

APOLLO GLOBAL CAPITAL, INC. (Formerly: YEHEY! CORPORATION)

Business and General Information

Capitalization and Ownership

Apollo Global Capital, Inc. (Formerly: Yehey! Corporation) ("Company") was incorporated on 10 June 1998. It has an authorized capital stock of Six Billion Pesos (Php6,000,000,000.00) divided into Six Hundred Billion (600,000,000,000) common shares with par value of P0.01 per share. Out of the authorized capital stock, Two Hundred Eighty Billion Three Hundred Thirty Six Million Three Hundred Forty Nine Thousand Two Hundred Ninety Seven (280,336,349,297) shares are outstanding. Each share of stock of the Company is a voting stock with voting rights equal to every other outstanding shares of stock, and subject to right of redemption.

The Company was under the control of Vantage Equities, Inc. until 14 October 2015. On 7 July 2015, Vantage Equities, Inc., the parent of the Company, entered into a Share Purchase Agreement ("SPA") and sold its shares amounting to 66.95% of the outstanding shares of the Company (the "Sale Shares").

On 15 October 2015, Vantage Equities, Inc. crossed 186,121,771 common shares of the Company, (the "Sale Shares") to Alfonso Yap Go and his nominees Nathaniel C. Go, and Socorro P. Lim pursuant to the SPA. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with as of 15 October 2015.

On 7 October 2016, the SEC approved the Company's application for the amendment of the following Articles of its Articles of Incorporation:

- a. Article 1 to change the corporate name from Yehey! Corporation to Apollo Global Capital, Inc.
- b. Article 2 amending its primary purpose to that of a holding company, and
- c. Article 7 reducing the par value from Php1.00 to Php0.01 per share.

On February 17, 2017, the Company and JDVC's shareholders entered into a Deed of Exchange of Shares where in the latter had issued 247,396,071,520 shares (par value of Php0.01 per share) in exchange for 4,133,740 shares (par value of Php100.00 per share) at an exchange price of Php598.48 of the latter. The deed covering the transaction was approved by SEC on October 9, 2017. As a result of this transaction, the Company now owns 82.67% of JDVC.

On 9 October 2017, the SEC approved the Company's application of the following Articles of its Articles of Incorporation:

- a. Article 3 to change the principal office of the Company to Unit 1204, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City; and
- b. Article 7 to increase the authorized capital stock of the Company to Six Billion Pesos (Php6,000,000,000.00), divided into Six Hundred Billion (600,000,000) shares.

Purpose

The current primary purpose of the Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, guarantee, exchange, develop or otherwise dispose of real or personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided it shall not engage as a stock broker or dealer of securities.

Competition

None

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Financial Performance

Results of Operations for the Third Quarter of 2019 compared to 2018

A. Full Fiscal Years	Unaudited 30 September 2019 (In Million Pesos)	Audited 31 December 2018 (In Million Pesos)
<u>Balance Sheet</u>		
Total Assets	3,612	3,574
Total Liabilities	405	359
Total Stockholders' Equity	3,207	3,215

Movement in the assets are coming from increase in advances to suppliers. Movement in liabilities mainly from deposits for future stock subscription.

B. Interim Periods	For the Quarters Ended September 2019 (In Thousand Pesos)	September 2018 (In Thousand Pesos)
<u>Income Statement</u>		
Total Revenues	14	2
Total Expenses	8,790	6,066
Net Income/(loss)	8,776	6,064

Increase in expense mainly from travel and transportation costs and interest expense incurred by the Subsidiary.

Key Performance Indicators (KPI)	30 September 2019	31 December 2018
Current Ratio	0.04	0.04
Debt to Equity	0.03	0.03
Asset to Equity	1.13	1.11
Return on Assets	(0.00)	(0.00)
Return on Equity	(0.00)	(0.00)

KPI Calculations

Current Ratio = Current Assets / Current Liabilities

Debt to Equity = Total Liabilities / Total Equity

Asset to Equity = Total Assets / Total Equity

Return on Assets = Net Income Before Taxes / Total Assets

Return on Equity = Net Income After Taxes / Stockholders' Equity

Causes for any material changes (+/-5% or more) in the financial statements

Income Statement Items – September 2019 versus September 2018

Increase in total expense mainly from travel and transportation costs and interest expense incurred by JDVC, the subsidiary of the Company.

Balance Statement Items – September 2019 versus September 2018

Movement in the assets are coming from increase in advances to suppliers. Movement in liabilities mainly from deposits for future stock subscription.

2018 versus 2017

Financial Highlights

(In Million Pesos)

	2018	2017	2016
<u>Balance Sheet</u>			
Total Assets	3,574	3,524	262.5
Total Liabilities	359	296	2.6
Total Stockholders' Equity	3,215	3,228	259.9
<u>Income Statement</u>			
Total Revenues	0.0	0.0	0.0
Total Cost and Expenses	16	27.5	1.0
Total Other Income (Charges)	1.7	1.9	2.2
Provision for Income Tax	(2.0)	(0.9)	0.0
Net Income (Loss)	(12.3)	(24.7)	1.2
<u>Top Key Performance Indicators:</u>			
Current ratio	0.04	0.04	99.26
Debt to Equity	0.03	0.03	1.00
Asset to Equity	1.11	1.09	99.26
Debt to Asset	0.10	0.08	0.99
Return on Assets	(0.00)	(0.01)	0.00
Return on Equity	(0.00)	(0.02)	0.00

Results of Operations for the Year Ended 2018 (Y2018 vs Y2017)

The Company wind down the Digital Marketing operations of the Company on October 30, 2015 hence there was no revenue since then. Decline in general and administrative expenses was due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks in 2017.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statements items - Y2018 versus Y2017

41.73% decrease in general and administrative expenses

Mainly due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks in 2017

12.80% decrease in other income-net

Interest expense incurred by the subsidiary

Balance Sheet items – Y2018 versus Y2017

Movement in the assets are coming from increase in mine properties and advances to suppliers. Movement in liabilities mainly from deposits for future stock subscription.

2017 versus 2016

Financial Highlights

(In Million Pesos)

	2017	2016	2015
<u>Balance Sheet</u>			
Total Assets	3,524	262.5	260.0
Total Liabilities	296	2.6	1.3
Total Stockholders' Equity	3,228	259.9	258.7
<u>Income Statement</u>			
Total Revenues	0.0	0.0	16.0
Total Cost and Expenses	27.5	1.0	19.8
Total Other Income (Charges)	1.9	2.2	9.9
Provision for Income Tax	(0.9)	0.0	0.9
Net Income (Loss)	(24.7)	1.2	5.2
<u>Top Key Performance Indicators:</u>			
Current ratio	0.04	99.26	198.6
Debt to Equity	0.03	1.00	1.00
Asset to Equity	1.09	99.26	99.26
Debt to Asset	0.08	0.99	0.99
Return on Assets	(0.01)	0.00	0.02
Return on Equity	(0.02)	0.00	0.02

Results of Operations for the Year Ended 2017 (Y2017 vs Y2016)

The Company wind down the Digital Marketing operations of the Company on 30 October 2015 hence there was no revenue and cost in 2017 and 2016. Surge in general and administrative expenses was due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statements items - Y2017 versus Y2016

2460% increase in general and administrative expenses

Due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks

17% decrease in other income-net

Interest expense incurred by the subsidiary

Balance Sheet items – Y2017 versus Y2016

Movements in balance sheet accounts are due to acquisition of JDVC, the subsidiary of the Company, as a result of the Deed of Exchange of Shares.

2016 versus 2015

Financial Highlights (In Million Pesos)

	2016	2015	2014
<u>Balance Sheet</u>			
Total Assets	262.5	260.0	266.9
Total Liabilities	2.6	1.3	13.5
Total Stockholders' Equity	259.9	258.7	253.4
<u>Income Statement</u>			
Total Revenues	0.0	16.0	19.4
Total Cost and Expenses	1.0	19.8	21.8
Total Other Income (Charges)	2.2	9.9	5.3
Provision for Income Tax	0.0	0.9	0.7
Net Income (Loss)	1.2	5.2	2.2
<u>Top Key Performance Indicators:</u>			
Current ratio	99.26	198.6	20.92
Debt to Equity	0.01	0.01	0.05
Asset to Equity	1.01	1.01	1.05
Debt to Asset	0.01	0.01	0.05
Return on Assets	0.00	0.02	0.01
Return on Equity	0.00	0.02	0.01

Results of Operations for the Year Ended 2016 (Y2016 vs Y2015)

The Company wind down the Digital Marketing operations of the Company on 30 October 2015 hence there was no revenue and cost in 2016 as well as the decline in general and administrative expenses. Dropped in other income is caused by absence of investments in short term placements.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statements items - Y2016 versus Y2015

100% decrease in revenue

Due to winding down of the Digital Marketing operations of the Company on 30 October 2015.

100% decrease in cost of services

Due to winding down of the Digital Marketing operations of the Company on 30 October 2015.

91% decrease in general and administrative expenses

Due to winding down of the Digital Marketing operations of the Company on 30 October 2015.

65% decrease in interest income

Absence of investments in short term placements

100% decrease in gain on sale of investment in available-for-sale securities

Absence of investment in AFS

100% decrease in foreign exchange gain

Absence of dollar denominated assets

97% decrease in miscellaneous income

Assignment of net liability to Vantage in 2015

Balance Sheet items – Y2016 versus Y2015

Pursuant to the SPA, on 30 October 2015, the Board of Directors of the Company authorized the Company's management to:

1. Wind down the operations of the Digital Marketing business of the Company; and
2. Assign its non-cash asset and liabilities to Vantage Equities, Inc.

These actions are the reason why trade receivables, property and equipment and other non-current assets became nil as of 31 December 2015. The remaining balance of accounts payable and other current liabilities on the other hand are mostly from deferred output VAT from certain payables to Vantage Equities, Inc. and accrual of interest income, respectively. Also, the Company has no employees as of end of the year, hence the zero balance of retirement payable.

The cash and cash equivalents of the Company are advanced to a shareholder, causing the enormous diminution of this account and a simultaneous increase in other trade receivables, which is composed of the advances and its accrued interest.

Financial Risk Management

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market risk. The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The BOD reviews and approves policies for managing each risk and they are summarized below:

Liquidity Risk is the risk that the Company will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the risk, the Company closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due.

Credit Risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that involve special credit arrangement, the Company requires the approval from the Board of Directors. In addition, aging of receivables are reviewed on a monthly basis with the result that the Company's exposure to bad debts is not significant.

As of December 31, 2018 and 2017, the Company's maximum exposure to credit risk is equal to the carrying values of its financial. There are no significant concentrations of credit risk on the Company's financial assets.

Market risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Foreign Currency Risk

Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company is not exposed to foreign currency risk since the Company does not have any transactions denominated in foreign currency.

Other Items

On October 30, 2015 the BOD approved the winding down of the Information Technology and Digital Marketing operations of the Company which encompasses Digital Public Relations, Media Sales, and Web Development.

As of December 31, 2017, the Company has no employees.

Properties

Apollo Global Capital, Inc. – Parent

On October 30, 2015, the Company assigned its non-cash assets and liabilities to Vantage Equities, Inc. The non-cash assets assigned include equipment, furniture and fixtures, leasehold improvements and software licenses.

JDVC

Office Furniture and Equipment - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 5 years.

Legal Proceedings

None to report.

Submission of Matters to a Vote of Security Holders

The Company's last annual stockholders' meeting was held on 20 December 2018. The matters submitted to the stockholders for a vote included:

1. To consider and approve the President's Report and the Annual Report for the year 2018.
2. To consider and adopt the Audited Financial Statements for the year ended 31 December 2017 and 2018 contained in the Annual Report.
3. To ratify all acts of the Board of Directors and Management since the last annual stockholders' meeting.
4. To ratify all acts of the Board of Directors and Management since the last annual stockholders' meeting.
5. To transact such other business as may properly come before the meeting and at any adjournment thereof.

Market for Registrant's Common Equity and Related Stockholder Matters

The Company has a total of 278,000,000 common shares outstanding and listed in the Main Board of the Philippine Stock Exchange under the symbol "APL" (Formerly: "YEHEY"). The high and low share prices of YEHEY Shares listed on the PSE for each quarterly period during the past two (2) years are as follows:

		Closing Price Per Share (in ₱)	
		High	Low
2019	First Quarter	0.048	0.042
	Second Quarter	0.045	0.041
2018	First Quarter	0.072	0.041
	Second Quarter	0.055	0.042
	Third Quarter	0.054	0.02
	Fourth Quarter	0.044	0.036
2017	First Quarter	0.079	0.040
	Second Quarter	0.049	0.042
	Third Quarter	0.046	0.037
	Fourth Quarter	0.059	0.041

The price information as of the close of the latest practicable trading date, October 31, 2019, is 0.041.

As of 30 September 2019, there are approximately 799 common shareholders of record. Common shares outstanding and listed as of the same date are 278,000,000. The top 20 shareholders are as follows:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	Hyung Rae Doo	Common	109,065,080,064	39.632%
2	Lloyd Raegan C. Taboso	Common	46,471,972,000	16.887%
3	Napoleon M. Deleon, Jr.	Common	46,224,979,304	16.797%
4	Daniel Chua Go	Common	45,634,040,152	16.582%
5	PCD Nominee Corp.	Common	26,971,954,528	9.801%
6	Sysmart Corporation	Common	270,000,000	0.098%
7	Juan G. Chua	Common	94,040,000	0.034%
8	PCD Nominee Corporation (Non-Filipino)	Common	82,537,572	0.030%
9	East Pacific Investors Corporation	Common	49,095,000	0.018%
10	Cygnat Development Corporation	Common	43,125,000	0.016%
11	Alistair E.A. Israel	Common	27,720,000	0.010%
12	David Q. Quitoriano	Common	24,200,000	0.009%
13	Sysmart Corp.	Common	13,713,500	0.005%
14	Christopher Chongson	Common	6,468,700	0.002%
15	Century Securities Corp.	Common	6,025,000	0.002%
16	Ricardo L. Ng	Common	5,847,700	0.002%
17	Campos, Lanuza & Co., Inc.	Common	5,807,500	0.002%
18	Suzanne Lim	Common	5,175,000	0.002%
19	Harley Sy	Common	5,175,000	0.002%
20	Jerry Tiu	Common	4,916,200	0.002%
TOTAL			275,011,872,220	99.993%

Dividends

The Company did not declare any dividends during the past three (3) fiscal years.

There are no known restrictions or impediments to the Company's ability to pay dividends on common equity, whether current or future.

Compliance with the Manual on Corporate Governance

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

In compliance with the initiative of the Securities and Exchange Commission ("SEC") the Company submitted its Corporate Governance Manual (the "Manual") to the SEC on 31 May 2017. Even prior to the submission of its Manual, however, the Company already created various Board level committees. These committees were comprised of a Nomination Committee for the selection and evaluation of qualifications of directors and officers, a Compensation and Remuneration Committee to look into an appropriate remuneration system, and an Audit Committee to review financial and accounting matters. A Compliance Officer was also appointed.

The Board establishes the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

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

**ATTY. KRISTINA JOYCE C. CARO-GANGAN
THE CORPORATE SECRETARY
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