7199

SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

7th Floor Manila Pavilion Hotel
UN Avenue corner M. Orosa Street
Ermita, Manila

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

ARSENIO A. ALFILER

(Contact Person)

526-1212, extension 2403 / 231-10-73 (Temporary)

(Company Telephone Number)

12	31	20-IS	11	17
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

195

Total No. of Stockholders

Total Amount of Borrowings

-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

October 21, 2020

Vicente Graciano P. Felizmenio, Jr.
Director
Markets and Securities Regularization Department
SEC Building, EDSA, Greenhills, Mandaluyong City

Dear Mr. Felizmenio,

Stated herewith are the following revisions:

ACESITE (PHILS.) HOTEL CORPORATION

Preliminary Information Statement was filed on October 8, 2020			Amendments/Revisions
SEC Form 20-IS			
Checklist of Requirements	**Page No.**	**Remarks**	
Request for CD/DVD		Notice of Meeting is not signed.	COMPLIED
Notice of Meeting			
COVER SHEET			
8. Date, time and place of the meeting of security holders	p. 1	Date and time of meeting are incorrect.	REVISED
9. Approximate date on which the Information Statement is first to be sent or given to security holders	p. 1	Approximate distribution date is not in compliance with Sec.49 fof the Revised Corporation Code, and with other parts of the PIS.	REVISED
11.Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):	p. 1	Please disclose information from not earlier than 90 days from the date of meeting or earliest practicable trading date.	COMPLIED
Title of Each Class			
Number of Shares of Common Stock Outstanding or Amount of Debt			
Part I.			
A. General Information			
ITEM 2. DISSENTER'S RIGHT OF APPRAISAL			
Indicate the statutory procedure required to be followed by dissenting security holders in order to perfect such right.	p. 2	Please make proper reference to the Revised Corporation Code.	COMPLIED
B. Control and Compensation Information			
ITEM 4. VOTING SECURITIES & PRINCIPAL HOLDERS			
If action is with respect to the election of directors and have cumulative voting rights:			
(2) Brief description of right;	p. 3	Please make proper reference to the Revised Corporaton Code.	COMPLIED
Furnish information required by Part IV paragraph (C) of "Annex C, as amended"	p. 5	(1) Total Ownership in the Table in Item 4(e) is incorrrect. (2) Total percentage is more than 100%.	REVISED
(2) Security Ownership of Management			
Title of Class / Name of the Beneficial Owner / Amount and Nature of the Beneficial Ownership / Citizenship / Percent of Class	p. 4	The total number of shares in Table is different from the 2nd paragraph if Item 4(b).	REVISED
(4) Description of any arrangement which may result in a change in control of registrant	p. 5	Please disclose if any.	COMPLIED
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS			
If action is with respect to election of directors			
Information required by Part I(C) of "Annex C, as amended"			
2. Name of the Court or Agency in which the Proceedings are pending	p. 16	Please disclose for Ute Gisela Gertrud Aguilar vs Acesite.	DISCLOSED
3. Date of Institution	p. 15-16	Please disclose for Acesite (Phils.) Hotel Corporation versus PAGCOR, et.al. and Ute Gisela Gertrud Aguilar vs Acesite.	DISCLOSED
Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C, as amended"			
A **(A)(1) Identify Directors, including Independent Directors and Executive Officers**			
(c) Term of office as a Director and **the period which the person has served;**	p. 9&11	Please disclose for Mr.Arthur M.Lopez, Mr. Ruben D. Torres, Mr. Pablo M. Gancayco, Mr. Renato C. Francisco and Mr. Arthur R. Ponsaran.	DISCLOSED
(5) Part IV, Paragraph (D) of "Annex C" as amended			
Certain Relationships and Related Transactions			
(SEC MC No. 14, Series of 2004)			
(1) In addition to the disclosures in the financial statements which are required under SFAS/IAS No. 24 on the Related Party Disclosures, registrant shall describe under this item the elements of the transactions that are necessary for an understanding of the transactions' business purpose and economic substance, their effect on the financial statements, and the special risks or contingencies arising from these transactions. The Commission consider the discussion of the following to be necessary.	p. 11	Please make proper reference to Note 10 of the Notes to the Audited Financial Statements.	DISCLOSED

Checklist of Requirements			Page No.	Remarks	
ITEM 6. COMPENSATION OF DIRECTORS & EXECUTIVE OFFICERS					Amendments/Revisions
Part IV, paragraph (B) of "Annex C", as amended					
If action to be taken is with regard to election of directors, any bonus profit sharing or other					
	(2) Description of Any Standard Arrangement		p. 12	Ensuing year is 2020, not 2019. Please make prper correction to Item 6(1) 2nd paragraph.	REVISED
C	**Information for the registrant & for the other person**				
	I. Information required by Part I paragraphs (A), (B) and (C) of "Annex				
	A	**<u>Description of Business</u>**			
		(2) BUSINESS OF ISSUER			
		(a) DESCRIPTION OF THE BUSINESS OF REGISTRANT AND ITS SIGNIFICANT SUBSIDIARIES			
		If Material:			
		(2) Percentage of Sales or Revenues and Net Income Contributed by Foreign sales for each of the last 3 FY	p. 22-24	Please provide for 2017	COMPLIED
		(5) Competitive Business Conditions and the Registrant's Competitive Position in the industry and methods of competition	p. 24	Please disclose.	DISCLOSED
		(8) Transactions With and/or Dependence on Related Parties	p. 25	Please make proper reference to the Notes to the Financial Statements.	COMPLIED
		(14) Total Number of registrant's employees and the number of employees it anticipate to have within the ensuing twelve (12) months. Indicate the number by type of employee, whether or not any of them are subject to collective bargaining agreements and the expiration date of any CBA.	p. 25	Please disclose any existing CBA and details. Please discose number of employees the registrant anticipate to hire.	DISCLOSED
		(15) Major risk/s involved in each of the business of the company and subsidiaries. Include a disclosure of the procedures being undertaken to identify, assess and manage such risks	p. 26	Please disclose,	DISCLOSED

		Checklist of Requirements	Page No.	Remarks	Amendments/Revisions
	C	**Legal Proceedings**			
		(2) Name of the court or agency in which the proceedings are pending	p. 16	Please disclose for Ute Gisela Gertrud Aguilar vs Acesite.	DISCLOSED
		(3) Date instituted	p. 16	Please disclose for Acesite (Phils.) Hotel Corporation versus PAGCOR, et.al. and Ute Gisela Gertrud Aguilar vs Acesite.	DISCLOSED
	II. Information required by Part II(A) of "Annex C, as amended"				
	III. Information required by Part III, paragraphs (A) and (B) of "Annex C,				
	A	Management's Discussion and Analysis. MD&A helps to explain financial results. A reader of the MD&A should be able to understand the financial results of the registrant's business as discussed in the "Business" section. It shall provide information with respect to liquidity, capital resources and other information necessary to understand the registrant's financial condition and results of operation. For both full fiscal years and interim periods,disclose the company's and its majority owned subsidiaries top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis			
		No revenues form operation in each of the last two (2) fiscal years, or the last fiscal year and any interim period in the current fiscal year, shall in addition to applicable items under subparagraph (2) provide provide the following information:			
		(1) Describe the plan of operation for the next twelve (12) months. This description includes:	p. 26	Please disclose.	DISCLOSED
		(a) how long the registrant can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve (12) months;			
		(b) summary of any product research and development for the term of the plan;			
		(c) any expected purchase or sale of plant and significant equipment; and			
		(d) any expected significant changes in the number of employees.			
		(2) All other registrants shall provide the following information:			
		(a) Full fiscal years			
		(2) If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these cause.	p. 31	Please disclose the steps taken by the registrant to address the cause of the losses.	DISCLOSED
		If Material:			
		(vii)Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)	p. 30	Net Income/(Loss) Before Tax and After Tax in the Tables are different from the AFS.	REVISED
		(b) Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). Disclose the required information required under subparagraph (2)(a)(I) to (viii) above.	p. 31	Please provide for 3rd quarter of 2020.Otherwise, file an exemptive relief from the requirement of providing the Interim Financial Statement in the Information Statement and provide the same no later than five (5) days before the scheduled ASM, or for PLCs who would be conducting their ASM via remote communicationor in absentia, no later than five (5) days before the cut-off period for submitting written questions/clarifications to the company.	COMPLIED
D. Other Matters					
ITEM 19. VOTING PROCEDURES					
	Vote required for approval/election		p. 19	Please disclose.	DISCLOSED
Part III.					
SIGNATURE PAGE					

Checklist of Requirements			Page No.	Remarks	Amendments/Revisions
After reasonable inquiry and to the best of my knowledge and belief, I certify that the information			p. 20	Not dated.	COMPLIED
Report to be Furnished to the Stockholders					
SRC Rule 20 – Disclosures to Stockholders Prior to Meeting					
If the information statement shall relate to an annual (or special meeting in lieu of the annual)					
MANAGEMENT REPORT					
2	**Management's Discussion and Analysis (MD&A) or Plan of Operation (Required by**				
	Registrants that have not had revenues from operations in each of the last two fiscal years,				
	1	Plan of Operation. Describe the plan of operation for the next twelve (12) months. This description should include such matters as:	p. 26	Please disclose.	DISCLOSED
		(a) a discussion of how long the registrant can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve (12) months			
		(b) a summary of any product research and development that the registrant will perform for the term of the plan			
		(c) any expected purchase or sale of plant and significant equipment; and			
		(d) any expected significant changes in the number of employees.			
	2	Management's Discussion and Analysis. MD&A helps to explain financial results. A reader of the MD&A should be able to understand the financial results of the registrant's business as discussed in the "Business" section. It shall provide information with respect to liquidity, capital resources and other information necessary to understand the registrant's financial condition and results of operation.			
		The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of matters that would have an impact on future operations and have not had an impact in the past, and matters that have had an impact on reported operations and are not expected to have an impact upon future operations.			
		For both full fiscal years and interim periods, disclose the company's and its majority-owned subsidiaries' top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis.			
		(a) Full fiscal years			
		(2) If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these cause.	p. 31	Please disclose the steps taken by the registrant to address the cause of the losses.	DISCLOSED
		If Material:			
		(vii)Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)	p. 30	Net Income/(Loss) Before Tax and After Tax in the Tables are different from the AFS.	REVISED
		(b) Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). Disclose the required information required under subparagraph (2)(a)(I) to (viii) above.	p. 31	Please provide for 3rd quarter of 2020.Otherwise, file an exemptive relief from the requirement of providing the Interim Financial Statement in the Information Statement and provide the same no later than five (5) days before the scheduled ASM, or for PLCs who would be conducting their ASM via remote communicationor in absentia, no later than five (5) days before the cut-off period for submitting written questions/clarifications to the company.	COMPLIED

		Checklist of Requirements	Page No.	Remarks	
	AUDITED FINANCIAL STATEMENTS				Amendments/Revisions
	5	Interim Financial Statements and MD&A as of September 30, 2020.		Please submit 3rd quarter report; otherwise, file an exemptive relief from the requirement of providing the Interim Financial Statement in the Information Statement and provide the same no later than five (5) days before the scheduled ASM, or for PLCs who would be conducting their ASM via remote communicationor in absentia, no later than five (5) days before the cut-off period for submitting written questions/clarifications to the company.	COMPLIED

Sincerely yours,

ARSENIO ALFILER, JR.
Corporate Secretary

October 22, 2020

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of ACESITE (PHILS.) HOTEL CORPORATION (the "Corporation"), will be held on Tuesday, November 17, 2020 at 10:00 a.m. In light of the COVID-19 pandemic and to ensure the safety and welfare of our stockholders, the meeting will be conducted virtually via secure online meeting platform to pass upon the matters:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting
4. Report to the Stockholders for the Year 2019
5. Ratifications of the Acts of the Board and Management
6. Election of Directors for 2020-2021
7. Appointment of External Auditor
8. Appointment of External Counsel
9. Other matters
10. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is October 20, 2020. The stock and transfer book will be closed from October 21, 2020 to November 17, 2020.

PARTICIPATION ONLY VIA REMOTE COMMUNICATION. Stockholders can only participate in the meeting by remote communication. Stockholders as of the Record Date who intend to participate or be represented in the virtual ASM may register by logging in at https://www.waterfronthotels.com.ph/investor_relations/ and attaching the required documents for validation. After validation, the stockholder shall thereafter receive an email confirmation and details with link to log in and view the ASM 2020 at the accorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE 6 November 2020 (at 5:00P.M.). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

WE ARE NOT SOLICITING YOUR PROXY.

Pasig City, Philippines, October 22, 2020.

arsenio a. alfiler, jr.

ARSENIO A. ALFILER, JR.
Corporate Secretary
Unit 3104, 31st Floor
Antel Global Corporate Centre
#3 Dona Julia Vargas Avenue
Ortigas Center, Pasig City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Mark the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement - Amended

2. Name of Registrant ACESITE (PHILS.) HOTEL CORPORATION
3. Province, country of incorporation Manila, Philippines
4. SEC Identification Number 7199
5. BIR Tax Identification Code 002-856-627

6. 8th Floor, Manila Pavilion Hotel, United Nations Avenue corner Maria Orosa Street, Ermita, Manila, 1000
   Address of Principal Office and Postal Code

7. Registrant's telephone number (632) 8231-1073 Temporary

8. **17 November 2020 at 10:00am online via Zoom**
   Date, time and place of the meeting of security holders

9. Approximate date on which this SEC Form 20-IS is first to be sent or given to security holders: **22 October 2020**

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

Title of Each Class			Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common P 1.00 Par	-	Authorized	1,200,000,000
	-	Issued	344,747,520
	-	Treasury	1,353,000
Preferred	-	Authorized	20,000
	-	Issued	None

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [x] No [ ]

    346,100,520 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange of which 1,353,000 shares are in treasury to date and the remainder of 344,747,520 common shares are outstanding.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

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

The stockholders' meeting shall be virtually conducted on Thursday, 17 November 2020, 10:00 a.m. via secure online meeting platform. The complete mailing address of the principal office of Acesite (Phils.) Hotel Corporation is 8^{th} Floor, Waterfront Manila Hotel and Casino, United Nations Avenue, corner Maria Orosa Street, Ermita, Manila, 1000.

22 October 2020 is the approximate date on which the Information Statement (SEC Form 20-IS) is first to be sent or given to security holders:

Item 2. Dissenter's Right of Appraisal

Instances of appraisal right of dissenters with respect to any matter to be acted upon provided in Section 80 of the Revised Corporation Code of the Philippines:

(a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(c) In case of merger or consolidation; and
(d) In case of Investment of corporate funds for any purpose other than the primary purpose of the corporation.

In instances wherein the stockholder has voted against a proposed corporate action, the statutory procedures required to be followed by dissenting security holders in order to perfect such rights are, as follows:

(a) The dissenting stockholder shall make a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action;
(b) If, within (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the (2) thus chosen. Then findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation;

There are no matters or proposed corporate actions to be taken up during the annual stockholders' meeting which may give rise to a possible exercise of security holders of their appraisal rights under Title X of the Corporation of the Philippines.

THE STOCKHOLDER MUST VOTE AGAINST THE PROPOSED CORPORATE ACTION IN ORDER TO AVAIL HIMSELF OF THE APPRAISAL RIGHT

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

1. Other than election to office, none of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

   (a) Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
   (b) Each nominee for election as a director of the registrant;
   (c) Each associate of a director or officer of the registrant at any time since the beginning of the last fiscal year or nominee for election as the director of the registrant.

2. No director intends to oppose any action to be taken at the said meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

1. As of 30 September 2020, there are 346,100,520 subscribed and issued common shares, of which 1,353,000 shares are treasury shares. Each of the 344,747,520 outstanding common shares is entitled to one vote. Of the authorized 20,000 shares of preferred stock, none have been issued. The preferred shares are not entitled to vote.

2. All stockholders on record as of 20 October 2020 are entitled to receive notice and to vote at the Annual Meeting of the Stockholders on 17 November 2020.

3. **Under Section 23 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. Security Ownership of Certain Record and Beneficial Owners and Management. There is no change in control of the registrant since the beginning of the last calendar year.**

4. **Security Ownership of Certain Record and Beneficial Owners and Management**

   a) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of 30 September 2020, the stock transfer book of the corporation showed the following record owners:

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
Common Shares	Waterfront Philippines, Inc.[1] 7th Flr. Manila Pavilion Hotel, UN Ave., cor M. Orosa, Ermita, Manila (Parent Company)	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City • Represented by Miss Elvira A. Ting, who is a nominee of said company.	Filipino	192,045,057	55.49%

		Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz			
Common Shares	PCD Nominee Corporation[2] 37/F Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, 1226 Makati City	Various Owners[2]	Filipino	132,585,463	38.31%

[1]WPI is a publicly listed corporation on the Philippine Stock Exchange. The board of directors of WPI, as a group of natural persons acting together, directs the voting disposition of shares by WPI. The following are directors of WPI: Messrs. Arthur M. Lopez, Kenneth T. Gatchalian, Lamberto B. Mercado, Arthur Ponsaran, Sergio Ortiz-Luis Jr., Ruben D. Torres, Ms. Dee Hua Gatchalian, and Ms. Elvira A. Ting.

[2]PCD Nominee Corporation has various beneficial owners. Majority holder is the I.B. Gimenez Securities, Inc with 15.13% of the total Acesite shares. Westlink Global Equities, Inc followed at 9.33% of the total shares. COL Financial Group, Inc. is next at 1.90% of the total shares and the rest of the owners have below 2% ownership.

b) SECURITY OWNERSHIP OF MANAGEMENT

As of 30 September 2020, the following are the record and beneficial ownership of directors and management:
:

Title of Class	Name of Beneficial Owner	Position	Citizenship	Nature and Amount of Ownership		%
Common	Arthur M. Lopez*	Chairman	Filipino	D	350	0.00%
Common	Kenneth T. Gatchalian	President	Filipino	D	350	0.00%
Common	Elvira A. Ting	Treasurer	Filipino	D	350	0.00%
Common	Ruben D. Torres*	Director	Filipino	D	100	0.00%
Common	Sergio R. Ortiz-Luiz, Jr.*	Director	Filipino	D	350	0.00%
Common	Pablo M. Gancayco	Director	Filipino	D	350	0.00%
Common	Lamberto B. Mercado, Jr.	Director	Filipino	D	350	0.00%
Common	Dee Hua Gatchalian	Director	Filipino	D	3,850	0.00%
Common	Silvestre H. Bello, Jr.	Director	Filipino	D	3,500	0.00%
Common	Renato Francisco	Director	Filipino	D	100	0.00%
Common	Arthur Ponsaran	Director	Filipino	D	100	0.00%
Total Beneficial Ownership					**9,750**	

* – Independent Director   D – Direct   I – Indirect

The beneficial ownership of directors and executive officers as a group amount to **9,750 shares or 0.0028%** of the Company shares. No director has any warrants, stock rights or options that would give the right to acquire additional shares.

c) VOTING TRUST HOLDERS OF 5% OR MORE

The Company knows of no voting trust holders of 5% or more.

d) CHANGES IN CONTROL

a) There is no person/entity who has acquired any changes in control.
b) No amount and source of consideration was used
c) Basis of control
d) Date & description of the transaction(s) which resulted in the change in control
e) Percentage of voting securities now beneficially owned directly/indirectly by the person who acquired control
f) Identify from whom control was assumed.

e) EQUITY OWNERSHIP OF FOREIGNERS AS OF 30 September 2020.

Citizenship	Class	Ownership	Percentage
American	**Common**	**39,707**	**0.0115%**
British	**Common**	**720,009**	**0.21%**
Chinese	**Common**	**2,955**	**0.001%**
Filipino	**Common**	**290,319,623**	**83.88%**
Others	**Common**	**55,017,876**	**15.90%**
Portuguese	**Common**	**350**	**0.000%**
Total		**346,100,520**	**100.00%**

f) No change in control of the corporation has occurred since the beginning of its last year.

Item 5. Directors and Executive Officers

All directors joined the Board on 24 June 2004 except for Ms. Dee Hua Gatchalian, who was elected July 19, 2005, Mr. Silvestre H. Bello, Jr., elected on July 20, 2009, Mr. Sergio R. Ortiz-Luiz, Jr., elected last February 25, 2013 and Mr. Ruben D. Torres, elected last June 2, 2014. All are expected to be on the Board until 17 November 2020. Per recommendations of the Nominations Committee, all current directors, will be nominated to the Board again during the Company's annual stockholders' meeting. The qualifications (including the ages, nationalities, current and past position held and business experience for the past five years) of the nominees are as follows:

Arthur M. Lopez, 73
Filipino

Arthur M. Lopez is the Principal Consultant of AML Hotel Consultants, an independent Hotel Consultancy engaged in Hotel Design Development/Technical Services, Hotel Feasibility Study, Pre and Post Hotel Opening Services and Asset Management/Owner's Representative. He is currently the President of Philippine Hotel Owners Association (PHOAI).

Currently, he is the Management Consultant of Double Dragon Properties Corporation, Jing Jiang Ortigas, Jing Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila, Hotel 101 Fort, Bellevue Bohol Resort in Panglao, the Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City and Uno Botique Hotel in Cebu; Hotel Consultant and Management Advisor or Hotel 101 Management Corporation; Director of Philippine Estate Corporation; President/Chairman of Legoli Holdings, Inc. and Arleff Holdings, Inc. He also became the Hotel Management and Development Consultant of Wydham Garden.

Previously, he was the Management and Technical Services Consultant of Bloomberry Casino Hotels & Resorts/Solaire Hotel and Casino, and Federal Land; Hotel Advisor/Director of Cathay Int'l Resources Corporation; Owner's Representative and Advisor to Owner at Four Points by Sheraton Kuching, Sheraton Beach Resort Langkawi, Helang Airport

	Hotel Langkawi, Santubong Resort Kuching and Four Points by Sheraton Langkawi; President & CEO of CCA Philippines Corporation; Regional Director of CCA International Ltd.; Regional Director Asia Pacific of Palmerston Hotels & Resorts; Management Consultant of Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands; Senior Advisor to the Secretary of Philippine Department of Tourism; General Manager of Westin Philippine Plaza; Country Manager, Philippines, or Starwood Hotels & Resorts Worldwide, Inc.; Philippine Corporate Representative of Caesar's Club of Manila, Heritage Hotel Manila; Area Manager and General Manager of Northern Territory Australia, Sheraton Hotels Darwin, Sheraton Alice Springs, and Sheraton Ayers Rock Australia; Vice President and Area Manager of Australia/ITT Sheraton Corporation; Pre and Post- Opening General Manager of Sheraton Towers Southgate, Melbourne, Australia; Hotel Resident Manager of Sheraton Auckland Hotel and Towers; Resident Manager of Sheraton Auckland Hotel and Towers; Director of Sales and various Front Office and F&B positions of Manila Hilton International. He holds a Bachelor of Science in Commerce degree, Major in Management, a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines and Tourism Management at the East-West Center in Honolulu, Hawaii, USA.
Elvira A. Ting, 59 Filipino	Ms. Ting was elected director and Treasurer of the Company since 24 June 2004. She earned her bachelor's degree in business administration, major in management, from the Philippine School of Business Administration. She has been a director of WPI since October 2000. She is concurrently, the vice-chairperson and a director of Forum Pacific Inc. She is president of Phil. Estates and vice president of Wellex Industries, Inc. She is a director of Orient Pacific Corporation, Crisanta Realty Development Corporation, Recovery Development Corporation and the Wellex Group, Inc. She is the corporate treasurer of Pacific Rehouse Corp and the chairman and president of Rexlon Realty Group Inc and Heritage Pacific Corp.
Arthur R. Ponsaran, 77 Filipino	Arthur R. Ponsaran, had been the Corporate Secretary of the Company since 24 June 2004, is a CPA-Lawyer with over 25 years of experience in corporate law, taxation, finance and related fields. He is the Managing Partner of Corporate Counsels, Philippines Law Office. He obtained his LLB degree from the University of the East and completed MDP Program at the Asian Institute of Management. Mr. Ponsaran is a member of the Integrated Bar of the Philippines and the New York Bar as well as the Philippine Institute of Certified Public Accountants. Mr. Ponsaran is also Director and/or Corporate Secretary of client corporations, including listed companies, as well as non-profit institutions. As of July 2016, he serves as Director/Trustee of the following: Acesite (Phils.) Hotel Corporation, Bancom Alumni, Inc. (Trustee), Bancom II Consultants, Inc., Davao Insular Hotel, Inc., Health Carousel Philippines, Inc., New Kanlaon Construction Inc., Philippine Estate Corporation, Philsa Holdings Corporation and Pondecena Corporation.
Kenneth T. Gatchalian, 44 Filipino	Mr. Kenneth Gatchalian holds a degree in bachelor of science in architecture from the University of Texas. He was elected as one of the directors of the Company since 24 June 2004. He was elected President and CEO of the Company since June 25, 2007. He has been a director of WPI since February 2001. He is concurrently the President of WPI and a director of Forum Pacific, Inc. and Wellex Industries, Inc. .

Sergio R. Ortiz-Luis, Jr., 77 Filipino	He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, PhD Business Technology from Eulogio “Amang” Rodriguez Institute of Science and Technology. He is the President & CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry; Honorary Chairman and Past President of Employers’ Confederation of the Philippines; Director/Past President of Philippine Foundation, Inc.; Founding Director of International Chamber of Commerce of the Philippines. Vice Chairman of Alliance Global, Inc, and Export Development Council, and JARDELI Club Foundation; Director of Waterfront Philippines, Inc., Manila Exposition Complex, Inc.; Lasaltech Academy, Philippine Estate Corporation, Rural Bank of Baguio, Forum Pacific, Inc., Jolliville Holdings Corporation, and Calapan Ventures, Inc.; Independent Director of B.A. Securities; Honorary Chairman of Integrated Concepts & Solutions, Inc.; Board of Adviser of Southville International School and Colleges and Founding Director of GSI (Formerly Philippine Article Numbering Council. He is also a Commissioner for Patrol 117 (Foundation for Crime Prevention); BPLS Champion for National Competitiveness Council; Member of Industry Development Council, and Private Sector Representative for The Philippine Bamboo Council. He is the Chairman of Rotary Club of Green Meadows Foundation; Past President of Rotary Club of Green Meadows Quezon City District 3780; Senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary; Director/Treasurer of PILAK Foundation, and Universal Access Center for Trade. He is an Honorary Consul General of Consulate of Romania in the Philippines; Treasurer of Consular Corps of the Philippines; Honorary Adviser for International Association of Educators for World Peace. Some Awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the field of business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006, Presidential Merit Award Medal in 2007 and ORAS Award in 2011. He became an Independent Director of Waterfront Philippines, Inc. since August 2009 to present and an Independent Director of Acesite (Phils) Hotel Corp since February 2013 to present.
Lamberto B. Mercado, Jr., 55 Filipino	Atty. Mercado is the Vice-President for Legal of the Wellex Group, Inc. He was elected as one of the Directors of the Company since 24 June 2004. He is a graduate of the Ateneo de Manila University School of Law. Atty. Mercado is a certified public accountant. Prior to his post in Wellex Group, he was connected with the Subic Bay Metropolitan Authority (SBMA). From November 1993 to July 1997, he was the chief of staff of SBMA. He also served as president of the Freeport Service Corporation in SBMA from August 1996 to January 1998. He was appointed deputy administrator for administration in February 1997, a post he held until August 1998. Currently a Director of the following publicly listed companies: Waterfront Phils. Inc., Wellex Industries, Inc., Forum Pacific, Inc., Metro Alliance Holdings & Equities Corp., Acesite (Phils.) Hotel Corporation and Pacific Wide Realty & Development Corp.
Pablo M. Gancayco, 63 Filipino	Atty. Gancayco, a director of the Company since 24 June 2004, is a Senior Partner of the Gancayco, Balasbas & Associates Law Offices. He obtained his Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines. He took a masteral level intensive course on industrial property from the University Robert Schuman in Strasbourg, France. His expertise is in Intellectual Property Law and holds the posts of president and director of the Intellectual Property Association of the Philippines (the association of all intellectual property law practitioners in

	the Philippines) council member and country head of the Asian Patent Attorneys Association and councilor of the ASEAN Intellectual Property Association. He is the Philippine group head to the Association Internationale pour la Protection de la Propriete Industrielle. He is also adept in litigation and corporate law practice. At present, Atty. Pablo M. Gancayco is a director of the Freeport at Bataan, a Past District Governor of Rotary International District 3780, the past Chairman of the Board of Philippine College of Rotary Governors and the Philippine Rotary Magazine Foundation, an officer and member of other corporations, foundations and organizations.
Dee Hua Gatchalian, 72 Filipino	Mrs. Gatchalian was elected director of the Company since 19 July 2005. Mrs Gatchalian is the Executive Vice-President of the Wellex Group, Inc., and also the Executive Vice-President of Plastic City Corporation. She is concurrently a director in Philippine Estates Corporation, and Waterfront Philippines, Inc. Mrs. Gatchalian graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission and a Chairperson of Dakilang Handog Foundation, a non-profit, non-stock organization.
Silvestre H. Bello, Jr., 86 Filipino	Mr. Bello, Jr. holds a degree of Bachelor of Law from the Manuel L. Quezon School of Law. From July 1959 to May 31, 1986 he held different positions in the Commission on Elections. He optionally retired with the Commission on Elections on June 30, 1986 as Director for Operations. From July 1986 to December 1988, he was in the private practice of law. On December 8, 1988, he was appointed as Officer-In-Charge of the Office of the Provincial Governor of Isabela. On February 1992, he was appointed as Regional Trial Court Judge, Branch 24 of Echague, Isabela. In 1994, he was appointed as Regional Trial Court Judge of Branch 128 in Caloocan City. From August 2002 to February 2004 he was designated as Executive Judge of the Regional Trial Court of Caloocan City. On April 10, 2004 he retired from the judiciary as RTC Judge of Branch 128, Caloocan City. On July 20, 2009 he was elected as Director of the Board of the Association of Retired RTC Judges of the Philippines, Inc. On March 2010, 2011, 2012, 2013 and 2014 he was re-elected as Director of the Board of the Association of Retired RTC Judges of the Philippines, Inc. and in January 2015, Elected as 2nd Vice-President of the Board of Directors of the Association. Since 2006, he is a Law Partner of the Ramirez Lazaro Bello Rico-Sabado & Associates Law Office.
Ruben D. Torres, 78 Filipino	Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office; Chairman/CEO of Service Exporters Risk Management and Consultancy Co.; Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.
Renato C. Francisco, 71 Filipino	Justice Renato Francisco graduated Bachelor of Laws at Ateneo de Manila University. From 1974 to 1987, he was involved in the private practice. In 1987, he started working as Assistant Provincial Prosecutor at the Office of

the Provincial Prosecutor - Rizal and, later became Assistant City Prosecutor in Makati City. He became Executive Judge at the Regional Trial Court – Branch 19 in Malolos, Bulacan. On May 31, 2012, he was appointed as Associate Justice of Court of Appeal. He retired as Associate Justice on August 20, 2018. **He started as a Director of Acesite Phils Hotel Corporation in 2019.**

Mr. Arthur Lopez, Mr. Sergio R. Ortiz-Luiz, Jr. and Ruben D. Torres are currently independent directors. They were nominated by Ms. Elvira Ting, who has no relations to them**. Mr. Arthur Lopez has been an independent director since 2014 or for 6 years. Me. Sergio Ortiz-Luiz has been an independent director since 2013 or for 7 years. Mr. Ruben D. Torres has been an independent director since 2014 or for 6 years.** They will continue to serve as independent directors upon re-election pursuant to SRC Rule 38 as adopted in to under the Company's By-laws on August 18, 2004, under which the appropriate report under 17-C was filed on November 12, 2004, which is hereby incorporated as reference. No other persons have been nominated.

Per recommendation of the Nominations Committee headed by Atty. Lamberto B. Mercado, Jr., with Messrs. Ricky Ricardo and Pablo Gancayco as members, the following will be nominated as executive officers at the Organizational Meeting of the Board of Directors:

Mr. Arthur M. Lopez	- Chairman
Mr. Sergio R. Ortiz-Luiz, Jr.	- Vice-Chairman
Mr. Kenneth T. Gatchalian	- President and Chief Executive Officer
Ms. Elvira A. Ting	- Treasurer and Chief Financial Officer
Mr. Ricky L. Ricardo	- Vice-President for Corporate Affairs and Compliance Officer
Atty. Arsenio A. Alfiller, Jr.	- Corporate Secretary

Richard L. Ricardo, 57 Filipino	Mr. Ricardo is the Vice President for Corporate Affairs of the Company since 2004 and currently the Vice President for Strategic Initiatives of the Wellex Group, Inc. He is a graduate of the Ateneo de Manila University with degrees in Management and Economics. He started in banking and corporate lending with the Far East Bank and Trust Company, and later handled corporate planning for the Philippine Banking Corporation. He has previously worked with AEA Development Corporation, an investment house, and he has also served in the government under both the Office of the Prime Minister and the Department of Finance.
Arsenio A. Alfiler, Jr., 75, Filipino	Atty. Alfiler, Jr. is now the Corporate Secretary. He holds a bachelor of arts degree in public administration and bachelor of laws from the University of the Philippines. He was an associate lawyer in Gonzalo Gonzalez Law Office (1972 to 1977) and an in-house legal counsel in Bancom Development Corporation (1977-1981), Union Bank of the Philippines (1982-1987), AsianBank Corporation and AB Capital and Investment Corporation (1987-2003) and Asiatrust Bank (January – July 15, 2004).He is a partner in Corporate Counsels, Philippines Law Offices.

Significant Employees

David William Nowak, 55, American	Mr. David Nowak is an American national, who is over 30 years of hotel experience gained from various luxury hotel groups ranging from large scale properties to boutique hotels and resorts from business city hotels across eight (8) countries in Asia, Europe, Africa and North America. David's pre-opening experience, hands-on work ethic and ability to work closely with the group made him the suitable to manage the operations team of Waterfront Manila Hotel and Casino. He has worked in leading international hotel chains as well as in properties that are operated by the property owners in Asia. He started working as General Manager last October 15, 2019.
Giovanni Sias,	Chef Giovanni Sias is the Executive Chef of Manila Pavilion Hotel. He has

47, Italian	over 24 years of solid culinary experience gained from working in reputable hotels well known free standing restaurants in Europe, USA and Asia such as Madison's Bistro Moderne, Pacific APEX Food Ventures, Inc (Vikings), New York Presbyterian Hospital, Bond 45 Best Italian Steakhouse and Seafood Restaurant, Jolly Hotel Madison Towers and Hostaria Mazzei. Chef Gio has rendered his resignation effective September 17, 2020.

There are no other persons who are not Executive Officers that are expected to make significant contribution to the Company.

None of the above directors and officers is connected with any government agencies and instrumentalities.

Family Relationships

Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua Gatchalian, and is a maternal aunt of Mr. Kenneth T. Gatchalian. Aside from them, no family relationship up to the fourth degree of consanguinity or affinity exists among the directors and executives.

Certain Relationships and Related Transactions

(A) 1. Mr. Ricky L. Ricardo, Vice-President for Corporate Affairs (Acesite) and Director of CIMA Realty also holds a Director position for Mayo Bonanza, Philippine Estates Corporation, Wellex Industries, Inc. and Director and Corporate Secretary of the Wellex Group, Inc.

2. As related in Note no.9b of the Notes to Financial Statements, the Corporation had invested in 86,710,000 shares of stock in Wellex Industries, Inc., an affiliated company listed on the Philippine Stock Exchange, at P0.50 per share or a total of P43,355,000.00.

   a. The Corporation invested in the above marketable security in order to diversify its current asset portfolio in listed companies with a broad upside potential.

   b. Waterfront Philippines, Inc., parent company of the Corporation, is majority owned by the Wellex Group, Inc., which also controls Wellex Industries, Inc.

   c. The acquisition price of P0.50 per share represents a 13.7% discount to the net book value of P0.58 per share of Wellex Industries, Inc. as of 31 December 2005. The fair market value of the shares based on closing market price as at December 31, 2019 and 2018 amounted to P17.52 million and P21.42 million, respectively, resulting in a valuation loss of P3.90 million in 2019, valuation gain of P5.46 million in 2018 and valuation loss of P0.87 million in 2017.

   d. The Risk Management Committee has evaluated the transaction in accordance with certain norms, including investment risk, market liquidity, projected price-earnings ratio, net asset value and control ability, and has concluded that the investment is fair and reasonable at the acquisition price and volumes.

   e. There are no other transactions with parties that fall outside the definition of "related parties" but with whom the Corporation may have a relationship that enables the parties to come to terms in a different manner as compared to independent parties on an arm's length basis.

   f. The Hotel extended a loan to ALEC amounting to 97.23 million payable on December 31, 2019, and bear interest 4% per annum.

(B) PARENTS OF THE REGISTRANT

1) Waterfront Phils., Inc., which, as of 30 September 2020 held 55.49% of the Company, is an investment holding company for the hotel, leisure and tourism businesses registered with the SEC on 23 September 1994.

(C) RELATED PARTY TRANSACTIONS

Please refer to Note 10 of the Audited Consolidated Financial Statements attached to this report for the broad discussions.

Involvement in Certain Legal Proceedings

None of the directors are involved during the past five (5) years up to the filing of this report in any of the following:

A) Bankruptcy petition
B) Conviction by final judgment
C) Being subject to any court order, judgment or decree,
D) Violation of a securities or commodities law.

Resignation of Directors

No director has resigned or declined to stand for re-election to the board of directors since the last date of stockholder's meeting due to a disagreement relating to the operation, policies or practices of the company, and no director has furnished the registrant with a letter describing any such disagreement, requesting that the matter be disclosed.

Resignation/Retirement of Executive Officers

Effective September 17, 2020, Mr. Giovanni Sias has rendered his resignation as the Corporate Executive Chef.

Terms of Office

The Directors of Acesite Phils. Hotel Corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

All officers, except executive officers, shall be elected by the Board of Directors at its first meeting following their election. Every officer so elected shall be subject to removal at any time by the Board of Directors but all officers, unless removed, shall hold office until their successors are duly elected and qualified.

The executive officers shall hold office either by appointment of the Board of Directors or upon contract of employment with the Corporation approved by the board of Directors.

Item 6. Compensation of Directors and Executive Officers

1. **Executive Compensation**

General

Ms. Elvira A. Ting, an executive officer elected on 18 August 2004 has not been remunerated with a compensation package. Mr. Ricky Ricardo, Vice-President for Corporate Affairs are regular employees and will receive remuneration for the year. Hotel executives are also regular employees of the Company and will similarly receive compensation package for the year. In addition, Mr. Ricardo and the executive officers of the hotel can receive whatever gratuity pay the Board may extend to the managerial, supervisory and rank and file employees.

COMPENSATION TABLE

Name	Position	Year	Salary	Bonus	Others
Kenneth T. Gatchalian	President and CEO				
Ricky Ricardo	VP, Corporate Affairs				
Giovanni Sias	Executive Chef				
David Nowak	General Manager				
Lanelle Barba	Corporate PRD Director				
Aggregate for above Named officers		2017 2018 2019 **2020 (est.)**	13,703,834 11,955,834 9,426,586 **9,647,360**	- - - -	30,000 30,000 30,000 **30,000**
All other officers and directors as a group unnamed		2017 2018 2019 **2020 (est.)**	- - - -	- - - -	1,430,000 1,515,834 879,844 **879,844**

For the ensuing year (**2020**), the aggregate compensation is expected to increase by approximately 2%.

COMPENSATION PLAN OF DIRECTORS

The members of the Board of Director are elected for a term of one year. Director per diem been pegged at a rate of ₱5,000.00 per board meeting but effective May 22, 2014, per diem is P10,000.00 per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2018 and 31 December 2019.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

The members of the Board of Directors and Executive Officers are elected for a term of one year. No director or officer has a compensatory contract in case of resignation, retirement, termination or change in control except for Mr. Richard L. Ricardo who as a regular employee is eligible to receive the benefits under the company's retirement plan upon separation.

Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the Company's directors or executives.

Item 7. Independent Public Accountants

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co. is the elected External Auditors for Acesite (Phils.) Hotel Corporation under Mr. Tireso Randy S. Lapidez -Partner in-charge. In compliance with SRC Rule 68, Paragraph 3(b)(iv) (re: compliance with the 5-year rotation of external auditors), the financial statements for the year ended 31 December 2016 were audited by the accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co., while prior years financial statements for the years ended 31 December 2005, 31 December 2006 and 31 December 2007, were audited by the accounting firm of SGV & Company. Starting with the financial statements 31 December 2008 up to 31 December 2016 audit was undertaken by the accounting firm of KPMG Manabat, Sanagustin & Co. A two year cooling off period shall be observed in the re-engagement of the same signing partner.

Representatives of R.G. Manabat & Co. will be present at the stockholders' meeting and are expected to be available to respond to appropriate questions. The accountants will have the opportunity to make a statement if they desire to do so.

Name of Previous accountant : SGV & Company, Ladislao Avila, Jr., handling partner

Date of Cessation from service: July 16, 2008

Reason for cessation : To rotate auditors pursuant to SEC Rule 68 and to streamline subsidiaries of Waterfront Phils. Inc. under the accounting firm of KPMG, R.G Manabat.

There are no disagreements with the previous auditor, nor have they issued any correspondence indicating any disagreement with the company.

Members of the Audit Committee:

Chairman	-	Sergio R. Ortiz-Luiz, Jr	- Independent Director
Member	-	Arthur M. Lopez	- Independent Director
Member	-	Ruben D. Torres	- Independent Director
Member	-	Dee Hua T. Gatchalian	- Director

External Audit Fees

a. Audit Related Fees

1. The aggregate fees for the audit of the registrant's annual financial statements or services that are provided by the external auditor in connection with statutory and regulatory filings amount to P0.4 million for 2018 and 2019.

2. There are no other assurance and related services rendered by the external auditor for the years 2018 and 2019.

b. Tax Advisory Fees

1. There are no Tax Advisory Fees for 2018 and 2019.

c. All Other Fees

No other audit fees were charged.

d. Audit Committee Procedures

The Audit Committee invites several auditing firms to provide information on their scope of audit services and their quotations on fee structure. An initial screening is made to determine if such firms can handle the scope of audit required by the Corporation. Desired firms are short-listed and considerations on comparative strengths of these candidates are evaluated by the Audit Committee. The quoted fee structure is similarly discussed to determine the best candidate for endorsement to the board of directors of the Corporation, which in turn, endorses the nominated audit firm to the stockholders for approval at the regular stockholder's meeting of the Corporation.

2. **Compensation Plans**

The company has no plans to pay or distribute cash or non-cash compensation in the form of stock options, warrants or rights and any other type of compensation plan.

ISSUANCE AND EXCHANGE OF SECURITIES

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

a) In a meeting held on June 11, 2009, the Board of Directors resolved to increase the authorized capital stock from ₱310 million to ₱1.210 billion via declaration of 250% stock dividends and from ₱1.210 billion to ₱2.010 billion via rights offering. At the annual meeting held on July 20, 2009, the stockholders present by unanimous vote, approved the increase in the Corporation's authorized capital stock. On May 25, 2012, the application for the increase in the Company's authorized capital stock from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

b) In June 11, 2009 and July 2, 2009, respectively, the Board of Directors and the stockholders of Acesite (Phils.) Hotel Corporation approved the increase of the authorized capital from P1,210,000,000.00 to P2,010,000,000.00 via stock rights offering at an entitlement ratio of 0.58:1. Last July 14, 2014, the Board of Directors approved the amendment of the entitlement ratio from 0.58:1 to 1:1.

Item 10. Modification or Exchange of Securities

Acesite (Phils.) Hotel Corporation has no plan to modify any of its authorized and issued securities or to exchange them for another class.

1. ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES OR ISSUERS

   As of 31 December 2019, the Company has a net worth of P1.311 billion and is not planning to issue any unsecured bonds for 2020.

Property

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila.

In 2011, the Company acquired 100% interest of Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (ARI), a former subsidiary of Acesite Limited (BVI). The Company entered into an operating lease with CIMAR for use of the latter's land following the cancellation of the finance lease between two parties. This non-cancelable operating lease commenced November 1, 2011 and has a term of 20 years with a monthly rate of P250,000.00 and an escalation rate of 5% per annum. Also, the contract provided for two months rent free.

The building as well as the land owned by Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (ARI), was mortgaged in favor of the Metropolitan Bank and Trust Company-Trust Department, as the trustee for the Singapore Branch of the Industrial and Commercial Bank of China (ICBC), a banking corporation organized under the laws of the People's Republic of China (PROC), to secure a loan in the original principal amount of Fifteen Million United States Dollars (US$15,000,000.00). This loan was paid in full in March 10, 2016.

On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.
The Company has no plans to acquire other properties for 2019.

Legal Proceedings

1. *Acesite (Phils.) Hotel Corporation versus PAGCOR, et al.*

The case involved a Petition for Prohibition and Mandamus (the 1st petition), with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by the Parent Company against PAGCOR and Vanderwood Management Corp. (VMC). **This petition was filed at RTC Manila, Branch 36 Civil Case No. 15133886.** The Parent Company filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under Invitation to Bid No. 09-16-2014 for being violative of the laws and rules on government procurement.

PAGCOR and VMC filed their respective comments/answers to the Parent Company's 1st petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015, to which the Parent Company filed an opposition to VMC's Motion to Admit. In an order dated September 5, 2016, the Court denied VMC's Motion to Admit. The Regional Trial Court of Manila, Group 36, (the Court) likewise denied the Motion for Reconsideration filed by VMC in an order dated February 28, 2017.

At the pre-trial conference on October 4, 2016, the Court referred the parties to the Philippine Mediation Center for mediation proceedings. After the termination of the mediation proceedings, the case was returned to the Court for the Judicial Dispute Resolution (JDR) proceedings. The JDR conference was set on May 2, 2017 and was reset to February 6, 2018.

In its order dated February 6, 2018, the Court terminated the JDR proceeding and forwarded the case to the Office of the Executive Judge for re-raffle. In its "Notice of Re-raffle" dated February 21, 2018, the Court informed the parties that the case was raffled to Group 20.

On April 16, 2018, the Parent Company filed its "Amended Pre-Trial Brief" dated April 13, 2018. VMC and PAGCOR likewise filed their respective Amended Pre-trial Briefs. The pre-trial conference was terminated on June 1, 2018.

During the trial, the Parent Company presented its witnesses, Richard L. Ricardo and Arnie D. Juanico. On July 23, 2018, the Parent Company filed its "Formal Offer of Documentary Evidence" dated July 19, 2018. PAGCOR and VMC filed their respective comments on Parent Company's "Formal Offer of Documentary Evidence". The Court denied their objections and admitted Parent Company's documentary evidence.

Meanwhile, PAGCOR filed its "Demurrer to Evidence" dated October 17, 2018, which the court denied in its Order dated November 8, 2018 for being fatally defective. VMC, on the other hand, presented its witnesses, Maria Cristina L. Dorego and Cornelius M. Goze. Thereafter, it rested its case. Thus, the Court ordered VMC to file its "Formal Offer of Exhibits".

In its Orders dated January 28 and February 18, 2019, the Court admitted VMC and PAGCOR's respective documentary evidence, despite the Parent Company's objections and comments. After the parties filed their respective memoranda, the case was submitted for decision.
In its decision dated June 28, 2019, the Court dismissed the Parent Company's Petition. The Parent Company filed its Motion for Reconsideration on August 12, 2019, which the Court denied in its Resolution dated October 11, 2019.

The Parent Company timely filed its Notice of Appeal with the Court on October 21, 2019 and was given due course. The case records have yet to be transmitted to the CA.

2. *Acesite (Phils.) Hotel Corporation versus Hon. Young, et al.*

In connection with the Parent Company versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied the Parent Company's application for TRO. The Parent Company thereafter filed a Motion for Reconsideration on July 6, 2015. The said motion for reconsideration was denied by the Court on August 1, 2016.

On October 21, 2016, the Parent Company filed with the CA a Petition for Certiorari (the 2nd petition), with application for TRO and/or writ of preliminary injunction, to assail the Court's resolutions dated June 18, 2015 and August 1, 2016. VMC and PAGCOR filed their respective comments to the 2nd petition, to which the Parent Company filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied the Parent Company's applications for the TRO and writ of preliminary injunction, and directed the parties to submit their respective memoranda. In compliance with the CA's directive, the Parent Company filed its memorandum on February 13, 2017. VMC also filed its memorandum dated February 16, 2017, while PAGCOR filed its memorandum dated February 14, 2017.

In a resolution dated March 3, 2017, the CA considered the Parent Company's Petition for Certiorari as submitted for decision.

In its decision dated February 27, 2018, the CA denied the Parent Company's Petition for Certiorari. The Parent Company moved for the reconsideration of said decision, which the CA denied in its resolution dated August 29, 2018.

As at December 31, 2019, there has been no update in the case.

3. Ute Gisela Gertrud Aguilar, et al. v. Acesite (Phils.) Hotel Corp., et al.

Federico Alcuaz, a National Artist for visual arts, painting, sculpture and mixed media, lived in Waterfront Manila Pavilion Hotel, since 1968, until his demise on 2011. After his death, issue arose as to who should have legal claim on his artworks. Some of his paintings were taken by his alleged heirs, while 15 of them remain within the hotel up to the present. Now, the alleged heirs filed a complaint laying claim on these paintings. However, during the pendency of the case, on 18 March 2018, a fire broke out at the Manila Pavilion Hotel that burned all the paintings.

The case was filed at Branch 52 Regional Trial Court Manila last May 26, 2016. The plaintiffs presented their witnesses and rest its case. Defendants filed its Demurrer to Evidence to Evidence. The said Demurrer to Evidence is pending for resolution of the court.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

Acesite (Phils.) Hotel Corporation has no plans to merge and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

Item 13. Acquisition or Disposition of Property

The company has not acquired any property nor disposed of any of its property for the calendar years ended 31 December 2018 and 31 December 2019.

The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011.

Item 14. Restatement of Accounts

There is no substantial restatement of any asset, capital or surplus account of the Company. However, the financial statements for the calendar year ending 31 December 2018 and 31 December 2019 have been restated to conform to PFRS reporting.

OTHER MATTERS

Item 15. Action with Respect to Reports

The following reports, copies of which will be duly furnished to stockholders without charge, will be submitted for stockholders approval at the Annual Meeting of Stockholders on 17 November 2020:

a) The Annual report for the year ending December 31, 2019 will be presented to the stockholders for approval.

b) Minutes of the 2019 Annual Stockholders' Meeting will also be presented to the security holder for approval.

Call to Order
Certification of Notice and Quorum
Approval of Minutes of the Previous Stockholders' Meeting
Report to the Stockholders for the Year 2018
Ratification of the Acts of the Board and Management
Election of Directors for 2019-2020
Appointment of External Auditor
Appointment of External Counsel
Amendment of Article FIRST and Addition of Article ELEVENTH of the Articles of Incorporation re Use the Business Name "Waterfront Manila Hotel and Casino"
Other matters
Adjournment

Minutes of the previous Stockholder's Meeting;

The Chairman of the Board, Mr. Arthur Lopez has called the meeting last November 5, 2019. The Minutes of Stockholders' Meeting held on October 25, 2018 was approved.

There being a majority of the elected Directors present, there was a quorum for the transaction of corporate business.

The stockholders re-appointed the law firms of Corporate Counsels, Philippines and Gancayco, Balasbas & Associates in the last annual meeting held 25 October 2018 as the legal counsels of the Company.

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co. has acted as the External Auditors for calendar year 2018.

c) Interim Report as of September 30, 2020 will be presented to the security holder for information regarding the actual situation of the business.

d) General ratification of corporate acts since the last stockholders' meeting:

- Designation of certain officers and law office to represent the company in court cases;
- Renewal of licenses from various government offices and designation of authorized signatories thereto;
- All others pertaining to administrative matter

The stockholders re-appointed the law firms of Corporate Counsels, Philippines and Gancayco, Balasbas & Associates in the last annual meeting held 25 October 2018 as the legal counsels of the Company. Representatives of the said law firms shall be attending the annual meeting of stockholders on 5 November 2019 to respond to appropriate questions and have an opportunity to make a statement if they so desire. Law Firms of Corporate Counsels, Philippines and Gancayco, Balasbas & Associates stand for re- appointment on 25 October 2018.

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co. has acted as the External Auditors for calendar year 2018 and also stands for re-appointment. There are no disagreements with KPMG R.G. Manabat & Co. on any matter of accounting and financial disclosure.

Item 16. Matters Not Required to be Submitted

Only matters which require stockholders' approval will be taken up during the annual meeting. No action will be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendments of Charter, By-Laws & Other Documents

A. On June 28, 2013, the Board authorized Acesite (Phils) Hotel Corporation to amend its Articles of Incorporation to include in the corporate name the phrase, "Doing business under the name and style of Waterfront Manila Pavilion Hotel" and to adopt and use the business name, "The Manila Pavilion Hotel" and "Waterfront Manila Hotel and Casino". The effect of the amendment will form part of the marketing strategies in order to easily recognize the property as one of the Waterfront chain of hotels.
B. In compliance with SEC Memorandum No. 6, Series of 2014, dated February 20, 2014, approval of the stockholders will also be sought at the annual stockholders' meeting on September 15, 2017 for the amendment of the Articles of Incorporation to reflect the change in principal office address from "City of Manila, Philippines" to "7th Floor, Manila Pavilion Hotel, United Nations Avenue corner Maria Orosa Street, Ermita, Manila, Philippines". The effect of the change of address is in compliance of the company to the SEC Memo No. 6 of 2014.
C. The above amendments to the Articles of Incorporation were presented to the stockholders for approval in the last annual stockholders' meeting on October 25, 2018. However, for lack of the required number of shares represented in said meeting for the amendment of the articles of incorporation, said amendments were presented for approval on November 5, 2019.
D. On July 31, 2019, the Company's Board approved the amendment to change the business name of the Company from Acesite (Phils.) Hotel Corporation to Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino). On November 5, 2019, the same was approved by the Company's stockholders.On July 7, 2020, the Securities and Exchange Commission approved the amendment to Article 1 of the Company's Articles of Incorporation.
E. On July 2, 2014 and July 31, 2019, the Company's Board approved the amendment to state the specific principal office address of the Company from City of Manila , Philippines to 8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila, Philippines, Philippines, Zip Code 0903. On November 5, 2019, the same was approved by the Company's stockholders. On July 7, 2020, the Securities and Exchange Commission approved the amendment to Article 3 of the Company's Articles of Incorporation.
F. On July 31, 2019, the Company's Board approved the amendment of the by-laws to reflect the change in corporate name. On November 5, 2019, the same was approved by the Company's stockholders. On July 7, 2020, the Securities and Exchange Commission approved the said amendment.

Item 18. Other Proposed Action

There are no other proposed actions.

Item 19. Voting Procedures

After registration for the Annual Stockholders Meeting 2020, stockholder shall continue by casting their votes either by 1.) Proxy or by 2.) Voting *in Absentia* via the provided Online Voting System, following the Online Registration From with the guidelines below:

1. Follow registration and participation procedure as indicated in the form.

2. Kindly signify your intention to vote either by proxy or in absentia upon registration through the online registration form not later than October 30, 2020.

3. All agenda items indicated in the Notice of the Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:

i. For items other than the election of Directors, the stockholder may vote the following as below which shall be considered as cast for all the stockholder's shares.

1. For
2. Against
3. Abstain

ii. For the election of Directors in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.

4. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the <Submit> button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast in absentia will have equal effect as votes cast by proxy.

For election of directors, the provision of Section 23 of the Corporation Code of the Philippines shall apply, and thus, candidates receiving the highest number of votes shall be declared elected. For the election of the external auditors and the corporate legal counsel, the nominees receiving the highest number of votes shall be declared as elected. For the reports discussed above, majority affirmative vote of the outstanding capital stock of the corporation is required.

For any clarifications or questions, you may contact us through Ms. Irish Lawas, Stock Relations Officer at **acesite.asm2020@waterfronthotels.net or at 0998-594-8655.**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on October 21, 2020

By:

Date : Oct 21 2020.

ARSENIO A. ALFILER, JR.
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RUBEN D. TORRES,** Filipino, of legal age and a resident of #22 Kalaw Ledesma Circle, Tierra Verde Homes, Tandang Sora after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Acesite (Phils.) Hotel Corporation and have been its independent director since 2014.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Waterfront Phils., Inc.	Independent Director	2006-present
BPO Workers Association of the Phils.	President	Present
Services Exporters Risk Management & Consultancy Co (SERMC)	Chairman/CEO	Present
Torres Caparas Torres Law Offices	Senior Partner	1998-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Acesite (Phils.) Hotel Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of <u>(covered company and its subsidiaries and affiliates)</u> other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the <u>(head of the agency/department)</u> to be an independent director in __________________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

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

8. I shall inform the Corporate Secretary of __________________ of any changes in the abovementioned information within five days from its occurrence.

Done, this _________ day of 11 SEP 2020, at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 11 SEP 2020 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 135-071-068-000.

Doc. No. 342;
Page No. 29;
Book No. 17;
Series of 2020;

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Sergio R. Ortiz-Luis, Jr.**, Filipino, of legal age and a resident of 151 cor. 3rd St. & 10th Ave., Riverside Village, Pasig City, after having been duly sworn to in accordance with law do hereby declare that;

1. I am an independent director of **Acesite Phils Hotel Corp** and have been its independent director since 2013.

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

COMPANY	POSITION	PERIOD OF SERVICE
Alliance Global, Inc.	Vice Chairman	2007 – present
Phil Chamber of Commerce & Industry	Chairman/Treasurer	2007 – present
Forum Pacific Inc	Independent Director	2016 – present
Philippine Exporters Confederation Inc.	President/CEO	2008 – present
Philippine Estate Corp	Independent Director	2011 – present
B.A. Securities	Independent Director	2012 – present
Waterfront Philippines Inc	Independent Director	2006 – present
Consulate Romanian in the Philippines	Honorary Consul General	2015 – present
Wellex Industries, Inc.	Independent Director	2016 – present
Waterfront Manila Premier Development, Inc.	Chairman/Director	2017-present
Int'l Chamber of Commerce of the Phils	Founding Director	Present
Employers' Confederation of the Phils.	President	Present
Manila Exposition Complex Inc	Director	Present
VC Securities Corp	Vice-Chairman/Independent Director	Present
Country Garden Agri-Tourism Dev't. Inc	Chairman/Director	Present
Philippine International Airways	Chairman/Director	Present
National Center for Mediation	Chairman	Present
Integrated Concept & Solutions, Inc	Chairman	Present
Export Development Council	Vice-Chairman	Present
Philippine Foundation, Inc. (Team Phils.)	Director/Past President	Present
Asia Pacific Chinese Media, Inc.	President	Present
GS1 & Int'l Chamber of Commerce Phils	Founding Director	Present
Alliance Energy Power and Dev't Inc.	Director	Present
La Salle Tech Academy	Director	Present
H2O (formerly Calapan Ventures, Inc.)	Director	Present
Rotary Club of Greenmeadows Foundation	Chairman	Present
Jardeli Club foundation	Vice-Chairman	Present
Rural Bank of Baguio	Director	Present
LikeCash Asia & Pacific Corp	Director	Present
SPC Power Corporation	Director	Present
Drug Abue Resistance Education Phils.	Director	Present
Human Resource Dev't Foundation	Trustee/Treasurer	Present
Int'l Association of Educators for World Peace	Honorary Adviser	Present
The Philippine Bamboo Council	Private Sector Representative	Present
Patrol 117 - Foundation for Crime Prevention	Commissioner	Present
Industry Development Council	Member	Present
National Competitiveness Council	BPLS Champion	Member
Philippine Jaycee Senate	Senate	Member
Philippine Coastguard Auxilliary	Captain	Member

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **Acesite Phils Hotel Corp**, as provided for in Section 38 of the Securities Regulation Code, its Implement Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **Acesite Phils Hotel Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

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

7. I shall inform the Corporate Secretary of **Forum Pacific, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 15 SEP 2020 day ______, at CITY OF MANILA.

SERGIO R. ORTIZ-LUIS, JR.
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of 15 SEP 2020 at CITY OF MANILA affiant personally appeared before me and exhibited to me his Tax Identification No. 107-846-762 issued at Bureau of Internal Revenue.

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346

Doc. No. 351;
Page No. 71;
Book No. 17;
Series of 2020;

CERTIFICATION OF INDEPENDENT DIRECTOR

I,**ARTHUR M. LOPEZ**, Filipino, of legal age and a resident of The Ritz Tower Condominium, 6745 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of AcesitePhils Hotel Corporation and have been its Independent Director since 2014.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Waterfront Philippines Inc	Director/ Independent Director	2014- present
Phil. Estates Corporation	Chairman	1996- present
Phil. Hotel Owners Association Inc.	President	2006- present
Hotel Management and Development Consultant (Double Dragon Properties Corp)	Consultant	2013- present
Hotel of Asia Inc- Hotel 101 manila, Hotel 101 Fort, Hotel 101 Management Corp.	Hotel Management Consultant	2013- present
Bellevue (Bohol , Manila, Quezon City, Baguio)	Hotel Management Consultant	2003- present
WydhamGardenQuezon City (Wellworth Properties and Development Corporation)	Hotel Management and Development Consultant and Project Consultant	2016- present
Emerald Hotel and Casino Mactan, Cebu City	Hotel Management and Development Consultant and Project Consultant	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AcesitePhils Hotel Corp, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ________________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

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

8. I shall inform the Corporate Secretary of __________________ of any changes in the abovementioned information within five days from its occurrence.

Done, this _________ day of 15 SEP 2020, at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 15 SEP 2020 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 181 980 515 000.

Doc. No. 352;
Page No. 71;
Book No. 17;
Series of 2020.

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

MANAGEMENT REPORT

FINANCIAL AND OTHER INFORMATION

Financial Statements

The Company's consolidated financial statements for the years ended December 31, 2019, 2018, 2017 and 2016 are incorporated herein by reference.

Business Development

1. Acesite (Phils.) Hotel Corporation is a domestic corporation incorporated on 10 October 1952. The Company has been in the hotel business since 15 March 1968. At that time, the Hilton International Company provided for the management of its hotel property located at the corner of UN Avenue and Maria Y. Orosa Street. The Holiday Inn (Philippines) Inc. took over the management of the hotel on 01 January 1995 and took charge of the operations until 28 February 2003.

   On June 24, 2004, Waterfront Philippines Inc. (WPI) established its ownership and majority control over Acesite (Phils.) Hotel Corporation. The Manila Pavilion Hotel is now part of the Waterfront chain of hotel facilities, complementing the Waterfront hotels in Cebu City, Mactan and Davao.

2. The Company has not been involved in any bankruptcy, receivership or similar proceeding for the past three years.

3. The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI).

Business of Issuer

1. DESCRIPTION OF REGISTRANT

   (a) Principal Product or Service

   The company operates the Manila Pavilion Hotel, located along United Nations Avenue, Ermita, Manila. Aside from hotel operations, business activities of the company include restaurant operations. In 2018, the operation has temporarily ceased due to the fire that damaged the hotel.

There is no Revenue Contribution of Operations for 2019.

Product/Services	2019		2018		2017	
	Amount (P)	% Contribution	Amount (P)	% Contribution	Amount (P)	% Contribution
Food & Beverage (F&B)	0	-	15,189,161	24.21%	93,853,241	21.50%
Rooms	0	-	30,737,585	49.00%	152,116,534	34.84%
Rent	0	-	8,236,401	13.13%	182,335,709	41.77%
Operating Departments	0	-	174,614	0.28%	1,455,485	0.33%
Others	0	-	8,392,756	13.38%	6,794,996	1.56%
T O T A L	**0**	**-**	**62,730,517**	**100%**	**93,853,241**	**100.00%**

   (b) Room Sales to Foreigners [Percentage to Room Revenue]

The Asian market remained strong and vibrant in 2018 and 2017. However, none of the domestic and foreign market was captured in 2019 due to the temporary closure on business brought by renovation project.

Foreign Source	**% Contribution to Total Room Nights**		
	2019	**2018**	**2017**
Asia	-	37.89%	37.62%
Middle East	-	2.27%	1.97%
North America	-	7.38%	7.32%
Europe	-	2.84%	1.42%
Australia	-	2.97%	2.62%
Africa	-	1.00%	1.56%
Philippines (Domestic Mkt)	-	45.65%	47.50%
TOTAL	-	**100.00%**	**100.00%**

(c) Distribution Methods of the Products or Services

Food and Beverage (F&B)

The hotel has several food and beverage outlets contributing revenue as follows:

Outlets	**F&B Revenues (% Contribution)**		
	2019	**2018**	**2017**
Seasons	-	51.51%	44.59%
El Rey (Concessionaire)	-	0.30%	0.29%
Patisserie	-	11.43%	10.94%
Room Service	-	4.80%	3.36%
Banquet	-	13.00%	23.16%
Mini Bar	-	0.06%	0.03%
Casino	-	18.90%	17.64%
Total	**-**	**100%**	**100%**

Rooms

In 2019, the operations remained suspended resulting to non-generation of revenues. In 2018, the largest contributor in terms of revenue is Reservation System and Marketing accounts rank second. The property has engaged to online portals in order to reach clients that are using the internet to book their trips. The 2018 figures are based on the result of operations until March 17, 2018.

Market Segment	% Contribution		
	2019	**2018**	**2017**
Marketing Promotions	-	15.34%	14.23%
Reservation System	-	58.86%	50.17%
Travel Trade Accounts	-	11.27%	10.25%
Corporate & FIT Accounts	-	14.53%	25.35%
TOTAL	**-**	**100.00%**	**100.00%**

(d) Status of Any Publicly-Announced New Product or Service

There is no new product or service that has been announced in 2019.

(e) Top Five (5) Performance Indicators

No occupancy of the hotel was recorded in 2019 while 46.12% was recorded during the 1st quarter of 2018. Average room rate was 2,273.04 and 2,200.50 in 2018 and 2017, respectively.

	2019	2018	2017
Occupancy Rate	-	46.12%	56.60%
Average Room Rate	-	2,273.04	2,200.50
Revenues	-	30,737,585.00	436,555,965
Gross Operating Income	-189,012,324	-166,680,037	65,288,315
Gross Operating Income Ratio	-	-542.27%	14.60%

(f) Sources and Availability of Raw Materials

The hotel sources all its raw materials (food, beverages, room cleaning items, bed and bath linen, soaps, office supplies, etc.) from various local suppliers.

(g) Major Customers

As the contract lease with PAGCOR has ended in December 2016. PAGCOR still continued to operate; the rental fee was paid on a monthly basis, with a partial surrender of the leased area during the year. The rental fee was reduced to Php 2.99 million in December 2017 until March 2018. In 2019, PAGCOR no longer had a subsisting contract with the Company.

(h) Competitive Business Conditions and the Registrant's Competitive Position in the industry and methods of competition

The Company's operation has not yet resumed as of third quarter of 2020. It's competitive business conditions and competitive position in the industry remain indeterminate. The methods of competition will be disclosed upon the commencement of its operations.

(i) Transactions with Related Parties

The Corporation had invested in 86,710,000 shares of Wellex Industries, a related company listed on the Philippine Stock Exchange, at P0.50 per share or a total of P43,355,000.00.

Net transactions with WPI during the year amounted to Php 184.73 million in 2019. Transactions have reduced due to settlement. As of December 31, 2019, the hotel has an outstanding payable to WPI equivalent to Php 184.73 million; from a receivable of Php 185.41 million as of December 31, 2018.

Please refer to Note 10 of the Audited Consolidated Financial Statements attached to this report for the broad discussions.

ji) Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

Not applicable.

(k) Government Approval of Principal Products or Services

The Company holds a BFAD License to Operate as evidence of full compliance with the requirements of the Bureau of Food and Drugs (BFAD). The Hotel is accredited with the Department of Tourism with a four-star rating in 2016.

(l) Effect of Existing or Probable Governmental Regulations on the Business

In management's opinion, there are no other existing or probable governmental regulations that would have significant impact on the business of the firm.

(m) Research and Development Activities

Not applicable.

(n) Compliance with Environmental Laws

The Hotel is compliant with the emission standard set by the Clean Air Act, the Solid Waste Management Act and the effluent standard of wastewater. The cost of compliance covers the application for certificates of environmental compliance and the regular monitoring and maintenance of engineering equipment and sewerage treatment plant (STP). The hotel obtained a clearance from the Pollution Control Department of the Laguna Lake Development Authority (LLDA). Permit fees for garbage collection, sewage cleaning and maintenance were complied.

(o) Manpower Count

	Actual Manpower Count As of	
	31 Dec 2019	31 Dec 2018
Department Head	**15**	15
Managerial and Supervisors	**14**	14
Line Staff	**-**	-
Casual (Direct)	**-**	-
Total	**29**	29

On November 24, 2018, the Company filed for Permanent Lay-off with the Department of Labor and Employment, resulting in a reduction of work force from 225 employees to 29 employees. **There is no existing CBA as of September 30, 2020. The Company is anticipating to hire zero personnel until the end of the fiscal year ending December 31, 2020.**

(p) As operations do not require full-time staff, The hotel has introduced the outsourcing of labor through an agency.

(q) During the year, line staff have drastically reduced from 2018 through rendering resignations. This is due to the cease of operations caused by fire incident that happened in March 2018.

(r) Major risk/s involved in each of the business of the company and subsidiaries.

The Corona Virus Disease 2019 (COVID-19) outbreak has spread across the globe causing disruptions to businesses and economic activities. On January 30, 2020, the World Health Organization announced COVID-19 as a global health emergency and, on March 11, 2020, declared it as a pandemic. On March 8, 2020, under Proclamation 922, the Office of the President declared a state of public health emergency and, subsequently, on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the rapidly increasing cases of COVID-19. To manage the spread of the disease, major areas of the Philippines have been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until May 15, 2020, which involved several measures including travel restrictions, strict home quarantine and temporary suspension or regulation of business operations, among others, limiting activities to only the provision of essential goods and services.

Provided that in all of the foregoing, hotel operations shall be limited to the provision of basic accommodation services to guests through an in-house skeleton workforce. Ancillary establishments within the premises, such as restaurants, cafes, bars, gyms, spas, and the like, shall not be allowed to operate or to provide room service; Provided further, that accommodation establishments may prepare: (a) packed meals for distribution to guests who opt for the same; and (b) food orders for take-out and delivery only.

Further, all public and private construction projects shall be allowed, but with strict compliance to the construction safety guidelines issued by the Department of Public Works and Highways and Department of Labor and Employment for the implementation of infrastructure projects during the COVID-19 pandemic.

Management's Discussion and Analysis or Plan of Operation

PLAN OF OPERATION

The following are the Company's plan of operation for the next twelve (12) months:

(a) The hotel will continue the reconstruction of the Manila Pavilion Hotel over the next 12 months. The completion date is still under assessment because of the restrictions posed by the COVID-19 pandemic, especially the reduced workforce that is allowed within the construction area. The first area that is targeted for completion includes the public areas of the lobby, the casino areas at the ground floor, the adjoining food and beverage outlets, as well as two room floors. The support facilities for these areas, including engineering areas and kitchen areas will simultaneously be completed in the hope of earlier pro-opening dry runs and a soft opening schedule in 18 months time. Upper room floors, function rooms, recreation areas will be scheduled for a later opening date.

The company has adequate insurance coverage to fund the reconstruction of the hotel, and funds from insurance proceeds are expected to finance the reconstruction efforts over the next 12 months. There is no need to raise additional funds over the same time period.

(b) Product development was considered as the building reconstruction plans were made. Both architectural and engineering teams designed the hotel with best practices in mind. However, because the restoration is financed from insurance proceeds, there

have been no major changes to the layout of the hotel as compared to the original layout prior to the fire incident.

(c) By definition, the reconstruction of the hotel necessitates the acquisition of various machinery, equipment, furniture, fixtures and fixed assets. As explained in letter (a) above, the hotel reconstruction will be funded by insurance proceeds; and

(a) When fully operational, the hotel will commence a staff hiring program which would fill in approximately 400 various positions in food and beverage, housekeeping, engineering, front office, marketing, finance, personnel, laundry, valet, security and other departments.

RESULTS OF OPERATIONS

A. FULL FISCAL YEARS

Year Ended 31 December 2019 to Year Ended 31 December 2018

The year ended 31 December 2019 reported zero revenues compared to last year of P62.73 million. The drastic decrease was caused by the cease of operations during 2019. The hotel registered an occupancy rate of 0% during the year, as compared to the 46.12% during the operational period in the first quarter of the year 2018. There is no average room rate for 2019 as compared to the P P2,273.04 in 2018.

The coffee shop, Seasons, Casino Filipino and Patisserie remained closed during the year. Room Service, El Rey (concessionaire), Banquet and Mini Bar were also non-operational.

Cost of sales and services for the year ended 31 December 2019 amounted to P189.01 million, compared with P229.41 million for the year ended 31 December 2018. Gross loss amounted P189.1 million for 2019. Last year's gross loss was P166.68 million.

Fixed, financial and other expenses in 2019 amounted to negative P218.92 million as compared to P451.74 million registered in 2018. The Company recognized gain from insurance claims amounting to P234.09 million. Depreciation expense decreased by 57.64% from P47.92 million last 2018 to P20.29 million this 2019 due to the decrease in the value of assets damaged by fire.

For 2019, the Company incurred a net gain of P67.59 million or P.02 per share compared with negative P348.39 million net losses in 2018 or negative P1.01 per share.

Total assets of the company increased from P1.79 billion as of the end of 2018 to P2.38 billion as of the end of 2019. Current assets decreased from P656.38 million last year to P433.98 million this year due to the decrease in the receivable from Insurance. Trade and other receivables decreased from P352.53 million in 2018 to P164.81 million in 2019. Prepayments and other current assets increased from P81.12 million to P134.68 million, due to increase of input value-added taxes. Non-current assets increased by 72.19% from P1.13 billion to P1.95 billion due to increase in property and equipment which represents the recorded Construction-In-Progress. Current liabilities increased from P329.36 million to P904.24 million due to the increase in both trade payables and related party transactions. The Long Term Liabilities decreased from P216.08 million in 2018 to P165.54 million in 2019; this is because of the decrease in the retirement and deferred tax liabilities. Stockholders' equity increased from P1.24 billion to P1.31 billion over the same comparative periods.

Year Ended 31 December 2018 to Year Ended 31 December 2017

The year ended 31 December 2018 showed a 85.63% decrease in revenues, from P436.56 million in 2017 to P62.73 million this year. The drastic decrease was caused by the cease of operations during the last three quarters of 2018. The composition of the revenue for 2018 are P8.24 million from rental income (13.13%), P30.74 million from room revenue (49.00%), and P15.19 million from food & beverage revenues (24.21%). The hotel registered an occupancy rate of 46.12% during the operational period in the first quarter of the year, as compared to the 56.60% in the whole year of 2017. The average room rate of P2,273.04 achieved in 1st quarter of 2018 is higher by 3.30% as compared to the P2,200.50 in 2017.

The coffee shop, Seasons, brought in 51.52% of the total food & beverage business, followed by sales at Casino Filipino contributing 18.90% and Patisserie contributed 11.43%. Room Service, El Rey (concessionaire), Banquet and Mini Bar contributed 18.15%.

Cost of sales and services for the year ended 31 December 2018 amounted to P229.41 million, or 365.71% of the total gross revenue, compared with P371.27 million or 85.04% for the year ended 31 December 2017. Gross loss amounted P166.68 million or -265.71% for 2018. Last year's gross profit was P65.19 million or 14.96%.

Fixed, financial and other expenses in 2018 amounted to P451.74 million as compared to P127.93 million registered in 2017. Depreciation expense decreased by 62.64% from P128.24 million last 2017 to P47.92 million this 2018 due to the decrease in the value of assets damaged by fire.

For 2018, the Company incurred a net loss of P348.39 million or negative P1.01 per share compared with P43.96 million net loss in 2017 or negative P0.13 per share. This is due to the cessation of operations caused by the fire incident happened last March 18, 2018.

Total assets of the company decreased from P2.27 billion as of the end of 2017 to P1.79 billion as of the end of 2018. Current assets increased from P243.75 million last year to P656.38 million this year due to the recognized receivable from Insurance. Trade and other receivables increased from P31.15 million in 2017 to P352.53 million in 2018. Prepayments and other current assets increased from P60.99 million to P81.12 million, due to unapplied input value-added taxes. Non-current assets decreased by 44.28% from P2.03 billion to P1.13 billion due to decrease in property and equipment. Current liabilities increased from P134.26 million to P329.6 million due to the increase in related party transactions. The Long Term Liabilities decreased from P584.38 million in 2017 to P 216.08 million in 2018; this is because of the payout of retirement which led to decrease in the Retirement liability. Stockholders' equity decreased from P1.55 billion to P1.24 billion over the same comparative periods. On March 18, 2018, a fire broke out in the Parent Company's hotel property that damaged the lower floors of the main building as well as the podium building occupied by the casino area and restaurants that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature". The Parent Company incurred casualty losses amounting to P1.04 billion due to damages on its inventories and hotel property (see Notes 5 and 7). The Parent Company has filed for property damage and business insurance claims amounting to P1.93 billion from its insurance company and, as at the auditors' report date, received reimbursements totaling to P532.50 million. Further, in 2018, the Parent Company has started the reconstruction and restoration of the main hotel and podium buildings.

As at December 31, 2018, the Parent Company recognized gains on insurance claims amounting to P629.07 million, of which P300.00 million relates to the first tranche received in 2018 and the remainder relates to the portion of the claims already confirmed by the insurance company (see Note 4). In accordance with Philippine Financial Reporting Standards (PFRSs), the Parent Company has not recognized the remaining claim amounting to P1.31 billion that is still for confirmation by the insurance company.

Year Ended 31 December 2017 to Year Ended 31 December 2016

The year ended 31 December 2017 showed a 25% decrease in revenues, from P589.2 million in 2016 to P436.6 million this year. This is because Pagcor surrendered portion of the lease area for renovations. The composition of the revenue for 2017 are P182.34 million from rental income (30.94%), P152.12 million from room revenue (25.81%), and P93.85 million from food & beverage revenues (15.93%). The hotel registered an occupancy rate of 56.60% in 2017, as compared to the 55.86% in 2016. The average room rate of P2, 200.50 achieved in 2017 is lower by 3.24% as compared to the P P2,274.16 in 2016. The decrease in rental revenue was mainly because of the annual percentage increase in rent of the hotel concessionaire/tenants. The increase in room revenue was due to a lower rate that the hotel offered to some market segment which resulted to a higher occupancy rate. The food and beverage revenue decreased as PAGCOR contract for Food Supply ended in October 2017.

The coffee shop, Seasons, brought in 44.59% of the total food & beverage business, followed by sales at Casino Filipino contributing 17.64% and Patisserie contributed 10.94%. Room Service, El Rey (concessionaire), Banquet and Mini Bar contributed 26.83%.

Cost of sales and services for the year ended 31 December 2017 amounted to P371.27 million, or 85.04% of the total gross revenue, compared with P373.17 million or 63.33% for the year ended 31 December 2016. Gross profit amounted P65.29 million or 14.96% for 2017. Last year's gross profit was P216.07 million or 36.67%.

Fixed, financial and other expenses in 2017 amounted to P127.93 million as compared to P114.60 million registered in 2016. Depreciation expense increased by 11.63% from P102.44 million last 2016 to P128.24 million this 2017 due to the purchase of some equipment and others assets.

For 2017, the Company incurred a net loss of P43.96 million or negative P0.13 per share compared with P70.47 million net income in 2016 or P0.20 per share.

Total assets of the company decreased from P2.316 billion as of the end of 2016 to P2.273 billion as of the end of 2017. Current assets decreased from P306.38 million last year to P243.75 million this year due to the collection of the receivable from related parties. Trade and other receivables decreased from P40.58 million in 2016 to P31.15 million in 2017. Prepayments and other current assets increased from P59.64 million to P60.99 million, due to unused creditable withholding taxes. Non-current assets increased by 0.99% from P2.01 billion to P2.03 billion due to increase in property and equipment. Current liabilities increased from P110.70 million to P134.26 million due to the increase in the trade payables. The Long Term Liabilities increased from P488.32 million in 2016 to P 584.38 million in 2017; this is because of the increase in the Retirement liability. Stockholders' equity decreased from P1.62 billion to P1.55 billion over the same comparative periods.

The Company is primarily focusing on the upgrading its facilities and standards that transpired over the past two years. These made a remarkable impact on the hotel's image which greatly contributed to increase in market awareness and brand recall.

Manila Pavilion has somehow established a market niche in the industry and it would be best to attract more of the corporate clients specifically business and followed by travelers both local and international. These markets are willing and capable to spend provided they get the value of their money in terms of comfort, luxury and wonderful experience in the hotel.

i. The Company is involved in a number of minor legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves. Aside from this, the management is not aware of trends and events that would have a material impact on the company's liquidity.

ii. Aside from the above-mentioned items, the company does not know of other material events that will trigger direct or material contingent financial obligation to the company.

iii. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

iv. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

v. The company does not know of any known trends, events, or uncertainties with a material impact on sales.

vi. From the cessation of the operations, the Company has significantly affected since there are no operations. Revenue has declined by 100%, but due collections from the insurance and expenses has increased by 36.63% leading to a net income of P 67.60M.

vii. Causes of material changes in the items in the financial statements from the year ending 31 December 2017 to the year ending 31 December 2018 and from the year ending 31 December 2018 to the year ending 31 December 2019 have been discussed under management discussion and analysis. Moreover, analyses and the causes of changes have been briefly discussed below.

Balance Sheet			
	Year Ending	**Year Ending**	**Year Ending**
	DECEMBER 31, 2019	**DECEMBER 31, 2018**	**DECEMBER 31, 2017**
Current Assets	433,978,003	656,380,423	243,747,668
Total Assets	2,381,210,773	1,787,275,587	2,273,527,437
Current Liabilities	904,245,018	329,362,209	134,261,496
Total Liabilities	1,069,789,254	545,445,970	718,644,034
Retained Earnings/ (Deficit)	737,590,781	656,297,371	493,775,131
Stockholders' Equity	1,311,421,519	1,241,829,617	1,554,883,403

Income Statement			
	Year Ending	**Year Ending**	**Year Ending**
	DECEMBER 31, 2019	**DECEMBER 31, 2018**	**DECEMBER 31, 2017**
Operating Revenue	-	54,337,761	429,760,969
Other Revenue	-	8,392,756	6,794,996
Gross Revenue	-	62,730,517	436,555,965
Operating Expense	189,012,324	229,410,554	371,267,650
Other Expense	(218,925,101)	451,739,126	127,933,878
Gross Expense	204,177,397	270,977,298	499,201,528
Net Income/(Loss) Before Tax	**29,912,777**	**(618,419,163)**	**(62,645,563)**
Income Tax Expense	**(37,682,613)**	**(270,029,939)**	**(18,689,381)**
Net Income/(Loss) After Tax	**67,595,390**	**(348,389,224)**	**(43,956,182)**

- **Revenues from lease activities (Revenues – Rental):** No rental revenues for the year 2019 compared to the rental revenues for the year 2018 which amounted to P8.24 million. The decrease of the rental revenue was mainly because it was only earned for three months in 2018.

- **Revenues from Rooms (Revenues – Rooms):** No room revenues for the year 2019 as compared to the room revenues for the year 2018 which amounted to P30.74 million. The difference was due to temporary cessation of operations starting March 18, 2018.

- **Revenues from Food and Beverage (Revenues – F&B):** No F&B revenues for the year 2019 compared to the F&B revenues for the year 2018 which amounted to P15.19 million. F&B revenue has been affected since the closure of the outlets due to the fire incident in March 2018.

- **Revenues from Others:** No Other revenues were recorded for the year 2019 compared to the Other revenues for the year 2018 which amounted to P8.39 million.

- **Cost of Sales (F&B):** No F&B cost of sales for 2019 compared to 2018 of P5.17 million. A decrease of P27.60 million as was due to the decrease in F&B Revenue.

- **Personnel:** Personnel costs for the year ended 31 December 2018 amounted to P94.93 million as compared to P38.93 million in the year 2019. The decrease in Personnel Cost was due to decrease in the number of employees due to lay-off.

- **Energy Cost:** Energy cost for the year amounted to P4.97 million as compared to 2018 of P28.06 million. A decrease of P23.09 million was recorded because the over-all consumption of electricity and water was affected due the cease of operations in March 2018.

- **OTHERS:** These are various cost and expenses under different departments which summed up to P145.11 million in the year 2019 as compared to 2018 of P P101.26 million. A increase of 43.86 million was because of the increase in impairment losses of the receivables.

- **Depreciation:** Depreciation expense recorded at P20.29 million showing a decrease of P27.62 million in 2019. The decrease was because of the reduction in the value of assets due to damages caused by fire.

- **Foreign Exchange Loss:** No foreign exchange loss for the year 2019 while P .008 milion for 2018. No loan has been signed in 2019.

- **Due from a Related Party:** Due to related parties of 31 December 2019 amounted to P455.04 million as compared to that as of 31 December 2018 which is P 185.41 million.

viii. The company does not know of any seasonal aspects that had a material effect on the financial condition or results of operations.

ix. **Losses in the financial statements arise because there have been no hotel operations since the Manila Pavilion Hotel was damaged by fire in March 2018. Management is currently working with the insurers of the hotel to complete the reconstruction of the property in order to re-start hotel operations in the soonest possible time.**

B. INTERIM PERIODS

Quarter Ended 30 September 2020 and Quarter Ended 30 September 2019

No gross revenues registered in the same comparative period in 2020 and 2019. No room sales were reported due to the fire incident. There was zero occupancy in 3Q2020 same as 3Q2019. No room revenue contribution to the gross revenues for 2Q2020 and 2Q2019, respectively. Zero average room rate for both 3Q2020 and 3Q2019.

Zero Food and Beverage revenue was recorded in 3Q2020 and 3Q2019. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 3Q2019 and 2Q2020. Rent and other income have remained zero in 3Q2020 and in 3Q2019.

There was no F&B Revenue, thus, no cost of sales in both 3Q2020 and in 3Q2019. Payroll expenses decreased by 43.32% from P1.80 million in 3Q2019 to P1.02 million in 3Q2020. Permanent Lay Off has been filed at the DOLE NCR on November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2018. Other expenses went down from P.14 million in 3Q2019 to P.12 million in 3Q2020. The Energy cost was recorded at P0.49 million in 3Q2020.

The Company posted a gross operating loss of P4.04 million in 3Q2020, representing decrease of P12.19 million from that recorded in 3Q2019 of P16.23 million. Gross operating profit/loss ratio in 3Q2020 and 3Q2019 stood both at 0%.

Fixed financial, operating and other expenses increased from P26.55 million in 3Q2019 to P17.77 million in 3Q2020 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a decrease from P21.31 million in 3Q2019 to P13.36 million in 3Q2020 due to the various reasons like the decrease in management fees in 3Q2019. Marketing and guest entertainment decreased from P.34 million in 3Q2019 to P.14 million in 3Q2020. No corporate expenses was recorded in 3Q2020. Real estate tax went down by 12.95% from P4.06 million in 3Q2019 to P3.54 million in 3Q2020. Fire insurance decreased from P.84 million in 2Q2019 to P0.75 million in 3Q2020. For 3Q2020, the Company posted a net loss of P21.81 million representing an increase of 49.01% from loss of P42.78 million in 3Q2019.

Quarter Ended 30 September 2019 and Quarter Ended 30 September 2018

No gross revenues registered in the same comparative period in 2019 and 2018. Apparently, no room sales were reported due to the fire incident. There was zero occupancy in 3Q2019 same as 3Q2018. No room revenue contribution to the gross revenues for 3Q2019 and 3Q2018, respectively. Zero average room rate for both 3Q2019 and 3Q2018.

Zero Food and Beverage revenue was recorded in 3Q2019 and 3Q2018. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 3Q2018 and 3Q2019. Rent and other income have remained zero in 3Q2019 and in 3Q2018.

There was no F&B Revenue, thus, no cost of sales in 3Q2019 and in 3Q2018. Payroll expenses decreased by 41.93% from P3.10 million in 3Q2018 to P1.80 million in 3Q2019. Permanent Lay Off has been filed at the DOLE NCR on November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2018. Other expenses went down from P.23 million in 3Q2018 to P.14 million in 3Q2019. The Energy cost was recorded at P1.19 million in 3Q2019.

The Company posted a gross operating loss of P16.23 million in 3Q2019, representing increase of P4.53 million or 262.66% from that recorded in 3Q2018 of P4.47 million. Gross operating profit/loss ratio in 3Q2019 and 3Q2018 stood both at 0%.

Fixed financial, operating and other expenses increased from P20.85 million in 3Q2018 to P26.55 million in 3Q2019 with the major increase coming from general and administrative expenses. The general and administrative expenses have a material increase from P17.51 million in 3Q2018 to P21.31 million in 3Q2019 due to the various reasons like the increase in management fees in 3Q2018. Marketing and guest entertainment decreased by P.50 million from P.84 million in 3Q2018 to P.34 million in 3Q2019. No corporate expenses was recorded in 3Q2019. Real estate tax went up by 43.85% from P2.83 million in 3Q2018 to P4.07 million in 3Q2019. Fire insurance increased from P.17 million in 3Q2018 to P0.84 million in 3Q2019. For 3Q2019, the Company posted a net loss of P42.78 million representing an increase of 68.95% from loss of P25.32 million in 3Q2018.

FINANCIAL CONDITION

As of 30 September 2020 and Year Ended 31 December 2019

Total assets increased to P2.40 billion in 30 September 2020 as compared to P2.38 billion as of 31 December 2019. Current assets decreased from P433.98 million as of 31 December 2019 to P379.72 million as of end of 3Q2020, this is due to decrease in Trade and Other Receivables. There is a collection from the insurance claim. Cash ending balance as of 30 September 2020 of P74.45 million posted an increase of P37.78 million. Trade receivables of P61.42 million decreased by P103.39 million as of 30 September 2020 from P164.81 million as of 31 December 2019. Inventories increased by P.29 million from P.58 million as of 31 December 2019. Prepayments and other current assets increased to P145.75 million as of 30 September 2020 from P134.67 million as of 31 December 2019.

Property and equipment account increased by 8.04% from P1.26 billion as of 31 December 2019 to P1.36 billion as of 30 September 2020. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 3Q2019. Other non-current assets of P749.78 million as of end of 2Q2020 increased by P78.74 million from P671.04 million as of 31 December 2019 due to decrease of deposits to contractors and transferred to Construction in Progress during the year.

Total liabilities increased from P1.07 billion as of 31 December 2019 to P1.17 billion as of 30 September 2020. Trade and other current payables increased from P449.21 million as of 31 December 2019 to P518.56 million as of 30 September 2020. Non-current liabilities increased by P3.71 million from P165.54 million as of 31 December 2019 to P169.26 million as of 30 September 2020.

<u>As of 30 September 2019 and Year Ended 31 December 2018</u>

Total assets increased to P2.23 billion in 30 September 2019 from P1.79 billion as of 31 December 2018. Current assets decreased from P656.38 million as of 31 December 2018 to P651.03 million as of end of 3Q2019, this is due to decrease in Cash. There are releases of payments to suppliers related to renovations. Cash ending balance as of 30 September 2019 of P63.51 million posted a decrease of P38.37 million. Trade receivables of P350.38 million decreased by P2.15 million as of 30 September 2019 from P352.53 million as of 31 December 2018. Inventories remains at P.58 million as of 31 December 2018 and September 30, 2019, respectively. Prepayments and other current assets increased to P116.28 million as of 30 September 2019 from P81.12 million as of 31 December 2018.

Property and equipment account decreased by 0.78% from P928.85 million as of 31 December 2018 to P921.57 million as of 30 September 2019. No changes have been noted from the Available for Sale investment account from 31 December 2019 to the 3Q2018. Other non-current assets of P636.68 million as of end of 3Q2019 increased by P456.37 million from P180.31 million as of 31 December 2018 due to increase of deposits to contractors and Construction in Progress during the year.

Total liabilities increased from P545.45 million as of 31 December 2018 to P1.11 million as of 30 September 2019. Trade and other current payables increased from P329.36 million as of 31 December 2018 to P894.51 million as of 30 September 2019. Non-current liabilities decreased by P6.41 million from P216.08 million as of 31 December 2018 to P211.17 million as of 30 September 2019.

i. The Company is involved in a number of legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves.

ii. Aside from the above-mentioned items, management does not know of trends and events that would have a material impact on the Company's liquidity.

iii. On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.

iv. The Company has an ongoing compliance for its insurance claims, the proceeds of which shall be used to restore the hotel for its continued operation.

v. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

vi. The business operation during the 2nd quarter of 2018 has temporary ceased due to the damages caused by fire to the property. By the end of 3rd quarter of 2020, the business operation has not yet commenced.

vii. For the third quarter of 2020, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non generation of any revenue brought by temporary closure.

viii. Causes of material changes in the items in the statement of financial positions and income statements from the interim year-to-date ending 30 September 2020 to the interim year-to-date ending 30 September 2019 has been discussed under management discussion and analysis under Interim Reports. The following comparisons are supplementary to the management discussion and analysis and are presented for discussion purposes only.

Statement of Financial Position		
	Period Ended	**Fiscal Year Ended (Audited)**
	September 30, 2020	December 31, 2019
Current Assets	379,725,089	433,978,003
Total Assets	2,401,319,863	2,381,210,773
Current Liabilities	999,676,992	904,245,018
Total Liabilities	1,168,934,631	1,069,789,254
Retained Earnings	658,554,494	737,590,781
Stockholders' Equity	1,232,385,232	1,311,421,519

Income Statement				
	Current Year	**Previous Year**	**Current Year-To-Date**	**Previous Year-To-Date**
	(3 Months)	**(3 Months)**		
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Operating Expense	4,040,683	16,229,768	14,299,533	48,423,537
Other Expense	17,773,823	26,553,456.83	64,736,754	68,077,878
Gross Expense	21,814,506	42,783,225	79,036,287	116,501,415
Net Income/(Loss) Before Tax	(21,814,506)	(42,783,225)	(79,036,287)	(116,501,415)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(21,814,506)	(42,783,225)	(79,036,287)	(116,501,415)

iv. The hotel operation is currently suspended. This has a material effect on the financial condition and results of operations.

TOP FIVE (5) PERFORMANCE INDICATORS

The top five (5) key performance indicators, as discussed herein, are presented on comparable basis and compared with figures attained from prior years operation, and are more fully explained as follows:

	September 2020	September 2019
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(4,040,682.49)	(16,229,768.00)
Gross Operating Profit Ratio	-	-

1) Occupancy rate is the number of hotel room-nights sold for the period divided by the number of room-nights available for the period; 2) Average room rate is the total room revenue for the period divided by the total number of hotel room-nights sold for the period; 3) Revenues are broken down on a departmental basis; 4) Gross operating profit ratio is computed as a percentage of revenues; and 5) Total Fixed, Financial and Other Charges are presented in the comparative.

Item 7. Financial Statements

1. The audited financial statements as of 31 December 2017 and 31 December 2018 and for the year ended 31 December 2018 and 31 December 2019 are incorporated herein by reference. A copy of the audited financial statements as of 31 December 2019 is attached.

2. The exhibits attached to the financial statements are in addition to the information disclosed in the annual reports for the year ended 31 December 2019 and for the year ended 31 December 2018.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Accounting Firm of KPMG Manabat, Sanagustin & Co. is the elected External Auditor for Acesite (Phils.) Hotel Corporation. In compliance with SEC Memorandum Circular No. 8, Series of 2003, the financial statements for the year ended 31 December 2019 were audited by the accounting firm of R.G. Manabat & Co., while prior years financial statements for the years ended 31 December 2005, 31 December 2006 and 31 December 2007, were audited by the accounting firm of SGV and Company. Starting with the financial statements 31 December 2008 up to 31 December 2019 audit was undertaken by the accounting firm of R.G. Manabat & Co., formerly KPMG Manabat, San Agustin & Co., and there have been no disagreements with the independent accountants.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

1. The Company is listed on the Philippine Stock Exchange. The following are the trading prices (in Philippine Peso):

	2020		2019		2018		2017	
	Low	High	Low	High	Low	High	Low	Low
1st Quarter	1.48	1.02	1.23	1.22	1.49	1.23	1.22	1.00
2nd Quarter	1.01	1.35	1.45	1.24	1.25	1.45	1.24	1.02
3rd Quarter	1.03	1.31	1.70	1.30	1.79	1.70	1.30	1.04
4th Quarter			1.40	1.25	1.42	1.40	1.25	1.06

The last trading price was ₱1.13 on 4 October 2020.

2. **Holders**

The Company had 196 registered stockholders as of 30 September 2020. The top 20 stockholders are as follows:

Top as of 20 Stockholder September 30, 2020	**No. of Shares**	**% Holdings**
WATERFRONT PHILIPPINES, INC.	192,045,057.00	55.49%
PCD NOMINEE CORP - FIL	80,189,847.00	23.17%
PCD NOMINEE CORP - NON-FIL	52,373,616.00	15.13%
NICKELL INTERNATIONAL LTD.	8,935,710.00	2.58%
FLOIRENDO, ANTONIO	873,722.00	0.25%
TANSECO, GENEROSO	714,857.00	0.21%
UNITED PHILIPPINE LINES	714,854.00	0.21%
TAN, JESUS M. (HEIRS OF)	595,728.00	0.17%
DIZON, WILLY O. DIZON OR NENE C.	500,000.00	0.14%
BAUTISTA, DOMINGO C.	476,574.00	0.14%
NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508.00	0.09%
MENZI, HANS (ESTATE OF)	278,001.00	0.08%
WELLS AND PUMPS INC.	278,001.00	0.08%
MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001.00	0.08%
ROSARIO, FRANCISCO DEL	258,146.00	0.07%
CARLOS, GLORIA S. (HEIRS OF)	218,428.00	0.06%
DELGADO, FRANCISCO C.	198,702.00	0.06%
SANCHEZ, ANDREW A.	198,579.00	0.06%
TULIO, ERMINDA L.	198,576.00	0.06%
WESTERN STEEL INC.	198,576.00	0.06%
ANUP TRADING	198,576.00	0.06%
COJUANGCO, RAMON (HEIRS OF)	198,576.00	0.06%
LORENZO, LUISA DE R.	198,576.00	0.06%

3. **Dividends**

The Board of Directors on its special meeting held on August 1, 2008 approved the declaration of three hundred percent stock dividends or three (3) common shares per one (1) outstanding common share, and subsequently approved by the stockholders in a special meeting held on September 26, 2008. However upon consultation with the Securities and Exchange Commission and the need to comply with the new SEC guidelines on the declaration of dividends, the stockholders, acting on the recommendation of the management during the annual stockholders meeting held on July 20, 2009 ratified and approved amendments to the resolution previously approved during a special stockholders meeting held on September 26, 2008, thus approving a 250% stock dividend instead of a 300% stock dividend.

On May 25, 2012, the application for the increase in the Company's authorized capital stock from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

There are no cash dividends declared as of December 31, 2018 and December 31, 2019 by the BOD. Moreover, the Company has not seen any restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future.

4. **Recent Sales of Unregistered Securities**

Not applicable.

PART V. CORPORATE GOVERNANCE

a. The Company has in place a continuing evaluation program on the level of compliance of the Board of Directors and top-level management with its manual of Corporate Governance. The Compliance Officer identifies, monitors and, together with the Corporation's Legal Counsel, controls compliance risk. On a continuing basis, findings thereof are immediately reported to the Chairman of the Board for appropriate action.

b. Several measures are practiced by the Corporation to fully comply with its Manual of Corporate Governance. The Corporation has adopted Anti-Money Laundering Guidelines, a Code of Business Ethics and a Policy Manual for Business Conduct which all employees, officers and directors are expected to follow. Upon assumption of office, directors take note of and signify their assent to their individual responsibilities under the Company's Manual of Corporate Governance. Committees are formed on the basis of each director's area of expertise. The Board considers the need for the appointment of, and may subsequently commission, independent experts to examine, validate and/or audit any matter coming to its attention. Furthermore, the accounting system and the preparation of financial statements are made compliant with Statements of International Accounting Standards (SFAS)/International Accounting Standards (IAS) in the manner specified by law. Results of the annual audit and the report of the external auditors are reviewed by the Audit Committee before final approval by the Board of Directors.

c. For the year ended 31 December 2019, there have been no deviations from the Company's Manual of Corporate Governance, which was updated in pursuant to SEC Memorandum Circular No. 19, last May 30, 2017.

d. The Company has in place a policy on the continuing development and improvement of the Manual of Corporate Governance. Board members and senior executives are encouraged to propose amendments that may be beneficial. The Board reviews such proposals and may implement amendments that, upon discussion and consideration, are finally deemed beneficial.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS, OR MAY BE RE-DIRECTED TO A DOWNLOADABLE LINK ON THE COMPANY'S WEBSITE.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

THE CORPORATE SECRETARY
7th Floor, Manila Pavilion Hotel
United Nations Avenue corner M. Orosa Street
Ermita, Manila

THRU

Ms. Irish Lawas, Stock Relations Officer
acesite.asm2020@waterfronthotels.net
0998-594-8655.

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	**December 31, 2019**	**December 31, 2018**
Current Assets	433,978,003	656,380,423
Current Liabilities	904,245,018	329,362,209
Ratio	0.4799	1.9929

Quick Ratio	**December 31, 2019**	**December 31, 2018**
Cash+AR+ST Mkt Securities	201,492,137	454,403,179
Current Liabilities	904,245,018	329,362,209
Ratio	0.2228	1.3796

Cash Ratio	**December 31, 2019**	**December 31, 2018**
Cash+ST Mkt Securities	36,678,058	101,873,593
Current Liabilities	904,245,018	329,362,209
Ratio	0.0406	0.3093

SOLVENCY RATIO

Current Liabilities to Equity Ratio	**December 31, 2019**	**December 31, 2018**
Current Liabilities	904,245,018	329,362,209
Total Equity	1,311,421,519	1,241,829,617
Ratio	0.6895	0.2652

Total Liabilities to Equity Ratio	**December 31, 2019**	**December 31, 2018**
Total Liabilities	1,069,789,254	545,445,970
Total Equity	1,311,421,519	1,241,829,617
Ratio	0.8157	0.4392

Fixed Assets to Equity Ratio	**December 31, 2019**	**December 31, 2018**
Fixed Assets	1,258,364,708	928,852,550
Total Equity	1,311,421,519	1,241,829,617
Ratio	0.9595	0.7480

Assets to Equity Ratio	**December 31, 2019**	**December 31, 2018**
Total Assets	2,381,210,773	1,787,275,587
Total Equity	1,311,421,519	1,241,829,617
Ratio	1.8157	1.4392

INTEREST COVERAGE RATIO

Interest Coverage Ratio	December 31, 2019	December 31, 2018
Net Income Before Tax + Interest Exp	29,912,777	115,693,423
Interest Expense	-	1,090,630
Ratio	-	106.0794

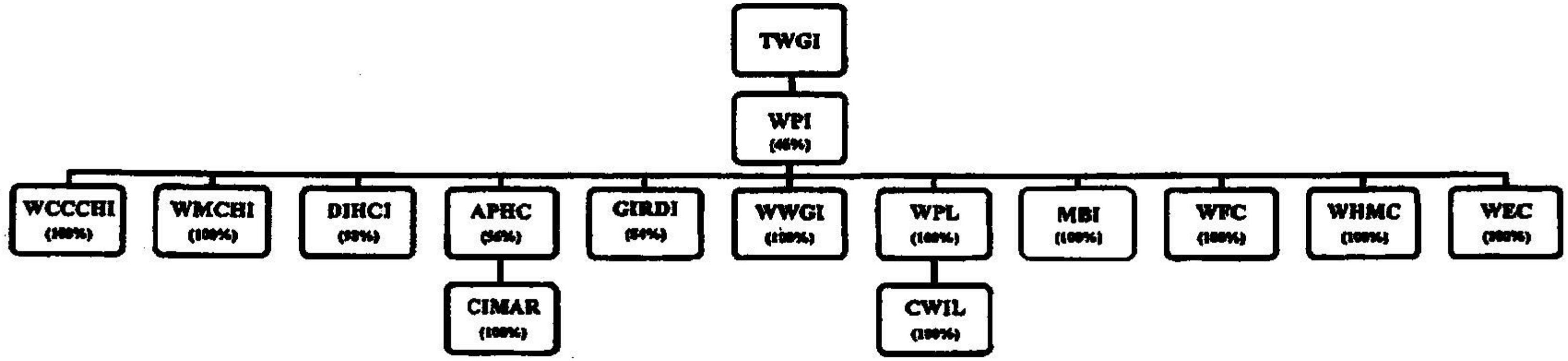
PROFITABILITY RATIO

Interest Coverage Ratio	December 31, 2019	December 31, 2018
Net Income After Tax	29,912,777	(618,419,163)
Net Sales	-	62,730,517
Ratio	-	-

Return on Assets (ROA) Ratio	December 31, 2019	December 31, 2018
Net Income After Tax	67,595,390	(348,389,224)
Total Assets	2,381,210,773	1,787,275,587
Ratio	0.0284	(0.1949)

Return on Equity Ratio	December 31, 2019	December 31, 2018
Net Income After Tax	67,595,390	(348,389,224)
Total Equity	1,311,421,519	1,241,829,617
Ratio	0.0515	(0.2805)

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED
Map of Conglomerate



LEGEND:

TWGI	- The Wellex Group, Inc.
WPI	- Waterfront Philippines, Incorporated
WCCCHI	- Waterfront Cebu City Casino Hotel, Incorporated
WMCHI	- Waterfront Mactan Casino Hotel, Incorporated
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phil.) Hotel Corporation
CIMAR	- CIMA Realty Philippines, Inc.
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc. (formely W Citigyms & Wellness, Inc.)
WPL	- Waterfront Promotions Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts
WHMC	- Waterfront Hotel Management Corp. (formerly Waterfront Management Corporation)
WEC	- Waterfront Entertainment Corporation

Republic of the Philippines)
City of Pasig) SS.

CERTIFICATION

I, **ARSENIO A. ALFILER, JR**. of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Dona Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

1. I am duly elected Corporate Secretary of **ACESITE (PHILS.) HOTEL CORPORATION** (the "Corporation"), a corporation duly organized and existing under Philippine laws with principal office at Manila Pavilion Hotel, United Nations Avenue corner Ma. Orosa St., Ermita Manila.

2. All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality, except Atty. Lamberto B. Mercado, Jr. who is a Director of Philippine National Construction Corporation (PNCC).

3. Attached is photocopy of a Certification signed by Atty. Miguel E. Umali, President and CEO of PNCC, allowing/authorizing Atty. Lamberto B. Mercado, Jr. to be a director of other corporations.

I execute this Certification to comply with the requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of 07 OCT 2020 2020, in the City of Pasig.

ARSENIO A. ALFILER, JR.
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME this ____ day of 07 OCT 2020 2020, affiants exhibits to me his TIN NO. 108-160-743.

Notary Public

Doc. No. 732
Page No. 147
Book No. 19
Series of 2020.

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

General Manager

PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

This is to certify that **ATTY. LAMBERTO B. MERCADO JR.** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 2nd day of September 2020 in Bicutan, Paranaque City.

ATTY. MIGUEL E. UMALI
President and CEO

ACESITE PHILIPPINES HOTEL CORPORATION
LIST OF STOCKHOLDERS
AS OF OCTOBER 20, 2020

Rank	Last Name	Shareholdings	Percentage
1	ABAD SANTOS, VICTOR E.	19,855	0.01%
2	ACOSTA, FRANCISCO P.	700	0.00%
3	AGUAS, FORTUNATO	19,855	0.01%
4	AGUILA, ARTHUR	19,855	0.01%
5	ALALAYAN, EDGAR D.	39,714	0.01%
6	ANDRADA CONSTRUCTION & DEV. INC.	99,291	0.03%
7	ANTONIO, ARTURO	19,855	0.01%
8	ANTONIO, SILVINO JR.	19,855	0.01%
9	ANUP TRADING	198,576	0.06%
10	AQUINO, ERNESTO R.	99,291	0.03%
11	ARANETA, SALVADOR (HEIRS OF)	139,002	0.04%
12	ARROYO, TOMAS	19,855	0.01%
13	ASIAMERIT SECURITIES, INC. FAO MC142	1,984	0.00%
14	ATILANO, VICENTE C.	3,500	0.00%
15	AURELIO, MANUEL &/OR LILIA	39,714	0.01%
16	AVENDANO, ANTONIO	1,298	0.00%
17	AZORES, NORMA T.	196	0.00%
18	BALUYUT, SISENANDO	148,928	0.04%
19	BARREDO, LUISA	19,855	0.01%
20	BAUTISTA, DOMINGO C.	476,574	0.14%
21	BELLO JR., SILVESTRE H.	3,500	0.00%
22	BENITEZ, CONRADO II	19,855	0.01%
23	BONDOC, ANGELITA L.	19,855	0.01%
24	BUGARIN, JOLLY R.	79,432	0.02%
25	BUSUEGO, ARACELI A.	39,714	0.01%
26	CABANERO, GILDA	19,855	0.01%
27	CABANERO, LEONARDO	19,855	0.01%
28	CABANERO, LORNA	19,855	0.01%
29	CABANERO, MA. CECILIA	19,855	0.01%
30	CABANERO, NORBERTO S.	19,855	0.01%
31	CABANERO, REBECCA S.	19,855	0.01%
32	CABANEZ, LORETO	19,855	0.01%
33	CANCIO, AGUSTIN S.	79,429	0.02%
34	CAPILITAN ANDRADA ENGINEERING CORP	99,291	0.03%
35	CARINO, DANILO	19,855	0.01%
36	CARLOS, GLORIA S. (HEIRS OF)	218,428	0.06%
37	CARLOS, MA. NELIA	19,855	0.01%
38	CARPO, PIXIE R.	39,707	0.01%
39	CASTILLO, DOMINGO	19,855	0.01%
40	CASTRILLO, EDUARDO	19,855	0.01%
41	CASTRO, FERNANDO L. (HEIRS OF)	39,707	0.01%
42	CATO, BENJAMIN	19,855	0.01%
43	CHAN, JEANIE	196	0.00%
44	CHAVARRIA, BENEDICTO	39,707	0.01%
45	CHEN PENG JING	700	0.00%
46	CHICO, PACIFICO	19,855	0.01%
47	CHIU KWOK SHING	700	0.00%

48	CHOI, DAVIS	600	0.00%
49	CHUA, VICENTE YU	59,570	0.02%
50	COJUANGCO, RAMON (HEIRS OF)	198,576	0.06%
51	COLAYCO, FRANCISCO J.	19,855	0.01%
52	COMMON TRADE INC.	19,855	0.01%
53	CORDERO, VICENTE	1,298	0.00%
54	COSIO, REYNALDO F.	19,855	0.01%
55	COSME, ANGELO JOSE L.	5,957	0.00%
56	COSME, ELIAS V.	7,945	0.00%
57	COSME, JOSE MARI	5,957	0.00%
58	CRUZ, ARISTEO R.	3,500	0.00%
59	CRUZ, FERNANDO	39,714	0.01%
60	CUSTODIA SANCIANGCO OR CUSTODIA PARKER	5,271	0.00%
61	DELGADO, FEDERICO C.	59,570	0.02%
62	DELGADO, FRANCISCO C.	198,702	0.06%
63	DELGADO, JESUS &/OR CARMEN (HEIRS OF)	39,714	0.01%
64	DELGADO, JOSE MARI C.	59,570	0.02%
65	DIAZ, ELIZABETH L.	290	0.00%
66	DIZON, WILLY O. DIZON OR NENE C.	500,000	0.15%
67	FELICIANO JR., GUILLERMO	19,855	0.01%
68	FELICIANO, GRACE K.	19,855	0.01%
69	FELICIANO, GWENDOLYN P.	196	0.00%
70	FELICIANO, ROSA H.	19,855	0.01%
71	FIDELINO, CONCEPCION S.	19,855	0.01%
72	FLOIRENDO, ANTONIO	873,722	0.25%
73	FU LIANG	700	0.00%
74	GANCAYCO, PABLO M.	350	0.00%
75	GAPUZ, CO KIAN CHAY &/OR RITA A.	7,000	0.00%
76	GARCIA, VERONICA	19,855	0.01%
77	GATCHALIAN, DEE HUA T.	3,850	0.00%
78	GATCHALIAN, KENNETH T.	350	0.00%
79	GATCHALIAN, REXLON T.	350	0.00%
80	GILI JR., GUILLERMO F.	350	0.00%
81	GLORIA, ALFREDO S.	79,429	0.02%
82	GO, GEORGE	1,113	0.00%
83	GONZALES, ALEXANDRIA P.	350	0.00%
84	GONZALEZ, MANUEL J.	18,487	0.01%
85	GOZUM, ATILANO G.	5,271	0.00%
86	GREGORIO, PATRICK C.	350	0.00%
87	GREGORIO, VICENTE G.	196	0.00%
88	HARTSOCK, PAUL JEROME	20,051	0.01%
89	HO, ANDREW	196	0.00%
90	JACINTO, MAMERTO JR.	19,855	0.01%
91	JAMES WATT (A.K.A WATT KA PO)	759	0.00%
92	KATIGBAK, MARIO O.	19,855	0.01%
93	KENNETH NG (A.K.A. NG HANG YIU)	700	0.00%
94	LACSON, ALEXANDER	196	0.00%
95	LAM, FRANCIS B.	196	0.00%
96	LAND, FREDERICK JR. (HEIRS OF)	39,707	0.01%
97	LAUREL, MA. PAZ R.	39,714	0.01%
98	LAZARTE, GREGORIO (HEIRS OF)	39,714	0.01%
99	LI HUI	700	0.00%
100	LICAROS, GREGORIO JR.	39,714	0.01%

101	LIM, CHOA	39,714	0.01%
102	LIM, LEONOR D.	19,855	0.01%
103	LIM, VICTOR Y.	19,855	0.01%
104	LOPEZ, ARTHUR M.	350	0.00%
105	LORENZO, LUISA DE R.	198,576	0.06%
106	LUCIANO, VICTOR	19,855	0.01%
107	LUCOT III, ISMAEL EUFEMIO S.	1,000	0.00%
108	MACASAET, AMADO P.	19,855	0.01%
109	MAGADIA, RENATO B.	350	0.00%
110	MAKALINTAL, QUERUBIN F.	59,570	0.02%
111	MANILA SANDS HOTEL & CASINO, INC.	10,000	0.00%
112	MARILEX REALTY DEVELOPMENT CORP.	39,714	0.01%
113	MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001	0.08%
114	MENZI, HANS (ESTATE OF)	278,001	0.08%
115	MERCADO JR., LAMBERTO B.	350	0.00%
116	MOSQUEDA, JOSE O.	39,714	0.01%
117	NADAL, EDGARDO	39,714	0.01%
118	NALDOZA, JOHN CLARK L.	199	0.00%
119	NICKELL INTERNATIONAL LTD.	8,935,710	2.59%
120	NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508	0.09%
121	NICKELL INTERNATIONAL	55,601	0.02%
122	ORTEGA, MANUEL JIZ DE (HEIRS OF)	39,714	0.01%
123	ORTIZ, RICARDO L.	19,855	0.01%
124	ORTIZ-LUIZ JR., SERGIO R.	350	0.00%
125	PAILIAN, PETER GO	158,858	0.05%
126	PALAD JR., ABELARDO C.	350	0.00%
127	PATERNO, VICENTE	19,855	0.01%
128	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,329,873	15.18%
129	PCD NOMINEE CORPORATION	80,255,590	23.28%
130	PE, HARRY C.	794	0.00%
131	PECAYO, DOMINADOR	19,855	0.01%
132	PEDROSA, CARLOS A.	39,714	0.01%
133	PEDROSA, PIO (HEIRS OF)	39,707	0.01%
134	PELAEZ JR., EMMANUEL	196	0.00%
135	PELAEZ, EMMANUEL	129	0.00%
136	PHIL. INSTITUTE OF HOTEL ADMINISTRATION	39,707	0.01%
137	PHILADELPHIA STEEL CORPORATION	19,855	0.01%
138	PHILIPPINE TA SECURITIES, INC.	399	0.00%
139	PONSARAN, ARTHUR R.	350	0.00%
140	PUA, MARCIANA G.	19,855	0.01%
141	PUGAO, RAMON	19,855	0.01%
142	RADIOWEALTH INC.	99,291	0.03%
143	RAMOS, JANUARIO	19,855	0.01%
144	RANOLA, CARMEN	39,714	0.01%
145	RAZON, ENRIQUE JR.	139,002	0.04%
146	REGINA CAPITAL DEV. CORP. 020485	10,500	0.00%
147	REYES, ALEX (HEIRS OF)	139,002	0.04%
148	ROBERTO BORJA FURNITURE	39,714	0.01%
149	RODRIGUEZ, ARTEMIO S.	19,855	0.01%
150	ROSARIO, FRANCISCO DEL	258,146	0.07%
151	ROXAS, JUAN ROBERTO R.	9,926	0.00%
152	RUALO, BEETHOVEN	19,855	0.01%
153	RUFINO, CARLOS	39,714	0.01%

154	SALAZAR, MARIANO S.	350	0.00%
155	SALES, ARTHUR	19,855	0.01%
156	SANCHEZ, ANDREW A.	198,579	0.06%
157	SANDICO, FELIPITO	19,855	0.01%
158	SANTIAGO, JOSE A.	19,855	0.01%
159	SER VINCENT ROMARATE &/OR LILIA HUELGAS &/OR VIOLETA PUNZALAN	1,050	0.00%
160	SHAU, MARGARET L.	99,291	0.03%
161	SINGSON, VICENTE III	19,855	0.01%
162	SIOSON, LUCITO	19,855	0.01%
163	SOLIDUM, RODOLFO (HEIRS OF)	19,855	0.01%
164	SOLIVEN, STEPHEN G.	500	0.00%
165	SY, CELESTINO	79,429	0.02%
166	SY, FRED	19,855	0.01%
167	SYCIP SALAZAR HERNANDEZ & GATMAITAN	25,977	0.01%
168	TAN, BENITO AND/OR CYNTHIA	19,855	0.01%
169	TAN, ELIZABETH H.	6,751	0.00%
170	TAN, JESUS M. (HEIRS OF)	595,728	0.17%
171	TANGCO, AMBROSIO	79,429	0.02%
172	TANSECO, GENEROSO	714,857	0.21%
173	TATOY, ROSE	19,855	0.01%
174	TING, ELVIRA A.	350	0.00%
175	TOLEDO, TOMAS	19,855	0.01%
176	TORRES, RUBEN D.	100	0.00%
177	TUAZON, ALELI T.	5,271	0.00%
178	TULIO, ERMINDA L.	198,576	0.06%
179	TY TEK SUAN	19,855	0.01%
180	UMALI, ANGEL T.	350	0.00%
181	UNITED PHILIPPINE LINES	714,854	0.21%
182	UY, WILLIAM CARLOS	5,673	0.00%
183	VALENCIA, JESUS SAN LUIS	1,000	0.00%
184	VERA, LUIS P.	19,855	0.01%
185	VERGARA, WILFRIDO	4,538	0.00%
186	VILLAR, BONIFACIO T.	19,855	0.01%
187	WAI KA CHEUNG (GERRY KA CHEUNG WAI)	196	0.00%
188	WATERFRONT PHILIPPINES, INC.	192,045,057	55.71%
189	WELLS AND PUMPS INC.	278,001	0.08%
190	WESTERN STEEL INC.	198,576	0.06%
191	YEUNG, LAP HO N.	1,750	0.00%
192	YIU KIN WAI	129	0.00%
193	YOUNG, BARTHOLOMEW D.	1,000	0.00%
194	YU PUN HOI	392	0.00%
195	YU, MANUEL L.	119,140	0.03%
	NET OF TREASURY SHARES :	**344,747,520**	**100.00%**
	TOTAL OUTSTANDING SHARES :	**346,100,520**	

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - ACE0000000000

Business Date: September 30, 2020

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	153,000
ABACUS SECURITIES CORPORATION	3,459,310
PHILSTOCKS FINANCIAL INC	5,051,051
BA SECURITIES, INC.	200,000
AP SECURITIES INCORPORATED	195,500
ANSALDO, GODINEZ & CO., INC.	345,000
AB CAPITAL SECURITIES, INC.	942,500
SB EQUITIES,INC.	436,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
CHINA BANK SECURITIES CORPORATION	5,791,000
BELSON SECURITIES, INC.	85,000
BENJAMIN CO CA & CO., INC.	30,000
B. H. CHUA SECURITIES CORPORATION	100,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	1,053,138
CAMPOS, LANUZA & COMPANY, INC.	158,000
BDO NOMURA SECURITIES INC	148,700
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	1,204,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	14,350
E. CHUA CHIACO SECURITIES, INC.	125,131
EASTERN SECURITIES DEVELOPMENT CORPORATION	234,500
EQUITIWORLD SECURITIES, INC.	14,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	367,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	8,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GOLDSTAR SECURITIES, INC.	1,073,000
GUILD SECURITIES, INC.	148,884
HDI SECURITIES, INC.	5,903,001
I. B. GIMENEZ SECURITIES, INC.	52,158,527
INVESTORS SECURITIES, INC,	35,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	6,094,816
MERCANTILE SECURITIES CORP.	8,000
MOUNT PEAK SECURITIES, INC.	35,000
OPTIMUM SECURITIES CORPORATION	21,000
RCBC SECURITIES, INC.	19,211
PAN ASIA SECURITIES CORP.	100,000
MAYBANK ATR KIM ENG SECURITIES, INC.	100,304
PNB SECURITIES, INC.	33,850
QUALITY INVESTMENTS & SECURITIES CORPORATION	170,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	238,850
REGINA CAPITAL DEVELOPMENT CORPORATION	340,350

BPNAME	HOLDINGS
R. NUBLA SECURITIES, INC.	30,000
AAA SOUTHEAST EQUITIES, INCORPORATED	10,000
R. S. LIM & CO., INC.	515,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
STANDARD SECURITIES CORPORATION	223,000
TANSENGCO & CO., INC.	141,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	2,010,000
UCPB SECURITIES, INC.	20,550
FIRST METRO SECURITIES BROKERAGE CORP.	567,004
WEALTH SECURITIES, INC.	172,000
WESTLINK GLOBAL EQUITIES, INC.	32,930,600
YAO & ZIALCITA, INC.	369,500
BDO SECURITIES CORPORATION	21,950
EAGLE EQUITIES, INC.	89,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	360,000
G.D. TAN & COMPANY, INC.	4,317,037
UNICAPITAL SECURITIES INC.	15,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	195,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total	**132,585,463**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

COVER SHEET

7	1	9	9

SEC Registration Number

A C E S I T E (P H I L S .) H O T E L C O R P O R A T I O N

(Company's Full Name)

7 t h F l o o r M a n i l a P a v i l i o n H o t e l
U N A v e n u e c o r n e r M . O r o s a S t r e e t
E r m i t a , M a n i l a

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

RICHARD RICARDO	231 10 73 (TEMPORARY)
Contact Person	Company Telephone Number

1 2	3 1	1 7 - Q 3	1 1	1 7
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

196		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended 30 September 2020

2. Commission Identification Number 7199

3. BIR Tax Identification Code 002-856-627

4. ACESITE (PHILS.) HOTEL CORPORATION
   Exact Name of issuer as specified in its charter

5. Manila, Philippines
   Province, country of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. Cayene's Staging Office, Maria Orosa St. Ermita, Manila (Temporary)
   Address of Principal Office and Postal Code

8. Issuer's telephone number (632) 8231-1073 (Temporary)

9. No changes from last report
   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	-	Authorized	1,200,000,000
	-	Issued	344,747,520
	-	Treasury	1,353,000
Preferred	-	Authorized	20,000
	-	Issued	None

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [x]   No [ ]

    346,100,520 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange, of which 1,353,000 shares are treasury shares.

12. Indicate by check mark whether the registrant:

    (a) Has filed 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 subjected to such filing requirements for the past ninety (90) days.

    Yes [x]   No [ ]

SECURITIES AND EXCHANGE COMMISSIONSEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
September 30, 2020
2. SEC Identification Number
7199
3. BIR Tax Identification No.
002-856-627
4. Exact name of issuer as specified in its charter
ACESITE (PHILS.) HOTEL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
7th Floor, Manila Pavivilion Hotel, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code1000
8. Issuer's telephone number, including area code
632-526-12-12 extension 2287
9. Former name or former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	344,747,520

11. Are any or all of registrant's securities listed on a Stock Exchange?
xYes
No

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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)
xYes
No

(b) has been subject to such filing requirements for the past ninety (90) days
xYes
No

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

ACESITE (PHILS) HOTEL CORP

PSE Disclosure Form 17-2 - Quarterly Report ***References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules***

For the period ended September 30, 2020

Currency (indicate units, if applicable) Php

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	September 30, 2020	December 31, 2019
Current Assets	379,725,089	433,978,003
Total Assets	2,401,319,863	2,381,210,773
Current Liabilities	999,676,992	904,245,018
Total Liabilities	1,168,934,631	1,069,789,254
Retained Earnings/(Deficit)	658,554,494	737,590,781
Stockholders' Equity	1,232,385,232	1,311,421,519
Stockholders' Equity - Parent	1,234,411,019	1,300,910,388
Book Value per Share	3.57	3.80

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Operating Expense	4,040,683	16,229,768	14,299,533	48,423,537
Other Expense	17,773,823	26,553,456.83	64,736,754	68,077,878
Gross Expense	21,814,506	42,783,225	79,036,287	116,501,415
Net Income/(Loss) Before Tax	(21,814,506)	(42,783,225)	(79,036,287)	(116,501,415)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(21,814,506)	(42,783,225)	(79,036,287)	(116,501,415)
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	- 0.06	- 0.12	- 0.23	- 0.34
Earnings/(Loss) Per Share (Diluted)	- 0.06	- 0.12	- 0.23	- 0.34

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	0.3105	(0.0012)
Earning/(Loss) Per Share (Diluted)	0.3105	(0.0012)

NOTES TO INTERIM FINANCIAL STATEMENTS

Item 1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the "Company") is a 55.71%-owned subsidiary of Waterfront Philippines, Incorporated (WPI) and its ultimate parent is The Wellex Group, Inc. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

The Company is the owner of Manila Pavilion Hotel (the "Hotel"). The Corporate life of the Company has been extended up to 2052. The Company's shares have been listed in the Philippine Stock Exchange (PSE) since December 5, 1986.

Office Address

The Company's registered office address is 8th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

Item 2. Basis of Preparation

Statement of Compliance

The interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The financial statements of the Company as of and for the period ended October 5, 2020 were approved.

Basis of Measurement

The interim financial statements are prepared on the historical cost basis except for hotel building and equipment and furniture, fixtures and equipment, which are measured at revalued amounts less accumulated depreciation and impairment losses, and AFS investment, which is measured at fair value.

Functional and Presentation Currency

The interim financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

Use of Estimates and Judgments

The preparation of interim financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Item 3. Summary of Significant Accounting Policies

The same accounting policies have been applied consistently for interim reporting as applied in the entity's annual financial.

<u>Adoption of Amendments to Standards</u>

Adopted on January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, Leases, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remain unchanged except for a number of details including the application of the new lease definition, new sale-and leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of twelve months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced. The new standard is to be applied retrospectively.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty- either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change- e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- Plan Amendment, Curtailment or Settlement (Amendments to PAS 19, Employee Benefits). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

- Annual Improvements to PFRSs 2015 - 2017 Cycle. This cycle of improvements contains amendments to four standards:
  - Previously held interest in a joint operation (Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements). The amendments clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party maintains or obtains joint control, then the previously held interest is not remeasured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
  - Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12, Income Taxes). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, other comprehensive income or equity.
  - Borrowing costs eligible for capitalization (Amendments to PAS 23, Borrowing Costs). The amendments clarify that the general borrowings pool used to calculate eligible

borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

Certain comparative amounts in the consolidated statements of financial position and consolidated statements of comprehensive income have been reclassified to better reflect the nature of accounts as disclosed in Note 1 to the consolidated financial statements.

Item 4. Cash and Cash Equivalents

Included in cash and cash equivalents as of September 30, 2020 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	September 2020	**December 2019**
Trade - Net	15,658,270	15,658,270
Others	45,762,106	149,155,809
Total	**61,420,376**	**164,814,079**

Item 6. Inventories

This account consists:

	September 2020	**December 2019**
Food and Beverage	-	-
Operating Supplies	-	-
Others	871,336	580,782
Total	**871,336**	**580,782**

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	September 2020	**December 2019**
Accrued Expenses	7,123,968.24	5,902,195
Trade Payables	105,966,359	104,472,525
Others	405,473,427	338,832,851
Total	**518,563,755**	**449,207,571**

Item 8. Related Party Transactions

The Company's related party transactions include transactions with WPI (the Company's parent), stockholders, its fellow subsidiaries and key management personnel.

In the ordinary course of business, companies with in the group extend/obtain non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

There is no currently existing loan.

Item 10. The earnings (loss) per share is computed as follows:

	September 2020	September 2019
Net Income (Loss)	(21,814,505.91)	(42,783,225.00)
Weighted Average Number of Shares Outstanding	344,747,520.00	344,747,520.00
Earnings (Loss) per share	(0.08)	(0.11)

i. The Company is involved in a number of legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves.

   Aside from the above-mentioned items, management does not know of trends and events that would have a material impact on the Company's liquidity.

ii. On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.

iii. The Company has an ongoing compliance for its insurance claims, the proceeds of which shall be used to restore the hotel for its continued operation.

iv. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

v. The business operation during the 2nd quarter of 2018 has temporary ceased due to the damages caused by fire to the property. By the end of 3rd quarter of 2020, the business operation has not yet commenced.

vi. For the third quarter of 2020, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non generation of any revenue brought by temporary closure.

vii. Causes of material changes in the items in the financial statements from 2019 to 2020 have been discussed under management discussion and analysis above.

viii. Causes of material changes in the items in the income statements for the 3rd quarter of 2020 and 2019, and the balance sheets as of 30 September 2020 and 31 December 2019 have been discussed under management discussion and analysis above.

ix. The hotel operation is currently suspended. This has a material effect on the financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Company for the period ending September 30, 2020 and 2019 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 September 2020 and Quarter Ended 30 September 2019

No gross revenues registered in the same comparative period in 2020 and 2019. No room sales were reported due to the fire incident. There was zero occupancy in 3Q2020 same as 3Q2019. No room revenue contribution to the gross revenues for 2Q2020 and 2Q2019, respectively. Zero average room rate for both 3Q2020 and 3Q2019.

Zero Food and Beverage revenue was recorded in 3Q2020 and 3Q2019. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 3Q2019 and 2Q2020. Rent and other income have remained zero in 3Q2020 and in 3Q2019.

There was no F&B Revenue, thus, no cost of sales in both 3Q2020 and in 3Q2019. Payroll expenses decreased by 43.32% from P1.80 million in 3Q2019 to P1.02 million in 3Q2020. Permanent Lay Off has been filed at the DOLE NCR on November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2018. Other expenses went down from P.14 million in 3Q2019 to P.12 million in 3Q2020. The Energy cost was recorded at P0.49 million in 3Q2020.

The Company posted a gross operating loss of P4.04 million in 3Q2020, representing decrease of P12.19 million from that recorded in 3Q2019 of P16.23 million. Gross operating profit/loss ratio in 3Q2020 and 3Q2019 stood both at 0%.

Fixed financial, operating and other expenses increased from P26.55 million in 3Q2019 to P17.77 million in 3Q2020 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a decrease from P21.31 million in 3Q2019 to P13.36 million in 3Q2020 due to the various reasons like the decrease in management fees in 3Q2019. Marketing and guest entertainment decreased from P.34 million in 3Q2019 to P.14 million in 3Q2020. No corporate expenses was recorded in 3Q2020. Real estate tax went down by 12.95% from P4.06 million in 3Q2019 to P3.54 million in 3Q2020. Fire insurance decreased from P.84 million in 2Q2019 to P0.75 million in 3Q2020. For 3Q2020, the Company posted a net loss of P21.81 million representing an increase of 49.01% from loss of P42.78 million in 3Q2019.

FINANCIAL CONDITION

As of 30 September 2020 and Year Ended 31 December 2019

Total assets increased to P2.40 billion in 30 September 2020 as compared to P2.38 billion as of 31 December 2019. Current assets decreased from P433.98 million as of 31 December 2019 to P379.72 million as of end of 3Q2020, this is due to decrease in Trade and Other Receivables. There is a collection from the insurance claim. Cash ending balance as of 30 September 2020 of P74.45 million posted an increase of P37.78 million. Trade receivables of P61.42 million decreased by P103.39 million as of 30 September 2020 from P164.81 million as of 31 December 2019. Inventories increased by P.29 million from P.58 million as of 31 December 2019. Prepayments and other current assets increased to P145.75 million as of 30 September 2020 from P134.67 million as of 31 December 2019.

Property and equipment account increased by 8.04% from P1.26 billion as of 31 December 2019 to P1.36 billion as of 30 September 2020. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 3Q2019. Other non-current assets of P749.78 million as of end of 2Q2020 increased by P78.74 million from P671.04 million as of 31 December 2019 due to decrease of deposits to contractors and transferred to Construction in Progress during the year.

Total liabilities increased from P1.07 billion as of 31 December 2019 to P1.17 billion as of 30 September 2020. Trade and other current payables increased from P449.21 million as of 31 December 2019 to P518.56 million as of 30 September 2020. Non-current liabilities increased by P3.71 million from P165.54 million as of 31 December 2019 to P169.26 million as of 30 September 2020.

TOP FIVE (5) PERFORMANCE INDICATORS

The top five (5) key performance indicators, as discussed herein, are presented on comparable basis and compared with figures attained from prior years operation, and are more fully explained as follows:

	September 2020	**September 2019**
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(4,040,682.49)	(16,229,768.00)
Gross Operating Profit Ratio	-	-

1) Occupancy rate is the number of hotel room-nights sold for the period divided by the number of room-nights available for the period; 2) Average room rate is the total room revenue for the period divided by the total number of hotel room-nights sold for the period; 3) Revenues are broken down on a departmental basis; 4) Gross operating profit ratio is computed as a percentage of revenues; and 5) Total Fixed, Financial and Other Charges are presented in the comparative.

FINANCIAL RISK MANAGEMENT

Risk Management Structure

BOD
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments consist of cash, trade receivables, AFS investment, trade payables and loan payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments such as other current receivables, other current payables, and concessionaires' and deposits which arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group's management reviews and approves policies for managing each of these risks, and these are summarized below.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables. There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group grants advances to its affiliates after the BOD reassesses the Group's strategies for managing credits and views that they remain appropriate for the Group's circumstances.

The amounts presented in the statements of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and its assessment of the current economic environment.

With respect to credit risk from other financial assets of the Group, which comprise mainly of cash, amounts owed by related parties and receivables from Acesite Limited (BVI), the exposure of the Group to credit risk arises from the default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

At the reporting date, other than the trade and other receivables, there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and financial liabilities. There has been no change o the Group's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risks

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, foreign currency risk, and other price risks.

The Group is primarily exposed to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices of its AFS investment. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk since prior financial year.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

Foreign Currency Risk
Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.
As a result of the loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this, the Group does not have any material transactions denominated in foreign currency as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in US Dollar. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WPI held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86,710,000 shares as of September 30, 2019.

The Group is not exposed to commodity price risk.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Financial Instruments

Fair Value of Financial Assets and Liabilities
The carrying amount of cash, trade and other current receivables, amounts owed by related parties, loan payable, and trade and other current payables approximate their fair values due to the short-term maturity of these instruments.

The fair values of concessionaires and deposits approximate their carrying amount as these are carried at present values discounted using discount rates approximating average market rates as of reporting periods. Discount rates used ranged from 5.8% to 7.71% in 2011

Fair Value Hierarchy
The table below analyzes financial instruments carried at fair value by valuation levels. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Company's AFS investment is based on Level 1.

Determination of Fair Value

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement

date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable input and minimizing the use of unobservable inputs.
When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible.

The Group's investment is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

PART II – OTHER INFORMATION

The registrant is not aware of any other information that should be reported under this item and which was not discussed on any SEC Form 17-C.

The following were the disclosures outside of SEC Form 17-C

Mar 16, 2020 - Risk and Impact of COVID19

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACESITE (PHILS.) HOTEL CORPORATION
By:

RICHARD RICARDO
Compliance Officer/Authorized Representative
20 October 2020

Certification

I, **RICHARD L. RICARDO**, Compliance Officer of **ACESITEPHILIPPINES HOTEL CORPORATION** with SEC registration number **7199** with principal office at **U.N Ave. corner Orosa St. Ermita, Manila**, on oath state:

1) That on behalf **ACESITEPHILIPPINES HOTEL CORPORATION**, I have caused this **SEC Form 17Q3** to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company **ACESITEPHILIPPINES HOTEL CORPORATION** will comply with the requirements set forth in SEC Notice for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this ___________ day of OCT 21 2020 ________, 20_____. ___________________________

RICHARD L. RICARDO
Affiant

SUBSCRIBED AND SWORN to before me this _____day of OCT 21 2020 20_____.

NOTARY PUBLIC

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-20

Doc. No. 186
Page No. 158
Book No. 19
Series of 2020.

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	September 30, 2020	December 31, 2019
Current Assets	379,725,089	433,978,003
Current Liabilities	999,676,993	904,245,018
Ratio	0.3798	0.4799

Quick Ratio	September 30, 2020	December 31, 2019
Cash+AR+ST Mkt Securities	135,876,233	201,492,137
Current Liabilities	999,676,993	904,245,018
Ratio	0.1359	0.2228

Cash Ratio	September 30, 2020	December 31, 2019
Cash+ST Mkt Securities	74,455,857	36,678,058
Current Liabilities	999,676,993	904,245,018
Ratio	0.0745	0.0406

SOLVENCY RATIO

Current Liabilities to Equity Ratio	September 30, 2020	December 31, 2019
Current Liabilities	999,676,993	904,245,018
Total Equity	1,232,385,232	1,311,421,519
Ratio	0.8112	0.6895

Total Liabilities to Equity Ratio	September 30, 2020	December 31, 2019
Total Liabilities	1,168,934,632	1,069,789,254
Total Equity	1,232,385,232	1,311,421,519
Ratio	0.9485	0.8157

Fixed Assets to Equity Ratio	September 30, 2020	December 31, 2019
Fixed Assets	1,359,596,641	1,258,364,708
Total Equity	1,232,385,232	1,311,421,519
Ratio	1.1032	0.9595

Assets to Equity Ratio	September 30, 2020	December 31, 2019
Total Assets	2,401,319,863	2,381,210,773
Total Equity	1,232,385,232	1,311,421,519
Ratio	1.9485	1.8157

INTEREST COVERAGE RATIO

Interest Coverage Ratio	September 30, 2020	December 31, 2019
Net Income Before Tax + Interest Exp	(21,814,506)	2,991,277
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	September 30, 2020	December 31, 2019
Net Income After Tax	(21,814,506)	67,595,390
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	September 30, 2020	December 31, 2019
Net Income After Tax	(21,814,506)	67,595,390
Total Assets	2,401,319,863	2,381,210,773
Ratio	(0.0091)	0.0284

Return on Equity Ratio	September 30, 2020	December 31, 2019
Net Income After Tax	(21,814,506)	67,595,390
Total Equity	1,232,385,232	1,311,421,519
Ratio	(0.0177)	0.0515

ACESITE (PHILS.) HOTEL CORPORATION
(Owner of Manila Pavilion Hotel)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	74,455,857	36,678,058
Trade and other current receivables - net	61,420,376	164,814,079
Note receivable	97,227,613	97,227,613
Inventories	871,336	580,782
Prepaid expenses and other current assets	145,749,907	134,677,471
Total Current Assets	379,725,089	433,978,003
Noncurrent Assets		
Property and equipment - net	1,359,596,641	1,258,364,708
Equity securities - at fair value through other comprehensive income	17,827,920	17,827,920
Other noncurrent assets	644,170,213	671,040,142
Total Noncurrent Assets	2,021,594,774	1,947,232,770
	2,401,319,863	2,381,210,773
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	518,563,754	449,207,571
Due to related parties	481,113,238	455,037,447
Total Current Liabilities	999,676,992	904,245,018
Noncurrent Liabilities		
Retirement benefits liability	11,886,383	8,011,369
Deferred tax liabilities - net	157,371,256	157,532,867
Total Noncurrent Liabilities	169,257,639	165,544,236
Total Liabilities	1,168,934,631	1,069,789,254
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus on property and equipment - net	181,498,765	181,498,765
Retirement benefits reserve	53,008,203	53,008,203
Unrealized valuation gain on available-for-sale investment	5,264,950	5,264,950
Retained earnings	658,554,494	737,590,781
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	1,232,385,232	1,311,421,519
	2,401,319,863	2,381,210,773

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING September 30, 2020
(With Comparative Figures for September 30, 2019)

	QUARTER ENDED 30-Sep-20	**YTD ENDED 30-Sep-20**	**QUARTER ENDED 30-Sep-19**	**YTD ENDED 30-Sep-19**
INCOME				
Rooms	-	-	-	-
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rent and Other Income	-	-	-	-
	-	**-**	**-**	**-**
COST OF SALES AND SERVICES				
Cost of Sales:				
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rental and Other Income	-	-	-	-
	-	**-**	**-**	**-**
Payroll and Related Expenses	1,020,894	4,146,919	1,801,029	4,879,749
Other Expenses	122,161	309,632	136,876	374,200
	1,143,055	**4,456,551**	**1,937,905**	**5,253,949**
Energy Cost	488,226	2,179,361	1,189,992	3,632,794
Property operations and maintenance	755,420	2,701,675	1,122,832	3,599,676
Depreciation on cost	1,653,982	4,961,946	11,979,039	35,937,118
	2,897,628	**9,842,982**	**14,291,863**	**43,169,588**
	4,040,683	**14,299,533**	**16,229,768**	**48,423,537**
GROSS OPERATING PROFIT (LOSS)	**(4,040,683)**	**(14,299,533)**	**(16,229,768)**	**(48,423,537)**
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES	-	-		
General and Administrative Expenses	13,358,093	50,960,691	21,313,898	50,549,706
Marketing and Guest Entertainment	142,302	498,826	338,580	1,101,412
Foreign Exchange (Gain) Loss	(16,736)	(29,582)	(8,516)	(315,845)
Corporate Expenses	-	20,323	-	1,957,725
Real Estate Tax	3,538,872	11,032,953	4,065,471	12,252,505
Insurance - Building and Contents	751,292	2,253,543	844,023	2,532,374
	17,773,823	**64,736,754**	**26,553,457**	**68,077,878**
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	(21,814,506)	(79,036,287)	(42,783,225)	(116,501,415)
	-	-		
DEPRECIATION - REVALUATION INCREMENT	-	-	-	-
INCOME (LOSS) BEFORE INCOME TAX	(21,814,506)	(79,036,287)	(42,783,225)	(116,501,415)
PROVISION FOR INCOME TAX	-	-		-
NET INCOME (LOSS)	**(21,814,506)**	**(79,036,287)**	**(42,783,225)**	**(116,501,415)**
OTHER COMPREHENSIVE INCOME (LOSS)				
TOTAL COMPREHENSIVE INCOME (LOSS)	**(21,814,506)**	**(79,036,287)**	**(42,783,225)**	**(116,501,415)**
	-			
Net Income(Loss)	(21,814,506)	(79,036,287)	(42,783,225)	(116,501,415)
No. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	**- 0.06**	**- 0.23**	**- 0.12**	**- 0.34**

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR NINE - MONTH ENDING September 30, 2020

	CAPITAL STOCK COMMON	TREASURY SHARES	REVALUATION INCREMENT IN PROPERTY AND EQUIPMENT	RETIREMENT BENEFITS RESERVE	UNREALIZED VALUATION LOSS ON AFS INVESTMENTS	RETAINED EARNINGS	TOTAL
Balance at December 31, 2019	346,100,520	-12,041,700	181,498,765	53,008,203	5,264,950	737,590,781	1,311,421,519
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the nine months						-79,036,287	-79,036,287
Balance at September 30, 2020	346,100,520	-12,041,700	181,498,765	53,008,203	5,264,950	658,554,494	1,232,385,232
Balance at December 31, 2018	346,100,520	-12,041,700	195,196,785	47,109,741	9,166,900	656,297,371	1,241,829,617
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the nine months						-116,501,415	-116,501,415
Balance at September 30, 2019	346,100,520	-12,041,700	195,196,785	47,109,741	9,166,900	539,795,956	1,125,328,202

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING September 30, 2020
(With Comparative Figures for September 30, 2019)

	QUARTER ENDED 30-Sep-20	YEAR TO DATE 30-Sep-20	QUARTER ENDED 30-Sep-19	YEAR TO DATE 30-Sep-19
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	(21,814,506)	(79,036,287)	(42,783,225)	(116,501,415)
Adjustments for:				
Depreciation	1,653,982	4,961,946	11,979,041	35,937,118
Interest Expense	-	-	-	-
Unrealized foreign exchange loss	(16,736)	(29,582)	(8,516)	(315,845)
Amortization of operating equipment	-	-	-	-
Provision for doubtful accounts	-	(3,645,204)	-	(3,645,204)
Interest Income	-	-		-
Loss on sale of equipment	-	-		-
Operating income before working capital changes	(20,177,260)	(77,749,127)	(30,812,700)	(84,525,345)
Decrease (increase) in:				
Receivables	20,542,290	103,393,703	(1,693,441)	2,147,107
Inventories	(290,554)	(290,554)	-	-
Prepaid expenses	(9,326,514)	(11,072,436)	(10,289,381)	(35,159,650)
Increase (decrease) in:				
Accounts payable and accrued expenses	(47,308,848)	69,356,183	132,954,841	469,837,622
Net Cash flow from Insurance claims	-	-	-	-
Retirement benefit plan obligation	875,014	3,875,014	1,500,000	(4,947,376)
Concessionaires and other deposits	-	-	-	-
Rental paid in advance	-	-	-	-
Net cash generated from operations	(55,685,872)	87,512,783	91,659,319	347,352,359
Interest received	-	-	-	-
Income taxes paid	-	-	-	-
Net cash from operating activities	(55,685,872)	87,512,783	91,659,319	347,352,359
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	(12,143,269)	(26,075,791)	93,848,892	95,310,379
Decrease (increase) in receivable from Acesite Ltd. (BVI)	-	-	-	-
Proceeds from sale of property and equipment	-	-	-	-
Acquisition of property and equipment	-	-	-	-
Decrease (increase) in other assets	46,766,266	(23,659,193)	(144,936,914)	(481,030,428)
Net cash from (used) in investing activities	34,622,997	(49,734,984)	(51,088,022)	(385,720,048)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	-	-	-	-
Interest paid	-	-	-	-
Increase (decrease) in contract payable	-	-	-	-
Increase (decrease) in lease rental payable (Cimar)	-	-	-	-
Cash used in financing activities	-	-	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-	-	-
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	(21,062,875)	37,777,798	40,571,297	(38,367,689)
CASH AND CASH EQUIVALENTS, BEGINNING	95,518,731	36,678,058	22,934,607	101,873,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**74,455,856**	**74,455,856**	**63,505,904**	**63,505,904**

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of September 30, 2020

Inter- Company	**Current**	**31-60**	**61-90**	**91-120**	**121 - 0ver**	**Total**
ALEC					1,015,834.08	1,015,834.08
Metro Alliance Holdings					5,627,201.51	5,627,201.51
Sands Mining					61,130.54	61,130.54
Wellex Group					169,057.95	169,057.95
Welex Mining					8,785,045.52	8,785,045.52
TOTAL	-	-	-	-	15,658,269.60	15,658,269.60

Stock Transfer Service Inc.
ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 09/30/2020

Rank	Name	Shareholdings	Percentage
1	WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
2	PCD NOMINEE CORPORATION	80,255,590	23.19%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,329,873	15.12%
4	NICKELL INTERNATIONAL LTD.	8,935,710	02.58%
5	ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000	00.39%
6	FLOIRENDO, ANTONIO	873,722	00.25%
7	TANSECO, GENEROSO	714,857	00.21%
8	UNITED PHILIPPINE LINES	714,854	00.21%
9	TAN, JESUS M. (HEIRS OF)	595,728	00.17%
10	DIZON, WILLY O. DIZON OR NENE C.	500,000	00.14%
11	BAUTISTA, DOMINGO C.	476,574	00.14%
12	NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508	00.09%
13	MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001	00.08%
14	MENZI, HANS (ESTATE OF)	278,001	00.08%
15	WELLS AND PUMPS INC.	278,001	00.08%
16	ROSARIO, FRANCISCO DEL	258,146	00.07%
17	CARLOS, GLORIA S. (HEIRS OF)	218,428	00.06%
18	DELGADO, FRANCISCO C.	198,702	00.06%
19	SANCHEZ, ANDREW A.	198,579	00.06%
20	TULIO, ERMINDA L.	198,576	00.06%
21	WESTERN STEEL INC.	198,576	00.06%
22	COJUANGCO, RAMON (HEIRS OF)	198,576	00.06%

23	ANUP TRADING	198,576	00.06%
24	LORENZO, LUISA DE R.	198,576	00.06%
25	PAILIAN, PETER GO	158,858	00.05%
26	BALUYUT, SISENANDO	148,928	00.04%
27	ARANETA, SALVADOR (HEIRS OF)	139,002	00.04%
28	RAZON, ENRIQUE JR.	139,002	00.04%
29	REYES, ALEX (HEIRS OF)	139,002	00.04%
30	YU, MANUEL L.	119,140	00.03%
31	SHAU, MARGARET L.	99,291	00.03%
32	RADIOWEALTH INC.	99,291	00.03%
33	AQUINO, ERNESTO R.	99,291	00.03%
34	ANDRADA CONSTRUCTION & DEV. INC.	99,291	00.03%
35	CAPILITAN ANDRADA ENGINEERING CORP	99,291	00.03%
36	BUGARIN, JOLLY R.	79,432	00.02%
37	CANCIO, AGUSTIN S.	79,429	00.02%
38	GLORIA, ALFREDO S.	79,429	00.02%
39	TANGCO, AMBROSIO	79,429	00.02%
40	SY, CELESTINO	79,429	00.02%
41	MAKALINTAL, QUERUBIN F.	59,570	00.02%
42	CHUA, VICENTE YU	59,570	00.02%
43	DELGADO, FEDERICO C.	59,570	00.02%
44	DELGADO, JOSE MARI C.	59,570	00.02%
45	NICKELL INTERNATIONAL	55,601	00.02%
46	MARILEX REALTY DEVELOPMENT CORP.	39,714	00.01%
47	MOSQUEDA, JOSE O.	39,714	00.01%
48	NADAL, EDGARDO	39,714	00.01%

49	ORTEGA, MANUEL JIZ DE (HEIRS OF)	39,714	00.01%
50	PEDROSA, CARLOS A.	39,714	00.01%
51	LICAROS, GREGORIO JR.	39,714	00.01%
52	LIM, CHOA	39,714	00.01%
53	LAUREL, MA. PAZ R.	39,714	00.01%
54	LAZARTE, GREGORIO (HEIRS OF)	39,714	00.01%
55	DELGADO, JESUS &/OR CARMEN (HEIRS OF)	39,714	00.01%
56	CRUZ, FERNANDO	39,714	00.01%
57	BUSUEGO, ARACELI A.	39,714	00.01%
58	ALALAYAN, EDGAR D.	39,714	00.01%
59	AURELIO, MANUEL &/OR LILIA	39,714	00.01%
60	ROBERTO BORJA FURNITURE	39,714	00.01%
61	RANOLA, CARMEN	39,714	00.01%
62	RUFINO, CARLOS	39,714	00.01%
63	CARPO, PIXIE R.	39,707	00.01%
64	CASTRO, FERNANDO L. (HEIRS OF)	39,707	00.01%
65	CHAVARRIA, BENEDICTO	39,707	00.01%
66	LAND, FREDERICK JR. (HEIRS OF)	39,707	00.01%
67	PEDROSA, PIO (HEIRS OF)	39,707	00.01%
68	PHIL. INSTITUTE OF HOTEL ADMINISTRATION	39,707	00.01%
69	SYCIP SALAZAR HERNANDEZ & GATMAITAN	25,977	00.01%
70	HARTSOCK, PAUL JEROME	20,051	00.01%
71	JACINTO, MAMERTO JR.	19,855	00.01%
72	GARCIA, VERONICA	19,855	00.01%
73	KATIGBAK, MARIO O.	19,855	00.01%

74	LIM, LEONOR D.	19,855	00.01%
75	LIM, VICTOR Y.	19,855	00.01%
76	LUCIANO, VICTOR	19,855	00.01%
77	MACASAET, AMADO P.	19,855	00.01%
78	PHILADELPHIA STEEL CORPORATION	19,855	00.01%
79	RAMOS, JANUARIO	19,855	00.01%
80	PATERNO, VICENTE	19,855	00.01%
81	PECAYO, DOMINADOR	19,855	00.01%
82	PUA, MARCIANA G.	19,855	00.01%
83	PUGAO, RAMON	19,855	00.01%
84	ORTIZ, RICARDO L.	19,855	00.01%
85	CATO, BENJAMIN	19,855	00.01%
86	CASTILLO, DOMINGO	19,855	00.01%
87	CASTRILLO, EDUARDO	19,855	00.01%
88	CARLOS, MA. NELIA	19,855	00.01%
89	COLAYCO, FRANCISCO J.	19,855	00.01%
90	COMMON TRADE INC.	19,855	00.01%
91	CHICO, PACIFICO	19,855	00.01%
92	COSIO, REYNALDO F.	19,855	00.01%
93	FELICIANO, ROSA H.	19,855	00.01%
94	FIDELINO, CONCEPCION S.	19,855	00.01%
95	FELICIANO JR., GUILLERMO	19,855	00.01%
96	FELICIANO, GRACE K.	19,855	00.01%
97	BARREDO, LUISA	19,855	00.01%
98	ARROYO, TOMAS	19,855	00.01%
99	ABAD SANTOS, VICTOR E.	19,855	00.01%

100	ANTONIO, ARTURO	19,855	00.01%
	Total Top 100 Shareholders :	345,394,685	99.79%
	Total Outstanding Shares	346,100,520	

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - ACE000000000

Business Date: September 30, 2020

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	153,000
ABACUS SECURITIES CORPORATION	3,459,310
PHILSTOCKS FINANCIAL INC	5,051,051
BA SECURITIES, INC.	200,000
AP SECURITIES INCORPORATED	195,500
ANSALDO, GODINEZ & CO., INC.	345,000
AB CAPITAL SECURITIES, INC.	942,500
SB EQUITIES,INC.	436,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
CHINA BANK SECURITIES CORPORATION	5,791,000
BELSON SECURITIES, INC.	85,000
BENJAMIN CO CA & CO., INC.	30,000
B. H. CHUA SECURITIES CORPORATION	100,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	1,053,138
CAMPOS, LANUZA & COMPANY, INC.	158,000
BDO NOMURA SECURITIES INC	148,700
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	1,204,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	14,350
E. CHUA CHIACO SECURITIES, INC.	125,131
EASTERN SECURITIES DEVELOPMENT CORPORATION	234,500
EQUITIWORLD SECURITIES, INC.	14,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	367,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	8,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GOLDSTAR SECURITIES, INC.	1,073,000
GUILD SECURITIES, INC.	148,884
HDI SECURITIES, INC.	5,903,001
I. B. GIMENEZ SECURITIES, INC.	52,158,527
INVESTORS SECURITIES, INC,	35,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	6,094,816
MERCANTILE SECURITIES CORP.	8,000
MOUNT PEAK SECURITIES, INC.	35,000
OPTIMUM SECURITIES CORPORATION	21,000
RCBC SECURITIES, INC.	19,211
PAN ASIA SECURITIES CORP.	100,000
MAYBANK ATR KIM ENG SECURITIES, INC.	100,304
PNB SECURITIES, INC.	33,850
QUALITY INVESTMENTS & SECURITIES CORPORATION	170,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	238,850
REGINA CAPITAL DEVELOPMENT CORPORATION	340,350
R. NUBLA SECURITIES, INC.	30,000
AAA SOUTHEAST EQUITIES, INCORPORATED	10,000
R. S. LIM & CO., INC.	515,000

BPNAME	HOLDINGS
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
STANDARD SECURITIES CORPORATION	223,000
TANSENGCO & CO., INC.	141,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	2,010,000
UCPB SECURITIES, INC.	20,550
FIRST METRO SECURITIES BROKERAGE CORP.	567,004
WEALTH SECURITIES, INC.	172,000
WESTLINK GLOBAL EQUITIES, INC.	32,930,600
YAO & ZIALCITA, INC.	369,500
BDO SECURITIES CORPORATION	21,950
EAGLE EQUITIES, INC.	89,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	360,000
G.D. TAN & COMPANY, INC.	4,317,037
UNICAPITAL SECURITIES INC.	15,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	195,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
TOTAL	**132,585,463**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

COVER SHEET

7 1 9 9

SEC Registration Number

A C E S I T E (P H I L S .) H O T E L C O R P O R A T I O N

(Company's Full Name)

7th Floor Manila Pavilion Hotel
UN Avenue corner M. Orosa Street
Ermita, Manila

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

RICHARD RICARDO

Contact Person

231 10 73 (TEMPORARY)

Company Telephone Number

1 2 | 3 1

Month *Day*

1 7 - Q 2

FORM TYPE

1 1 | 0 5

Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

196

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended 30 June 2020

2. Commission Identification Number 7199

3. BIR Tax Identification Code 002-856-627

4. ACESITE (PHILS.) HOTEL CORPORATION
Exact Name of issuer as specified in its charter

5. Manila, Philippines
Province, country of incorporation

6. (SEC Use Only)
Industry Classification Code

7. Cayene's Staging Office, Maria Orosa St. Ermita, Manila (Temporary)
Address of Principal Office and Postal Code

8. Issuer's telephone number (632) 8231-1073 (Temporary)

9. No changes from last report
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	-	Authorized	1,200,000,000
	-	Issued	344,747,520
	-	Treasury	1,353,000
Preferred	-	Authorized	20,000
	-	Issued	None

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [x] No [ ]

346,100,520 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange, of which 1,353,000 shares are treasury shares.

12. Indicate by check mark whether the registrant:

(a) Has filed 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 subjected to such filing requirements for the past ninety (90) days.

Yes [x] No [ ]

SECURITIES AND EXCHANGE COMMISSIONSEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
   June 30, 2020
2. SEC Identification Number
   7199
3. BIR Tax Identification No.
   002-856-627
4. Exact name of issuer as specified in its charter
   ACESITE (PHILS.) HOTEL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
   7th Floor, Manila Pavivilion Hotel, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code1000
8. Issuer's telephone number, including area code
   632-526-12-12 extension 2287
9. Former name or former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	344,747,520

11. Are any or all of registrant's securities listed on a Stock Exchange?
    xYes
    No

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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)
xYes
No

(b) has been subject to such filing requirements for the past ninety (90) days
xYes
No

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

ACESITE (PHILS) HOTEL CORP

PSE Disclosure Form 17-2 - Quarterly Report ***References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules***

For the period ended June 30, 2020

Currency (indicate units, if applicable) Php

Balance Sheet

	Period Ended June 30, 2020	Fiscal Year Ended (Audited) December 31, 2019
Current Assets	407,319,655	433,978,003
Total Assets	2,457,424,934	2,381,210,773
Current Liabilities	1,034,842,570	904,245,018
Total Liabilities	1,203,225,196	1,069,789,254
Retained Earnings/(Deficit)	680,368,999	737,590,781
Stockholders' Equity	1,254,199,737	1,311,421,519
Stockholders' Equity - Parent	1,255,621,904	1,300,910,388
Book Value per Share	3.64	3.80

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Operating Expense	5,070,269	16,250,389	10,258,851	32,193,768
Other Expense	22,968,248	20,318,547	46,962,930	41,524,423
Gross Expense	28,038,517	36,568,937	57,221,781	73,718,191
Net Income/(Loss) Before Tax	(28,038,517)	(36,568,937)	(57,221,781)	(73,718,191)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(28,038,517)	(36,568,937)	(57,221,781)	(73,718,191)
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	(0.08)	(0.11)	(0.17)	(0.21)
Earnings/(Loss) Per Share (Diluted)	(0.08)	(0.11)	(0.17)	(0.21)

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	0.2497	(0.94)
Earning/(Loss) Per Share (Diluted)	0.2497	(0.94)

NOTES TO INTERIM FINANCIAL STATEMENTS

Item 1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the “Company”) is a 55.71%-owned subsidiary of Waterfront Philippines, Incorporated (WPI) and its ultimate parent is The Wellex Group, Inc. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

The Company is the owner of Manila Pavilion Hotel (the “Hotel”). The Corporate life of the Company has been extended up to 2052. The Company’s shares have been listed in the Philippine Stock Exchange (PSE) since December 5, 1986.

Office Address

The Company’s registered office address is 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

Item 2. Basis of Preparation

Statement of Compliance

The interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The financial statements of the Company as of and for the period ended October 5, 2019 were approved.

Basis of Measurement

The interim financial statements are prepared on the historical cost basis except for hotel building and equipment and furniture, fixtures and equipment, which are measured at revalued amounts less accumulated depreciation and impairment losses, and AFS investment, which is measured at fair value.

Functional and Presentation Currency

The interim financial statements are presented in Philippine peso, which is the Company’s functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

Use of Estimates and Judgments

The preparation of interim financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Item 3. Summary of Significant Accounting Policies

The same accounting policies have been applied consistently for interim reporting as applied in the entity's annual financial.

Adoption of Amendments to Standards

Adopted on January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, Leases, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remain unchanged except for a number of details including the application of the new lease definition, new sale-and leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of twelve months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced. The new standard is to be applied retrospectively.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty- either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change- e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- Plan Amendment, Curtailment or Settlement (Amendments to PAS 19, Employee Benefits). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

- Annual Improvements to PFRSs 2015 - 2017 Cycle. This cycle of improvements contains amendments to four standards:
  - Previously held interest in a joint operation (Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements). The amendments clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party maintains or obtains joint control, then the previously held interest is not remeasured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
  - Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12, Income Taxes). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, other comprehensive income or equity.
  - Borrowing costs eligible for capitalization (Amendments to PAS 23, Borrowing Costs). The amendments clarify that the general borrowings pool used to calculate eligible

borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

Certain comparative amounts in the consolidated statements of financial position and consolidated statements of comprehensive income have been reclassified to better reflect the nature of accounts as disclosed in Note 1 to the consolidated financial statements.

Item 4. Cash and Cash Equivalents

Included in cash and cash equivalents as of June 30, 2020 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	June 2020	December 2019
Trade - Net	15,658,270	15,658,270
Others	66,304,396	149,155,809
Total	81,962,666	164,814,079

Item 6. Inventories

This account consists:

	June 2020	December 2019
Food and Beverage	-	-
Operating Supplies	-	-
Others	580,782	580,782
Total	**580,782**	**580,782**

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	June 2020	December 2019
Accrued Expenses	6,968,247	5,902,195
Trade Payables	121,867,439	104,472,525
Others	437,036,915	338,832,851
Total	**565,872,601**	**449,207,571**

Item 8. Related Party Transactions

The Company's related party transactions include transactions with WPI (the Company's parent), stockholders, its fellow subsidiaries and key management personnel.

In the ordinary course of business, companies with in the group extend/obtain non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

There is no currently existing loan.

Item 10. The earnings (loss) per share is computed as follows:

	June 2020	June 2019
Net Income (Loss)	(28,038,516.91)	(36,568,936.97)
Weighted Average Number of Shares Outstanding	344,747,520.00	344,747,520.00
Earnings (Loss) per share	(0.08)	(0.11)

i. The Company is involved in a number of legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves.

Aside from the above-mentioned items, management does not know of trends and events that would have a material impact on the Company's liquidity.

ii. On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.

iii. The Company has an ongoing compliance for its insurance claims, the proceeds of which shall be used to restore the hotel for its continued operation.

iv. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

v. The business operation during the 2nd quarter of 2018 has temporary ceased due to the damages caused by fire to the property. By the end of 2nd quarter of 2020, the business operation has not yet commenced.

vi. For the second quarter of 2020, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non generation of any revenue brought by temporary closure.

vii. Causes of material changes in the items in the financial statements from 2019 to 2020 have been discussed under management discussion and analysis above.

viii. Causes of material changes in the items in the income statements for the 2nd quarter of 2020 and 2019, and the balance sheets as of 30 June 2020 and 31 December 2019 have been discussed under management discussion and analysis above.

ix. The hotel operation is currently suspended. This has a material effect on the financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Company for the period ending June 30, 2020 and 2019 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 June 2020 and Quarter Ended 30 June 2020

No gross revenues registered in the same comparative period in 2020 and 2019. No room sales were reported due to the fire incident. There was zero occupancy in 2Q2020 same as 2Q2019. No room revenue contribution to the gross revenues for 2Q2020 and 2Q2019, respectively. Zero average room rate for both 2Q2020 and 2Q2019.

Zero Food and Beverage revenue was recorded in 2Q2020 and 2Q2019. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 2Q2019 and 2Q2020. Rent and other income have remained zero in 2Q2020 and in 2Q2019.

There was no F&B Revenue, thus, no cost of sales in both 2Q2020 and in 2Q2019. Payroll expenses decreased by 7.88% from P1.59 million in 2Q2019 to P1.46 million in 2Q2020. Permanent Lay Off has been filed at the DOLE NCR on November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2019. Other expenses went down from P.09 million in 2Q2019 to P.08 million in 2Q2020. The Energy cost was recorded at P0.63 million in 2Q2020.

The Company posted a gross operating loss of P5.07 million in 2Q2020, representing decrease of P11.18 million from that recorded in 1Q2019 of P16.25 million. Gross operating profit/loss ratio in 2Q2020 and 2Q2019 stood both at 0%.

Fixed financial, operating and other expenses increased from P20.32 million in 2Q2019 to P22.97 million in 2Q2020 with the major increase coming from general and administrative expenses. The general and administrative expenses have an increase from P13.07 million in 2Q2019 to P13.44 million in 2Q2020 due to the various reasons like the increase in management fees in 2Q2019. Marketing and guest entertainment decreased from P.51 million in 2Q2019 to P.17 million in 2Q2020. No corporate expenses was recorded in 2Q2020. Real estate tax went down by 8.56% from P3.95 million in 2Q2019 to P3.61 million in 2Q2020. Fire insurance decreased from P.84 million in 2Q2019 to P0.75 million in 2Q2020. For 2Q2020, the Company posted a net loss of P22.97 million representing an increase of 13.04% from loss of P20.32 million in 2Q2019.

FINANCIAL CONDITION

As of 30 June 2020 and Year Ended 31 December 2019

Total assets increased to P2.46 billion in 30 June 2020 as compared to P2.38 billion as of 31 December 2019. Current assets decreased from P433.98 million as of 31 December 2019 to P407.32 million as of end of 2Q2020, this is due to decrease in Trade and Other Receivables. There is a collection from the insurance claim. Cash ending balance as of 30 June 2020 of P95.52 million posted an increase of P58.54 million. Trade receivables of P81.96 million decreased by P82.85 million as of 30 June 2020 from P164.81 million as of 31 December 2019. Inventories remains at P.58 million as of 31 December 2019 and June 30, 2020, respectively. Prepayments and other current assets increased to P136.42 million as of 30 June 2020 from P134.67 million as of 31 December 2019.

Property and equipment account increased by 1.92% from P1.26 billion as of 31 December 2019 to P1.28 billion as of 30 June 2020. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 2Q2019. Other non-current assets of P749.78 million as of end of 2Q2020 increased by P78.74 million from P671.04 million as of 31 December 2019 due to increase of deposits to contractors and Construction in Progress during the year.

Total liabilities increased from P1.07 billion as of 31 December 2019 to P1.20 billion as of 30 June 2020. Trade and other current payables increased from P449.21 million as of 31 December 2019 to P565.87 million as of 30 June 2020. Non-current liabilities increased by P2.84 million from P165.54 million as of 31 December 2019 to P168.38 million as of 30 June 2020.

TOP FIVE (5) PERFORMANCE INDICATORS

The top five (5) key performance indicators, as discussed herein, are presented on comparable basis and compared with figures attained from prior years operation, and are more fully explained as follows:

	June 2020	June 2019
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(5,070,268.74)	(16,250,389.42)
Gross Operating Profit Ratio	-	-

1) Occupancy rate is the number of hotel room-nights sold for the period divided by the number of room-nights available for the period; 2) Average room rate is the total room revenue for the period divided by the total number of hotel room-nights sold for the period; 3) Revenues are broken down on a departmental basis; 4) Gross operating profit ratio is computed as a percentage of revenues; and 5) Total Fixed, Financial and Other Charges are presented in the comparative.

FINANCIAL RISK MANAGEMENT

Risk Management Structure

BOD
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group’s approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group’s risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies
The Group’s principal financial instruments consist of cash, trade receivables, AFS investment, trade payables and loan payable. The main purpose of these financial instruments is to finance the Group’s operations. The Group has various other financial instruments such as other current receivables, other current payables, and concessionaires’ and deposits which arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group’s management reviews and approves policies for managing each of these risks, and these are summarized below.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s trade and nontrade receivables. There has been no change to the Group’s exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group grants advances to its affiliates after the BOD reassesses the Group's strategies for managing credits and views that they remain appropriate for the Group's circumstances.

The amounts presented in the statements of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and its assessment of the current economic environment.

With respect to credit risk from other financial assets of the Group, which comprise mainly of cash, amounts owed by related parties and receivables from Acesite Limited (BVI), the exposure of the Group to credit risk arises from the default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

At the reporting date, other than the trade and other receivables, there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and financial liabilities. There has been no change o the Group's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risks

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, foreign currency risk, and other price risks.

The Group is primarily exposed to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices of its AFS investment. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk since prior financial year.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

Foreign Currency Risk
Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.
As a result of the loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this, the Group does not have any material transactions denominated in foreign currency as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in US Dollar. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WPI held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86,710,000 shares as of September 30, 2019.

The Group is not exposed to commodity price risk.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Financial Instruments

Fair Value of Financial Assets and Liabilities
The carrying amount of cash, trade and other current receivables, amounts owed by related parties, loan payable, and trade and other current payables approximate their fair values due to the short-term maturity of these instruments.

The fair values of concessionaires and deposits approximate their carrying amount as these are carried at present values discounted using discount rates approximating average market rates as of reporting periods. Discount rates used ranged from 5.8% to 7.71% in 2011

Fair Value Hierarchy
The table below analyzes financial instruments carried at fair value by valuation levels. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Company's AFS investment is based on Level 1.

Determination of Fair Value

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Group uses

valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable input and minimizing the use of unobservable inputs.
When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible.

The Group's investment is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

PART II – OTHER INFORMATION

The registrant is not aware of any other information that should be reported under this item and which was not discussed on any SEC Form 17-C.

The following were the disclosures outside of SEC Form 17-C
The following were the disclosures outside of SEC Form 17-C

Mar 16, 2020 - Risk and Impact of COVID19

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. ͭis

ACESITE (PHILS.) HOTEL CORPORATION
By:

RICHARD RICARDO
Compliance Officer/Authorized Representative
11 Aug 2020

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	**June 30, 2020**	**December 31, 2019**
Current Assets	407,319,655	433,978,003
Current Liabilities	1,034,842,570	904,245,018
Ratio	0.3936	0.4799

Quick Ratio	**June 30, 2020**	**December 31, 2019**
Cash+AR+ST Mkt Securities	177,481,397	201,492,137
Current Liabilities	1,034,842,570	904,245,018
Ratio	0.1715	0.2228

Cash Ratio	**June 30, 2020**	**December 31, 2019**
Cash+ST Mkt Securities	95,518,731	36,678,058
Current Liabilities	1,034,842,570	904,245,018
Ratio	0.0923	0.0406

SOLVENCY RATIO

Current Liabilities to Equity Ratio	**June 30, 2020**	**December 31, 2019**
Current Liabilities	1,034,842,570	904,245,018
Total Equity	1,254,199,737	1,311,421,519
Ratio	0.8251	0.6895

Total Liabilities to Equity Ratio	**June 30, 2020**	**December 31, 2019**
Total Liabilities	1,203,225,196	1,069,789,254
Total Equity	1,254,199,737	1,311,421,519
Ratio	0.9594	0.8157

Fixed Assets to Equity Ratio	**June 30, 2020**	**December 31, 2019**
Fixed Assets	1,282,499,923	1,258,364,708
Total Equity	1,254,199,737	1,311,421,519
Ratio	1.0226	0.9595

Assets to Equity Ratio	**June 30, 2020**	**December 31, 2019**
Total Assets	2,457,424,934	2,381,210,773
Total Equity	1,254,199,737	1,311,421,519
Ratio	1.9594	1.8157

INTEREST COVERAGE RATIO

Interest Coverage Ratio	**June 30, 2020**	**December 31, 2019**
Net Income Before Tax + Interest Exp	(28,038,517)	2,991,277
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	June 30, 2020	December 31, 2019
Net Income After Tax	(28,038,517)	67,595,390
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	June 30, 2020	December 31, 2019
Net Income After Tax	(28,038,517)	67,595,390
Total Assets	2,457,424,934	2,381,210,773
Ratio	(0.0114)	0.0284

Return on Equity Ratio	June 30, 2020	December 31, 2019
Net Income After Tax	(28,038,517)	67,595,390
Total Equity	1,254,199,737	1,311,421,519
Ratio	(0.0224)	0.0515

Certification

I, **RICHARD L. RICARDO**, Compliance Officer of **ACESITE PHILIPPINES HOTEL CORPORATION** with SEC registration number **7199** with principal office at **U.N Ave. corner Orosa St. Ermita, Manila**, on oath state:

1) That on behalf **ACESITE PHILIPPINES HOTEL CORPORATION**, I have caused this SEC Form 17Q2 to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company **ACESITE PHILIPPINES HOTEL CORPORATION** will comply with the requirements set forth in SEC Notice for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 11 AUG 2020 day of ____________, 20____, QUEZON CITY

RICHARD L. RICARDO
Affiant

SUBSCRIBED AND SWORN to before me this 11 AUG 2020 day of__________, 20____.

NOTARY PUBLIC

DOC NO. 470
PAGE NO. 96
BOOK NO. VII
SERIES OF. 2020

ATTY. JOSE FLORO P. CRISOLOGO
NOTARY PUBLIC
Adm. Matter No. NP-023 (2020-2021)
PTR No. 9270054-C / Jan. 2, 2020 / Q.C.
MCLE Compliance No. VI-0017262
IBP Lifetime No. LRN 03688 / Q.C.
Attorney's Roll No. 49462
TIN 131-979-403
Add: No. 51 Commonwealth Ave. Q.C.

ACESITE (PHILS.) HOTEL CORPORATION
(Owner of Manila Pavilion Hotel)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	95,518,731	36,678,058
Trade and other current receivables - net	81,962,666	164,814,079
Note receivable	92,834,083	97,227,613
Inventories	580,782	580,782
Prepaid expenses and other current assets	136,423,393	134,677,471
Total Current Assets	407,319,655	433,978,003
Noncurrent Assets		
Property and equipment - net	1,282,499,923	1,258,364,708
Equity securities - at fair value through other comprehensive income	17,827,920	17,827,920
Other noncurrent assets	749,777,436	671,040,142
Total Noncurrent Assets	2,050,105,279	1,947,232,770
	2,457,424,934	2,381,210,773
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	565,872,602	449,207,571
Due to related parties	468,969,969	455,037,447
Total Current Liabilities	1,034,842,571	904,245,018
Noncurrent Liabilities		
Retirement benefits liability	11,011,369	8,011,369
Deferred tax liabilities - net	157,371,257	157,532,867
Total Noncurrent Liabilities	168,382,626	165,544,236
Total Liabilities	1,203,225,197	1,069,789,254
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus on property and equipment - net	181,498,765	181,498,765
Retirement benefits reserve	53,008,203	53,008,203
Unrealized valuation gain on available-for-sale investment	5,264,950	5,264,950
Retained earnings	680,368,999	737,590,781
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	1,254,199,737	1,311,421,519
	2,457,424,934	2,381,210,773

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING June 30, 2020
(With Comparative Figures for June 30, 2019)

	QUARTER ENDED 30-Jun-20	YEAR TO DATE ENDED 30-Jun-20	QUARTER ENDED 30-Jun-19	YEAR TO DATE ENDED 30-Jun-19
INCOME				
Rooms	-	-	-	-
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rent and Other Income	-	-	-	-
	-	**-**	**-**	**-**
COST OF SALES AND SERVICES	-	-		
Cost of Sales:	-	-		
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rental and Other Income	-	-	-	-
	-	**-**	**-**	**-**
	-	-		
Payroll and Related Expenses	1,465,116	3,126,025	1,590,493	3,078,719
Other Expenses	77,657	187,471	93,123	237,324
	1,542,773	**3,313,496**	**1,683,616**	**3,316,043**
Energy Cost	628,584	1,691,136	1,318,791	2,442,802
Property operations and maintenance	844,108	1,946,255	1,268,943	2,476,844
Depreciation on cost	2,054,804	3,307,964	11,979,039	23,958,079
	3,527,496	**6,945,355**	**14,566,773**	**28,877,725**
	5,070,269	**10,258,851**	**16,250,389**	**32,193,768**
GROSS OPERATING PROFIT (LOSS)	**(5,070,269)**	**(10,258,851)**	**(16,250,389)**	**(32,193,768)**
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES	-	-		
General and Administrative Expenses	18,436,005	37,602,596	13,070,908	29,235,808
Marketing and Guest Entertainment	174,197	356,525	512,219	762,833
Foreign Exchange (Gain) Loss	(8,169)	(12,846)	(19,739)	(307,328)
Interest Expense	-	-	-	-
Corporate Expenses	-	20,323	1,957,725.20	1,957,725
Real Estate Tax	3,614,693	7,494,081	3,953,214	8,187,034
Insurance - Building and Contents	751,522	1,502,251	844,220	1,688,352
Interest and Other Charges/(Income)-Net	-	-	-	-
	22,968,248	**46,962,930**	**20,318,547**	**41,524,423**
INCOME (LOSS) BEFORE DEPRECIATION	-	-		
ON REVALUATION INCREMENT AND INCOME TAX	(28,038,517)	(57,221,781)	(36,568,937)	(73,718,191)
DEPRECIATION - REVALUATION INCREMENT	-	-	-	-
INCOME (LOSS) BEFORE INCOME TAX	(28,038,517)	(57,221,781)	(36,568,937)	(73,718,191)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	**(28,038,517)**	**(57,221,781)**	**(36,568,937)**	**(73,718,191)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Appraisal increase in property and equipment for the year	-	-	-	-
Unrealized Loss on AFS investment recognized for the year	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**(28,038,517)**	**(57,221,781)**	**(36,568,937)**	**(73,718,191)**
	-			
Net Income(Loss)	(28,038,517)	(57,221,781)	(36,568,937)	(73,718,191)
No. of shares issued	344,747,521	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	**-0.08**	**-0.17**	**-0.11**	**-0.21**

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR SIX - MONTH ENDING June 30, 2020

	CAPITAL STOCK COMMON	TREASURY SHARES	REVALUATION INCREMENT IN PROPERTY AND EQUIPMENT	RETIREMENT BENEFITS RESERVE	UNREALIZED VALUATION LOSS ON AFS INVESTMENTS	RETAINED EARNINGS	TOTAL
Balance at December 31, 2019	346,100,520	(12,041,700)	181,498,765	53,008,203	5,264,950	737,590,781	1,311,421,519
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the six months						(57,221,781)	(57,221,781)
Balance at June 30, 2020	346,100,520	(12,041,700)	181,498,765	53,008,203	5,264,950	680,369,000	1,254,199,738
Balance at December 31, 2018	346,100,520	(12,041,700)	195,196,785	47,109,741	9,166,900	656,297,371	1,241,829,617
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the six months						(73,718,191)	(73,718,191)
Balance at June 30, 2019	346,100,520	(12,041,700)	195,196,785	47,109,741	9,166,900	582,579,180	1,168,111,426

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING June 30, 2020
(With Comparative Figures for June 30, 2019)

	QUARTER ENDED 30.Jun.20	YTD ENDED 30.Jun.20	QUARTER ENDED 30.Jun.19	YTD ENDED 30.Jun.19
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	(28,038,517)	(57,221,781)	(36,568,937)	(73,718,194)
Adjustments for:				
Depreciation	2,054,804	3,307,964	11,979,040	23,958,079
Interest Expense	-	-	-	-
Unrealized foreign exchange loss	(8,169)	(12,846)	(19,739)	(307,328)
Amortization of operating equipment	-	-	-	-
Provision for doubtful accounts	-	(3,645,204)	-	(3,645,204)
Interest Income	-	-		-
Loss on sale of equipment	-	-		-
Operating income before working capital changes	(25,991,882)	(57,571,867)	(24,609,636)	(53,712,647)
Decrease (increase) in:				
Receivables	82,818,042	82,851,413	1,323,045	3,840,548
Prepaid expenses	1,032,289	(1,745,922)	(7,384,559)	(24,870,268)
Increase (decrease) in:	-			
Accounts payable and accrued expenses	85,885,947	116,665,031	270,246,552	336,882,782
Retirement benefit plan obligation	1,500,000	3,000,000	1,139,172	(6,447,376)
Net cash generated from operations	145,244,396	143,198,655	240,714,574	255,693,039
Interest received	-	-	-	-
Income taxes paid	-	-	-	-
Net cash from operating activities	145,244,396	143,198,655	240,714,574	255,693,039
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	(14,933,092)	(13,932,522)	7,567,285	1,461,488
Decrease (increase) in receivable from Acesite Ltd. (BVI)	-	-	-	-
Proceeds from sale of property and equipment	-	-	-	-
Acquisition of property and equipment	-	-	-	-
Decrease (increase) in other assets	(49,219,604)	(70,425,459)	(249,184,350)	(336,093,512)
Net cash from (used) in investing activities	(64,152,696)	(84,357,982)	(241,617,065)	(334,632,024)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	-	-	-	-
Interest paid	-	-	-	-
Increase (decrease) in contract payable	-	-	-	-
Increase (decrease) in lease rental payable (Cimar)	-	-	-	-
Cash used in financing activities	-	-	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-	-	-
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	81,091,700	58,840,673	(902,491)	(78,938,985)
CASH AND CASH EQUIVALENTS, BEGINNING	14,427,031	36,678,058	23,837,099	101,873,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**95,518,731**	**95,518,731**	**22,934,608**	**22,934,608**

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of JUNE 30, 2020

Inter- Company	**Current**	**31-60**	**61-90**	**91-120**	**121 - 0ver**	**Total**
ALEC					1,015,834.08	1,015,834.08
Metro Alliance Holdings					5,627,201.51	5,627,201.51
Sands Mining					61,130.54	61,130.54
Wellex Group					169,057.95	169,057.95
Welex Mining					8,785,045.52	8,785,045.52
TOTAL	-	-	-	-	15,658,269.60	15,658,269.60

Stock Transfer Service Inc.
ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 06/30/2020

Rank	Name	Shareholdings	Percentage
1	WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
2	PCD NOMINEE CORPORATION	80,255,590	23.19%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,329,873	15.12%
4	NICKELL INTERNATIONAL LTD.	8,935,710	02.58%
5	ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000	00.39%
6	FLOIRENDO, ANTONIO	873,722	00.25%
7	TANSECO, GENEROSO	714,857	00.21%
8	UNITED PHILIPPINE LINES	714,854	00.21%
9	TAN, JESUS M. (HEIRS OF)	595,728	00.17%
10	DIZON, WILLY O. DIZON OR NENE C.	500,000	00.14%
11	BAUTISTA, DOMINGO C.	476,574	00.14%
12	NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508	00.09%
13	MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001	00.08%
14	MENZI, HANS (ESTATE OF)	278,001	00.08%
15	WELLS AND PUMPS INC.	278,001	00.08%
16	ROSARIO, FRANCISCO DEL	258,146	00.07%
17	CARLOS, GLORIA S. (HEIRS OF)	218,428	00.06%
18	DELGADO, FRANCISCO C.	198,702	00.06%
19	SANCHEZ, ANDREW A.	198,579	00.06%
20	TULIO, ERMINDA L.	198,576	00.06%
21	WESTERN STEEL INC.	198,576	00.06%
22	COJUANGCO, RAMON (HEIRS OF)	198,576	00.06%

23	ANUP TRADING	198,576	00.06%
24	LORENZO, LUISA DE R.	198,576	00.06%
25	PAILIAN, PETER GO	158,858	00.05%
26	BALUYUT, SISENANDO	148,928	00.04%
27	ARANETA, SALVADOR (HEIRS OF)	139,002	00.04%
28	RAZON, ENRIQUE JR.	139,002	00.04%
29	REYES, ALEX (HEIRS OF)	139,002	00.04%
30	YU, MANUEL L.	119,140	00.03%
31	SHAU, MARGARET L.	99,291	00.03%
32	RADIOWEALTH INC.	99,291	00.03%
33	AQUINO, ERNESTO R.	99,291	00.03%
34	ANDRADA CONSTRUCTION & DEV. INC.	99,291	00.03%
35	CAPILITAN ANDRADA ENGINEERING CORP	99,291	00.03%
36	BUGARIN, JOLLY R.	79,432	00.02%
37	CANCIO, AGUSTIN S.	79,429	00.02%
38	GLORIA, ALFREDO S.	79,429	00.02%
39	TANGCO, AMBROSIO	79,429	00.02%
40	SY, CELESTINO	79,429	00.02%
41	MAKALINTAL, QUERUBIN F.	59,570	00.02%
42	CHUA, VICENTE YU	59,570	00.02%
43	DELGADO, FEDERICO C.	59,570	00.02%
44	DELGADO, JOSE MARI C.	59,570	00.02%
45	NICKELL INTERNATIONAL	55,601	00.02%
46	MARILEX REALTY DEVELOPMENT CORP.	39,714	00.01%
47	MOSQUEDA, JOSE O.	39,714	00.01%
48	NADAL, EDGARDO	39,714	00.01%

49	ORTEGA, MANUEL JIZ DE (HEIRS OF)	39,714	00.01%
50	PEDROSA, CARLOS A.	39,714	00.01%
51	LICAROS, GREGORIO JR.	39,714	00.01%
52	LIM, CHOA	39,714	00.01%
53	LAUREL, MA. PAZ R.	39,714	00.01%
54	LAZARTE, GREGORIO (HEIRS OF)	39,714	00.01%
55	DELGADO, JESUS &/OR CARMEN (HEIRS OF)	39,714	00.01%
56	CRUZ, FERNANDO	39,714	00.01%
57	BUSUEGO, ARACELI A.	39,714	00.01%
58	ALALAYAN, EDGAR D.	39,714	00.01%
59	AURELIO, MANUEL &/OR LILIA	39,714	00.01%
60	ROBERTO BORJA FURNITURE	39,714	00.01%
61	RANOLA, CARMEN	39,714	00.01%
62	RUFINO, CARLOS	39,714	00.01%
63	CARPO, PIXIE R.	39,707	00.01%
64	CASTRO, FERNANDO L. (HEIRS OF)	39,707	00.01%
65	CHAVARRIA, BENEDICTO	39,707	00.01%
66	LAND, FREDERICK JR. (HEIRS OF)	39,707	00.01%
67	PEDROSA, PIO (HEIRS OF)	39,707	00.01%
68	PHIL. INSTITUTE OF HOTEL ADMINISTRATION	39,707	00.01%
69	SYCIP SALAZAR HERNANDEZ & GATMAITAN	25,977	00.01%
70	HARTSOCK, PAUL JEROME	20,051	00.01%
71	JACINTO, MAMERTO JR.	19,855	00.01%
72	GARCIA, VERONICA	19,855	00.01%
73	KATIGBAK, MARIO O.	19,855	00.01%

74	LIM, LEONOR D.	19,855	00.01%
75	LIM, VICTOR Y.	19,855	00.01%
76	LUCIANO, VICTOR	19,855	00.01%
77	MACASAET, AMADO P.	19,855	00.01%
78	PHILADELPHIA STEEL CORPORATION	19,855	00.01%
79	RAMOS, JANUARIO	19,855	00.01%
80	PATERNO, VICENTE	19,855	00.01%
81	PECAYO, DOMINADOR	19,855	00.01%
82	PUA, MARCIANA G.	19,855	00.01%
83	PUGAO, RAMON	19,855	00.01%
84	ORTIZ, RICARDO L.	19,855	00.01%
85	CATO, BENJAMIN	19,855	00.01%
86	CASTILLO, DOMINGO	19,855	00.01%
87	CASTRILLO, EDUARDO	19,855	00.01%
88	CARLOS, MA. NELIA	19,855	00.01%
89	COLAYCO, FRANCISCO J.	19,855	00.01%
90	COMMON TRADE INC.	19,855	00.01%
91	CHICO, PACIFICO	19,855	00.01%
92	COSIO, REYNALDO F.	19,855	00.01%
93	FELICIANO, ROSA H.	19,855	00.01%
94	FIDELINO, CONCEPCION S.	19,855	00.01%
95	FELICIANO JR., GUILLERMO	19,855	00.01%
96	FELICIANO, GRACE K.	19,855	00.01%
97	BARREDO, LUISA	19,855	00.01%
98	ARROYO, TOMAS	19,855	00.01%
99	ABAD SANTOS, VICTOR E.	19,855	00.01%

100	ANTONIO, ARTURO	19,855	00.01%
	Total Top 100 Shareholders :	345,394,685	99.79%
	Total Outstanding Shares	346,100,520	

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - ACE000000000

Business Date: June 30, 2020

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	153,000
ABACUS SECURITIES CORPORATION	3,765,310
PHILSTOCKS FINANCIAL INC	5,042,051
BA SECURITIES, INC.	200,000
AP SECURITIES INCORPORATED	195,500
ANSALDO, GODINEZ & CO., INC.	345,000
AB CAPITAL SECURITIES, INC.	942,500
SB EQUITIES,INC.	436,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
CHINA BANK SECURITIES CORPORATION	5,791,000
BELSON SECURITIES, INC.	85,000
BENJAMIN CO CA & CO., INC.	30,000
B. H. CHUA SECURITIES CORPORATION	100,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	1,064,198
CAMPOS, LANUZA & COMPANY, INC.	158,000
BDO NOMURA SECURITIES INC	113,700
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	1,204,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	14,350
E. CHUA CHIACO SECURITIES, INC.	145,131
EASTERN SECURITIES DEVELOPMENT CORPORATION	234,500
EQUITIWORLD SECURITIES, INC.	14,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	367,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	8,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GOLDSTAR SECURITIES, INC.	1,073,000
GUILD SECURITIES, INC.	148,884
HDI SECURITIES, INC.	5,903,001
I. B. GIMENEZ SECURITIES, INC.	52,158,527
INVESTORS SECURITIES, INC,	25,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	6,316,756
MERCANTILE SECURITIES CORP.	8,000
MOUNT PEAK SECURITIES, INC.	35,000
OPTIMUM SECURITIES CORPORATION	21,000
RCBC SECURITIES, INC.	19,211
PAN ASIA SECURITIES CORP.	100,000
MAYBANK ATR KIM ENG SECURITIES, INC.	100,304
PNB SECURITIES, INC.	33,850
QUALITY INVESTMENTS & SECURITIES CORPORATION	170,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	238,850
REGINA CAPITAL DEVELOPMENT CORPORATION	340,350
R. NUBLA SECURITIES, INC.	31,000
AAA SOUTHEAST EQUITIES, INCORPORATED	10,000
R. S. LIM & CO., INC.	515,000

BPNAME	HOLDINGS
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
STANDARD SECURITIES CORPORATION	223,000
TANSENGCO & CO., INC.	141,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	2,010,000
UCPB SECURITIES, INC.	20,550
FIRST METRO SECURITIES BROKERAGE CORP.	565,004
WEALTH SECURITIES, INC.	172,000
WESTLINK GLOBAL EQUITIES, INC.	32,426,600
YAO & ZIALCITA, INC.	369,500
BDO SECURITIES CORPORATION	21,950
EAGLE EQUITIES, INC.	89,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	360,000
G.D. TAN & COMPANY, INC.	4,317,037
UNICAPITAL SECURITIES INC.	15,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	195,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
TOTAL	**132,585,463**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

COVER SHEET

7199

SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

7th Floor Manila Pavilion Hotel
UN Avenue corner M. Orosa Street
Ermita, Manila

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

RICHARD RICARDO

Contact Person

231 10 73 (TEMPORARY)

Company Telephone Number

12 31

Month *Day*

17-Q1

FORM TYPE

11 05

Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

198

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended 31 March 2020

2. Commission Identification Number 7199

3. BIR Tax Identification Code 002-856-627

4. ACESITE (PHILS.) HOTEL CORPORATION
Exact Name of issuer as specified in its charter

5. Manila, Philippines
Province, country of incorporation

6. (SEC Use Only)
Industry Classification Code

7. Cayene's Staging Office, Maria Orosa St. Ermita, Manila (Temporary)
Address of Principal Office and Postal Code

8. Issuer's telephone number (632) 8231-1073 (Temporary)

9. No changes from last report
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	-	Authorized	1,200,000,000
	-	Issued	344,747,520
	-	Treasury	1,353,000
Preferred	-	Authorized	20,000
	-	Issued	None

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [x] No [ ]

346,100,520 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange, of which 1,353,000 shares are treasury shares.

12. Indicate by check mark whether the registrant:

(a) Has filed 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 subjected to such filing requirements for the past ninety (90) days.

Yes [x] No [ ]

SECURITIES AND EXCHANGE COMMISSIONSEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
   March 31, 2020
2. SEC Identification Number
   7199
3. BIR Tax Identification No.
   002-856-627
4. Exact name of issuer as specified in its charter
   ACESITE (PHILS.) HOTEL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
   7th Floor, Manila Pavivilion Hotel, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code1000
8. Issuer's telephone number, including area code
   632-526-12-12 extension 2287
9. Former name or former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	344,747,520

11. Are any or all of registrant's securities listed on a Stock Exchange?
   xYes
   No

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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)
   xYes
   No

(b) has been subject to such filing requirements for the past ninety (90) days
   xYes
   No

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

ACESITE (PHILS) HOTEL CORP

PSE Disclosure Form 17-2 - Quarterly Report ***References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules***

For the period ended March 31, 2020

Currency (indicate units, if applicable) Php

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	March 31, 2020	December 31, 2019
Current Assets	411,566,245	433,978,003
Total Assets	2,383,144,411	2,381,210,773
Current Liabilities	934,023,531	904,245,018
Total Liabilities	1,100,906,157	1,069,789,254
Retained Earnings/(Deficit)	708,407,516	737,590,781
Stockholders' Equity	1,282,238,254	1,311,421,519
Stockholders' Equity - Parent	1,272,875,768	1,300,910,388
Book Value per Share	3.72	3.80

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Operating Expense	5,188,583	15,943,380	5,188,583	15,943,380
Other Expense	23,994,682	21,205,877	23,994,682	21,205,877
Gross Expense	29,183,265	37,149,257	29,183,265	37,149,257
Net Income/(Loss) Before Tax	(29,183,265)	(37,149,257)	(29,183,265)	(37,149,257)
Income Tax Expense	-		\	
Net Income/(Loss) After Tax	(29,183,265)	(37,149,257)	(29,183,265)	(37,149,257)
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	(0.08)	(0.11)	(0.08)	(0.11)
Earnings/(Loss) Per Share (Diluted)	(0.08)	(0.11)	(0.08)	(0.11)

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	0.2250	(0.87)
Earning/(Loss) Per Share (Diluted)	0.2250	(0.87)

NOTES TO INTERIM FINANCIAL STATEMENTS

Item 1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the "Company") is a 55.71%-owned subsidiary of Waterfront Philippines, Incorporated (WPI) and its ultimate parent is The Wellex Group, Inc. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

The Company is the owner of Manila Pavilion Hotel (the "Hotel"). The Corporate life of the Company has been extended up to 2052. The Company's shares have been listed in the Philippine Stock Exchange (PSE) since December 5, 1986.

Office Address

The Company's registered office address is 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

Item 2. Basis of Preparation

Statement of Compliance

The interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The financial statements of the Company as of and for the period ended October 5, 2019 were approved.

Basis of Measurement

The interim financial statements are prepared on the historical cost basis except for hotel building and equipment and furniture, fixtures and equipment, which are measured at revalued amounts less accumulated depreciation and impairment losses, and AFS investment, which is measured at fair value.

Functional and Presentation Currency

The interim financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

Use of Estimates and Judgments

The preparation of interim financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Item 3. Summary of Significant Accounting Policies

The same accounting policies have been applied consistently for interim reporting as applied in the entity's annual financial.

Adoption of Amendments to Standards

Effective January 1, 2018

- *PFRS 9, Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

- The Company is still completing its assessment of the impact of PFRS 9 on its consolidated financial statements. The new standard is to be applied retrospectively.

- PFRS 15, Revenue from Contracts with Customers, replaces PAS 11, Construction Contracts, PAS 18, Revenue, International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretations Committee 31, Revenue- Barter Transactions Involving Advertising Services. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to the customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or to a point in time, when control of the goods or services is transferred to the costumer. The standard does not apply to insurance contracts, financial instruments or lease of contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange non monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence. The new standard is to be applied retrospectively.

- Philippine interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration.* The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a on-monetary asset or liability before recognizing the related item.

To be adopted on January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, Leases, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remain unchanged except for a number of details including the application of the new lease definition, new sale-and leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of twelve months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced. The new standard is to be applied retrospectively.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty- either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change- e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

Certain comparative amounts in the consolidated statements of financial position and consolidated statements of comprehensive income have been reclassified to better reflect the nature of accounts as disclosed in Note 1 to the consolidated financial statements.

Item 4. Cash and Cash Equivalents

Included in cash and cash equivalents as of March 31, 2020 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	March 2020	December 2018
Trade - Net	15,658,270	15,658,270
Others	334,724,210	336,871,316
Total	**350,382,479**	**352,529,586**

Item 6. Inventories

This account consists:

	March 2020	December 2018
Food and Beverage	-	-
Operating Supplies	-	-
Others	580,782	580,782
Total	**580,782**	**580,782**

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	March 2020	December 2018
Accrued Expenses	23,345,358	5,161,678
Trade Payables	151,628,192	105,603,774
Others	438,818,942	33,189,419
Total	**613,792,492**	**143,954,870**

Item 8. Related Party Transactions

The Company's related party transactions include transactions with WPI (the Company's parent), stockholders, its fellow subsidiaries and key management personnel.

In the ordinary course of business, companies with in the group extend/obtain non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

There is no currently existing loan

Item 10. The earnings (loss) per share is computed as follows:

	March 2020	March 2019
Net Income (Loss)	(29,183,265)	(37,149,257)
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	(0.08)	(0.11)

i. The Company is involved in a number of legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves.

   Aside from the above-mentioned items, management does not know of trends and events that would have a material impact on the Company's liquidity.

ii. On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.

iii. The Company has an ongoing compliance for its insurance claims, the proceeds of which shall be used to restore the hotel for its continued operation.

iv. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

v. The business operation during the 2^{nd} quarter of 2018 has temporary ceased due to the damages caused by fire to the property. By the end of 1^{st} quarter of 2020, the business operation has not yet commenced.

vi. For the first quarter of 2020, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non generation of any revenue brought by temporary closure.

vii. Causes of material changes in the items in the financial statements from 2019 to 2020 have been discussed under management discussion and analysis above.

viii. Causes of material changes in the items in the income statements for the 1^{st} quarter of 2020 and 2019, and the balance sheets as of 31 March 2020 and 31 December 2019 have been discussed under management discussion and analysis above.

ix. The hotel operation is currently suspended. This has a material effect on the financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Company for the period ending March 31, 2020 and 2019 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 31 March 2020 and Quarter Ended 31 March 2020

No gross revenues registered in the same comparative period in 2020 and 2019. No room sales were reported due to the fire incident. There was zero occupancy in 1Q2020 same as 1Q2019. No room revenue contribution to the gross revenues for 1Q2020 and 1Q2019, respectively. Zero average room rate for both 1Q2020 and 1Q2019.

Zero Food and Beverage revenue was recorded in 1Q2020 and 1Q2019. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 1Q2019 and 1Q2020. Rent and other income have remained zero in 1Q2020 and in 1Q2019.

There was no F&B Revenue, thus, no cost of sales in both 1Q2020 and in 1Q2019. Payroll expenses increased by 11.60% from P1.49 million in 1Q2019 to P1.66 million in 1Q2020. Permanent Lay Off has been filed at the DOLE NCR on November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2019. Other expenses went down from P.14 million in 1Q2019 to P.11 million in 1Q2020. The Energy cost was recorded at P1.06 million in 1Q2020.

The Company posted a gross operating loss of P5.19 million in 1Q2020, representing decrease of P10.89 million from that recorded in 1Q2019 of P15.94 million. Gross operating profit/loss ratio in 1Q2020 and 1Q2019 stood both at 0%.

Fixed financial, operating and other expenses increased from P21.21 million in 1Q2019 to P23.99 million in 1Q2020 with the major increase coming from general and administrative expenses. The general and administrative expenses have an increase from P16.16 million in 1Q2019 to P19.17 million in 1Q2020 due to the various reasons like the increase in management fees in 1Q2019. Marketing and guest entertainment decreased from P.25 million in 1Q2019 to P.18 million in 1Q2020. Corporate expenses was recorded at P0.02 million in 1Q2020. Real estate tax went down by 8.37% from P4.23 million in 1Q2019 to P3.88 million in 1Q2020. Fire insurance decreased from P.84 million in 1Q2019 to P0.75 million in 1Q2020. For 1Q2020, the Company posted a net loss of P29.18 million representing an decrease of 21.44% from loss of P37.15 million in 1Q2019.

FINANCIAL CONDITION

As of 31 March 2020 and Year Ended 31 December 2019

Total assets remained to P2.38 billion in 31 March 2020 as compared to P2.38 billion as of 31 December 2019. Current assets decreased from P433.98 million as of 31 December 2019 to P411.57 million as of end of 1Q2020, this is due to decrease in Cash. There are releases of payments to suppliers related to renovations. Cash ending balance as of 31 March 2020 of P14.43 million posted a decrease of P22.25 million. Trade receivables of P164.78 million decreased by P.03 million as of 31 March 2020 from P97.23 million as of 31 December 2019. Inventories remains at P.58 million as of 31 December 2019 and March 31, 2020, respectively. Prepayments and other current assets increased to P671.63 million as of 30 March 2020 from P671.04 million as of 31 December 2019.

Property and equipment account increased by 1.89% from P1.26 billion as of 31 December 2019 to P1.28 billion as of 31 March 2020. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 1Q2019. Other non-current assets of P671.63 million as of end of 1Q2020 increased by P.59 million from P671.04 million as of 31 December 2019 due to increase of deposits to contractors and Construction in Progress during the year.

Total liabilities increased from P1.07 billion as of 31 December 2019 to P1.10 billion as of 31 March 2020. Trade and other current payables increased from P449.21 million as of 31 December 2019 to P479.99 million as of 31 March 2020. Non-current liabilities increased by P1.34 million from P165.54 million as of 31 December 2019 to P166.88 million as of 31 March 2020.

TOP FIVE (5) PERFORMANCE INDICATORS

The top five (5) key performance indicators, as discussed herein, are presented on comparable basis and compared with figures attained from prior years operation, and are more fully explained as follows:

	March 2020	March 2019
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(5,188,583)	(15,943,380)
Gross Operating Profit Ratio	-	-

1) Occupancy rate is the number of hotel room-nights sold for the period divided by the number of room-nights available for the period; 2) Average room rate is the total room revenue for the period divided by the total number of hotel room-nights sold for the period; 3) Revenues are broken down on a departmental basis; 4) Gross operating profit ratio is computed as a percentage of revenues; and 5) Total Fixed, Financial and Other Charges are presented in the comparative.

FINANCIAL RISK MANAGEMENT

Risk Management Structure

BOD
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments consist of cash, trade receivables, AFS investment, trade payables and loan payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments such as other current receivables, other current payables, and concessionaires' and deposits which arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group's management reviews and approves policies for managing each of these risks, and these are summarized below.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables. There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group grants advances to its affiliates after the BOD reassesses the Group's strategies for managing credits and views that they remain appropriate for the Group's circumstances.

The amounts presented in the statements of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and its assessment of the current economic environment.

With respect to credit risk from other financial assets of the Group, which comprise mainly of cash, amounts owed by related parties and receivables from Acesite Limited (BVI), the exposure of the Group to credit risk arises from the default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

At the reporting date, other than the trade and other receivables, there were no significant concentrations of credit risk.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and financial liabilities. There has been no change o the Group's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

<u>Market Risks</u>
Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, foreign currency risk, and other price risks.

The Group is primarily exposed to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices of its AFS investment. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk since prior financial year.

<u>Interest Rate Risk</u>
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

<u>Foreign Currency Risk</u>
Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.
As a result of the loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this, the Group does not have any material transactions denominated in foreign currency as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in US Dollar. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

<u>Equity Price Risk</u>
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WPI held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86,710,000 shares as of September 30, 2019.

The Group is not exposed to commodity price risk.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Financial Instruments

Fair Value of Financial Assets and Liabilities
The carrying amount of cash, trade and other current receivables, amounts owed by related parties, loan payable, and trade and other current payables approximate their fair values due to the short-term maturity of these instruments.

The fair values of concessionaires and deposits approximate their carrying amount as these are carried at present values discounted using discount rates approximating average market rates as of reporting periods. Discount rates used ranged from 5.8% to 7.71% in 2011

Fair Value Hierarchy
The table below analyzes financial instruments carried at fair value by valuation levels. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Company's AFS investment is based on Level 1.

Determination of Fair Value

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable input and minimizing the use of unobservable inputs.
When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible.

The Group's investment is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

PART II – OTHER INFORMATION

The registrant is not aware of any other information that should be reported under this item and which was not discussed on any SEC Form 17-C.

The following were the disclosures outside of SEC Form 17-C

Mar 16, 2020 - Risk and Impact of COVID19

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACESITE (PHILS.) HOTEL CORPORATION
By:

RICHARD RICARDO
Compliance Officer/Authorized Representative
25 June 2020

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	March 31, 2020	December 31, 2019
Current Assets	411,566,245	433,978,003
Current Liabilities	934,023,531	904,245,018
Ratio	0.4406	0.4799

Quick Ratio	March 31, 2020	December 31, 2019
Cash+AR+ST Mkt Securities	179,207,739	201,492,137
Current Liabilities	934,023,531	904,245,018
Ratio	0.1919	0.2228

Cash Ratio	March 31, 2020	December 31, 2019
Cash+ST Mkt Securities	14,427,031	36,678,058
Current Liabilities	934,023,531	904,245,018
Ratio	0.0154	0.0406

SOLVENCY RATIO

Current Liabilities to Equity Ratio	March 31, 2020	December 31, 2019
Current Liabilities	934,023,531	904,245,018
Total Equity	1,282,238,254	1,311,421,519
Ratio	0.7284	0.6895

Total Liabilities to Equity Ratio	March 31, 2020	December 31, 2019
Total Liabilities	1,100,906,157	1,069,789,254
Total Equity	1,282,238,254	1,311,421,519
Ratio	0.8586	0.8157

Fixed Assets to Equity Ratio	March 31, 2020	December 31, 2019
Fixed Assets	1,282,124,173	1,258,364,708
Total Equity	1,282,238,254	1,311,421,519
Ratio	0.9999	0.9595

Assets to Equity Ratio	March 31, 2020	December 31, 2019
Total Assets	2,383,144,411	2,381,210,773
Total Equity	1,282,238,254	1,311,421,519
Ratio	1.8586	1.8157

INTEREST COVERAGE RATIO

Interest Coverage Ratio	**March 31, 2020**	**December 31, 2019**
Net Income Before Tax + Interest Exp	(29,183,265)	2,991,277
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	**March 31, 2020**	**December 31, 2019**
Net Income After Tax	(29,183,265)	67,595,390
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	**March 31, 2020**	**December 31, 2019**
Net Income After Tax	(29,183,265)	67,595,390
Total Assets	2,383,144,411	2,381,210,773
Ratio	(0.0122)	0.0284

Return on Equity Ratio	**March 31, 2020**	**December 31, 2019**
Net Income After Tax	(29,183,265)	67,595,390
Total Equity	1,282,238,254	1,311,421,519
Ratio	(0.0228)	0.0515

Certification

I, **RICHARD RICARDO, Compliance Office** of **ACESITE (PHILS.) HOTEL CORPORATION**, with SEC registration number **7199** with principal office at **UN AVE. COR. MA. OROSA ST. ERMITA, MANILA 1000**, on oath state:

1) That on behalf of **ACESITE (PHILS.) HOTEL CORPORATION**, I have caused this **SEC FORM 17Q** to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company **ACESITE (PHILS.) HOTEL CORPORATION**, will comply with the requirements set forth in SEC Notice dated **24 JUNE 2020** for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this __________ day of 29 JUN 2020, 20_____.

RICHARD RICARDO
Affiant

SUBSCRIBED AND SWORN to before me this _____day of 29 JUN 2020 20____.
NOTARY PUBLIC

DOC. NO. 147;
PAGE NO. 30;
BOOK NO. II;
SERIES OF 2020.

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

ACESITE (PHILS.) HOTEL CORPORATION
(Owner of Manila Pavilion Hotel)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	14,427,031	36,678,058
Trade and other current receivables - net	164,780,708	164,814,079
Note receivable	94,322,042	97,227,613
Inventories	580,782	580,782
Prepaid expenses and other current assets	137,455,682	134,677,471
Total Current Assets	411,566,245	433,978,003
Noncurrent Assets		
Property and equipment - net	1,282,124,173	1,258,364,708
Equity securities - at fair value through other comprehensive income	17,827,920	17,827,920
Other noncurrent assets	671,626,072	671,040,142
Total Noncurrent Assets	1,971,578,165	1,947,232,770
	2,383,144,411	2,381,210,773
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	479,986,655	449,207,571
Due to related parties	454,036,876	455,037,447
Total Current Liabilities	934,023,531	904,245,018
Noncurrent Liabilities		
Retirement benefits liability	9,511,369	8,011,369
Deferred tax liabilities - net	157,371,257	157,532,867
Total Noncurrent Liabilities	166,882,626	165,544,236
Total Liabilities	1,100,906,157	1,069,789,254
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus on property and equipment - net	181,498,765	181,498,765
Retirement benefits reserve	53,008,203	53,008,203
Unrealized valuation gain on available-for-sale investment	5,264,950	5,264,950
Retained earnings	708,407,516	737,590,781
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	1,282,238,254	1,311,421,519
	2,383,144,411	2,381,210,773

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING March 31, 2020
(With Comparative Figures for March 31, 2019)

	QUARTER ENDED 31-Mar-20	YTD ENDED 31-Mar-20	QUARTER ENDED 31-Mar-19	YTD ENDED 31-Mar-19
INCOME				
Rooms	-	-	-	-
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rent and Other Income	-	-	-	-
	-	**-**	**-**	**-**
COST OF SALES AND SERVICES		-		
Cost of Sales:		-		
Food and Beverage	-	-	-	-
Telephone Exchange	-	-	-	-
Other Operated Departments	-	-	-	-
Rental and Other Income	-	-	-	-
	-	**-**	**-**	**-**
Payroll and Related Expenses	1,660,909	1,660,909	1,488,227	1,488,227
Other Expenses	109,814	109,814	144,201	144,201
	1,770,723	**1,770,723**	**1,632,428**	**1,632,428**
		-		
Energy Cost	1,062,553	1,062,553	1,124,011	1,124,011
Property operations and maintenance	1,102,147	1,102,147	1,207,901	1,207,901
Depreciation on cost	1,253,160	1,253,160	11,979,040	11,979,040
	3,417,860	**3,417,860**	**14,310,952**	**14,310,952**
	5,188,583	**5,188,583**	**15,943,380**	**15,943,380**
GROSS OPERATING PROFIT (LOSS)	**(5,188,583)**	**(5,188,583)**	**(15,943,380)**	**(15,943,380)**
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES		-		
General and Administrative Expenses	19,166,591	19,166,591	16,164,900	16,164,900
Marketing and Guest Entertainment	182,328	182,328	250,614	250,614
Foreign Exchange (Gain) Loss	(4,677)	(4,677)	(287,590)	(287,590)
Interest Expense	-	-	-	-
Corporate Expenses	20,323	20,323	-	-
Real Estate Tax	3,879,388	3,879,388	4,233,821	4,233,821
Insurance - Building and Contents	750,729	750,729	844,132	844,132
Interest and Other Charges/(Income)-Net	-	-	-	-
	23,994,682	**23,994,682**	**21,205,877**	**21,205,877**
INCOME (LOSS) BEFORE DEPRECIATION		-		
ON REVALUATION INCREMENT AND INCOME TAX	(29,183,265)	(29,183,265)	(37,149,257)	(37,149,257)
		-		
DEPRECIATION - REVALUATION INCREMENT	-	-	-	-
INCOME (LOSS) BEFORE INCOME TAX	(29,183,265)	(29,183,265)	(37,149,257)	(37,149,257)
PROVISION FOR INCOME TAX	-	-	-	
NET INCOME (LOSS)	**(29,183,265)**	**(29,183,265)**	**(37,149,257)**	**(37,149,257)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Appraisal increase in property and equipment for the year	-	-	-	-
Unrealized Loss on AFS investment recognized for the year	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**(29,183,265)**	**(29,183,265)**	**(37,149,257)**	**(37,149,257)**
Net Income(Loss)	(29,183,265)	(29,183,265)	(37,149,257)	(37,149,257)
No. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	**(0.08)**	**(0.08)**	**(0.11)**	**(0.11)**

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THREE - MONTH ENDING March 31, 2020

	CAPITAL STOCK COMMON	TREASURY SHARES	REVALUATION INCREMENT IN PROPERTY AND EQUIPMENT	RETIREMENT BENEFITS RESERVE	UNREALIZED VALUATION LOSS ON AFS INVESTMENTS	RETAINED EARNINGS	TOTAL
Balance at December 31, 2019	346,100,520	-12,041,700	181,498,765	53,008,203	5,264,950	737,590,781	1,311,421,519
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the three months						-29,183,265	-29,183,265
Balance at March 31, 2020	346,100,520	-12,041,700	181,498,765	53,008,203	5,264,950	708,407,516	1,282,238,254
Balance at December 31, 2018	346,100,520	-12,041,700	195,196,785	47,109,741	9,166,900	656,297,371	1,241,829,617
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the three months						-37,149,257	-37,149,257
Balance at March 31, 2019	346,100,520	-12,041,700	195,196,785	47,109,741	9,166,900	619,148,114	1,204,680,360

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING March 31, 2020
(With Comparative Figures for March 31, 2019)

	YEAR TO DATE 31.Mär.20	YTD ENDED 31.Mär.19
CASH FLOW FROM OPERATING ACTIVITIES		
Income(Loss) before income tax	(29,183,265)	(37,149,257)
Adjustments for:		
Depreciation	1,253,160	11,979,040
Unrealized foreign exchange loss	(4,677)	(287,590)
Amortization of operating equipment	-	-
Provision for doubtful accounts	(3,645,204)	(3,645,204)
Interest Income	-	-
Loss on sale of equipment	-	-
Operating income before working capital changes	(31,579,986)	(29,103,011)
Decrease (increase) in:		
Receivables	33,371	2,517,503
Prepaid expenses	(2,778,211)	(17,485,709)
Increase (decrease) in:		
Accounts payable and accrued expenses	30,779,084	66,636,231
Retirement benefit plan obligation	1,500,000	(7,586,548)
Net cash generated from operations	(2,045,742)	14,978,466
Interest received	-	-
Income taxes paid	-	-
Net cash from operating activities	(2,045,742)	14,978,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in receivable from affiliates	1,000,571	(6,105,798)
Decrease (increase) in receivable from Acesite Ltd. (BVI)	-	-
Proceeds from sale of property and equipment	-	-
Acquisition of property and equipment	-	-
Decrease (increase) in other assets	(21,205,856)	(86,909,162)
Net cash from (used) in investing activities	(20,205,285)	(93,014,960)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan	-	-
Interest paid	-	-
Increase (decrease) in contract payable	-	-
Increase (decrease) in lease rental payable (Cimar)	-	-
Cash used in financing activities	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	(22,251,027)	(78,036,494)
CASH AND CASH EQUIVALENTS, BEGINNING	36,678,058	101,873,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**14,427,031**	**23,837,099**

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of MARCH 2020

Inter- Company	Current	31-60	61-90	91-120	121 - 0ver	Total
ALEC					1,015,834.08	1,015,834.08
Metro Alliance Holdings					5,627,201.51	5,627,201.51
Sands Mining					61,130.54	61,130.54
Wellex Group					169,057.95	169,057.95
Welex Mining					8,785,045.52	8,785,045.52
TOTAL	-	-	-	-	15,658,269.60	15,658,269.60

COVER SHEET

For

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

7 1 9 9

COMPANY NAME

A C E S I T E (P H I L S .) H O T E L
C O R P O R A T I O N A N D S U B S I D I A R Y

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

7th Floor, Manila Pavilion
Hotel, United Nations Avenue
Ermita, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S 1 9		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Precilla O. Toriano		(02)526-6211	

CONTACT PERSON's ADDRESS

No. 1, Waterfront Drive corner Salinas Drive, Lahug, Cebu City

***Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

ACESITE (PHILIPPINES) HOTEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Acesite (Phils.) Hotel Corporation and Subsidiary** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

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

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ARTHUR M. LOPEZ
Chairman of the Board

KENNETH T. GATCHALIAN
President & CEO

ELVIRA A. TING
Treasurer & CFO

Signed this ____ day of 29 JUN 2020

SUBSCRIBED AND SWORN TO BEFORE ME THIS 29 JUN 2020
IN THE CITY OF MANILA, PHILIPPINES

DOC. NO. 151;
PAGE NO. 31;
BOOK NO. 11;
SERIES OF 2020.

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP# 092831 Pasig - 10-7-2019
PTR# Mla 9112245-1-02-2020
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Website home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Acesite (Phils.) Hotel Corporation and Subsidiary
7th Floor, Manila Pavilion Hotel
United Nations Avenue
Ermita, Manila

Opinion

We have audited the consolidated financial statements of Acesite (Phils.) Hotel Corporation (the Parent Company) and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0004-FR-5, Group A, valid until November 15, 2020
IC Accreditation No. F-2017/010-R, valid until August 26, 2020
BSP - Selected External Auditors, Category A, valid for 3-year audit period (2017 to 2019)

Emphasis of Matter - Status of Operation

We draw attention to Note 1 of the consolidated financial statements which describes the effects of a fire on March 18, 2018 that damaged the lower floors of the main building as well as the podium building occupied by the casino and restaurants in the Parent Company's hotel property that resulted to the suspension of its hotel operations. The Parent Company has filed for property damage and business insurance claims amounting to P1.93 billion from its insurance company and, as at the auditors' report date, received from the insurance company reimbursements totaling to P785.01 million. Further, in 2018, the Parent Company has started the reconstruction and restoration of the main hotel and podium buildings. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Accounting for Insurance Claims from Fire Incident
(P234.09 million, see consolidated statement of profit or loss and other comprehensive income (loss) and Notes 1 and 4 to the consolidated financial statements)

The risk
In relation to the fire incident on March 18, 2018 that damaged the Parent Company's property and equipment and resulted to the suspension of its hotel operations, the Parent Company was insured for property damages as well as business interruption and, as at December 31, 2019, is still negotiating with the insurance company over the amount of the insurance claims. The determination and recognition of the amount to be received as insurance claims involve significant judgment. We focused on these areas because of the high degree of subjectivity and the significant uncertainty on the amount of insurance claims that the Parent Company should recognize in its financial statements.

Our response
As part of our audit procedures, we reviewed the insurance policy to determine its validity and enforceability. In addition, we evaluated whether the right for the Parent Company to assert a claim has occurred and it has an unconditional contractual right to receive the compensation. We also assessed the timing and adequacy of the insurance claims income recognized by the Parent Company and inspected related supporting documents. Lastly, we assessed the adequacy of the Parent Company's insurance claim disclosures and determined whether they met the disclosure requirements of relevant accounting standards.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

KPMG

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

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 8116769
Issued January 2, 2020 at Makati City

June 26, 2020
Makati City, Metro Manila

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019 and 2018

With Independent Auditors' Report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2019**	2018
ASSETS			
Current Assets			
Cash and cash equivalent	*18*	**P36,678,058**	P101,873,593
Trade and other current receivables - net	*4, 18*	**164,814,079**	352,529,586
Note receivable	*10, 18*	**97,227,613**	120,273,728
Inventories	*5*	**580,782**	580,782
Prepaid expenses and other current assets	*6*	**134,677,471**	81,122,734
Total Current Assets		**433,978,003**	656,380,423
Noncurrent Assets			
Property and equipment - net	*7*	**1,258,364,708**	928,852,550
Equity securities - at fair value through other comprehensive income	*10, 18*	**17,827,920**	21,729,870
Other noncurrent assets - net	*8*	**671,040,142**	180,312,744
Total Noncurrent Assets		**1,947,232,770**	1,130,895,164
		P2,381,210,773	P1,787,275,587
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	*9, 18*	**P449,207,571**	P143,954,870
Due to related parties	*10, 18*	**455,037,447**	185,407,339
Total Current Liabilities		**904,245,018**	329,362,209
Noncurrent Liabilities			
Retirement benefits liability	*15*	**8,011,369**	23,358,504
Deferred tax liabilities - net	*16*	**157,532,867**	192,725,257
Total Noncurrent Liabilities		**165,544,236**	216,083,761
Total Liabilities		**1,069,789,254**	545,445,970
Equity			
Capital stock	*11, 19*	**346,100,520**	346,100,520
Revaluation surplus on property and equipment	*7*	**181,498,765**	195,196,785
Retirement benefits reserve	*15*	**53,008,203**	47,109,741
Fair value reserve	*10*	**5,264,950**	9,166,900
Retained earnings		**737,590,781**	656,297,371
Treasury stock	*11*	**(12,041,700)**	(12,041,700)
Total Equity		**1,311,421,519**	1,241,829,617
		P2,381,210,773	P1,787,275,587

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

	Note	2019	2018	2017
		Years Ended December 31		
REVENUES				
Rooms		**P -**	P30,737,585	P152,116,534
Food and beverage		**-**	15,189,161	93,853,241
Rental	*20, 21*	**-**	8,236,401	182,335,709
Guest laundry and valet		**-**	93,298	364,540
Transportation		**-**	65,900	901,000
Executive business center		**-**	15,072	131,224
Telephone		**-**	344	58,721
Others	*12*	**-**	8,392,756	6,794,996
		-	62,730,517	436,555,965
COSTS AND EXPENSES OTHER THAN DEPRECIATION, FINANCING AND INCOME TAX				
Personnel	*15*	**38,928,102**	94,928,025	123,397,403
Energy		**4,971,160**	28,057,958	96,958,430
Food and beverage	*5*	**-**	5,168,412	32,768,872
Others	*13*	**145,113,062**	101,256,159	118,142,945
		189,012,324	229,410,554	371,267,650
(LOSS) INCOME BEFORE (GAIN) LOSSES, DEPRECIATION, FINANCING AND INCOME TAX		**(189,012,324)**	(166,680,037)	65,288,315
(GAIN) LOSSES, DEPRECIATION AND FINANCING				
(Gain from insurance claims) casualty losses - net	*1, 5, 7*	**(234,090,174)**	410,172,382	-
Financing income	*14*	**(5,129,853)**	(6,357,065)	(309,595)
Foreign exchange losses - net		**-**	7,650	-
Depreciation	*7*	**20,294,926**	47,916,159	128,243,473
		(218,925,101)	451,739,126	127,933,878
INCOME (LOSS) BEFORE INCOME TAX		**29,912,777**	(618,419,163)	(62,645,563)
INCOME TAX BENEFIT	*16*	**(37,682,613)**	(270,029,939)	(18,689,381)
NET INCOME (LOSS)		**67,595,390**	(348,389,224)	(43,956,182)

Forward

	Note	2019	2018	2017
		Years Ended December 31		
	Note	**2019**	2018	2017
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Unrealized (losses) gains on equity securities - at fair value through other comprehensive income	*10*	**(P3,901,950)**	P5,462,730	P -
Remeasurement gains (losses) on defined benefit plan	*15*	**8,426,375**	42,675,297	(24,915,040)
Deferred tax effect	*16*	**(2,527,913)**	(12,802,589)	7,474,512
		1,996,512	35,335,438	(17,440,528)
Item that may be reclassified to profit or loss				
Unrealized losses on available-for-sale investment recognized for the year	*10*	**-**	-	(867,100)
		1,996,512	35,335,438	(18,307,628)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P69,591,902**	(P313,053,786)	(P62,263,810)
EARNINGS (LOSS) PER SHARE - Basic and Diluted	*17*	**P0.20**	(P1.01)	(P0.13)

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 11)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 10)	Retained Earnings	Treasury Stock (Note 11)	Total
Balance at January 1, 2019	**P346,100,520**	**P195,196,785**	**P47,109,741**	**P9,166,900**	**P656,297,371**	**(P12,041,700)**	**P1,241,829,617**
Total comprehensive income for the year							
Net income for the year	-	-	-	-	67,595,390	-	67,595,390
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(13,698,020)	-	-	13,698,020	-	-
Other comprehensive income (loss) - net of tax effect	-	-	5,898,462	(3,901,950)	-	-	1,996,512
	-	(13,698,020)	5,898,462	(3,901,950)	81,293,410	-	69,591,902
Balance at December 31, 2019	**P346,100,520**	**P181,498,765**	**P53,008,203**	**P5,264,950**	**P737,590,781**	**(P12,041,700)**	**P1,311,421,519**

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 11)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 10)	Retained Earnings	Treasury Stock (Note 11)	Total
Balance at January 1, 2018	P346,100,520	P706,108,249	P17,237,033	P3,704,170	P493,775,131	(P12,041,700)	P1,554,883,403
Total comprehensive loss for the year							
Net loss for the year	-	-	-	-	(348,389,224)	-	(348,389,224)
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(24,783,069)	-	-	24,783,069	-	-
Reversal of revaluation surplus - net of tax effect	-	(486,128,395)	-	-	486,128,395	-	-
Other comprehensive gain - net of tax effect	-	-	29,872,708	5,462,730	-	-	35,335,438
	-	(510,911,464)	29,872,708	5,462,730	162,522,240	-	(313,053,786)
Balance at December 31, 2018	P346,100,520	P195,196,785	P47,109,741	P9,166,900	P656,297,371	(P12,041,700)	P1,241,829,617

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 11)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 10)	Retained Earnings	Treasury Stock (Note 11)	Total
Balance at January 1, 2017	P346,100,520	P764,146,466	P34,677,561	P4,571,270	P479,693,096	(P12,041,700)	P1,617,147,213
Total comprehensive loss for the year							
Net loss for the year	-	-	-	-	(43,956,182)	-	(43,956,182)
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(58,038,217)	-	-	58,038,217	-	-
Other comprehensive loss - net of tax effect	-	-	(17,440,528)	(867,100)	-	-	(18,307,628)
	-	(58,038,217)	(17,440,528)	(867,100)	14,082,035	-	(62,263,810)
Balance at December 31, 2017	P346,100,520	P706,108,249	P17,237,033	P3,704,170	P493,775,131	(P12,041,700)	P1,554,883,403

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2019**	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**P29,912,777**	(P618,419,163)	(P62,645,563)
Adjustments for:				
Impairment losses	*4, 13*	**70,507,261**	3,645,204	632,751
Depreciation	*7*	**20,294,926**	47,916,159	128,243,473
Retirement benefits expense	*15*	**2,526,616**	12,702,007	13,216,489
Foreign exchange losses - net		**-**	7,650	-
Gain on reversal of allowance for impairment losses	*4*	**-**	(8,350,581)	-
Interest income	*14*	**(5,146,546)**	(6,375,633)	(366,482)
(Gain from insurance claims) casualty losses - net	*1, 5, 7*	**(234,090,174)**	410,172,382	-
		(115,995,140)	(158,701,975)	79,080,668
Changes in:				
Trade and other current receivables		**(29,827,624)**	12,401,886	8,797,795
Inventories		**-**	(268,410)	462,565
Prepaid expenses and other current assets		**(53,554,737)**	(20,134,024)	(1,350,459)
Trade and other current payables		**305,252,701**	9,816,445	23,495,089
Other liabilities		**-**	-	(57,500)
		105,875,200	(156,886,078)	110,428,158
Interest received		**335,597**	1,211,357	366,482
Income tax paid		**(37,690)**	(44,372)	(5,639,167)
Benefits paid	*15*	**(9,447,376)**	(81,053,765)	(10,266,763)
Net cash provided by (used in) operating activities		**96,725,731**	(236,772,858)	94,888,710
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Note receivable	*10*	**23,046,115**	13,997,454	(129,106,906)
Due from a related party		**-**	-	173,447,317
Other noncurrent assets		**(536,040,405)**	(166,320,203)	(3,032,354)
Proceeds from insurance claims on property damages	*1, 7*	**431,250,000**	300,000,000	-
Acquisitions of property and equipment	*7*	**(349,807,084)**	(10,906,664)	(146,070,360)
Net cash (used in) provided by investing activities		**(431,551,374)**	136,770,587	(104,762,303)

Forward

			Years Ended December 31	
	Note	**2019**	2018	2017
CASH FLOW FROM A FINANCING ACTIVITY				
Change in due to related parties	*10*	**P269,630,108**	P185,284,268	P123,071
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT		**(65,195,535)**	85,281,997	(9,750,522)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT		**-**	(7,650)	-
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR		**101,873,593**	16,599,246	26,349,768
CASH AND CASH EQUIVALENT AT END OF YEAR	*18*	**P36,678,058**	P101,873,593	P16,599,246

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same. The Parent Company is a 55.7%-owned subsidiary of Waterfront Philippines, Inc. (WPI).

The Parent Company is the owner and operator of Manila Pavilion Hotel (the Hotel). The corporate life of the Parent Company has been extended up to 2052. The Parent Company's shares have been listed on the Philippine Stock Exchange (PSE) since December 5, 1986.

In October 2011, the Parent Company acquired Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (ARI), and became its wholly-owned subsidiary. ARI was incorporated in the Philippines and registered with the SEC primarily to acquire by purchase, lease, donate or otherwise, and to own, use, improve, develop, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances, and is the owner of the land on which the Hotel is situated.

The Parent Company and ARI effectively are referred to in the consolidated financial statements as the Group.

The registered office address of the Parent Company is 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

Status of Operation
On March 18, 2018, a fire broke out in the Parent Company's hotel property that damaged the lower floors of the main building as well as the podium building occupied by the casino area and restaurants that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature". The Parent Company incurred casualty losses due to damages on its inventories and hotel property (see Notes 5 and 7). The Parent Company has filed for property damage and business insurance claims amounting to P1.93 billion from its insurance company and, as at the auditors' report date, received reimbursements totaling to P785.01 million. Further, in 2018, the Parent Company has started the reconstruction and restoration of the main hotel and podium buildings (see Note 7).

As at December 31, 2019 and 2018, the Parent Company recognized gains on insurance claims amounting to P234.09 million and P629.07 million, respectively, of which P431.25 million and P300.00 million were received in 2019 and 2018, respectively, and the remainder relates to the portion of the claims already confirmed by the insurance company (see Note 4). In accordance with Philippine Financial Reporting Standards (PFRSs), the Parent Company has not recognized the remaining claim amounting to P1.07 billion that is still for confirmation by the insurance company.

2. Basis of Preparation

Basis of Accounting
These consolidated financial statements have been prepared in accordance with PFRSs. They were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on June 26, 2020.

Details of the Group's accounting policies are included in Note 23.

This is the first set of the Group's consolidated financial statements in which PFRS 16, *Leases*, has been applied. The related changes to significant accounting policies are described in Note 23.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis of accounting except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
▪ Hotel building and equipment and furniture and fixtures	▪ Revalued amount less accumulated depreciation and impairment losses
▪ Equity securities - at fair value through other comprehensive income (FVOCI)	▪ Fair value
▪ Retirement benefits liability	▪ Present value of the defined benefits obligation (DBO) less fair value of plan assets (FVPA)

Functional and Presentation Currency
These consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All amounts have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Recognizing Insurance Claims

The Parent Company recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
- The status of the Parent Company's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirm the status of the claim as of the reporting date.

Going Concern

The management has made an assessment of the Group's ability to continue as going concern for at least twelve (12) months from the date of approval of the consolidated financial statements. The Group has filed for property damage and business insurance claims and received reimbursements from its insurance company. Further, the Group has started the reconstruction and restoration of its main hotel and podium buildings. Management has determined that there is no material uncertainty in respect of the Group's ability to continue as a going concern therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Classifying Financial Instruments

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Distinguishing Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to the other assets used in the delivery of services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied (see Notes 7, 20 and 21).

Transactions with Philippine Amusement and Gaming Corporation (PAGCOR)
The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another twenty-five (25) years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 20).

Operating Lease - Group as Lessor
The Group has entered into commercial property leases on the commercial spaces located in the Hotel. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these commercial spaces and accounts for the contracts as operating leases (see Notes 20 and 21).

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Allowances for Impairment Losses on Financial Instruments
The Group uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9, *Financial Instruments*, requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Group applied the simplified approach to receivables from third parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default.

Further details on the carrying amount of trade and other current receivables are disclosed in Note 4.

Fair Value Estimation
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel, independent of the area calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Change in assumptions about these factors could affect reported fair values of financial instruments.

Net Realizable Value (NRV) of Inventories
The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of the inventories are disclosed in Note 5.

Revaluation of Property and Equipment
The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 7.

Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase depreciation and decrease the property and equipment account.

Further details on property and equipment carrying amounts are disclosed in Note 7.

Impairment of Nonfinancial Assets
The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 23. The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As at December 31, 2019 and 2018, no indication of impairment exists for the Group's nonfinancial assets.

Retirement Benefits
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO.

Further details about pension obligations are provided in Note 15.

Deferred Tax Assets
Deferred tax assets are recognized for financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 16.

4. Trade and Other Current Receivables

This account consists of:

	Note	**2019**	2018
Guests, concessionaires and other patrons		**P20,742,139**	P20,742,139
Insurance receivable	*1*	**131,913,248**	329,073,074
Others		**38,446,812**	6,359,577
	18	**191,102,199**	356,174,790
Less allowance for impairment losses on guests, concessionaires and other patrons and other receivables	*18*	**26,288,120**	3,645,204
		P164,814,079	P352,529,586

Insurance receivable pertains to insurance claims for the property damage and business interruption (see Note 1).

Others include advances by the Group to its suppliers, officers and employees.

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its assessment all receivables that were related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Receivables from related parties were also deemed to have no credit risk. In 2019 and 2018, accounts specifically identified as impaired amounted to P22.64 million and P3.65 million, respectively, recognized and presented as part of “Impairment losses” under “Others” account in the consolidated statement of profit or loss and other comprehensive income (loss) while no amount of ECL was recognized for the year (see Note 13).

The Group also received collections on some long outstanding accounts in which the Group already provided an allowance for impairment in previous years. Accordingly, the Group recognized a gain on reversal of previous allowance for impairment loss in 2018 amounting to P8.35 million recognized and presented as part of "Revenues" under "Others" account in the consolidated statement of profit and loss and other comprehensive income (loss) (see Note 12).

Movements in the allowance for impairment losses on guests, concessionaires and other patrons and other receivables are as follows:

	Note	**2019**	2018
Beginning balance		**P3,645,204**	P8,350,581
Impairment losses for the year	*13*	**22,642,916**	3,645,204
Reversal of allowance for impairment losses	*12*	**-**	(8,350,581)
Ending balance	*18*	**P26,288,120**	P3,645,204

5. Inventories

This account consists of:

	2019	2018
Operating supplies	**P580,782**	P580,782
Saleable merchandise	**-**	-
	P580,782	P580,782

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2019 and 2018.

The cost of saleable merchandise charged to profit or loss amounted to nil, P5.17 million and P32.77 million in 2019, 2018 and 2017, respectively, and is presented as part of "Food and beverage" account in the consolidated statement of profit or loss and other comprehensive income (loss).

The cost recognized as an expense for operating supplies of P0.53 million, P2.33 million and P8.59 million in 2019, 2018 and 2017, respectively, is included as part of "Supplies" under "Others" account in the consolidated statement of profit or loss and other comprehensive income (loss) (see Note 13).

In 2018, the Parent Company recognized casualty losses for the destroyed and damaged inventories amounting to P5.59 million as presented under "(Gain from insurance claims) casualty losses - net" account in the consolidated statement of profit or loss and other comprehensive income (loss).

The reconciliation of saleable merchandise as at the beginning and end of the year is presented as follows:

	Note	**2019**	2018
Beginning inventory		**P -**	P2,789,164
Purchases		**-**	7,966,661
		-	10,755,825
Casualty losses	*1*	**-**	5,587,413
Sold and consumed during the year		**-**	5,168,412
Ending inventory		**P -**	P -

6. Prepaid Expenses and Other Current Assets

This account consists of:

	2019	2018
Input VAT	**P98,965,195**	P54,462,222
Creditable withholding taxes	**23,226,782**	23,134,861
Prepaid insurance	**6,228,426**	2,246,735
Others	**6,257,068**	1,278,916
	P134,677,471	P81,122,734

7. Property and Equipment

The balances and movements in this account are as follows:

	As at and For the Year Ended December 31, 2019					
	Land	**Hotel Building and Equipment**	**Furniture, Fixtures and Equipment**	**Operating Equipment**	**Construction-in-Progress**	
Measurement Basis:	***At Cost***	***Revalued***	***Revalued***	***At Cost***	***At Cost***	**Total**
Cost						
Beginning balance	**P650,000,000**	**P471,046,928**	**P8,455,117**	**P -**	**P -**	**P1,129,502,045**
Additions	**-**	**-**	**5,171,333**	**-**	**344,635,751**	**349,807,084**
Ending balance	**650,000,000**	**471,046,928**	**13,626,450**	**-**	**344,635,751**	**1,479,309,129**
Accumulated Depreciation						
Beginning balance	**-**	**192,194,378**	**8,455,117**	**-**	**-**	**200,649,495**
Depreciation for the year	**-**	**19,568,600**	**726,326**	**-**	**-**	**20,294,926**
Ending balance	**-**	**211,762,978**	**9,181,443**	**-**	**-**	**220,944,421**
Carrying Amount	**P650,000,000**	**P259,283,950**	**P4,445,007**	**P -**	**P344,635,751**	**P1,258,364,708**

	As at and For the Year Ended December 31, 2018					
	Land	Hotel Building and Equipment	Furniture, Fixtures and Equipment	Operating Equipment	Construction-in-Progress	
Measurement Basis:	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*At Cost*	Total
Cost						
Beginning balance	P650,000,000	P3,523,709,838	P72,770,027	P185,280,055	P137,546,634	P4,569,306,554
Additions	-	-	10,906,664	-	-	10,906,664
Casualty losses	-	(3,052,662,910)	(75,221,574)	(185,280,055)	(137,546,634)	(3,450,711,173)
Ending balance	650,000,000	471,046,928	8,455,117	-	-	1,129,502,045
Accumulated Depreciation						
Beginning balance	-	2,319,009,111	70,322,287	180,455,068	-	2,569,786,466
Depreciation for the year	-	37,581,590	8,785,228	1,549,341	-	47,916,159
Casualty losses	-	(2,164,396,323)	(70,652,398)	(182,004,409)	-	(2,417,053,130)
Ending balance	-	192,194,378	8,455,117	-	-	200,649,495
Carrying Amount	P650,000,000	P278,852,550	P -	P -	P -	P928,852,550

Prior to the fire incident, the Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building and equipment and furniture, fixtures and equipment, which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation of its property and equipment is done once every three (3) years. The date of the latest revaluation was as at July 4, 2016.

After the fire incident (see Note 1), the Parent Company engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building and equipment and furniture, fixtures and equipment, that were damaged by fire. The appraisal results show that the estimated market value of property and equipment after the fire (excluding land) amounted to P293.53 million.

As at December 31, 2019, no revaluation was performed due to the ongoing reconstruction of the Parent Company's hotel property.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31 would have been as follows:

	2019	2018
Hotel building and equipment	**P1,503,527**	P671,572,688
Furniture, fixtures and equipment	**13,626,450**	292,831,681
Casualty losses	**-**	(954,445,725)
	15,129,977	9,958,644
Less:		
Accumulated depreciation	**9,905,783**	765,280,658
Casualty losses	**-**	(756,101,201)
	9,905,783	9,179,457
	P5,224,194	P779,187

Depreciation on cost charged to profit or loss amounted to P0.73 million, P27.19 million, and P45.33 million in 2019, 2018 and 2017, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P19.57 million, P20.73 million and P82.91 million in 2019, 2018 and 2017, respectively.

The revaluation increment transferred directly to retained earnings, net of deferred tax effect, amounted to P13.70 million, P510.91 million and P58.04 million in 2019, 2018 and 2017, respectively. The carrying amount of the revaluation surplus amounting to P181.50 million and P195.20 million as at December 31, 2019 and 2018, respectively, is not available for distribution to shareholders.

8. Other Noncurrent Assets

This account consists of:

	2019	2018
Advances to contractors	**P708,778,998**	P173,835,672
Other deposits	**7,574,151**	6,477,072
	716,353,149	180,312,744
Less allowance for impairment losses on advances to contractors	**45,313,007**	-
	P671,040,142	P180,312,744

Advances to contractors include payments for the reconstruction and restoration of the Parent Company's hotel property and equipment (see Note 1).

In 2019, portion of the advances to contractors specifically identified as impaired amounted to P45.31 million, recognized and presented as part of "Impairment losses" under "Others" account in the consolidated statement of profit or loss and other comprehensive income (loss) (see Note 13).

9. Trade and Other Current Payables

This account consists of:

	Note	2019	2018
Trade payables	*18*	**P405,507,226**	P127,058,293
Retention payables	*18*	**31,223,843**	315,000
Accruals:			
Vacation and sick leave	*18*	**2,463,607**	2,290,081
Utilities	*18*	**1,606,593**	1,245,785
Other accruals	*18*	**450,764**	400,000
Gift certificates	*18*	**1,616,124**	1,800,124
Service charge	*18*	**1,260,975**	1,394,008
Withholding taxes		**908,447**	4,120,268
Unclaimed wages	*18*	**693,942**	581,747
Guest deposits	*18*	**350,000**	1,455,193
Others		**3,126,050**	3,294,371
		P449,207,571	P143,954,870

Trade payables are noninterest-bearing and are normally on 30-day term.

Retention payables include liabilities to contractors for the reconstruction and restoration of the Parent Company's hotel property and equipment (see Note 1). These are normally settled within 12 months.

Other payables include commissions, sponsorships, Social Security System, Philippine Health Insurance Corporation and Housing Development Mutual Fund and sundry payables.

10. Related Party Transactions

Identity of Related Parties

The Group has related party relationships with its key management personnel (KMP) and the following entities:

Related Party	Relationship
WPI	Parent Company
ARI	Subsidiary
Acesite Leisure and Entertainment Corp. (ALEC)	Under common control*
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	Under common control
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	Under common control
Davao Insular Hotel Company, Inc. (DIHCI)	Under common control
Waterfront Hotel Management Corporation (WHMC)	Under common control
Wellex Industries, Inc. (WII)	Affiliate

**ALEC was an unconsolidated pre-operating subsidiary incorporated in 2017 that was immaterial to the Group's consolidated financial statements as at December 31, 2018. In 2019, ALEC no longer qualified as a subsidiary of the Group.*

Significant Transactions and Balances with Related Parties

The summary of significant transactions and balances with the related parties is as follows:

				Outstanding Balance						
Category/ Transaction	Year	Note	Amount of the Transaction	Due from a Related Party	Note Receivable	Equity Securities - at FVOCI	Due to Related Parties	Due to Subsidiary*	Terms	Conditions
WPI										
▪ Advances	**2019**	*a*	**(P673,754)**	**P -**	**P -**	**P -**	**P184,733,585**	**P -**	Noninterest-bearing, and payable on demand	Unsecured
	2018	*a*	185,284,268	-	-	-	185,407,339	-		
	2017	*a*	(173,324,246)	-	-	-	123,071	-		
ARI*										
▪ Advances	**2019**	*b*	**(1,599,755)**	**-**	**-**	**-**	**-**	**770,891**	Noninterest-bearing, and payable on demand	Unsecured
	2018	*b*	(253,941)	-	-	-	-	2,370,646		
	2017	*b*	396,242	-	-	-	-	2,624,587		
ALEC										
▪ Note receivable	**2019**	*c*	**(23,046,115)**	**-**	**97,227,613**	**-**	**-**	**-**	Due in one year; interest-bearing	Unsecured; no impairment
	2018	*c*	(8,833,178)	-	120,273,728	-	-	-		
	2017	*c*	129,106,906	-	129,106,906	-	-	-		
WCCCHI										
▪ Advances	**2019**	*d*	**5,875,053**	**-**	**-**	**-**	**5,875,053**	**-**	Noninterest-bearing, and payable on demand	Unsecured
	2018	*d*	-	-	-	-	-	-		
	2017	*d*	-	-	-	-	-	-		
WMCHI										
▪ Advances	**2019**	*d*	**233,190,908**	**-**	**-**	**-**	**233,190,908**	**-**	Noninterest-bearing, and payable on demand	Unsecured
	2018	*d*	-	-	-	-	-	-		
	2017	*d*	-	-	-	-	-	-		
DIHCI										
▪ Advances	**2019**	*d*	**31,237,901**	**-**	**-**	**-**	**31,237,901**	**-**	Noninterest-bearing, and payable on demand	Unsecured
	2018	*d*	-	-	-	-	-	-		
	2017	*d*	-	-	-	-	-	-		
WHMC										
▪ Advances	**2019**	*e*	**2,551,338**	**2,551,338**	**-**	**-**	**-**	**-**	Noninterest-bearing, and payable on demand	Unsecured, impairment
	2018	*e*	-	-	-	-	-	-		
	2017	*e*	-	-	-	-	-	-		
▪ Allowance for impairment losses	**2019**	*e*	**(2,551,338)**	**(2,551,338)**	**-**	**-**	**-**	**-**		
	2018	*e*	-	-	-	-	-	-		
	2017	*e*	-	-	-	-	-	-		
WII										
▪ Equity security - at FVOCI	**2019**	*f*	**(3,901,950)**	**-**	**-**	**17,515,420**	**-**	**-**		
	2018	*f*	5,462,730	-	-	21,417,370	-	-		
	2017	*f*	(867,100)	-	-	15,954,640	-	-		
KMP										
▪ Short-term employee benefits	**2019**		**9,426,586**	**-**	**-**	**-**	**-**	**-**		
	2018		11,647,835	-	-	-	-	-		
	2017		11,447,834	-	-	-	-	-		
▪ Post employment benefits	**2019**		**290,000**	**-**	**-**	**-**	**-**	**-**		
	2018		308,000	-	-	-	-	-		
	2017		492,210	-	-	-	-	-		
TOTAL	**2019**			**P -**	**P97,227,613**	**P17,515,420**	**P455,037,447**	**P770,891**		
TOTAL	2018			P -	P120,273,728	P21,417,370	P185,407,339	P2,370,646		

**Eliminated during consolidation.*

a. The transactions with WPI pertain to various noninterest-bearing and unsecured short-term advances which include WPI-allocated share in the common operating expenses.

b. In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from ARI for shared corporate expenses and working capital purposes. The above advances are due and demandable at anytime.

   Further, the Parent Company has entered into an operating lease with ARI for use of the latter's land. This noncancellable operating lease commenced on November 1, 2011 and has a term of twenty (20) years with escalation rate of 5% per annum. Also, the contract provides for two months of free rental.

   From July 1, 2019 to October 31, 2020, the Parent Company was granted a temporary suspension of lease payments by ARI due to the current nonoperating status of the Parent Company's hotel.

c. In 2017, the Group extended a loan to ALEC payable on December 31, 2018, and bear interest at 4% per annum. In 2018, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2019. At the end of 2019, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2020. The related interest income recognized in profit or loss amounted to P4.81 million and P5.16 million in 2019 and 2018, respectively (see Note 14).

d. In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for shared corporate expenses. The above advances are due and demandable at anytime.

e. The Parent Company has noninterest-bearing advances to WHMC for shared corporate expenses and working capital purposes.

   In 2019, advances specifically identified as impaired amounted to P2.55 million, recognized and presented as part of "Impairment losses" under "Others" account in the consolidated statement of profit or loss and other comprehensive income (loss) (see Note 13).

f. In July and August 2005, the BOD approved the conversion of the Parent Company's net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII, an affiliate. The shares of WII are listed on the PSE. The fair market value of the shares based on closing market price as at December 31, 2019 and 2018 amounted to P17.52 million and P21.42 million, respectively, resulting in a valuation loss of P3.90 million in 2019, valuation gain of P5.46 million in 2018 and valuation loss of P0.87 million in 2017.

All outstanding related party transactions are generally settled in cash.

11. Equity

Common Shares

Details of the common stock of the Parent Company as at December 31 are as follows:

	2019	2018
Authorized - P1 par value	**1,200,000,000**	1,200,000,000
Issued	**346,100,520**	346,100,520
Outstanding	**344,747,520**	344,747,520

Date of Registration/Listing	Securities
December 5, 1986	1,760,000 common shares
January 26, 1998	73,351,197 common shares This is after SEC approval on October 16, 1997 of the change in authorized capital stock from 1,777,400 no par value common shares to 6,595,214 common shares with P1 par value per share.
May 19,1999	19,970,461 common shares These represented dividends declared which was approved by the SEC on March 24, 1999.
May 28, 2012	246,248,212 common shares Dividend declared after SEC approval on May 28, 2012 of the increase in authorized capital stock from P310.00 million to P1.21 billion (including P10.00 million preferred shares).

On July 14, 2014, the BOD approved the amendment of the entitlement ratio of stock rights offering from 0.58 common share for every one share held to 1 common share to every one share held.

As at December 31, 2019, the Parent Company has 152,692,463 shares held by the public or 44.29% of the total outstanding capital stock and a total of 196 stockholders. The Parent Company has not sold any unregistered securities for the past 3 years.

Other Information

In February 1993, common shares of the Parent Company representing 75% of the total issued outstanding shares previously held by Acesite Limited (BVI) (ALB), were pledged by ALB in favor of Equitable PCI Bank Hong Kong Group (EPCIB) for the latter's loan to an affiliate of ALB.

On February 17, 2003, EPCIB foreclosed the said shares and sold them to WPI as a block sale in the PSE. ALB contested the foreclosure, and on February 20, 2003, filed a case for the annulment of the sale, with application for issuance of a writ of preliminary injunction and a prayer for a temporary restraining order with the Regional Trial Court (RTC) of Makati City. On August 15, 2003, the RTC of Makati City granted ALB's request for preliminary injunction upon posting of the necessary injunction bond.

On June 3, 2004, for failure of ALB to post the full amount of the injunction bond, the RTC of Makati City ordered the stock transfer agent of the Parent Company to transfer the 74,889,231 shares to EPCIB and, in accordance with the Deed of Assignment of Shares of Stock dated February 17, 2003, the shares were transferred to WPI. Subsequently, ALB filed a motion for reconsideration of the order dissolving the writ of injunction issued by the RTC of Makati City.

On June 24, 2004, at the annual stockholders' meeting of the Parent Company pursuant to the order of the SEC, WPI, as the registered majority stockholder of record, elected new directors to serve as such until the next annual stockholders' meeting.

On August 10, 2004, the Court of Appeals (CA) gave due course to EPCIB's petition and set aside the questioned Orders on ALB request for preliminary injunction bond. On the same date, ALB filed a Motion for Reconsideration which the CA denied on November 24, 2004.

On December 22, 2004, ALB questioned the said Resolutions of the CA by filing a Petition for Review on Certiorari at the Supreme Court (SC). On January 19, 2005, the SC denied the Petition for Review on Certiorari on the decision and resolution of the CA dated August 10, 2004 and November 24, 2004, respectively, for failure of ALB to state the material date showing when notice of judgment thereof was received. On March 1, 2005, ALB filed a motion for reconsideration of the said denial by the SC. The petition for reconsideration filed by ALB has been denied with finality by the SC on March 14, 2005.

In March 2006, ALB commenced proceedings in Hong Kong against EPCIB and WPI to pursue its claim. In view of the Memorandum of Agreement signed in July 2011, ALB forever renounces its claim against WPI and EPCIB.

Preferred Shares

The Parent Company's authorized and unissued preferred shares as at December 31, 2019 and 2018 amounted to P10.00 million, consisting of 20,000 shares with a par value of P500 per share.

The Parent Company's preferred shares have the following attributes:

a. non-voting;
b. non-convertible to common shares;
c. redeemable at a premium of 5%; and
d. entitled to cumulative dividends of 9% per annum.

Treasury Shares

On November 13, 2007, the BOD approved the creation of a share buyback program involving the Parent Company's common stock. As at December 31, 2019 and 2018, the Parent Company has bought back 1,353,000 shares for a total cost of P12.04 million.

12. Other Revenues

This account consists of:

	Note	**2019**	2018	2017
Gain on reversal of allowance for impairment losses	*4*	**P -**	P8,350,581	P -
Miscellaneous		**-**	42,175	6,794,996
		P -	P8,392,756	P6,794,996

13. Other Costs and Expenses

This account consists of:

	Note	**2019**	2018	2017
Impairment losses	*4, 8, 10*	**P70,507,261**	P3,645,204	P632,751
Taxes and licenses		**23,455,664**	25,695,059	24,432,396
Security and other related services		**10,196,179**	10,119,502	13,167,010
Laundry, valet and other hotel services		**9,394,991**	6,862,237	25,823,802
Representation and entertainment		**8,440,184**	529,278	4,898,457
Rent		**7,103,665**	3,481,466	-
Head office and corporate costs		**5,712,368**	11,475,248	6,092,617
Professional fees		**3,480,237**	7,506,417	3,689,031
Insurance		**3,007,329**	4,678,073	7,810,579
Directors' fees		**879,844**	1,079,935	975,882
Transportation and travel		**762,572**	661,783	268,140
Data processing		**709,194**	1,450,759	2,407,617
Supplies	*5*	**525,804**	2,327,340	8,585,352
Communications		**331,869**	549,362	608,739
Advertising		**192,739**	432,921	2,974,933
Repairs and maintenance		**131,987**	5,540,144	10,190,656
Customer claims		**-**	13,215,750	-
Commission		**-**	683,274	2,597,656
Fuel and oil		**-**	644,490	2,561,465
Miscellaneous		**281,175**	677,917	425,862
		P145,113,062	P101,256,159	P118,142,945

Customer claims pertain to amounts incurred for the accommodation, hospitalization and other assistance provided by the Parent Company to the hotel guests after the fire incident (see Note 1).

Rent pertains to the temporary office space occupied by the Parent Company after the fire incident (see Note 1).

Miscellaneous include recruitment expense and employee association dues.

14. Financing (Income) Expenses

This account consists of:

	Note	**2019**	2018	2017
Bank charges		**P16,693**	P18,568	P56,887
Interest income	*10, 18*	**(5,146,546)**	(6,375,633)	(366,482)
		(P5,129,853)	(P6,357,065)	(P309,595)

15. Retirement Benefit Cost

The Group has a funded, noncontributory retirement plan (the Plan) covering substantially all of its regular employees with at least five years of continuous service. The retirement benefits are based on percentage of the employees' final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plan.

The latest independent actuarial valuation of the Plan was as at December 31, 2019, which was prepared using the projected unit credit method. The Plan is administered by independent trustees (the Retirement Plan Trustee) with assets held consolidated from those of the Group.

The Plan is registered with the Bureau of Internal Revenue (BIR) as a tax-qualified plan under Republic Act No. 4917, As Amended, *Retirement Pay Law*.

The Plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The reconciliation of the present value of the DBO to the retirement benefits liability as presented in the consolidated statement of financial position is as follows:

2019	**FVPA**	**DBO**	**Retirement Benefits Liability**
Balance, January 1, 2019	**P3,429,716**	**(P26,788,220)**	**(P23,358,504)**
Included in Profit or Loss			
Current service cost	**-**	**(772,393)**	**(772,393)**
Net interest income (cost)	**257,572**	**(2,011,795)**	**(1,754,223)**
	257,572	**(2,784,188)**	**(2,526,616)**
Included in OCI			
Remeasurement gains:			
1. Actuarial gains arising from:			
▪ Financial assumptions	**-**	**(1,786,422)**	**(1,786,422)**
▪ Demographic assumptions	**-**	**(10,918,200)**	**(10,918,200)**
▪ Experience adjustments	**-**	**20,997,278**	**20,997,278**
2. Return on plan assets excluding interest income	**133,719**	**-**	**133,719**
	133,719	**8,292,656**	**8,426,375**
Other			
Benefits paid from book reserves	**-**	**9,447,376**	**9,447,376**
Balance, December 31, 2019	**P3,821,007**	**(P11,832,376)**	**(P8,011,369)**

2018	FVPA	DBO	Retirement Benefits Liability
Balance, January 1, 2018	P3,516,783	(P137,902,342)	(P134,385,559)
Included in Profit or Loss			
Current service cost	-	(7,876,176)	(7,876,176)
Net interest income (cost)	200,457	(7,860,433)	(7,659,976)
Settlement gain	-	2,834,145	2,834,145
	200,457	(12,902,464)	(12,702,007)
Included in OCI			
Remeasurement gains:			
1. Actuarial gains arising from:			
▪ Financial assumptions	-	2,642,771	2,642,771
▪ Demographic assumptions	-	11,117,831	11,117,831
▪ Experience adjustments	-	29,202,219	29,202,219
2. Return on plan assets excluding interest income	(287,524)	-	(287,524)
	(287,524)	42,962,821	42,675,297
Other			
Benefits paid from book reserves	-	81,053,765	81,053,765
Balance, December 31, 2018	P3,429,716	(P26,788,220)	(P23,358,504)

Retirement benefits expense is included in "Personnel costs" account in the consolidated statement of profit or loss and other comprehensive income (loss).

The personnel costs comprise the following:

	2019	2018	2017
Salaries and wages	**P34,769,701**	P78,259,037	P105,243,560
Retirement benefits expense	**2,526,616**	12,702,007	13,216,489
Other employee benefits	**1,631,785**	3,966,981	4,937,354
	P38,928,102	P94,928,025	P123,397,403

The Group's plan assets consist of the following:

	2019	2018
Cash and cash equivalents	**P647,010**	P1,164,281
Debt instruments - government bonds	**2,386,251**	1,539,028
Equity instruments	**277,706**	255,778
Unit investment trust funds	**336,606**	258,333
Debt instruments - other bonds	**99,733**	199,698
Others	**73,701**	12,598
	P3,821,007	P3,429,716

Asset-liability Matching

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy

The Group is not required to pre-fund the future defined benefit liability under the Plan before they become due. For this reason, the amount and timing of contributions to the Plan are at the Group's discretion. However, in the event a benefit claim arises and the Plan is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the employee. Hence, there is no expected contribution to the Plan in 2020.

The December 31 actuarial valuation uses these principal actuarial assumptions at the reporting date:

	2019	2018
Discount rate	**5.01%**	7.51%
Future salary increases	**10.00%**	10.00%

Assumptions regarding the mortality and disability rates are based on the 2001 CSO Table - Generational (Scale AA, Society of Actuaries) and the Disability Study, Period 2, Benefit 5 (Society of Actuaries), respectively.

The weighted-average duration of the DBO is 6.95 years and 6.50 years as at December 31, 2019 and 2018, respectively.

Maturity analysis of the benefit payments over the period of 10 years as at December 31 follows:

	2019				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**Within 6-10 Years**
DBO	**P11,832,376**	**P10,778,680**	**P272,250**	**P1,968,858**	**P8,537,572**

	2018				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	Within 6-10 Years
DBO	P26,788,220	P51,644,298	P5,330,848	P33,626,748	P12,686,702

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have increased (decreased) the DBO by the amounts shown below:

2019	**+ 1%**	**- 1%**
Discount rate	**(P2,810,536)**	**P3,374,725**
Expected rate of salary increases	**3,158,280**	**(2,701,781)**

2018	+ 1%	- 1%
Discount rate	(P1,309,539)	P1,413,249
Expected rate of salary increases	1,367,110	(1,292,286)

16. Income Taxes

The components of the income tax benefit are as follows:

	2019	2018	2017
Recognized in Profit or Loss			
Current tax expense	**P37,690**	P44,372	P5,674,314
Deferred tax benefit	**(37,720,303)**	(270,074,311)	(24,363,695)
	(P37,682,613)	(P270,029,939)	(P18,689,381)
Recognized in OCI			
Deferred tax expense (benefit)	**P2,527,913**	P12,802,589	(P7,474,512)

The reconciliation of the income tax benefit computed at the statutory tax rate to the actual benefit shown in profit or loss is as follows:

	2019	2018	2017
Loss before income tax	**P29,912,777**	(P618,419,163)	(P62,645,563)
Income tax at corporate rate of 30%	**P8,973,833**	(P185,525,749)	(P18,793,669)
Additions to (reductions in) income tax due to the effects of:			
Nondeductible expenses	**23,671,285**	104,581,139	214,233
Interest income already subjected to final tax	**(100,679)**	(363,407)	(109,945)
Nontaxable income	**(70,227,052)**	(188,721,922)	-
	(P37,682,613)	(P270,029,939)	(P18,689,381)

The movements of the deferred tax assets and deferred tax liabilities are as follows:

December 31, 2019	**Balance January 1, 2019**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance December 31, 2019**
Deferred tax liability:				
Revaluation surplus on property and equipment	**P273,855,765**	**(P5,870,580)**	**P -**	**P267,985,185**
Deferred tax assets:				
Retirement benefits liability	**7,007,552**	**(2,076,228)**	**(2,527,913)**	**2,403,411**
Minimum corporate income tax	**-**	**37,690**	**-**	**37,690**
Net operating loss carry-over	**74,122,956**	**33,888,261**	**-**	**108,011,217**
	81,130,508	**31,849,723**	**(2,527,913)**	**110,452,318**
	P192,725,257	**(P37,720,303)**	**P2,527,913**	**P157,532,867**

December 31, 2018	Balance January 1, 2018	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2018
Deferred tax liability:				
Revaluation surplus on property and equipment	P492,817,821	(P218,962,056)	P -	P273,855,765
Deferred tax assets:				
Retirement benefits liability	40,315,668	(20,505,527)	(12,802,589)	7,007,552
Allowance for impairment losses on receivables	2,505,174	(2,505,174)	-	-
Net operating loss carry-over	-	74,122,956	-	74,122,956
	42,820,842	51,112,255	(12,802,589)	81,130,508
	P449,996,979	(P270,074,311)	P12,802,589	P192,725,257

17. Earnings (Loss) Per Share

Earnings (loss) per share (EPS (LPS)) is computed by dividing the net income (loss) for the year by the weighted average number of outstanding shares of common stock during the year.

	2019	2018	2017
Net income (loss)	**P67,595,390**	(P348,389,224)	(P43,956,182)
Weighted average number of outstanding shares of common stock (net of treasury stock)	**344,747,520**	344,747,520	344,747,520
EPS (LPS) - basic/diluted	**P0.20**	(P1.01)	(P0.13)

There are no potential dilutive common shares for the years ended December 31, 2019, 2018 and 2017.

18. Financial Instruments - Risk Management and Fair Values

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk Management Committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalent (excluding cash on hand), trade and other current receivables, note receivable, due from a related party, equity securities - at FVOCI, trade and other current payables (excluding statutory payables) and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk, market risk and equity price risk. The Group's management reviews and approves policies for managing each of these risks, as summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other current receivables. There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group grants advances to its related parties after the BOD reassesses the Group's strategies for managing credits and views that they remain appropriate for the Group's circumstances.

The amounts presented in the consolidated statement of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

With respect to credit risk from other financial assets of the Group, which comprise of cash and cash equivalent (excluding cash on hand), note receivable, due from a related party and equity securities - at FVOCI, the exposure of the Group to credit risk arises from the default of the counterparty, with maximum exposure equal to the carrying amount of these financial instruments.

At the reporting date, other than the trade and other current receivables, there were no significant concentrations of credit risk.

Analyses of the amounts of trade and other current receivables by risk grade as at December 31 are set out below (in thousands):

	2019	2018
High grade	**P139,156**	P336,872
Standard grade	**25,658**	15,658
Substandard grade	**26,288**	3,645
	P191,102	P356,175

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

a. High grade and low risk receivables are neither past due nor impaired which have good collection status. These receivables are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations and that the collaterals used to secure the receivables are readily enforceable.

b. Standard grade and medium risk receivables are those past due but not impaired receivables and with fair collection status. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

c. Substandard grade and high risk grade receivables include those impaired which have continuous collection default issues. Substandard grade receivables are those where the counterparties are, most likely, not capable of honoring their financial obligations.

As at December 31, the Group's maximum exposure to credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques are as follows (in thousands):

	Note	**2019**	2018
Cash and cash equivalent*		**P36,128**	P101,824
Trade and other current receivables	*4*	**191,102**	356,175
Note receivable	*10*	**97,228**	120,274
Due from a related party	*10*	**2,551**	-
Equity securities - at FVOCI	*10*	**17,828**	21,730
		344,837	600,003
Less allowance for impairment losses	*4, 10*	**28,839**	3,645
		P315,998	P596,358

**Excluding cash on hand*

Cash and cash equivalent consists of:

	2019	2018
Cash on hand	**P550,000**	P50,000
Cash in banks	**36,128,058**	51,434,814
Short-term placement	**-**	50,388,779
	P36,678,058	P101,873,593

Cash in banks earn interest based on prevailing deposit rates.

Short-term placement earns interest at annual rate of 3.50% and has a maturity of 30 days.

Related interest income recognized in profit or loss amounted to P0.34 million, P1.21 million and P0.37 million in 2019, 2018 and 2017, respectively (see Note 14).

The aging analyses of the Group's financial assets are as follows (in thousands):

December 31, 2019	**Total**	**Neither Past Due nor Impaired**	**Past Due but not Impaired < 30 Days**	**30 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**> 120 Days**	**Past Due and Impaired**
Cash and cash equivalent*	**P36,128**	**P36,128**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Trade and other current receivables	**191,102**	**139,156**	**25,658**	**-**	**-**	**-**	**-**	**26,288**
Note receivable	**97,228**	**97,228**	**-**	**-**	**-**	**-**	**-**	**-**
Due from a related party	**2,551**	**-**	**-**	**-**	**-**	**-**	**-**	**2,551**
Equity securities - at FVOCI	**17,828**	**17,828**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**P344,837**	**P290,340**	**P25,658**	**P -**	**P -**	**P -**	**P -**	**P28,839**

**Excluding cash on hand*

December 31, 2018	Total	Neither Past Due nor Impaired	Past Due but not Impaired < 30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Past Due and Impaired
Cash and cash equivalent*	P101,824	P101,824	P -	P -	P -	P -	P -	P -
Trade and other current receivables	356,175	336,872	15,658	-	-	-	-	3,645
Note receivable	120,274	120,274	-	-	-	-	-	-
Equity securities - at FVOCI	21,730	21,730	-	-	-	-	-	-
Total	P600,003	P580,700	P15,658	P -	P -	P -	P -	P3,645

**Excluding cash on hand*

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

Information on the Group's receivables that are impaired as at December 31, 2019 and 2018 and the movements in the impairment losses are disclosed in Notes 4 and 10 to the consolidated financial statements.

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment in two ways: individual assessment and collective assessment.

The Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are the accounts that have been endorsed to the legal department, non-moving accounts receivable, accounts of defaulted agents and corporate accounts.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence yet of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect collectability.

The total impairment losses on the financial assets recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P25.19 million, P3.65 million, and P0.63 million in 2019, 2018 and 2017, respectively (see Notes 4 and 10), which were determined and measured through the Group's individual assessment procedures.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and financial liabilities. There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and short-term bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have adequate funding available at all times to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The following tables summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (in thousands):

December 31, 2019	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	1 to 5 Years
Trade and other current payables*	9	P445,173	P445,173	P5,565	P439,608	P -
Due to a related party	10	455,037	455,037	455,037	-	-
		P900,210	P900,210	P460,602	P439,608	P -

Excluding statutory payables

December 31, 2018	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	1 to 5 Years
Trade and other current payables*	9	P136,225	P136,225	P5,973	P130,252	P -
Due to a related party	10	185,407	185,407	185,407	-	-
		P321,632	P321,632	P191,380	P130,252	P -

Excluding statutory payables

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, foreign currency risk, and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI. The Group is not significantly exposed to changes in interest and foreign currency exchange rates since the Group's loan denominated in U.S. dollar had been fully paid in March 2016.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed on the PSE totaling to 86.71 million shares as at December 31, 2019 and 2018. Further, the Group also has investment in shares of stock of Pavilion Leisure & Entertainment Corp. (PLEC), a non-listed entity, amounting to P0.31 million, representing 14.20% of the total capital stock of PLEC. As at December 31, 2019 and 2018, PLEC has not yet started commercial operations, and no related party transactions have transpired between the Group and PLEC.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's equity securities - at FVOCI and macroeconomic forecast for 2019 and 2018. This analysis assumes an increase of 10% for 2019 and 2018 and a decrease of 10% for 2019 and 2018 of the equity price of the Group's equity securities - at FVOCI. All other variables are held constant:

	Increase		**Decrease**	
	10%	10%	**-10%**	-10%
	2019	2018	**2019**	2018
Equity	**P1,226,079**	P1,499,216	**(P1,226,079)**	(P1,499,216)

Fair Value Measurement

The carrying amount of cash and cash equivalent (excluding cash on hand), trade and other current receivables, note receivable, due from a related party, trade and other current payables (excluding statutory payables) and due to related parties approximate their fair values due to the short-term maturity of these instruments.

The discussions on the fair value of equity securities - at FVOCI are disclosed in Note 10 to the consolidated financial statements.

19. Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group's overall strategy remains unchanged since prior financial year.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process in 2019 and 2018. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve and fair value reserve.

The Group is not subject to externally-imposed capital requirements.

20. PAGCOR Lease

The Parent Company entered into lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from the Hotel.

The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident (see Note 1).

Total rental income from PAGCOR recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to nil, P7.46 million, P177.92 million in 2019, 2018 and 2017, respectively.

21. Significant Commitments and Contingencies

a. *Operating Lease Commitments - Group as Lessor*
The Group has lease agreements with concessionaires of the Hotel's available commercial spaces. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

The rental income from the lease contracts, recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to nil, P8.24 million and P182.34 million in 2019, 2018 and 2017, respectively (see Note 20).

b. *Contingencies*
The Parent Company versus PAGCOR, et al.
The case involved a Petition for Prohibition and Mandamus (the 1st petition), with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by the Parent Company against PAGCOR and Vanderwood Management Corp. (VMC). The Parent Company filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under Invitation to Bid No. 09-16-2014 for being violative of the laws and rules on government procurement.

PAGCOR and VMC filed their respective comments/answers to the Parent Company's 1st petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015, to which the Parent Company filed an opposition to VMC's Motion to Admit. In an order dated September 5, 2016, the Court denied VMC's Motion to Admit. The Regional Trial Court of Manila, Group 36, (the Court) likewise denied the Motion for Reconsideration filed by VMC in an order dated February 28, 2017.

At the pre-trial conference on October 4, 2016, the Court referred the parties to the Philippine Mediation Center for mediation proceedings. After the termination of the mediation proceedings, the case was returned to the Court for the Judicial Dispute Resolution (JDR) proceedings. The JDR conference was set on May 2, 2017 and was reset to February 6, 2018.

In its order dated February 6, 2018, the Court terminated the JDR proceeding and forwarded the case to the Office of the Executive Judge for re-raffle. In its "Notice of Re-raffle" dated February 21, 2018, the Court informed the parties that the case was raffled to Group 20.

On April 16, 2018, the Parent Company filed its "Amended Pre-Trial Brief" dated April 13, 2018. VMC and PAGCOR likewise filed their respective Amended Pre-trial Briefs. The pre-trial conference was terminated on June 1, 2018.

During the trial, the Parent Company presented its witnesses, Richard L. Ricardo and Arnie D. Juanico. On July 23, 2018, the Parent Company filed its “Formal Offer of Documentary Evidence” dated July 19, 2018. PAGCOR and VMC filed their respective comments on Parent Company’s “Formal Offer of Documentary Evidence”. The Court denied their objections and admitted Parent Company’s documentary evidence.

Meanwhile, PAGCOR filed its “Demurrer to Evidence” dated October 17, 2018, which the Court denied in its Order dated November 8, 2018 for being fatally defective. VMC, on the other hand, presented its witnesses, Maria Cristina L. Dorego and Cornelius M. Goze. Thereafter, it rested its case. Thus, the Court ordered VMC to file its “Formal Offer of Exhibits”.

In its Orders dated January 28 and February 18, 2019, the Court admitted VMC and PAGCOR's respective documentary evidence, despite the Parent Company’s objections and comments. After the parties filed their respective memoranda, the case was submitted for decision.

In its decision dated June 28, 2019, the Court dismissed the Parent Company's Petition. The Parent Company filed its Motion for Reconsideration on August 12, 2019, which the Court denied in its Resolution dated October 11, 2019.

The Parent Company timely filed its Notice of Appeal with the Court on October 21, 2019 and was given due course. The case records have yet to be transmitted to the CA. As at the date of the BOD’s approval of the consolidated financial statements, there was no update on the progress of the case.

The Parent Company versus Hon. Young, et al.
In connection with the Parent Company versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied the Parent Company’s application for TRO. The Parent Company thereafter filed a Motion for Reconsideration on July 6, 2015. The said motion for reconsideration was denied by the Court on August 1, 2016.

On October 21, 2016, the Parent Company filed with the CA a Petition for Certiorari (the 2nd petition), with application for TRO and/or writ of preliminary injunction, to assail the Court’s resolutions dated June 18, 2015 and August 1, 2016. VMC and PAGCOR filed their respective comments to the 2nd petition, to which the Parent Company filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied the Parent Company’s applications for the TRO and writ of preliminary injunction, and directed the parties to submit their respective memoranda. In compliance with the CA’s directive, the Parent Company filed its memorandum on February 13, 2017. VMC also filed its memorandum dated February 16, 2017, while PAGCOR filed its memorandum dated February 14, 2017.

In a resolution dated March 3, 2017, the CA considered the Parent Company’s Petition for Certiorari as submitted for decision.

In its decision dated February 27, 2018, the CA denied the Parent Company’s Petition for Certiorari. The Parent Company moved for the reconsideration of said decision, which the CA denied in its resolution dated August 29, 2018.

As at the date of the BOD’s approval of the consolidated financial statements, there was no update on the progress of the case.

c. *Other Legal Cases*
The Parent Company is also a defendant in other legal and labor cases which are still pending resolution. Management and its legal counsels believe that the outcome of these cases will not have any material effect on the Parent Company’s consolidated financial position and results of operations.

22. Subsequent Events

The Corona Virus Disease 2019 (COVID-19) outbreak has spread across the globe causing disruptions to businesses and economic activities. On January 30, 2020, the World Health Organization announced COVID-19 as a global health emergency and, on March 11, 2020, declared it as a pandemic.

On March 8, 2020, under Proclamation 922, the Office of the President declared a state of public health emergency and, subsequently, on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the rapidly increasing cases of COVID-19. To manage the spread of the disease, major areas of the Philippines have been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until May 15, 2020, which involved several measures including travel restrictions, strict home quarantine and temporary suspension or regulation of business operations, among others, limiting activities to only the provision of essential goods and services.

On May 11, 2020, the President approved the Inter-Agency Task Force Resolution No. 35 changing the ECQ to either Modified ECQ (MECQ) or General Community Quarantine (GCQ), depending on the risk levels of provinces, highly urbanized cities, and independent component cities effective May 16, 2020 to May 31, 2020. Under MECQ, selected manufacturing and processing plants and commercial establishments can operate at only 50% capacity, all public transportation are still suspended, and no domestic or international flights are allowed. Under GCQ, more industries can now operate at full capacity and public and private transportation are now allowed but with enforcement of health protocols, inter-island travel is allowed between two GCQ areas, with enforcement of safety protocols. Effective June 1, 2020, Metro Manila was placed under GCQ.

Under Section 4 of the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines, areas placed under GCQ shall observe the following protocols:

- Amusement, gaming, and fitness establishments, as well as those in the kids and the tourism industries may not operate.

- No hotels or similar establishments shall be allowed to operate, except those accommodating the following:

  a. For guests who have existing booking accommodations for foreigners as of 17 March 2020 for Luzon and 01 May 2020 for other areas;
  b. Guests who have existing long-term bookings;
  c. Distressed Overseas Filipino Workers (OFWs) and stranded Filipinos or foreign nationals;
  d. Repatriated OFWs in compliance with approved quarantine protocols;
  e. Non-OFWs who may be required to undergo mandatory facility-based quarantine; and

f. Healthcare workers and other employees from exempted establishments under these Omnibus Guidelines and applicable Memoranda from the Executive Secretary.

Provided that in all of the foregoing, hotel operations shall be limited to the provision of basic accommodation services to guests through an in-house skeleton workforce. Ancillary establishments within the premises, such as restaurants, cafes, bars, gyms, spas, and the like, shall not be allowed to operate or to provide room service; Provided further, that accommodation establishments may prepare: (a) packed meals for distribution to guests who opt for the same; and (b) food orders for take-out and delivery only.

Mass gatherings such as but not limited to, movie screenings, concerts, sporting events, and other entertainment activities, community assemblies, and non-essential work gatherings shall be prohibited. Gatherings that are for the provision of critical government services and authorized humanitarian activities while adhering to the prescribed minimum health standards shall be allowed.

Further, all public and private construction projects shall be allowed, but with strict compliance to the construction safety guidelines issued by the Department of Public Works and Highways for the implementation of infrastructure projects during the COVID-19 pandemic.

Forecast in Tourism Industry
It is predicted that the global travel and tourism market will incur significant losses worldwide in 2020 and the Asia Pacific region is expected to be substantially impacted by the COVID-19 pandemic.

Status of Operation
Starting March 17, 2020, the Group closed its office operations and temporarily suspended its construction activities in compliance with the ECQ requirements. As at the BOD’s approval of the consolidated financial statements, the Group’s office operations have opened and construction activities have resumed.

The Group considers the foregoing financial reporting effects of the outbreak to be non-adjusting events after the end of the reporting period. As the situation is fluid and rapidly evolving, the Group does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on its financial statements. The impact of this outbreak, including macroeconomic forecasts and estimates of ECL provision on the Group’s financial instruments, will be determined, quantified and recognized in the Group’s consolidated financial statements as at and for the year ending December 31, 2020.

Despite the COVID-19 outbreak, management has determined that the event do not cast significant doubt in respect of the Group’s ability to continue as a going concern therefore the consolidated financial statements continue to be prepared on a going concern basis.

23. Significant Account Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except for the new standard, amendments to standards and interpretation as discussed below.

Adoption of New Standard, Amendments to Standards and Interpretation
The Group has adopted the following new standard, amendments to standards and interpretation starting January 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new standard and amendments to standards and interpretation did not have any significant impact on the Group's consolidated financial statements.

- PFRS 16, *Leases,* supersedes PAS 17, *Leases,* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

  The Group has applied PFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease.*

  The Group applied PFRS 16 with a date of initial application of January 1, 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

  Definition of a Lease
  Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under PFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease as explained in the significant accounting policies of leases.

  Under IFRIC 4, the Group assessed a lease based on the assessment of whether:

  - fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
  - the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or control more than an insignificant amount of the output; or

- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

On transition to PFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Therefore, the Group applied PFRS 16 only to contracts that were previously identified as leases and applied the definition of a lease under PFRS 16 only to contracts entered into or changed on or after January 1, 2019.

As a Lessee
As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under PFRS 16, the Group recognizes right-of-use asset and lease liability for most leases - i.e. these leases are on the consolidated statement of financial position.

At transition, lease liability was measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term when applying PFRS 16 to leases previously classified as operating leases under PAS 17.

Impact of Transition
There is no significant impact of transition to PFRS 16 on the opening balance of the retained earnings.

▪ Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments,* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes,* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Group's chosen tax treatment. If it is not probable that the tax authority will accept the Group's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

  The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

▪ Plan Amendment, Curtailment or Settlement (Amendments to PAS 19, *Employee Benefits*). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

- Annual Improvements to PFRSs 2015 - 2017 Cycle. This cycle of improvements contains amendments to four standards:

  - Previously held interest in a joint operation (Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*). The amendments clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party maintains or obtains joint control, then the previously held interest is not remeasured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
  - Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12, *Income Taxes*). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, other comprehensive income or equity.
  - Borrowing costs eligible for capitalization (Amendments to PAS 23, *Borrowing Costs*). The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial Assets
On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments
Financial Assets Measured at Amortized Cost
A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalent, trade and other current receivables, note receivable and due from a related party.

FVOCI
A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

There are no debt instruments at FVOCI as at December 31, 2019 and 2018.

FVTPL
All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at December 31, 2019 and 2018.

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations,* applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2019 and 2018, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment
Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Cash and Cash Equivalent
Cash and cash equivalent includes short term placement, cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities
<u>Financial Liabilities</u>
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2019 and 2018, other financial liabilities at amortized cost include trade and other current payables (excluding statutory payables) and due to related parties in the consolidated statement of financial position (see Notes 9, 10 and 18). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the consolidated statement of financial position.

As at December 31, 2019 and 2018, only due to/from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value
The Group measures financial instruments at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Group uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the consolidated statement of profit or loss and other comprehensive income in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" Difference.

Impairment of Financial Assets

Impairment of Financial Instruments

At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Movement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Basis of Consolidation

Subsidiary

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, ARI, as at and for the years ended December 31, 2019 and 2018.

A subsidiary is an entity controlled by the parent company. The parent company controls an entity if and only if, the parent company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 3 elements of control.

The financial statements of the subsidiary are included in the consolidated financial statements from the date when the parent company obtains control and continues to be consolidated until the date when such control ceases.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Loss of Control
Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an equity securities - at FVOCI depending on the level of influence retained.

Transactions Eliminated on Consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group determines and presents operating segments based on the information that is internally provided to the BOD, who is the Group's chief operating decision maker. The Group assessed that its hotel operations represent one segment. Accordingly, the Group does not present segment information in these consolidated financial statements.

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Inventories

Inventories are stated at the lower of cost and NRV. Cost comprises all cost of purchase and other direct costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method.

NRV represents the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. NRV of operating supplies and engineering and maintenance supplies is the estimated replacement cost.

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment

Measurement at Recognition

Upon recognition, items of property and equipment are measured at cost which comprises the purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. For land which is acquired as part of business combination, it is originally measured at deemed cost (fair value at the acquisition date). No depreciation is provided on land.

Measurement Subsequent to Recognition

Operating equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Hotel building and equipment and furniture, fixtures and equipment are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair values are determined through the appraisal of an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the carrying amount resulting from a revaluation (revaluation increase) is recognized in OCI and accumulated in equity. However, the increase shall be recognized in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Any decrease in the carrying amount resulting from a revaluation (revaluation decrease) is recognized in profit or loss. However, the decrease shall be recognized in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in OCI reduces the amount accumulated in equity.

Subsequent Costs
Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation
Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Hotel building and equipment	15 - 50
Furniture, fixtures and equipment	3 - 5
Operating equipment	3

The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Construction-in-progress is stated at cost. This includes cost of construction, equipment and other direct costs. Construction-in-progress is not depreciated until such time the relevant assets are completed and put into operational use.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets
The carrying amount of the Group’s property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

<u>Revenue Recognition</u>
Revenue from Contracts with Customers
The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statement of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls
Revenue from hotel rooms and function halls is recognized at the point in time when control of the asset is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage
Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Rent and Related Income
Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease.

Other Operating Departments
Revenue from other operating departments is recognized at the point in time when the service has been rendered. This includes guest, laundry and valet, parking fees, among others.

Interest Income
Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income
Other income is recognized at the point in time when the service has been rendered.

Determination of whether the Group is Acting as a Principal or an Agent
The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has discretion in establishing prices; and

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense is recognized in profit or loss in the period in which they are incurred using the effective interest method.

Income Taxes
Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Philippine Accounting Standard (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax
Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of other comprehensive income and consolidated statement of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

Foreign Currency Transactions and Translations
Transactions in foreign currencies are translated into Philippine peso using the exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated to their Philippine peso equivalents using the rates of exchange prevailing at the reporting date.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits Costs

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and presented under Retirement benefits reserves under equity. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

The Group has applied PFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17 and IFRIC 4.

Policy Applicable from January 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

The Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the consolidated statement of financial position.

Short-term Leases
The Group has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as Lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Policy Applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Group as a Lessee
In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Group as a Lessor
When the Group acted as a lessor, it determined the lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risk and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

<u>Capital Stock</u>
Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock and share options are recognized as deduction from equity, net of any tax effects.

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the option of the Parent Company, or if the dividend payments are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Retained Earnings

Retained earnings include accumulated results of operations as reported in the consolidated statement of profit or loss and other comprehensive income less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Treasury Stock

The Group's shares which are reacquired and held by the Group are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

Earnings (Loss) Per Share

Basic EPS/LPS is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS/LPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares are further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Provisions and Contingencies

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that a transfer of economic benefits will be required to settle the obligation.

Contingent liabilities are not recognized as liabilities, but are disclosed in the consolidated financial statements unless the possibility of an outflow of resources is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

The Group identifies post-yearend events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-yearend events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2019. However, the Group has not applied the following amendments to standards in preparing these consolidated financial statements. The Group is assessing and has yet to reasonably estimate the impact of these, if any, on its consolidated financial statements.

To be Adopted on January 1, 2020

- Amendments to References to Conceptual Framework in PFRSs sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some PFRSs, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  - raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
  - including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
  - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
  - clarifying the explanatory paragraphs accompanying the definition; and
  - aligning the wording of the definition of material across PFRSs and other publications.

The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements. The amendments apply prospectively for annual periods beginning on or after January 1, 2020.

- Interest Rate Benchmark Reform (Amendments to PFRS 9, PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

  - The highly probable requirement. When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.
  - Prospective assessments. When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

  - PAS 39 retrospective assessment. An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.
  - Separately identifiable risk components. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

  An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

  Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

  The Group is currently assessing and has yet to reasonably estimate the impact of these, if any, on its consolidated financial statements.

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Website home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Acesite (Phils.) Hotel Corporation and Subsidiary
7th Floor, Manila Pavilion Hotel
United Nations Avenue
Ermita, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Acesite (Phils.) Hotel Corporation and Subsidiary (the Group) as at and for the year ended December 31, 2019, included in this Form 17-A, on which we have rendered our report thereon dated June 26, 2020.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Reconciliation of Retained Earnings Available for Dividend Declaration *(Annex A)*
- Map of Conglomerate *(Annex B)*
- Supplementary Schedules of Annex 68-J *(Annex C)*

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Group's consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements of the Group taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 8116769
Issued January 2, 2020 at Makati City

June 26, 2020
Makati City, Metro Manila

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0004-FR-5, Group A, valid until November 15, 2020
IC Accreditation No. F-2017/010-R, valid until August 26, 2020
BSP - Selected External Auditors, Category A, valid for 3-year audit period (2017 to 2019)

ANNEX A

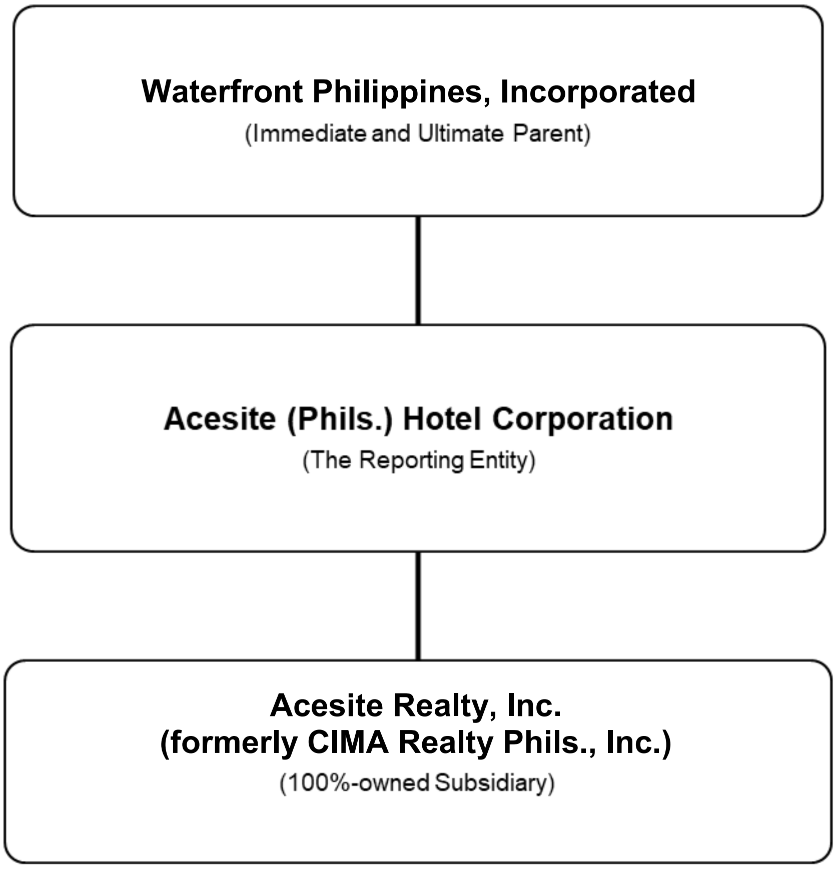
ACESITE (PHILS) HOTEL CORPORATION AND SUBSIDIARY
7th FLOOR, MANILA PAVILION HOTEL
UNITED NATIONS AVENUE, ERMITA, MANILA
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2019

Unappropriated Retained Earnings, January 1, 2019	**P646,699,122**
Adjustments:	
Treasury shares, net of tax effect	**-**
Unappropriated Retained Earnings, As Adjusted, January 1, 2019	**646,699,122**
Add:	
Net income for the year closed to retained earnings	**66,682,508**
Non-actual expenses/loss	**-**
Depreciation on revaluation increment on property and equipment, net of tax effect	**13,698,020**
Reversal of revaluation increment, net of tax effect	**-**
	80,380,528
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2019	**P727,079,650**

Figures based on audited Separate Financial Statements.

ANNEX B

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate



ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

Table of Contents

Supplementary Schedules
Required Under the Revised Securities Regulation Code Rule 68
December 31, 2019

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2019

Name of Issuing Entity and Association of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash	-	P36,678,058	P36,678,058	P335,597
Trade and other current receivables - net	-	164,814,079	164,814,079	-
Note receivable	-	97,227,613	97,227,613	4,810,949
Equity securities - at fair value through other comprehensive income	86,710,000	17,827,920	17,827,920	-
	86,710,000	P316,547,670	P316,547,670	P5,146,546

See Notes 4, 10 and 18 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Acesite Leisure and Entertainment Corp. (ALEC)	P120,273,728	P -	P23,046,115	P -	P97,227,613	P -	P97,227,613

See Note 10 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLDIATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

Nothing to report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2019

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount shown under Caption "Long-term Debt" in Related Statement of Financial Position
P -	P -	P -	P -

Nothing to report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2019

Name of Related Party	Balance at Beginning of Period	Balance at end of Period
Waterfront Philippines, Inc. (Parent Company)	P185,407,339	P184,733,585
Waterfront Cebu City Casino Hotel, Incorporated	-	5,875,053
Waterfront Mactan Casino Hotel, Incorporated	-	233,190,908
Davao Insular Hotel Company, Inc.	-	31,237,901
	P185,407,339	P455,037,447

See Note 10 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2019

Name of Issuing Entity of Securities of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
		P -	P -	
		-	-	
		P -	P -	

Nothing to report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2019

Description	Number of Shares Authorized	Number of Shares Issued and Outstanding Shown Under Related Statement of Financial Position Caption	Treasury Shares	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares	1,200,000,000	346,100,520	1,353,000	192,045,057	10,000	152,692,463
Preferred shares	20,000	-	-	-	-	-
	1,200,020,000	346,100,520	1,353,000	192,045,057	10,000	152,692,463

See Note 12 of Notes to the Consolidated Financial Statements.

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Website home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Acesite (Phils.) Hotel Corporation and Subsidiary
7th Floor, Manila Pavilion Hotel
United Nations Avenue
Ermita, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Acesite (Phils.) Hotel Corporation and Subsidiary (the Group) as at and for the year ended December 31, 2019, included in this Form 17-A, on which we have rendered our report thereon dated June 26, 2020.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2019 and no material exceptions were noted.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 8116769
Issued January 2, 2020 at Makati City

June 26, 2020
Makati City, Metro Manila

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0004-FR-5, Group A, valid until November 15, 2020
IC Accreditation No. F-2017/010-R, valid until August 26, 2020
BSP - Selected External Auditors, Category A, valid for 3-year audit period (2017 to 2019)

Acesite (Phils.) Hotel Corporation and Subsidiary

As of December 31, 2019

Ratio	Formula		**2019**	2018
Current ratio	Total Current Assets divided by Total Current Liabilities			
	Total Current Assets	P433,978,003	**0.48**	1.99
	Divided by: Total Current Liabilities	904,245,018		
	Current ratio	**0.48**		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			
	Total Current Assets	P433,978,003		
	Less: Inventories	580,782	**0.33**	1.74
	Other current assets	134,677,471		
	Quick assets	P298,719,750		
	Divided by: Total Current Liabilities	904,245,018		
	Acid test ratio	**0.33**		
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities			
	Net Income After Tax	P67,595,390		
	Add: Non-Cash Expenses	93,328,803	**0.15**	1.38
	After-tax Net Operating Income	P160,924,193		
	Divided by: Total Liabilities	1,069,789,254		
	Solvency ratio	**0.15**		
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity			
	Total Liabilities	P1,069,789,254		
	Divided by Shareholder's Equity	1,311,421,519	**0.82**	0.44
	Debt-to-equity ratio	**0.82**		
Asset-to-equity ratio	Total assets divided by Shareholder's Equity			
	Total assets	P2,381,210,773	**1.82**	1.44
	Divided by: Shareholder's Equity	1,311,421,519		
	Asset-to-equity ratio	**1.82**		
Return on equity	Net Income divided by Shareholder's Equity			
	Net Income	P67,595,390	**5%**	-28%
	Divided by: Shareholder's Equity	1,311,421,519		
	Return on Equity	**5%**		

Ratio	Formula	**2019**	2018
Return on assets	Net Income divided by Average Total Assets Net Income P67,595,390 Divided by: Average Total Asset Beginning Balance, asset P1,787,275,587 Add: Ending Balance, asset 2,381,210,773 P4,168,486,360 Divided by: 2 2,084,243,180 Return on asset **3%**	**3%**	-17%
Net profit margin	Net Income divided by Sales Revenue Net Income P67,595,390 Divided by: Sales Revenue - Net profit margin **-**	**-**	-555%