implementing agency, DOE is responsible for planning, formulating, implementing, enforcing and monitoring of energy management policies and other plans and programs related to energy efficiency of all government agencies, including government-owned and controlled corporations which are mandated to ensure efficient use of energy in their respective offices, facilities, transportation units, and the discharge of their functions.

Under the law, the DOE will develop the following systems, standards and guidelines:

- a system for certification and assessment of energy conservation officers and energy managers to raise the standards of those engaged in energy management;
- energy performance standards for commercial, industrial and transport sectors, including energy-consuming products;
- labeling system for all energy-consuming product, devices and equipment;
- mandatory energy-efficiency rating and labeling system for identified energy consuming products such as room air-conditioners, refrigeration units, and television sets to promote energy efficient appliances and raise public awareness on energy saving; and,
- fuel efficiency testing guidelines for the conduct of fuel efficiency tests to validate information provided by vehicle manufacturers, importers and dealers.

The DOE shall also conduct regular examination, testing and verification of energy-consuming products and their models to determine the product's energy efficiency.

Designated establishments, such as private or public entities in the commercial, industrial, transport, power, agricultural, public works and other sectors identified by the DOE as energy intensive industries based on their annual energy consumption, have the following obligations under the law:

- Integrate energy management system policy into the business operations based on ISO 50001 or a similar framework;
- Set up systems and programs to promote energy efficiency, conservation and sufficiency that may include installation of RE technologies;
- Keep records of monthly energy consumption data;
- Improve average specific energy consumption in according with annual targets of DOE
- Submit annual Energy Consumption and Conservation Report;
- Conduct energy audit once every 3 years and submit a report to the DOE;
- Employ a Certified Energy Conservation Officer or a Certified Energy Manager.

(xi) Estimate of Amount Spent for Research and Developmental Activities

Vivant has not allocated any specific amount of funds for research and developmental activities. Research and development activities are done on a per project basis and allocation of funds may vary depending on the nature of the project.

(xii) Costs and Effect of Compliance with Environmental Laws

Vivant's generation and distribution business units are subject to extensive and stringent safety, health and environmental laws and regulations. The Company's subsidiaries and associates have incurred, and expect to incur, operating costs to comply with these laws and regulations. Annual capital expenditures relating to the compliance with safety, health and environmental laws and regulations are expected to be made by Vivant's subsidiaries and associates.

(xiii) Employees

In 2019, the Company's power subsidiary, Vivant Energy, was operationalized to allow it to focus on growing the business. Vivant, in the meantime, will continue to provide shared services and serve as an incubator for new businesses. At the parent company level, Vivant has a total of 68 employees as of December 31, 2019, composed of executive, supervisory and rank-and-file staff.

The table below provides a breakdown of the total employee headcount.

	Headcount
Executive	8
Supervisors	15
Rank & File	45
Total	**68**

The Company has no existing collective bargaining agreement with its employees.

<u>(xiv) Major Risks Involved in the Business</u>

Below is a brief discussion on the risks that Vivant, through its subsidiaries and associates, might encounter in the businesses in which it is involved in. Certain risks, however, are inherent to the nature of the business that are beyond Vivant's or its subsidiary's or associate's control.

Competition Risk

The competition landscape in the power generation business has continually evolved since the government started its privatization efforts under the EPIRA law. The following are significant developments:

- Over 70% of NPC's generation assets and IPP contracts have been transferred to the private sector.
- The WESM in the Luzon and Visayas Grids are operational, with Mindanao to follow suit in the coming years.
- Investments in greenfield and brownfield projects continue to pour in
- Implementation of the RCOA
- Implementation of the Competitive Selection Process in securing PSAs

All these have or will have an impact on the availability of and access to power (reliability of plants seen improving and entry of new capacities and new suppliers), which may ultimately influence pricing of electricity.

Regulatory Risk

The continuing scrutiny of both the regulators and the public has led to the growing challenges faced by the power industry. In its effort to manage any potential fundamental changes in the business environment, Vivant has established good working relations with the regulatory agencies. The Company actively participates in the formulation of new rules and policies covering the power industry. In anticipation of possible changes in the regulatory environment, the Company incorporates these in the formulation of its long-term strategy for its businesses.

Trading Risk

Spot market price of electricity is determined by several market forces, which are mostly beyond the control of the Company. Increased supply, unforeseen plant outages, transmission constraints, and movement in fuel prices are among the factors that affect the supply condition in the power industry. Weather conditions and economic activities influence the demand patterns in the electricity market. All these have caused and are expected to cause fluctuations in the spot market price of electricity. Vivant intends to mitigate this risk by maintaining a good balance of contracted and spot capacities for its generation portfolio.

Fuel Supply Risk

Vivant's fossil-fired generation plants have entered into fuel supply contracts to ensure supply. Pricing, however, is subject to market conditions affecting both demand and supply.

Delta P, CPPC, 1590 EC and CIPC have entered into medium term (2-3 years) contracts with large oil companies and fuel distributors in the Philippines. CEDC and MPC, in the meantime, have medium- to long-term contracts with various coal suppliers.

Delta P, CPPC, CIPC, CEDC and MPC have entered into bilateral contracts that employ a tariff formula allowing recovery of fuel cost. 1590 EC has likewise signed a power supply agreement with a fuel cost recovery mechanism in place.

Financial Risk

In the course of normal operations, Vivant, together with its subsidiaries and associates, is exposed to financial risks, including, but not limited to, interest rates that may have an impact on outstanding liabilities, counterparty credit risk, valuation of securities and investments, trade and other receivables, liquidity risk in terms of cash management and foreign exchange risk that may have an impact on outstanding foreign currency denominated placements and liabilities.

Business Interruption Risk

Interruption of normal operations brought about by natural calamities, major equipment failures, plant accidents and terrorism are just a few of the serious risks faced by the Company, through its subsidiaries and associates.

For risks that can be mitigated by the Company, particularly those that are plant operations-related, Vivant, through its subsidiaries and associates, implements a regular preventive maintenance program in all of its facilities. In relation to its risk management process, the Company's operating units that could procure business interruption insurance to cover the potential loss in gross profits in the event of a major damage to any of the facilities have done so.

Project Risk

Vivant, through its subsidiaries and associates, has projects in the pipeline, involving greenfield and brownfield power plant development projects. Inherent to these projects are risks involving the completion of these projects according to specifications, budget and set timelines.

To ensure the successful implementation of these projects, Vivant, through its subsidiaries and associates, is partnering with well-known contractors and suppliers with good track record in the industry. Project monitoring activities are likewise employed to assure adherence to standards, budget and set timelines.

Item 2. Properties

Vivant's head office was located at Unit 907-908 Ayala Life-FGU Center, Mindanao Ave., cor. Biliran Road, Cebu Business Park, Barangay Luz, Cebu City. On December 13, 2019, the SEC approved its application for the amendment of the Company's Articles of Incorporation to reflect the change of its registered address to 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu.

On a consolidated basis, the Company's 2019 total Property, Plant and Equipment were valued at Php 1,321.4 mn as compared to Php 600.9 mn in 2018. The breakdown is as follows:

	2018 (Php mn)	2019 (Php mn)
Plant Machineries & Equipment	374.9	1,013.1
Condominium Units, Building, and Improvements	13.8[1]	12.7
Transportation Equipment	21.7	25.7
Office Furniture, Fixtures and Equipment	18.8	17.9
Tools and Other Assets	3.7	68.9
Leasehold & Land Improvements	41.2	34.4
Construction in Progress	96.1	117.9
Land	30.6	30.7
TOTAL	**600.9**[2]	**1,321.4**

Notes

1. *Reported as Php 22.5 mn in the SEC 17A FY 2018 report. A condominium unit in the amount of Php 8.7 mn was reclassified to Investment Properties to conform with the account classification in 2019 in compliance to PAS 1, Presentation of Financial Statements.*
2. *Reported as Php 609.6 mn in the SEC 17A FY 2018 report. The abovementioned reclassification caused the change in the total Property, Plant and Equipment.*

Item 3. Legal Proceedings

Material Pending Legal Proceedings

I. 1590 EC

SC G.R. No. 210245
Bayan Muna Representatives NERIC JAVIER COLMENARES, et al., vs. Energy Regulatory Commission, et al.

SC G.R. No. 201255
National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.

SC G.R. No. 210502
Manila Electric Company vs. Philippine Electricity Market Corporation, et al.

On December 19 and 20, 2013, two (2) separate Petitions were filed by Bayan Muna Representatives and National Association of Electricity Consumers for Reforms (NASECORE) against the Energy Regulatory Commission and Manila Electric Company (MERALCO), et al. to enjoin MERALCO from implementing its power rate increase that was approved by the Energy Regulatory Commission (ERC) and to hold certain provisions of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), as unconstitutional. As a result of the Petitions, the Supreme Court en banc ordered several generation companies to be included as additional parties-respondents to the cases, including 1590 Energy Corp., its power rate increases approved by the ERC. Oral Arguments were conducted and the relevant legal pleadings were submitted to the Supreme Court. The Petitions are pending resolutions by the Supreme Court.

C.A. G.R. No. 138105
Petition for Review With Application for Injunction and Temporary Restraining Order
1590 Energy Corporation vs. Energy Regulatory Commission And Philippine Electricity Market Corporation

On November 7, 2017, the Court of Appeals issued a Decision that declared as null and void the March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 Orders of the ERC and reinstated the prices for the November and December 2013 supply months in the WESM (the CA Decision). According to the Court of Appeals, there was simply no justification, legal or factual, to substantiate the ERC's issuance of the March 3, Order which was effectively an intervention of WESM's operations. The ERC and Intervenor Meralco filed their respective Motions for Reconsideration to the CA Decision. Numerous other consumers and organizations also filed their respective Motions for Leave to Intervene in the case for the purpose also of seeking a reconsideration of the CA Decision. In an Omnibus Resolution dated March 29, 2019, the Court of Appeals denied the Motions for Reconsideration. Thereafter, the Energy Regulatory Commission filed a Petition for Review on Certiorari under Rule 45 of the Court of Appeals' Decision dated November 8, 2017 and the Omnibus Resolution dated March 29, 2019. The Petition for Review remains pending.

ERC Case No. 2015-042 MC
Violation of Section 45 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act No. 2001" (EPIRA), Rule 11, Sections 1 of the Implementing Rules and Regulations (IRR) of the EPIRA (Commission of an Anti-Competitive Behavior, Particularly Economic Withholding ATTY. ISABELO JOSEPH P. TOMAS II vs. 1590 Energy Corporation

On June 10, 2015, Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the ERC pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, filed a Complaint against 1590 EC for alleged Anti-Competitive Behavior, particularly, Physical Withholding in relation to the bid offers of 1590 EC at WESM during the November and December 2013 billing months. 1590 EC filed its Answer to the Complaint within the reglementary period. On August 11, 2016 1590 EC received an "Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]" from the Investigating Officer, to which 1590 EC filed its "Comment/Opposition to the Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]." On June 13, 2017, the ERC denied the Motion for consolidation. In the meantime, the case itself remains pending.

III. Delta P
Civil Case No. 5778
Heirs of Laurentino Ylaya represented by Fe Ylaya and Glenn C. Gacott
Vs. City Government of Puerto Princesa represented by
Mayor Lucilo Bayron and Delat P, Inc.

On August 31, 2018, DPI received Summons for a Complaint for "Quieting of Title, Recovery of Possession, Declaration of Nullity of Contract of Lease (with Prayer for TRO and Injunction)" filed by Fe Ylaya and Glenn Gacott. The City Government of Puerto Princesa ("CGPP") was made a co-defendant. The Complaint claimed that the expropriation proceedings by CGPP was incomplete because of failure to promptly pay just compensation. The properties subject of the Complaint is the site of DPI's power plant over which DPI signed a Contract of Lease with CGPP. Complainants alleged to be the previous owners of the properties and prayed for CGPP and DPI to peacefully surrender and vacate the properties, declare the CGPP Contract of Lease to be void, demanded payment of rental and damages in the total amount of Php774,413.00. The case is still on trial.

Item 4. Submission of Matters to A Vote of Security Holders

During the June 20, 2019 Annual Meeting of Stockholders, the following actions were taken:

(1) Approval and adoption of the minutes of the June 21, 2018 Annual Stockholders' Meeting;
(2) Annual Report of Officers;
(3) Approval of the 2018 Annual Report and Financial Statements
(4) Appointment of External Auditors for 2019
(5) Ratification of all acts and resolutions of the Board of Directors and Management adopted for Fiscal Year 2018
(6) Election of Directors (including Independent Directors) for the year 2019 - 2020

MR. DENNIS A. GARCIA[1]
MR. EMIL ANDRE M. GARCIA
MR. GIL A. GARCIA II
MR. CHARLES SYLVESTRE A. GARCIA
MR. RAMONTITO E. GARCIA
MR. ARLO A. G. SARMIENTO
MR. JOSE MARKO G. SARMIENTO
MR. CARMELO MARIA LUZA BAUTISTA (Independent Director)
MR. ROGELIO Q. LIM (Independent Director)
AMB. RAUL CH. RABE (Independent Director)
ATTY. JESUS B. GARCIA, JR. (Independent Director)

Other than the foregoing, no matter was submitted to a vote of security holders.

The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

[1] In a disclosure dated April 3, 2020, the Company informed the SEC of the demise of Mr. Dennis N.A. Garcia.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's common shares are listed and traded at the Philippine Stock Exchange. The high and low stock prices of Vivant's common shares for each quarter of 2018 and 2019 were as follows:

	2018		2019	
	High	High	High	Low
First Quarter	29.95	23.05	17.00	16.00
Second Quarter	23.90	16.00	17.00	14.52
Third Quarter	21.20	16.00	16.94	15.90
Fourth Quarter	20.45	15.20	17.00	15.12

As of end-March 2020, the common shares outstanding were 1,023,456,698 shares. The last traded price of Vivant's common shares as of the same period was at Php 12.10 per share.

2. Security Holders

As of March 31, 2020, Vivant has 1,423 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). The top 20 shareholders with the number of shares respectively held and the percentage of total shares outstanding held by each are as follows:

	NAME	NO. OF SHARES	%
1	Mai-I Resources Corporation	464,831,568	45.42
2	JEG Development Corporation	311,524,642	30.44
3	Global Business Power Corporation	116,555,553	11.39
4	PCD Nominee Corporation (Filipino)	68,773,942	6.73
5	Popsivan Holdings Corporation	31,498,212	3.08
6	Malacapas Holdings, Inc.	27,677,848	2.70
7	Eulalio C. Arce	343,750	0.03
8	PCD Nominee Corporation (Non-Filipino)	187,582	0.02
9	Cruz, Alfredo A.	34,062	0.00
10	Lavin, Marietta	27,750	0.00
11	EBC Securities Corporation	20,625	0.00
12	Consortium Industries, Inc.	20,500	0.00
13	Lopez, Rose Marie R.	19,687	0.00
14	Marino Olondriz Y Cia	16,000	0.00
15	Rivera, Rosario Paje	15,625	0.00
16	Sevilla, Rodulfo	15,625	0.00
17	Borres, Jun	15,000	0.00
18	Te, Anita &/or Te, Oscar	15,000	0.00
19	Martinez, Oscar O.	13,437	0.00
20	Hon, Sia Phoa A.	12,625	0.00
	TOTAL NO. OF SHARES	**1,021,769,308**	**99.84**

3. Dividends

The Company's By-laws allow dividends to be declared and paid out of unrestricted retained earnings, which may be payable in cash, property or stock to all stockholders on the basis of the outstanding stock held by the stockholder, as often and at such times as the Company's Board of Directors may determine and in accordance with the requirements of the Corporation Code and applicable laws.

The cash dividends declared by Vivant to its common shareholders from 2018 to 2019 are shown in the table below.

Year	Cash Dividend Per Share		Total Declared		Record Date
	Regular	Special	Regular	Special	
2019	Php 0.3382	-	Php 346.1 mn	-	May 29, 2019
2018	Php 0.2792	-	Php 285.7 mn	-	June 6, 2018

4. Recent Sales of Unregistered Securities

On January 29, 2014, the Company signed an agreement to issue Php 3 billion (bn) in Fixed Rate Corporate Notes, which will be issued in two tranches: Php 1 bn on February 3, 2013 and Php 2 bn on March 31, 2014. The net proceeds of the issue will be used for general corporate purposes, including but not limited to, capital expenditures for existing assets and investments in power generation projects.

Item 6: Management's Discussion and Analysis or Plan of Operation

1. Plan of Operation

For the next twelve (12) months, the Company will continue to oversee its investments in the investee companies.

As a holding company, it shall satisfy its cash requirements through (1) dividends declared and paid by its investee companies and (2) management fees paid by investee companies with management contracts as compensation for consultancy, management and ancillary services provided.

Vivant, through its Business Development Group, is continuously on the lookout for opportunities in the power industry, particularly in the power generation business. The Company has several projects that are in various stages of development.

2. Management's Discussion and Analysis

Management uses the following key performance indicators for the Company and its investee companies:

(i) Equity in Net Earnings (or Loss) of Associates. Equity in net earnings or (loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.

(ii) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is calculated by taking operating income and adding back to it interest, depreciation, and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

iii) Cash Flow Generated. Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing, and financing activities.

(iv) Debt-to-Equity Ratio (DER). DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

(v) Current Ratio. Current ratio is computed by dividing current assets with current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

The table below shows the comparative figures of the key performance indicators for the year 2019 and 2018.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2019**	**2018**
Equity in Net Earnings of Associates	2,183,384	1,796,151
EBITDA	3,152,720	1,891,001
Cash Flow Generated	622,617	(855,233)
Net cash flows from operating activities	457,253	(443,021)
Net cash flows from (used in) investing activities	966,446	(103,119)
Net cash flows from (used in) financing activities	(801,083)	(309,094)
Debt-to-Equity Ratio (x)	0.41	0.37
Current Ratio (x)	3.42	6.33

The Company's share in net earnings of associates and joint ventures as of end-December 2019 amounted to Php 2.2 bn, representing a 22% year-on-year (YoY) increase from 1.8 bn. This was a result of the following:

1. VECO, the Company's distribution utility, posted a 9% YoY growth in its bottomline contribution, from Php 720.2 mn to Php 785.1 mn. This was on the back of higher volume sold (up by 11% YoY).
2. 40%-owned MPC saw a 16% YoY improvement in its income contribution during the year in review, from Php 500.0 mn to Php 581.9 mn. This can be mainly attributed to the 19% YoY increase in energy sold.
3. 40%-owned AHI recorded a 23% YoY improvement in its income contribution during the year in review, from Php 330.9 mn to Php 407.7 mn. This was driven by the enhanced profitability of its associate, CEDC. CEDC's favorable earnings performance for the period was mainly on account of the reversal of a non-recurring prior-year accrual.
4. 20%-owned TVI shored in fresh earnings contribution of Php 162.1 mn during the year in review. Unit one of the 2x170 MW coal-fired power generation facility in Toledo City, Cebu went online in April 2019 and the second unit followed in August 2019. Revenues generated from commissioning initiatives and commercial sales resulted to a positive earnings contribution in 2019.

5. 50%-owned CIPC posted a 31% YoY rise in income contribution, from Php 32.0 mn to Php 41.9 mn. This strong showing was mainly on the back of a 16% YoY expansion in energy sales volume as of end-December 2019.
6. 40%-owned Prism Energy brought in contributions of Php 35.5 mn, a 117% expansion from last year's Php 16.4 mn. The robust performance can be attributed to the 58% YoY increase in energy sales volume, which was on the back of the rise in contracted capacity at 57 MW from 49 MW.

The above enhancements in earnings contributions were tempered by the following:

1. 40%-owned CPPC recorded a 19% YoY drop in earnings contribution to Php 119.3 mn from 148.2 mn, resulting from higher repair costs incurred during the year in review.
2. 50%-owned DPI showed a 14% YoY reduction in earnings contribution from Php 71.4 mn to Php 61.5 mn. This was attributed to the reduction in volume of energy sales and increase in repairs cost. One unit of the company's old plant facility caught fire in February 2019, which resulted to a temporary shutdown of said unit.

EBITDA for the period significantly grew by 67% YoY to Php 3.2 bn from Php 1.9bn. This was mainly an outcome of the 59% YoY increase in operating income, which was on the back of:

1. A 58% spike in the sale of power, which mainly resulted from the improvement in energy sales volume of 55%-owned 1590 EC. This was on the back of increased energy sales volume from its sales to WESM (up 123% YoY) and higher nominated capacity as ancillary services (up 32% YoY).
2. A 22% YoY increase in the net earnings of associates and joint ventures brought about by the fresh earnings from TVI and improved contributions of VECO, MPC, AHI, CIPC and Prism Energy;
3. Revenues of Php 18.6 mn were generated by the Company and wholly owned Vivant Energy from engineering service contracts; and
4. 31% YoY increase in interest income from short-term cash investments.

The Company ended the year in review with a net increase in cash before considering the effect of changes in the foreign exchange rates of Php 622.6 mn, a reversal of the net decrease in cash of Php 855.2 mn at end-2018. This resulted from the net cash generated from operating and investing activities.

Operating activities contributed a net cash inflow of Php 457.3 mn. This was mainly due to the increase in in trade and other payables (mostly coming from 1590 EC). The change in the presentation of lease payments from operating to financing cash flows, in view of the PFRS 16 guidelines, also contributed to the net cash inflow during the year in review. These were offset by the rise of trade receivables (mostly coming from 1590 EC), prepayments (mostly coming from the Company and Vivant Energy), and payments for interest and income taxes.

Investing activities contributed the most to cash in the amount of Php 966.4 mn, which mainly came from dividends received from VECO, AHI, CIPC, CPPC, DPI and MPC. Interest received also contributed to the net cash inflow.

Financing activities recorded a usage of Php 801.1 mn, which stemmed from the payment of dividends by the Company and 1590 EC, principal amortization of the Company's FRCN, advances to two associates, increase in equity stake in two subsidiaries and lease payments. Lease payments are classified under Financing activities in accordance with Philippine Financial Reporting Standards (PFRS) 16[2].

Debt-to-Equity ratio rose to 0.41x as of end-2019 vis-à-vis end-December 2018 level of 0.37x. As of December 2019, the 31% expansion in total liabilities, which mainly stemmed from the recognition of finance lease liability in compliance with PFRS 16, coupled with trade and other payables mostly coming from 1590 EC, accrued pension expense by Parent and Vivant Energy, and deferred income tax liabilities on the fair value remeasurement of the investment properties in three subsidiaries, outpaced the 18% increase in total equity.

The Company's current ratio was lower at 3.42x as of end-December 2019 from year-end 2018 level of 6.33x. Current assets posted a 16% rise (mostly due to higher cash level, trade receivables of 1590 EC, advances to two associates and increase in input VAT and creditable withholding tax in the Company and 1590 EC), while current liabilities significantly grew by 116% (as a result of the recognition of the finance lease liability-current[3], coupled with increased trade and other payable).

Material Changes in Line Items of Registrant's Income Statement

At the end of 2019, the Company had consolidated revenue of Php 6.0 bn, recording a 40% increase from the previous year's consolidated revenue of Php 4.3 bn. The topline performance was due to the following:

1. Sale of power, which comprise the bulk of revenues at Php 3.5 bn (or 59% of total), significantly rose by 58% YoY. This was attributed to spike in energy sales volume of 55%-owned 1590 EC, which was on the back of increased energy sales volume from its sales to WESM (up 123% YoY) and higher nominated capacity as ancillary services (up 32% YoY).

   Meanwhile, energy sales of wholly owned Vivant Energy, the administrator of 17 MW of geothermal power, dropped by 18% YoY. In October 2019, Vivant Energy terminated its IPPA Agreement with PSALM.

[2] PFRS 16, *Leases*. At initial recognition, Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right of use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. Subsequently, Lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-of-use asset is depreciated over the term of the lease. In the Statement of Cash Flows, lease payments are recognized under Financing activities from its previous classification under Operating activities.

[3] PFRS 16, *Leases*. At initial recognition, Lessees are required to initially recognize a lease liability for the obligation to make lease payments for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term.

2. The Company's share in net earnings of associates and joint ventures as of end-December 2019 amounted to Php 2.2 bn, representing a 22% YoY increase from Php 1.8 bn. This was a result of the following:

    - VECO, the Company's distribution utility, posted a 9% YoY growth in its bottomline contribution, from Php 720.2 mn to Php 785.1 mn. This was on the back of higher volume sold (up by 11% YoY).
    - 40%-owned MPC saw a 16% YoY improvement in its income contribution during the year in review, from Php 500.0 mn to Php 581.9 mn. This can be mainly attributed to the 19% YoY increase in energy sold.
    - 40%-owned AHI recorded a 23% YoY improvement in its income contribution during the year in review, from Php 330.9 mn to Php 407.7 mn. This was driven by the enhanced profitability of its associate, CEDC. CEDC's favorable earnings performance for the period was mainly on account of the reversal of a non-recurring prior-year accrual.
    - 20%-owned TVI shored in fresh earnings contribution of Php 162.1 mn during the year in review. Unit one of the 2x170 MW coal-fired power generation facility in Toledo City, Cebu went online in April 2019 and the second unit followed in August 2019. Revenues generated from commissioning initiatives and commercial sales resulted to a positive earnings contribution in 2019.
    - 50%-owned CIPC posted a 31% YoY rise in income contribution, from Php 32.0 mn to Php 41.9 mn. This strong showing was mainly on the back of a 16% YoY expansion in energy sales volume as of end-December 2019.
    - 40%-owned Prism Energy brought in contributions of Php 35.5 mn, a 117% expansion from last year's Php 16.4 mn. The robust performance can be attributed to the 58% YoY increase in energy sales volume, which was on the back of the rise in contracted capacity at 57 MW from 49 MW.

The above enhancements in earnings contributions were tempered by the following:

- 40%-owned CPPC recorded a 19% YoY drop in earnings contribution to Php 119.3 mn from 148.2 mn, resulting from higher repair costs incurred during the year in review.
- 50%-owned DPI showed a 14% YoY reduction in earnings contribution from Php 71.4 mn to Php 61.5 mn. This was attributed to the reduction in volume of energy sales and increase in repairs cost. One unit of the company's old plant facility caught fire in February 2019, which resulted to a temporary shutdown of said unit.

3. Management fees dropped by 29% YoY to Php 97.5 mn from Php 137.3 mn. The decline was mainly due to the reduced fees for the management contracts and service level agreements with an associate and the non-renewal of a management contract with a joint venture after the Company's shareholdings therein, through two subsidiaries, were entirely sold. Another contributing factor to the drop is the execution of a one-time service level agreement with an associate in 2018.

4. The Company and Vivant Energy earned revenues of Php 18.6 mn from engineering service contracts.

5. Interest income in 2019 rose by 31% to Php 153.4 mn from Php 117.1 mn. The higher interest rates in short term placements accounted for the expansion. Higher cash level during the year in review also contributed to this positive variance.

Total cost of services and operating expenses for the year 2019 was higher by 25%, from Php 2.4 bn to Php 3.1 bn. Said movement can be accounted for by the following:

1. Cost of services rose by 20% YoY to Php 2.3 bn from Php 1.9 bn. The rise in the energy sales of 1590 EC mainly accounted for the increase, coupled with the engineering service fees incurred during the year in review.

2. Salaries and employee benefits grew by 16% to Php 203.0 mn from Php 174.8 mn. The additional manpower headcount and an upward adjustment in salaries and benefits accounted for the rise. Availment of employee benefits were also higher during the year in review.

3. Professional fees went up by 67% to Php 173.7 mn from Php 103.8 mn. This was mainly due to the engagement of legal and other consultants for various projects.

4. Taxes and licenses were higher by 15% to Php 55.3 mn from Php 48.3 mn. The movement was mainly attributed to a non-recurring tax expense incurred by the Company, documentary stamp taxes (DST) for share issuance by three subsidiaries and the purchase of shares of a non-controlling interest in a subsidiary during the year in review. Higher local business taxes on the back of improved gross revenues in Vivant Energy, also contributed to the increase.

5. Project termination cost was incurred by a subsidiary in the amount of Php 53.1 mn. This resulted from the termination of the IPPA Agreement with PSALM for the administration of the 17MW of geothermal power.

6. Travel expenses saw a rise of 23% to Php 37.5 mn from Php 30.4 mn. This can be attributed to increased travel frequency on the back of additional manpower headcount and more projects during the year in review.

7. Provision for estimated liability in the amount of Php 32.6 mn was recognized by a subsidiary during the year in review, which arose from a prior year sale of investment properties.

8. Depreciation and amortization grew by 63% YoY to Php 31.9 mn from Php 19.5 mn. The increase was attributable to the depreciation of the right-of-use asset that was recognized as a result of PFRS 16[4] and the higher depreciation expense due to purchase of new assets.

9. Outside services was up by 28% YoY to Php 19.5 from Php 15.2 mn, which could be attributed to the hosting and support fees incurred for the Company’s enterprise resource planning (ERP) system and accounting services.

10. Representation expenses were lower by 10% to Php 8.6 mn from Php 9.6 mn. This variance is attributed to the decrease in number and amount of sponsorships.

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[4] PFRS 16, *Leases*. After initial recognition, Lessees are required to depreciate the right-of-use asset over the term of the lease.

11. Communication and utilities dropped by 26% to Php 7.1 mn from Php 9.6 mn due to timing of billings from suppliers.

12. Rent and association dues was significantly lower by 62% at Php 3.6 mn from Php 9.5 mn. This was a result of the implementation of PFRS 16 in 2019. Actual rent and association dues increased to Php 13.8 mn, which was reflective of the lease contract entered into by the Company for the transfer of its principal office and escalation of rental rate for its satellite office.

13. Other operating expenses rose by 20% YoY from Php 59.3 mn to Php 71.0 mn. This resulted substantially from:

    - Securities and Exchange Commission fees for the increase in authorized capital stock of three subsidiaries;
    - subscriptions for an internal communication portal; and
    - higher cost of supplies, repairs and insurance expense.

Vivant booked Php 16.3 mn in in other income in 2019, vis-à-vis previous year's other charges of Php Php 24.8 mn . This was an outcome of the following account movements:

1. A one-off gain of Php 235.3 mn in 2019 resulting from the increase in the fair value of investment properties in three subsidiaries. There was no such gain in 2018.

2. Finance cost on the Company's FRCN was lower by 1% YoY to Php 170.9 mn from Php 173.2 mn. This reduction is attributed to the partial principal payment made during the year.

3. Finance costs of Php 85.7 mn resulting from the amortization of the finance lease liability booked as a result of PFRS 16[5].

4. An unrealized foreign exchange loss of Php 4.4 mn was taken up during the year in review. This pertains to the restatement of the US Dollar and Euro cash balances of the Company and four subsidiaries. This was against an unrealized foreign exchange gain of Php 7.2mn recorded in 2018.

5. Other income rose by 97% YoY from Php 21.3 mn to Php 41.9 mn. This was mainly attributed to one-off gain of Php 28.8 mn, which resulted from the collection of additional proceeds from a share sale transaction entered into and executed by its subsidiaries in 2018. Service fees to affiliates also contributed to this positive variance.

Accrued consolidated tax expense surged to Php 271.7 mn from Php 45.1 mn on account of higher income tax due in 1590 EC on the back of improved operating profits.

The combined effect of the above account movements resulted to a net income after tax of Php 2.7 bn for the year 2019, a 51% increase from Php 1.8 bn in 2018. Net income attributable to equity holders of the parent recorded a 35% YoY growth to Php 2.3 bn from Php 1.7 bn.

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[5]PFRS 16, *Leases*. After initial recognition, Lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made.

During the period in review, the Company recognized other comprehensive loss of Php 20.3 mn, which substantially came from the re-measurement loss on employee benefits of 1590 EC and share in the re-measurement loss of associates, net of tax, in compliance with the Philippine Accounting Standards (PAS) 19R. This is offset by the re-measurement gain on employee benefits in the Company and Vivant Energy under PAS 19R and re-measurement gain on the Company's available-for-sale investment (AFS) in compliance with the PFRS 9[6], net of tax. This compares to the Php 6.7 mn other comprehensive income booked in 2018 which was attributed to the re-measurement gain on employee benefits of the Company and 1590 EC and re-measurement gain on the Company's AFS, net of tax.

The total comprehensive income as of end-2019 was at Php 2.7 bn. Out of the said amount, Php 2.3 bn was attributable to the equity holders of the parent, which was 34% higher compared to last year's Php 1.7 bn.

<u>Changes in Registrant's Resources, Liabilities, and Shareholders' Equity</u>

The Company's consolidated total assets as of year-end 2019 expanded by 21% to Php 20.9 bn from Php 17.2 bn in 2018. The material movements in the assets of the Company are discussed below.

1. Cash and cash equivalents expanded by 16% to Php 4.4 bn as of end-December 2019 from Php 3.8 bn as of end-2018. This was attributed to the net cash generated from operating and investing activities.

2. Trade and other receivables was higher by 12% YoY at Php 788.8 mn. The increase can be attributed to the increase in the trade receivables of 1590 EC on the back of improved energy sales and ancillary services. This was tempered by Vivant Energy's collection of trade receivables and cash dividends declared by CPPC and CIPC in 2018.

3. Advances to associates and stockholders went up by 17% YoY to Php 91.8 mn from Php 78.8 mn, which was mainly a result of the advances to two associates by two subsidiaries during the year in review.

4. Inventories dropped by 19% YoY to Php 101.3 mn from Php 125.5 mn. This was attributed to the use of spare parts for plant maintenance and fuel consumption on the back of increased energy sales of 1590 EC.

5. Prepayments and other current assets significantly rose by 140% to Php 159.9 mn as of end-December 2019 from Php 66.6 mn in 2018. This is attributed to the current portion of input VAT on purchases and creditable withholding taxes on revenues during the year in review.

6. Investments in associates and joint ventures grew by 8% to Php 11.2 bn as of end-2019 from Php 10.4 bn as of end-2018. The growth is substantially attributed to the Company's share in the net earnings of its associates and joint ventures, net of the dividends declared by VECO, Prism Energy, AHI, CPPC, MPC, CIPC and DPI. Additional investment to SREC was also made during the period in review.

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[6] PFRS 9, *Financial Instruments.* Equity securities of a company with the intention to hold these investments for the forseeable future shall be irrevocably designated at Fair Value through Other Comprehensive Income (FVOCI). Gains and losses after initial recognition are presented under Other Comprehensive Income (OCI).

100%-owned VHHI signed a memorandum of agreement with an Israeli-company to incorporate a joint venture company, which will engage in the design, supply (including detailed design, procurement, and assembly), installation, commissioning, operation, and maintenance of water treatment and waste water treatment plants. The 60% stake in the joint venture company, WMP, further contributed to the investment expansion.

7. The 120% spike in property, plant and equipment to Php 1.3 bn was mainly a result of the purchase of fixed assets and leasehold improvements in 1590 EC. Further increases were booked due to the following: (i) cost of completed and ongoing solar rooftop projects of a wholly owned subsidiary, (ii) the Company's leasehold improvements, (iii) and purchase of fixed assets by the Company.

8. Right-of-Use assets amounting to Php 925.3 mn was recognized under PFRS 16, Leases. Under this accounting standard, the Company and 1590 EC recognized an asset for the right to use the assets being leased over the lease term. This accounting standard took effect on January 1, 2019.

9. Investment properties rose to Php757.3 mn, 48% YoY higher than Php 511.5 mn as of end-2018. This movement is mainly attributed to the gain recorded from the fair valuation of the investment properties in three subsidiaries. The Company also purchased a condominium unit for office space during the period in review.

10. Deferred income tax assets (net) was 48% higher at Php 30.9 mn due to the deferred tax adjustment recognized in relation to the pension liability of the Company.

11. As of end-2018, the Company recognized pension asset of Php 5.7 mn, which came from the funded retirement plan of 1590 EC. This asset was cancelled out by the pension liability 1590 EC recognized as of end- 2019.

12. Other noncurrent assets grew by 12% YoY to Php 1.0 bn from Php 935.3 mn. This was mainly attributed to the goodwill on the investment in WMP. The rise in noncurrent creditable withholding taxes in the Company and subsidiaries, and security deposit for lease contracts and the fair value increase of available for sale investment of the Company further contributed to the increase.

Total consolidated liabilities rose by 31% YoY to Php 6.1 bn as of end-2019 from end-2018's Php 4.6 bn. This was mainly brought about by the recognition of finance lease liabilities as a result of PFRS 16 in the amount of Php 876.4 mn (current at Php 360.1 mn and non-current at Php 516.3 mn). Other factors include:

1. Significant increase in trade and other payables (up by 75% YoY) from Php 685.9 mn to Php 1.2 bn. The increase was mainly driven by the increase in 1590 ECs trade payables and deferred output VAT on the back of improved energy sales during the year in review.

2. Income tax payable recorded a 30% YoY reduction to Php 16.0 mn from Php 22.9 mn. This was mainly due to the timing of income tax recognition in 1590 EC. In 2019, income tax payable was recognized throughout the year on the back of strong WESM sales. Whereas in 2018, 1590 EC was in a taxable income position only in the third quarter of the said year.

3. Pension liability was up by 95% to Php 67.2 mn from Php 34.5 mn, on account of the accrual of pension expense by the Company, Vivant Energy and 1590 EC.

4. Deferred income tax liabilities surged by 86% YoY to Php 203.4 mn from Php 109.4 mn. Three subsidiaries of the Company recognized deferred tax liabilities for the gain on fair valuation of their investment properties.

5. Other noncurrent liabilities dropped by 6% YoY from Php 885.6 mn to Php 836.7 mn, which resulted from the adjustment in output VAT payable in 1590 EC.

Other components of equity dropped by 9% YoY to Php 1.2 bn as of end-December 2019, which can be attributed to the significant movements discussed below.

1. The Company's share in the revaluation increment of VECO dropped by 5% to Php 1.3 bn from Php 1.4 bn.

2. In compliance with PAS 19R, 1590 EC recorded a re-measurement loss on employee benefits, tempered by the re-measurement gains on the employee benefits recognized by the Company and Vivant Energy, in the amount of Php 10.3 mn. This is a reversal of end-2018's remeasurement gain of Php 7.0 mn.

3. The Company recognized an unrealized valuation gain on AFS investments, in compliance with PFRS 9, in the amount of Php 2.8 mn during the year in review, a 120% YoY improvement from Php 1.3 mn as of end-2018.

4. The Company's Equity Reserves[7] rose to Php 25.1 mn as of end-2019. The movement is attributed to the increase in equity stake in two subsidiaries.

As a result of the net income generated during the period in review, the total stockholders' equity increased by 18% YoY to Php 14.8 bn as of end-2019 from Php 12.6 bn as of end-2018. Meanwhile, equity attributable to parent ended higher by 16% YoY at Php 14.1 bn as of end-2019.

[7] Under PFRS 10, *Consolidated Financial Statements,* Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents were higher by 16% from Php 3.8 bn as of end-2018 to Php 4.4 bn as of end-2019.

For the period ending December 31, 2019, operating activities generated cash in the amount of Php 457.3 mn, a reversal of the net cash usage of Php 443.0 mn in 2018. This was mainly due to the increase in trade and other payables (mostly coming from 1590 EC). The change in the presentation of lease payments from operating to financing cash flows, in view of the PFRS 16 guidelines, also contributed to the net cash inflow during the year in review. These were tempered by the rise of trade receivables (mostly coming from 1590 EC), prepayments (mostly coming from the Company and Vivant Energy), payments for interest and taxes and 1590 EC's contribution to the pension fund.

Investing activities generated the most to cash in the amount of Php 966.4 mn, as of end-2019. The dividends received from VECO, AHI, CIPC, CPPC, DPI and MPC mainly accounted for the cash inflow. Adding to this was the cash generated from interest income earned during the period in review. This is tempered by investments in WMP and SREC, and acquisition of property and equipment (purchase of fixed assets by 1590 EC, condominium unit by SGPDC, leasehold improvements and other fixed assets by the Company, and construction costs for solar rooftop projects by ETEI). In 2018, the Company used cash for investing activities in the amount of Php 103.1 mn.

As of end-December 2019, the Company used cash of Php 801.1 mn for financing activities, recording an increase from last year's usage of Php 309.1 mn. Cash usage stemmed from the payment of cash dividends by the Company and 1590 EC, principal amortization of the Company's FRCN, and advances to two associates, increase in equity stake in two subsidiaries and lease payments. Lease payments are classified under Financing activities in accordance with PFRS 16 guidelines.

Financial Ratios

Debt-to-Equity ratio rose to 0.41x as of end-2019 vis-à-vis end-December 2018 level of 0.37x. As of December 2019, the 31% expansion in total liabilities, which mainly stemmed from the recognition of finance lease liability in compliance with PFRS 16, coupled with trade and other payables mostly coming from 1590 EC, accrued pension expense by Parent and Vivant Energy, and deferred income tax liabilities on the fair value remeasurement of the investment properties in three subsidiaries, outpaced the 18% increase in total equity.

The Company's current ratio was lower at 3.42x as of end-December 2019 from year-end 2018 level of 6.33x. Current assets posted a 16% rise (mostly due to higher cash level, trade receivables of 1590 EC, advances to two associates and increase in input VAT and creditable withholding tax in the Company and 1590 EC), while current liabilities grew by 116% (as a result of the recognition of the finance lease liability-current, coupled with increased trade and other payable).

Item 7. Financial Statements

The audited consolidated financial statements of the Company for the years ended December 31, 2019, December 31, 2018, and December 31, 2017 are attached hereto as Exhibits "B", "C" and "D", respectively.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services

Following the Annual Stockholders Meeting last June 20, 2019 where the authority to confirm or appoint the external auditors was delegated to the Board of Directors, the Board of Directors confirmed the appointment of SyCip Gorres Velayo & Co. (SGV) as its external auditor for fiscal year 2019.

The table below sets forth the aggregate fees billed to the Company for professional services rendered by SGV in fiscal year 2019.

Fee Type	2019
Audit Fees	Php 590,697
Tax Fees[1]	666,000
All Other Fees[2]	531,785
Total	PhP 1,788,482

Notes:

1. *Tax Consultancy.*
2. *Trainings on Philippine Data Privacy Assessment Project and trainings on Taxation and Philippine Financial Reporting Standards.*

Both management and the Audit Committee evaluated the audit fee of SGV. This was recommended to and approved by the Board of Directors.

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

There was no event in the past year where Vivant and SGV or the handling partner had any disagreement with regard to any matter relating to accounting principles or practices, financial disclosures or auditing scopes or procedures.

PART III: CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1. <u>Directors, Independent Directors and Executive Officers</u>

The following are the directors who have held offices as such since their election last June 20, 2019:

MR. DENNIS A. GARCIA[8]
MR. EMIL ANDRE M. GARCIA
MR. GIL A. GARCIA II
MR. CHARLES SYLVESTRE A. GARCIA
MR. RAMONTITO E. GARCIA
MR. ARLO A. G. SARMIENTO
MR. JOSE MARKO ANTON G. SARMIENTO
MR. CARMELO MARIA LUZA BAUTISTA (Independent Director)
MR. ROGELIO Q. LIM (Independent Director)
AMB. RAUL CH. RABE (Independent Director)
ATTY. JESUS B. GARCIA, JR. (Independent Director)

They shall serve as directors for a term of one (1) year and until their successors are duly elected and qualified.

After the election of the Board of Directors, the following persons were elected as officers:

Name	Position
Dennis N.A. Garcia[†]	Chairman of the Board and CEO
Ramontito E. Garcia[9]	President
Minuel Carmela N. Franco	Treasurer
Atty. Jess Anthony N. Garcia	Corporate Secretary
Atty. Joan A. Giduquio-Baron	Assistant Corporate Secretary

[8] In a disclosure dated April 3, 2020, the Company informed the SEC of the demise of Mr. Dennis N.A. Garcia.
[9] In a disclosure dated April 3, 2020, Vivant informed SEC that Mr. Ramontito E. Garcia was elected as Chairman and CEO to occupy the position left vacant by Mr. Dennis N.A. Garcia.

The Board also confirmed the following to their respective positions:

Name	Position
Arlo A.G. Sarmiento[10]	Executive Vice President
Minuel Carmela N. Franco	Senior VP - Corporate and Shared Services; Chief Finance Officer; Compliance Officer; Chief Risk Officer
Atty. Jess Anthony N. Garcia	Senior VP-Business Development for Infrastructure and Innovation; General Counsel; Corporate Secretary; Chief Information Officer
Maria Victoria E. Sembrano	Senior AVP - Controllership
Grant Clark	AVP - Information Technology, Administration and Business Development Innovation; Data Protection Officer
Atty. Catherine S. Bringas	AVP - Legal
Brigette Cecile N. Garcia	AVP - Corporate Planning
Shem Jose W. Garcia	AVP - Corporate Communications and Business Development Innovation

The term of office of all officers shall be for 1 year and until their successors are duly elected and qualified. The above officers of the Issuer shall serve only for the unexpired term of their predecessors and until their successors are duly elected/appointed.

[10] In a disclosure dated April 3, 2020, Vivant informed SEC that Mr. Arlo A.G. Sarmiento was elected as President to occupy the position left vacant by Mr. Ramontito E. Garcia.

(i) Information on Directors and Officers

Dennis N. A. Garcia†, 70 years old, Filipino, was the Chairman and a member of the Executive Committee of the Company since June 2, 2005. Mr. Garcia was also the Chairman of the Finance Committee and a member of the Audit Committee and the Board Risk Oversight Committee of the Company. Other positions currently held were as follows: Chief Executive Officer – Vivant Corporation; Chairman - Vivant Energy Corporation, Vivant Geo Power Corporation, Vivant Integrated Diesel Corp., Corenergy, Inc. , Vivant Enercore Integrated, Inc., Southern Powercore Holding Corp., Vivant Realty Ventures Corporation, Vivant Corporate Center, Inc., Hijos de F. Escaño, Inc. and Amberdust Holding Corporation; Chairman and President -, Vivant Foundation, Inc., MAI-I Resources Corporation, and EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; Director – Vivant Isla Inc., Vivant Renewable Energy Corporation, Minergy Power Corporation, Vivant Infracore Holdings Inc., Vivant Transcore Holdings Inc. and Vivant Hydrocore Holdings Inc.; Chairman, CEO and President – JEGVEG Realty, Inc;

Ramontito E. Garcia, 62 years old, Filipino, has been the President of the Company since December 20, 2002. Mr. Garcia is a Director and Member of the Executive Committee of the Company since 2003. He is also a member of the Finance Committee and the Audit Committee of the Company. Other positions currently held are as follows: Chairman - Vivant Isla Inc., Vivant Renewable Energy Corporation, and Minergy Power Corporation; Vice Chairman – Visayan Electric Company, Inc.; Chairman and President - JEG Development Corporation; Vice-President and Director - Hijos de F. Escaño, Inc.; and Director – Vivant Integrated Generation Corporation, Vivant Energy Corporation, Vivant Isla Inc., Vivant Geo Power Corporation, Inc., Vivant Malogo Hydropower, Inc., Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Abovant Holdings, Inc., and JEGVEG Realty, Inc.; He is also the Board of Trustee of Vivant Foundation, Inc.

Raul Ch. Rabe, 80 years old, Filipino, has been the Independent Director of the Company since 2003. He is the Chairman of the Board Risk Oversight Committee and a member of the Audit Committee and the Corporate Governance Committee. Other positions currently held or held in the past are the following: Director – Cagayan Electric Power and Light Co. (Cagayan de Oro), up to present; Director - Minergy Power Corporation (Cagayan de Oro), Counsel of the Law Firm of Rodrigo, Berenguer & Guno (Makati City); Corporate Secretary - Manila Economic & Cultural Office (MECO) since 2001; Director - the Bank of Commerce, KGL-Negros Navigation, Pet Plans, Inc. (Makati City); Foreign Service Officer of the Department of Foreign Affairs (1968 to 1999); Third to Second Secretary in London (1972 to 1975); First Secretary in Bucharest (1975 to 1979); Chief Deputy of Protocol of the Department of Foreign Affairs (1979 to 1981); Minister Counselor in Jeddah (1981 to 1982); Minister and later Deputy Chief of Mission in Washington D.C., (1982 to 1984 and 1986 to 1989, respectively); Consul General in Honolulu (1984 to 1986); Assistant Secretary of the American Affairs (1989 to 1992); Ambassador to Seoul (1992 to 1993); Ambassador to the United States (1993 to 1999); Special Envoy of the President of the Philippines for the Americas and OIC Countries in 2001.

Arlo A. G. Sarmiento, 44 years old, Filipino, has been the Director and Executive Vice President of the Company since 2003. He is also a member of the Audit Committee and Executive Committee of the Company. Mr. Sarmiento concurrently holds the following positions: Chairman - 1590 Energy Corporation, Vivant Malogo Hydropower Inc., Vivant Integrated Generation Corporation, Isla Norte Energy Corporation formerly Vivant Powercore Active Inc., Vivant Infracore Holdings, Inc., Vivant Transcore Holdings, Inc. and Vivant Hydrocore Holdings, Inc.; Vice-Chairman – Lunar Powercore Inc. and Global Luzon Energy Development Corporation; Director and President & CEO - Vivant Energy Corporation, Vivant Realty Ventures Corporation and Vivant Corporate Center, Inc; Director and Vice President for External Relation and Monitoring of Visayan Electric Company, Inc.; Director and Treasurer - Abovant Holdings, Inc. and JEGVEG Realty, Inc.; Director and Vice-President - Cebu Private Power Corporation, Vivant Integrated Diesel Corporation, Vivant Geo Power Corporation, Vivant Renewable Energy Corporation, Vivant Enercore Integrated, Inc., Southern Powercore Holding Corporation, Vivant Isla Inc. and Amberdust Holding Corporation; Director and Chief Executive Officer - JEG Development Corporation; Director – Delta P., Inc., Calamian Islands Power Corporation, ET-Vivant Solar Corporation, Therma Visayas, Inc., Hijos De F. Escaño, Inc., Cebu Energy Development Corporation, Minergy Power Corporation and Watermatic Philippines Corporation; Board of Trustee and Vice President of Vivant Foundation, Inc. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.

Charles Sylvestre A. Garcia, 59 years old, Filipino, is a Director of the Company and Member of the Company's Executive Committee since September 30, 2004. He is also a member of Related Party Transaction Committee. Mr. Garcia also sits in the board of Visayan Electric Company, Inc. since 2007.

Gil A. Garcia II, 65 years old, Filipino, has been a Director and a member of the Executive Committee of the Company since September 30, 2004. He is also a member of the Finance Committee. Mr. Garcia was the Treasurer of the Company from 2004 to 2014. Other positions presently held include: Director - Visayan Electric Company, Inc. and Director, Chief Finance Officer and Treasurer of MAI-I Resources Corporation.

Jesus B. Garcia, Jr., 75 years old, Filipino, has been the Independent Director and concurrently, the Chairman of the Audit Committee and a member of the Finance Committee, Corporate Governance Committee, Related Party Transaction Committee and Board Risk Oversight Committee of the Company. Mr. Garcia was the Secretary of the Department of Transportation and Communications of the Republic of the Philippines for the period 1992 to 1996. Other positions currently held are as follows: Chairman - SunStar Publishing, Inc., Pan Arts Corporation, SunStar Management, Inc.; President, Jesever Realty Corporation, and Madre Realty Corporation.

Jose Marko G. Sarmiento, 42 years old, Filipino, has been a Director and Member of the Executive Committee of the Company since 2008. Mr. Sarmiento is also a member of the Board Risk Oversight Committee and Finance Committee of the Company. Other positions currently held are as follows: Vice-President - Vivant-Malogo Hydropower, Inc. Mr. Sarmiento is also a Director (since 2005) and is the Chief Operating Officer of JEG Development Corporation (since 2009) and of JEGVEG Realty, Inc. (since 2009). Prior to this, he was the Treasury Manager of JEG Development Corporation and was the Vice President for Manufacturing at Detalia Aurora, Inc. Mr. Sarmiento holds a degree in Bachelor of Science in Business Administration from Methodist University in North Carolina, USA. He obtained his Advanced Professional Training in Innovation Management in Product Development from Inwent in Bonn, Germany in 2004.

Emil Andre M. Garcia, 42 years old, Filipino, has been a Director of the Company since 2009. Prior to this, he held the Assistant Vice President position for Corporate Planning and Development of the Company from February 2011 to December 2011 and Vice President for Operations from December 2012 to January 2019. Other positions currently held are as follows: Executive Vice President and Chief Operation Officer of Vivant Energy Corporation; Vice President, Treasurer and Director of Visayan Electric Company, Inc. since 2010; Chairman - ET-Vivant Solar Corp., Culna Renewable Energy Corp. and Sabang Renewable Energy Corp., Calamian Islands Power Corporation and Delta P, Inc.; Director, President and Chief Executive Officer for Vivant Geo Power Corporation, 1590 Energy Corporation, Vivant Enercore Integrated, Inc., Isla Norte Energy Corporation formerly Vivant Powercore Active, Inc., Southern Powercore Holding Corporation, Vivant Integrated Diesel Corporation, Vivant Integrated Generation Corporation, Vivant Renewable Energy Corporation, Vivant-Malogo Hydropower Inc., Vivant Isla Inc. and Amberdust Holding Corporation; Director - Minergy Power Corporation, Vivant Realty Ventures Corporation and Vivant Corporate Center, Inc.; Director and Vice President - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Treasurer – Cebu Private Power Corporation; Director and Chief Finance Officer of EMAG Resources and Development Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

Rogelio Q. Lim, 78 years old, Filipino, has been the Independent Director of the Company since June 2017. He is also the Chairman of the Corporate Governance Committee and the Related Party Transaction Committee, and a member of the Board Risk Oversight Committee and Audit Committee of the Company. Other positions held in the past are the following: Director, President and CEO – East Asia Utilities Corp.; Senior Vice President and General Manager – Cebu Private Power Corp.; Senior Vice President - Aboitiz Power Corp. (Oil Group); Director and Vice Chairman – Metro Cebu Water District; Director – Mactan Cebu International Airport Authority, American Chamber of Commerce Cebu Chapter; President and Director - Cebu Business Club; Manufacturing and Operations Consultant - Hercules and Ultramarine; Director Digital Products Engineering – Timex Corp.; Far East Manufacturing Manager – Timex F E; President and General Manager - TMX Philippines, Inc.; Vice President for Manufacturing – Comptronics Philippines, Inc.; Vice President and General Manager – Intron Industries Sinderian Berhad; Asst. Corp Q/A Manager and head of Applications Engineer – Union Carbide Philippines, Inc.; Project Engineer – US Army Topographic Command Department of Geodesy ; Airways Engineer – Civil Aeronautics Administration; Director and Private Sector Representative - Regional Tripatite Wage and Productivity Board; Private Sector and Committee Chair – Regional Development Council, Region VII.

Carmelo Maria Luza Bautista, 62 years old, Filipino, has been the Independent Director of the Company since June 2017. Mr. Bautista is also a member of the Finance Committee of the Company since 2019. He assumed the role of Director and President of GT Capital in 2011. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 39 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore branch; Vice President-Structured Finance, Citibank N.A.-Singapore Regional Office; Country Manager, ABN AMRO Bank-Philippines; and President and CEO, Philippine Bank of Communications. Mr. Bautista has a Master's Degree in Business Management from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista has no directorships in other listed companies aside from GT Capital, however, he is currently serving as Director of Federal Land, TMP, PCFI, GT Capital Auto Dealership Holdings, Inc. ("GTCAD") and Toyota Subic, Inc. ("TSI"). He is also an Adviser to the Board of Trustees of GT Foundation, Inc.

Atty. Jess Anthony N. Garcia, 47 years old, Filipino, has been the General Counsel, Corporate Secretary and Corporate Information Officer of the Company since 2003. He is also the Senior Vice President for Business Development for Infrastructure and Innovation since 2019. Prior to this, he held the Vice President for Legal of the Company from 2015 to 2018. Mr. Garcia concurrently acts us the Corporate Secretary of Visayan Electric Company, Inc., Vivant Energy Corporation, Vivant Foundation, Inc. and SunStar Publishing, Inc.; He is the Assistant Corporate Secretary of Abovant Holdings, Inc. and Hijos De F. Escaño. Mr. Garcia also holds other positions: Chairman – Watermatic Philippines Corporation; Director, President and Chief Executive Officer – Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc. and Vivant Infracore Holdings Inc.; Director – Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Integrated Diesel Corporation, Vivant Enercore Integrated Inc., Southern Powercore Holding Corporation, Vivant Geo Power Corporation and Amberdust Holding Corporation. He obtained his Juris Doctor degree from the Ateneo de Manila University School of Law and has been a member of the California Bar since 2002 and of the Philippine Bar since 1998.

Minuel Carmela N. Franco, 48 years old, Filipino, has been the Senior Vice President for Corporate and Shared Services since 2019 and concurrently as Treasurer, Chief Operating Officer, Chief Risk Officer and Compliance Officer. Prior to this, she held the Vice President for Finance position of the Company from 2013 to 2018. Ms. Franco also currently holds the following positions: Chairman – Southern Grove Properties and Development Corporation; Director and Treasurer & Chief Finance Officer – Vivant Renewables Energy Corporation, Vivant Integrated Diesel Corporation, Vivant Isla Inc., Vivant Geo Power Corporation, Vivant Enercore Integrated, Inc., Southern Powercore Holding Corporation, Vivant Realty Ventures Corporation, Vivant Corporate Center, Inc., Amberdust Holding Corporation, Vivant Hydrocore Holdings Inc. Vivant Transcore Holdings Inc., Vivant Infracore Holdings Inc. and Watermatic Philippines Corporation; Board of Trustee and Treasurer – Vivant Foundation, Inc.; Treasurer and Chief Finance Officer – Vivant Energy Corporation, Isla Norte Energy Corporation formerly Vivant Powercore Active Inc., Global Luzon Energy Development Corporation, Vivant Malogo Hydropower Inc. and Lunar Power Core Inc.; Treasurer – Culna Renewable Energy Corp. Past positions held are as follows: Trader, Associate and Credit Analyst at Multinational Investment Bancorporation and Capital One Equities Corporation from 1992 to 1994; Investment Analyst at Kim Eng Securities Inc. and ING Barings (Phils.), Inc. from 1994 to 1997; Investment Officer at Standard Chartered Bank's Investment Services Group from 1998 to 2000; Project Analyst at Newgate Management, Inc. from 2000 to August 2002, Investor Relations Officer and Senior Project Analyst (Corporate Planning Group) at San Miguel Corporation from September 2002 to June 2007; Head of Investor Relations at Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation from July 2007 to December 2012. Ms. Franco holds a degree in Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.

Atty. Joan A. Giduquio-Baron, 48 years old, Filipino, has been the Assistant Corporate Secretary of the Company since 2003. Ms. Baron also holds other positions: Acting Corporate Secretary of Visayan Electric Company, Inc; Director and Assistant Corporate Secretary – Southern Grove Properties and Development Corporation; Assistant Corporate Secretary of Vivant Energy Corporation, 1590 Energy Corporation, Amberdust Holding Corporation, Corenergy, Inc., ET-Vivant Solar Corporation, Isla Norte Energy Corporation formerly Vivant Powercore Active Inc., Southern Powercore Holding Corporation, Vivant Corporate Center, Inc., Vivant Enercore Integrated, Inc., Vivant Geo Power Corporation, Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Vivant Integrated Diesel Corporation, Vivant Realty Ventures Corporation, Vivant Renewable Energy Corporation, Vivant Isla Inc., Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., and Sun Star Publishing, Inc.; Corporate Secretary - JEGVEG Realty, Inc., JEG Development Corporation, JDC Tomodachi, Inc. and Watermatic Philippines Corporation. She obtained her Juris Doctor from the Ateneo de Manila University School of Law in 1996 and her Master in Management degree from the Asian Institute of Management (AIM) in 2001. Ms. Baron has been a member of the Philippine Bar since 1997 and a Director of the Alumni Association of the Asian Institute of Management-Cebu Chapter. She is a Partner at J.P. Garcia and Associates. Prior to this, she was an Associate Attorney at Puno and Puno Law Offices from 1997 until 2001.

Maria Cielita Aniga,[11] 63 years old, Filipino is the newly-appointed Vice-President for Human Resources. Prior to this, she served as Independent Consultant for Human Resources from 2018-2019. She is also the Founder and Chief Mentor of Pupils for Life, management consulting firm. Her previous employment was with Aboitiz Power - Distribution as SAVP for Human Resources from 2010-2016, Visayan Electric Company as AVP for Human Resources from 2004-2009, Davao Light and Power Company as AVP for Human Resources and Quality from 1993-2000, and various consulting and masteral teaching stints for Human Resources and Quality from 2000-2003. Ms. Aniga has a Master's Degree in Management, major in Industrial Relations from the University of the Philippines and has Chemical and Metallurgical Engineering degrees from the University of Mindanao and UP-MSU-IIT, respectively. She has certificates in talent management, Human Resources problem-solving, organizational development, and Quality management from institutions here and abroad.

Maria Victoria E. Sembrano, 58 years old, Filipino, has been the Senior Assistant Vice President for Controllership of the Company since February 2018. Prior to this, she was the Assistant Vice President for Controllership since 2012. Concurrently, Ms. Sembrano also holds the following positions: Director and Treasurer & CFO - Southern Grove Properties and Development Corp. Before joining the Company, Ms. Sembrano was the Corporate Services Director of the Marsman Drysdale Agribusiness Group. Prior to this, other positions held in the Marsman Drysdale Agribusiness Group starting 1992 include positions in Finance, Logistics and Administration. Ms. Sembrano holds a degree in Bachelor of Science in Commerce, Major in Accounting (Magna Cum Laude) from the University of San Carlos.

Grant Clark, 42 years old, Filipino, has been the Assistant Vice President for Business Development of the Company since October 2015 until taking up the position as Assistant Vice President for Information Technology, Administration and Business Development Innovation in 2019. He is also the Data Privacy Officer. Mr. Clark currently holds the following positions: Director, President and Chief Executive officer – Southern Grove Properties and Development Corp.; Board of Trustee - Vivant Foundation, Inc. Prior to joining the Company, Mr. Clark worked for 12 years in the Government in Australia (Victoria), his last position being the Director of Economics at the Department of Sustainability and Environment (2010-2013). He moved to the Philippines in 2013 and worked briefly as a Director in KPMG Philippines (2013-2014). He has a Bachelor of Commerce degree with First Class Honors in Economics from Deakin University in Melbourne, Australia.

[11] In a disclosure dated February 6, 2020, the Company informed the SEC of its new executives, including Ms. Aniga as VP – Human Resources.

Atty. Catherine S. Bringas, 36 years old, Filipino, has been the Assistant Vice President for Legal since January 2017. Prior to this, she was the Legal Senior Manager of the Company from 2013 to 2016. Concurrently, Ms. Bringas holds the following positions: Director – Prism Energy, Inc.; Director and Corporate Secretary – Southern Grove Properties and Development Corporation; Corporate Secretary – ET-Vivant Solar Corp., ET Energy Island Corporation, Corenergy Inc., 1590 Energy Corporation, Delta P, Inc. Calamian Islands Power Corporation, Vivant Enercore Integrated Inc., Isla Norte Energy Corporation formerly Vivant Powercore Active Inc., Vivant Isla Inc., Vivant Geo Power Corp., Souther Powercore Holding Corp., Vivant Realty Ventures Corporation, Vivant Corporate Center, Inc., Amberdust Holding Corporation, Southern Powercore Holding Corporation, Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Vivant Integrated Diesel Corporation, Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., Vivant Renewable Energy Corporation, Vivant Isla Inc. and Minergy Power Corporation. She holds a degree in Legal Management from De La Salle University and obtained her Juris Doctor from the Ateneo de Manila University School of Law in 2008. She has been a member of the Philippine Bar since 2009. Prior to Vivant, Ms. Bringas worked at the Power Sector Assets and Liabilities Management Corporation as a Corporate Attorney under the Office of the President and CEO.

Brigette Cecile N. Garcia, 33 years old, Filipino, has been the Assistant Vice President for Corporate Planning since February 2018. Prior to this, she was the Corporate Planning Senior Manager of the Company from 2016 to 2017. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University (SMU) with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master's of Science degree in Accounting and Finance from London School of Economics (LSE) in 2013.

Shem Jose W. Garcia, 40 years old, Filipino, has been the Assistant Vice President for Corporate Communications since February 7, 2018 until taking up the position of AVP - Corporate Communications and Business Development Innovation in February 8, 2019. He also serves as the Executive Director of the Vivant Foundation, Inc. He previously served as a Director of Vivant Corporation from 2005-2008. He joined as a full-time employee of Vivant as the Senior Manager for Corporate Social Responsibility in 2014. He has a Bachelor Degree with Honors from the London College of Communications, University of the Arts London. He previously served as the Business Development Officer for JEG Development Corporation, where he currently serves in the Board of Advisors. He also serves as the President of the Board of Trustees for the Dominus Pascit Me Foundation and Corporate Secretary for Mon Y Liza Holdings.

Ronnel Vergel E. De Leon[12], 33 years old, Filipino, has been the Assistant Vice President for Treasury since February 1, 2020. Before joining Vivant, Mr. De Leon was with Manila Water Company, Inc.'s Treasury Department from October 2011 to January 2020, where he held the Treasury Head position for 2 years. Prior to this, he worked as Research Associate and Management Trainee at the Philippine Dealing System from 2007 to 2009. Mr. De Leon obtained his bachelor's degree in Economics (Magna Cum Laude) from the University of the Philippines-Diliman in 2007 under the Philippine Geothermal Inc scholarship for UP students. In 2011, he earned his master's degree in European Finance and Banking from the University of Warsaw in Poland under the European Commission's Erasmus Mundus scholarship. Mr. De Leon is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.

Carlos F. Bargamento, Jr.[13], 38 years old, Filipino, has been the Assistant Vice President for Internal Audit since April 1, 2020. Prior to this, he was the Internal Audit Senior Manager from 2013 to 2019. He joined the company in 2004 as an Accounting Assistant and became a Finance Manager in 2008. He concurrently serves as Internal Auditor of the Vivant Foundation, Inc. Mr. Bargamento obtained his degree in Bachelor of Science in Accountancy (Cum Laude) and Bachelor of Laws in University of San Jose-Recoletos. He is a Certified Public Accountant and also holds certification as a Certified Forensic Accountant (CrFA) and a Certified Internal Control Auditor (CICA).

Dyan Ramona S. Olegario[14], 35 years old, Filipino, has been the Assistant Vice President for Accounting since April 1, 2020. Prior to this, she was the Accounting Senior Manager of the Company from October 2013 to 2020 and Treasury Manager from March to October 2013. Prior to joining Vivant, Ms. Olegario held the following positions: Business Development Manager in 2012 at Aboitizland Inc., Accounting Head at Taft Property Ventures Development Corporation from 2010 to 2012 and Senior Associate for Tax Services at SGV & Co from 2007 to 2010. Ms. Olegario is a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy (Magna Cum Laude and recipient of the Most Outstanding Graduate Award) from the University of San Jose-Recoletos in 2005. In 2016, Ms. Olegario earned a certificate in Management Program from the Asian Institute of Management.

[12] In a disclosure dated February 6, 2020, the Company informed the SEC of its new executives, including Mr. De Leon as AVP – Treasury.
[13] In a disclosure dated April 3, 2020, the Company informed the SEC of its new executives, including Mr. Bargamento as AVP – Internal Audit.
[14] In a disclosure dated April 3, 2020, the Company informed the SEC of its new executives, including Ms. Olegario as AVP – Accounting.

(ii) Nominees for Election as Members of the Board of Directors

The following served as members of the Board of Directors in 2019 and will continue to serve until the 2020 Regular Stockholders' Meeting during which their successors will be elected and qualified:

MR. DENNIS A. GARCIA†
MR. EMIL ANDRE M. GARCIA
MR. GIL A. GARCIA II
MR. CHARLES SYLVESTRE A. GARCIA
MR. RAMONTITO E. GARCIA
MR. ARLO A. G. SARMIENTO
MR. JOSE MARKO ANTON G. SARMIENTO
MR. CARMELO MARIA LUZA BAUTISTA (Independent Director)
MR. ROGELIO Q. LIM (Independent Director)
AMB. RAUL CH. RABE (Independent Director)
ATTY. JESUS B. GARCIA, JR. (Independent Director)

(iii) Procedure for Nomination

In accordance with the Company's 2017 Revised Manual on Corporate Governance, the Corporate Governance Committee had pre-screened the list of candidates nominated to become a member of the Board of Directors in accordance with the procedures, qualifications, disqualifications and guidelines specified in the said Manual.

In consonance with SEC Memorandum Circular No. 16, Series of 2002, no nominations for independent director shall be accepted at the floor during the stockholders' meeting during which such nominee is to be elected. However, independent directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected.

(iv) Term of Office of a Director

Pursuant to the Company By-laws, the directors are elected at each regular annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected unless he resigns, dies or is removed prior to such election.

The 11 directors, who should be stockholders of the Company, shall be elected annually by the stockholders during the annual stockholders' meeting, where at least a majority of the outstanding capital stock should be present in person or by proxy. The Directors shall serve for a term of 1 year and until the election and qualification of their successors.

Any vacancy occurring in the Board of Directors may be filled by the remaining members of the Board, if they still constitute a quorum, by a majority vote; and the director so chosen shall serve for the unexpired term or until his successor is duly elected and qualified.

2. Significant Employees

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

(i) Family Relationships

Messrs. Dennis N. A. Garcia[†], Charles Sylvestre A. Garcia and Gil A. Garcia, II are relatives within the second civil degree by consanguinity (brothers).

Mr. Ramontito E. Garcia is a relative within the fourth civil degree by consanguinity (cousin) of Messrs. Dennis N. A. Garcia[†], Charles Sylvestre A. Garcia and Gil A. Garcia, II.

Messrs. Arlo A. G. Sarmiento and Jose Marko Anton G. Sarmiento are relatives within the second civil degree of consanguinity (brothers) and relatives within the third civil degree by consanguinity (nephews) of Mr. Ramontito E. Garcia.

Mr. Emil Andre M. Garcia is the son of Dennis N. A. Garcia[†], and a relative within the third civil degree by consanguinity (nephew) of Messrs. Charles Sylvestre A. Garcia and Gil A. Garcia, II.

(ii) Involvement in Certain Legal Proceedings

To the knowledge and/or information of Vivant, the above-named Directors and Executive Officers are not, or have not, during the last five (5) years, been involved in criminal, bankruptcy or insolvency investigations or proceedings. There is also no bankruptcy petition filed by or against any business of which they were general partners or executive officers at the time of the bankruptcy or within two years prior to that time.

To the knowledge and/or information of the Issuer, the said persons have not been convicted by final judgment or any offense punishable by the laws of the Republic of the Philippines or of the laws of any other nation/country, including being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.
To the knowledge and/or information of the Company, the said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Vivant believes that in addition to the aforementioned officers, the entire workforce will contribute to its success.

Item 10. Executive Compensation

1. Compensation of top five (5) executive officers

Information as to the aggregate compensation paid and accrued during the last two calendar years to the Company's President and the four (4) most highly compensated executive officers and directors are as follows:

SUMMARY COMPENSATION TABLE

Annual Compensation

Name and Principal Position	Year	Salary	Bonus	Other Compensation
Top Five Highly Compensated Executives 1. Ramontito E. Garcia – President 2. Arlo A.G. Sarmiento – Executive Vice President 3. Minuel Carmela N. Franco – Treasurer, SVP – Corporate and Shared Services, Chief Finance Officer, Chief Risk Officer, Compliance Officer 4. Jess Anthony N. Garcia – General Counsel, SVP-Business Development Infrastructure and Innovation, Corporate Secretary, Chief Information Officer 5. Maria Victoria E. Sembrano – SAVP Controllership				
All above-named officers as a group	2019[1]	Php 24.3 mn	Php 19.4 mn	
	2018	Php 26.1 mn	Php 13.3 mn	
All other directors and officers as a group unnamed	2019[2]	Php 10.5 mn	Php 2.8 mn	Php 11.3 mn
	2018	Php 27.0 mn	Php 7.0 mn	Php 10.8 mn

Notes:

1. *2018 data do not include Ms. Maria Victoria E. Sembrano. Ms. Sembrano replaced Mr. Emil Andre M. Garcia, (VP - Operations) in 2018.*
2. *A number of officers included in the 2018 data were transferred to Vivant Energy when it was operationalized in March 2019.*

2. Compensation of Directors

Other than honoraria for meetings attended, there are no standard arrangements pursuant to which directors of the Issuer are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments for the last completed fiscal year and the ensuing year.

Other than the indirect compensation of two directors via consultancy contracts that were in place during the Company's last fiscal year, there are no arrangements, including consulting contracts, pursuant to which any director of the registrant was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided by such director. Aforementioned consultancy contracts involving indirect compensation of the registrant's two directors will be in place in the ensuing year.

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

Vivant has no existing compensation plan or arrangement with any of its executives in case of resignation or any other termination of employment or from a change in the management control of the Company.

4. Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the named executive officers, and all officers and directors as a group, as identified in Part III, Item 9. Moreover, at no time during the last completed fiscal year did the Company adjust or amend the exercise price of stock warrants or options previously awarded to the aforementioned officers and directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners (more than 5%)

As of the date of preparation of this report, the following are the persons known to the Company to be the direct or indirect record or beneficial owner of more than 5% of any class of the Issuer's voting securities:

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 Held
Common Shares	Mai-I Resources Corporation 375-G Acacia St., Lahug, Cebu City / Stockholder	Mai-I Resources Corporation[1]	Filipino	464,831,568	45.42%
Common Shares	JEG Development Corporation Advent Business Center Lahug, Cebu City / Stockholder	JEG Development Corporation[2]	Filipino	311,524,642	30.44%
Common Shares	Global Business Power Corporation / Stockholder	Global Business Power Corporation[3]	Filipino	116,555,553	11.39%
Common Shares	PCD Nominee (Filipino) Participants are stockholders of the Company	Various PCD participants	Filipino	68,924,217	6.73%
Common Shares	All directors (as a group)	All directors	Filipinos	145,409	0.00%

Notes:

1. *Either Mr. Gil A. Garcia, II or Mr. Charles Sylvestre A. Garcia, Directors of MAI-I Resources Corporation (MRC) will vote for the shares of MRC in Vivant in accordance with the directive of the MRC Board of Directors.*
2. *Either Mr. Ramontito E. Garcia or Mr. Jose Marko G. Sarmiento, Chairman and Chief Operating Officer of JEG Development Corporation (JDC), respectively, will vote for the shares of JDC in Vivant in accordance with the directive of the JDC Board of Directors.*
3. *Ms. Amanda Roselle Bengzon is expected to vote for the shares of Global Business Power Corporation (GBPC) in Vivant in accordance with the directive of the GBPC Board of Directors.*

2. Security Ownership of Management

As of the date of preparation of this report, the following are the amount and nature of ownership of each member of the Board of Directors and Officers:

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Dennis N.A. Garcia[†] Chairman of the Board and CEO	Direct	1	Filipino	0.0%
		Indirect	0		0.1%
Common Shares	Emil Andre M. Garcia Director/VP – Operations	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Gil A. Garcia II Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Charles Sylvestre A. Garcia Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Arlo A. G. Sarmiento Director, EVP, COO	Direct	86,800	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Ramontito E. Garcia Director/President	Direct	30,100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Marko Anton G. Sarmiento Director	Direct	28,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Carmelo Maria Luza Bautista Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Rogelio Q. Lim Independent Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Raul Ch. Rabe Independent Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jesus B. Garcia, Jr. Independent Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Minuel Carmela N. Franco Treasurer, SVP-Corporate and Shared Services, CFO, and Compliance Officer	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Jess Anthony N. Garcia General Counsel, SVP-Business Development Infrastructure and Innovation, Corporate Secretary, and CIO	Direct	12,200	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Joan A. Giduquio-Baron Assistant Corporate Secretary	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Maria Cielita Aniga VP – Human Resources	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Maria Victoria E. Sembrano Senior AVP - Controllership	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Grant Clark AVP - Information Technology, Administration and Business Development Innovation; Data Protection Officer	Direct	0	Australian	0%
		Indirect	0		0%
Common Shares	Atty. Catherine S. Bringas AVP - Legal	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Shem Jose W. Garcia AVP – Corporate Communications and Business Development Innovation	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Brigette Cecille N. Garcia AVP – Corporate Planning	Direct	0	Filipino	0%
		Indirect	0		0%

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Ronnel Vergel E. De Leon AVP – Treasury	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Carlos F. Bargamento, Jr. AVP – Internal Audit	Direct	4,530	Filipino	0%
		Indirect	0		0%
Common Shares	Dyan Ramona S. Olegario AVP – Accounting	Direct	0	Filipino	0%
		Indirect	0		0%
TOTAL		**Direct**	**162,238**		**0%**
		Indirect	**0**		**0%**

Item 12. Certain Relationships and Related Transactions

During the last 2 years there was no transaction with or involving the Company or any of its subsidiaries in which a director, executive officer, or stockholder owns 10% or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Self-Rating Form of the Securities and Exchange Commission (SEC), the criteria and the rating system therein as a means of measurement or determination of the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Company issued its Revised Manual on Corporate Governance (the Manual) in 2017 and has substantially complied with the provisions, and the same has been disclosed to the Commission. It has plans to improve corporate governance by adopting good corporate practice recognized in more progressive corporations and incorporating the same in its Manual.

In its continuing efforts to update its directors and executive officers with the best practices in corporate governance, the members of the board of directors and top-level management are encouraged to attend trainings and seminars. In 2019, the Company's directors and executive officers attended the Advanced Corporate Governance Training conducted by the Institute of Corporate Directors (ICD).

In compliance with the full disclosure rules on the Code of Corporate Governance, the Manual, and the reportorial requirement of the Commission on the extent of compliance by the company with its Manual, the undersigned hereby certifies that the company has substantially complied with the provisions thereof.

As of the date of this Report, there are no changes in the corporate governance structure and practice.

Please refer to the attached Integrated Annual Corporate Governance Report for 2018, which was filed with the SEC in 2019.

Compliance with The Minimum Public Ownership Requirement

The Company is compliant with the Rule on Minimum Public Ownership, as amended. Based on information that is publicly available to the Company and within the knowledge of its directors it has 12.7395% public float as of March 31, 2020, which is the latest practicable date.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

1. Exhibits

Index of Exhibits

Exhibit	Description
A	Vivant's Corporate Structure
B	Audited Consolidated Financial Statements as of December 31, 2019
C	Audited Consolidated Financial Statements as of December 31, 2018
D	Audited Consolidated Financial Statements as of December 31, 2017

2. Reports on SEC Form 17-C

Reports filed by Vivant on SEC Form 17-C from March 2019 to March 2020 are as follows:

(1) Announcement of the date, time, and venue of the 2019 Annual Stockholders' Meeting dated April 11, 2019;
(2) Declaration of Regular and Cash Dividends dated May 15, 2019;
(3) Results of the 2019 Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors dated June 20, 2019;
(4) New executive officers of Vivant dated February 6, 2020;
(5) Promotions and changes in designations of certain executive officers of Vivant dated April 3, 2020;
(6) Demise of Mr. Dennis A. Garcia dated April 3, 2020; and
(7) Results of election of new Chairman and CEO and President of Vivant dated April 3, 2020.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Cebu on the 14th day of April 2020.

By:

RAMONTITO E. GARCIA
Principal Executive Officer

ARLO A.G. SARMIENTO
Principal Operating Officer

MINUEL CARMELA N. FRANCO
Principal Finance Officer

MARIA VICTORIA E. SEMBRANO
Principal Accounting Officer

JOAN A. GIDUQUIO-BARON
Assistant Corporate Secretary

Republic of the Philippines)
City of Cebu)S.S.

SUBSCRIBED AND SWORN to before me this ______________ affiants exhibiting to me their Drivers' License or Passport details as follows:

Names	Passport Number	Expiry Date
Ramontito E. Garcia	P4784127B	11 Feb 2030
Arlo G. Sarmiento	P6592337A	27 Mar 2028
Minuel Carmela N. Franco	P2168178A	5 Mar 2022
Maria Victoria E. Sembrano	P4254944A	03 Sept 2022
Joan A. Giduquio-Baron	P0333694A	21 Sept 2021

Doc. No. ___;
Page No. ___;
Book No. ___;
Series of 2020.