

7199

SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

8th Floor Waterfront Manila Hotel
and Casino UN Avenue corner
M. Orosa Street Ermita, Manila

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

ARSENIO A. ALFILER JR

(Contact Person)

526-1212 / 231-10-73 (Temporary)

(Company Telephone Number)

12 31

Month Day
(Fiscal Year)

20 - I S

(Form Type)

08 06

Month Day
(Special Meeting)

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

206

Total No. of Stockholders

Total Amount of Borrowings

-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

Document ID

LCU

Cashier

STAMPS

July 16, 2021

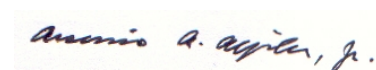
Vicente Graciano P. Felizmenio, Jr.
 Director
 Markets and Securities Regularization Department
 SEC Building, EDSA, Greenhills, Mandaluyong City

Dear Mr. Felizmenio,

Stated herewith are the following revisions:

ACESITE (PHILS.) HOTEL CORPORATION					
Preliminary Information Statement was filed on 30 June 2021.					Amendments / Revisions
SEC Form 20-IS					
Checklist of Requirements			Page No.	Remarks to the 15 July 2021 Amended DIS	
Part I.					
B. Control and Compensation Information					
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS					
Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C, as amended"					
(4) Involvement in Certain Legal Proceedings					
	Describe any of the following events that occurred during the past five (5) years up to latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:	p.11	Please disclose for the nominees; otherwise, please make a statement in the DIS that such executive officers and nominees are not involved in the listed legal proceedings.	DISCLOSED	
	(a) Any Bankruptcy Petition (see condition)				
	(b) Conviction by Final Judgment				
	(c) Being Subject to any Order, Judgment or Decree				
	(d) Violation of a Securities or Commodities Law				
C. Issuance and Exchange of Securities					
ITEM 11. FINANCIAL & OTHER INFORMATION					
C Information for the registrant & for the other person					
I. Information required by Part I paragraphs (A), (B) and (C) of "Annex C", as amended					
A Description of Business					
(2) BUSINESS OF ISSUER					
(a) DESCRIPTION OF THE BUSINESS OF REGISTRANT AND ITS SIGNIFICANT SUBSIDIARIES					
If Material:					
	(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.24	Please disclose existing CBAs and expiration dates.	DISCLOSED	
ITEM 13. ACQUISITION/DISPOSITION OF PROPERTY					
	Name & address of the transferor/transferee & the nature of any material relationship to the issuer/any affiliate of the issuer	p.16	Please disclose the relationship between WMPDI and the Company.	DISCLOSED	

Sincerely yours,



ARSENIO A. ALFILER, JR.
 Corporate Secretary

July 09, 2021

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of ACESITE (PHILS.) HOTEL CORPORATION (the "Corporation"), will be held on Friday, August 6, 2021 at 02:00 p.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 2020
5. Authority of Mortgage Waterfront Manila Hotel and Casino to Secure the Creditors of Waterfront manila Premier Development, Inc. up to the Maximum Amount of Php 8 Billion
6. Authority to Consent to the Mortgage by Acesite Realty Inc. of the Land on which Waterfront manila Hotel and Casino is located
7. Ratifications of the Acts of the Board and Management
8. Election of Directors for 2021-2022
9. Appointment of External Auditor
10. Appointment of External Counsel
11. Other matters
12. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is July 09, 2021. The stock and transfer book will be closed from July 12, 2021 to August 6, 2021.

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 2021 at the accorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE 01 August 2021 (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, July 09, 2021.



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

PROXY

KNOW ALL MEN BY ALL THESE RESPECTS:

That the undersigned, a stockholder of ACESITE (PHILS.) HOTEL CORPORATION hereby referred to as the "Corporation" do hereby name constitute and appoint:

_____, or in his absence

The President of the Corporation, or in his absence, the Chairman of the shareholders' meeting, as the true and attorney-in-fact for the and in the name, place and stead of the undersigned, to do and perform the following acts and the things, to wit:

To attend, be present and represent the undersigned at the meeting of the stockholders scheduled on August 06, 2021 as well as in any and all other meetings of the Stockholder of the Corporation, including any adjournment or postponement thereof; take part in the deliberations thereon; vote any and all shares that the undersigned now owns on may hereafter own in said attorney-in-fact shall deem appropriate or acceptable in the premises.

HEREBY GIVING AND GRANTING unto the said attorney-in-fact full power and authority to do and perform any and every act requisite or proper to be done in or about the premises as fully to all intents as the undersigned might or could lawfully do it personally present and acting in person, and hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

The power and authority herein granted shall remain in force and effect until specifically revoked by written notice delivered to the Corporate Secretary of the Corporation at least three (3) days before the date of the meeting, or by personal presence of the undersigned at the meeting.

IN WITNESS WHEREOF, this instrument has been signed at _____ this

Number of Shares:

Signature:

Name of Stockholder :

Address :

Date:

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
☒ 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, Waterfront Manila Hotel and Casino, 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. **6 August 2021 at 2:00pm 8th Floor Waterfront Manila Hotel and Casino UN Ave., cor Maria Orosa Sts. Ermita, Manila via secure online meeting platform 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:
13 July 2021.

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):

<u>Title of Each Class</u>		<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>	
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 ☒ 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 Friday, 06 August 2021, 2:00 p.m. at **8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue, corner Maria Orosa Street, Ermita, Manila via secure online meeting platform.**

13 July 2021 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

Section 80 of the Revised Corporation Code provides that any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

- (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code;
- (3) In case of merger or consolidation; and
- (4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Section 81 of the Revised Corporation Code provides the Right to Exercise of the dissenting stockholder.

The dissenting stockholder who votes against the proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair market 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.

If, within sixty (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 three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (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.

The matters to be voted upon during the Annual Stockholders' Meeting that will trigger the exercise by a stockholder of his/her appraisal rights under the law are:

- (1) Authority of Mortgage Waterfront Manila Hotel and Casino to Secure the Creditors of Waterfront Manila Premier Development, Inc. up to the Maximum Amount of Php 8 Billion
- (2) Authority to Consent to the Mortgage by Acesite Realty Inc. of the Land on which Waterfront Manila Hotel and Casino is located.

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 09 July 2021, 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 09 July 2021 are entitled to receive notice and to vote at the Annual Meeting of the Stockholders on 06 August 2021.
3. **As provided for under Section 23** of the Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his 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.

4. Security Ownership of Certain Record and Beneficial Owners and Management**a) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS**

As of 31 May 2021, the stock transfer book of the corporation showed the following record owners:

<u>Title of Class</u>	<u>Name and Address of Record owner and relationship with issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of Shares Held</u>	<u>Percent</u>
Common Shares	Waterfront Philippines, Inc. ¹ No.1 Salinas Drive, Lahug, Cebu City (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. Directors & Officers are William T. Gatchalian, Dee Hua	Filipino	192,045,057	55.49%

		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	132,585,363	38.31%

¹WPI 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.

²PCD 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 09 July 2021, 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	Renato C. Francisco	Director	Filipino	D	100	0.00%
Common	Aristeo R. Cruz	Director	Filipino	D	3,500	0.00%
Common	Noel M. Cariño	Director	Filipino	I	100	0.00%
Common	Dee Hua Gatchalian	Director	Filipino	D	3,850	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 6,500 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 09 JULY 2021.

Citizenship	Class	Ownership	Percentage
American	Common	20,051.00	0.01%
British	Common	9,251,256.00	2.67%
Chinese	Common	2,229.00	0.00%
Filipino	Common	284,627,563.00	82.24%
Others	Common	52,199,225.00	15.08%
Portuguese	Common	196.00	0.0001%
Total		346,100,520	100.00%

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 06 August 2021.** Mr. Silvestre H. Bello, Jr., resigned on 17 November 2020. The Nominations Committee recommended that all current directors will be nominated to the Board again during the Company's Annual Stockholder's Meeting on 06 August 2021 including Mr. Noel M. Cariño and Atty. Aristeo R. Cruz. 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, 74
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 Wyndham 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, of 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, 60
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.

Kenneth T. Gatchalian, 45
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., 78
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, Ullirang 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.,
56 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, 64
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.

Ruben D. Torres, 79
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, 72
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.

Noel M. Cariño, 66
Filipino

Mr. Noel Cariño studied Bachelor of Science in AB Philosophy at the University of Sto. Tomas. He is the Founder and Former President of Fil-Estate Realty Corporation; Founder and President of War Against Poverty Foundation; Former Member and Commissioner of Presidential Consultative Commission; National President of Chamber of Real Estate and Builders Associations, Inc. (CREBA); Owner of Cariño Development and Management Corporation (CDMC); Chairman and Founder of SunAsia Energy Inc.; Owner of Leon Philippe Industries, Inc.; Former Chairman of the Board of The Manila Time; Founder and Former Publisher of The Philippine Chronicles Media Corporation; Former Publisher of Punto; Founder and Former Publisher of Good Morning Philippines; Founder of Kilusan at Ugnayan ng Maralitang Pasigueño, Inc. (KUMPAS); Founder of Lakas Pilipino; and Director of Metro Global Holdings Corporation.

Aristeo R. Cruz, 55
Filipino

Atty. Aristeo Cruz studied Bachelor of Commerce Major in Accounting from De La Salle University Manila and Bachelor of Laws from the New Era University. He is a member of the Philippine Bar and also a Certified Public Accountant. He is currently the Vice Chairman/Director Dean of Meycuayan College, Inc.; Vice President/Compiler of Liberty Bank (A Rural Bank), Inc; Founding and Managing Partner of Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office); President and Chief Operating Officer (COO) of Idealand Realty & Development Corporation, and Statosphere Realty & Development Corporation; Director and Corporate Secretary of Philstar Innovation Realty Corporation; President of Jose & Luz Locsin Foundation, and

Waterstreet Realty Corporation; Corporate Secretary of Justino Emilia Realty and Management & Development Corporation; and Director of Metro Alliance Holdings and Equities Corp.

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. 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.

Other Corporate Officers are as follows:

Arthur R. Ponsaran, 78 Filipino	Arthur R. Ponsaran, is now the Corporate Secretary of the Company, 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.
Richard L. Ricardo, 58, 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 the Department of Finance.
Arsenio A. Alfiler, Jr., 76, Filipino	Atty. Alfiler, Jr. is now the Assistant 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.
Joson Lim, 45, Filipino	Mr. Joson Lim is the Data Protection Officer of Waterfront Philippines Inc since 1 August 2017. He is the 2021 Privacy Awareness Week DPO Nominee of National Privacy Commission. Some of the Certifications/Examinations of Mr. Lim are Data Mining with Python, The Complete Data Science Bootcamp 2020, Data Privacy Masters Diploma, Covid19Risk Control: Assessment and Management and Covid19 Hospitality Operations. He is a graduate of University of San Carlos in Cebu City with Bachelor of Science in Hotel and Restaurant Management. He was the former President of the Sands Mining and Development Corporation.
Roanne Canlubo, 29, Filipino	Ms. Roanne Canlubo is the Corporate Internal Audit Division Manager from November 6, 2020 up to June 7, 2021. She resigned from the position

effective June 7, 2021. She is a Certified Public Accountant and a graduate of Cebu Institute of Technology – University with Bachelor of Science in Accountancy. She was formerly the General Accountant of Waterfront Philippines, Inc.

Mariel Francisco,
39, Filipino

Ms. Mariel Francisco was appointed as Assistant Corporate Secretary of the Company last 2013 until 2020. She earned her law degree at Arellano University. She is a young associate in Corporate Counsels, Philippines Law Office. She is also Assistant Corporate Secretary of Philippines Estates Corporation and Forum Pacific, Inc., both listed public companies.

Significant Employees

David William Nowak,
56, 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,
48, Italian

Chef Giovanni Sias is the Executive Chef of Manila Pavilion Hotel. He has 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 Acesite 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.10f 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, through **the conversion of Parent's Company's net receivables** resulting to 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 shares are from 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 Wellex Industries, Inc., resulting to P0.50 price 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, 2020 and 2019 amounted to P19.42 million and P17.52 million, respectively, resulting in a valuation gain of P1.91 billion in 2020, valuation loss of P3.90 million in 2019 and valuation gain of P5.46 million in 2018.
- 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 84.72 million payable on December 31, 2020, and bear interest 4% per annum.

(B) PARENTS OF THE REGISTRANT

- 1) Waterfront Phils., Inc., which, as of 31 May 2021 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

For details please refer to Notes No. 10 of Financial Statements.

Involvement in Certain Legal Proceedings

None of the directors, executive officers, and nominees is 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

Mr. Silvestre H. Bello, Jr. resigned on 17 November 2020 due to his health problem. 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.

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 is a regular employee 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		2018	11,955,834	-	30,000
		2019	9,426,586	-	30,000
		2020	7,746,100	-	30,000
		2021 (est)	3,987,557	-	30,000
All other officers and directors as a group unnamed		2018	-	-	1,515,834
		2019	-	-	879,844
		2020	-	-	707,059
		2021 (est)	-	-	745,882

For the ensuing year (2020), the aggregate compensation is expected to decrease due to salary adjustments.

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 2019 and 31 December 2020.

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 2019 and 2020.
2. There are no other assurance and related services rendered by the external auditor for the years 2019 and 2020.

b. Tax Advisory Fees

1. There are no Tax Advisory Fees for 2019 and 2020.

c. All Other Fees

No other 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 2020, the Company has a net worth of P1.97 billion and is not planning to issue any unsecured bonds for 2021.

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.

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 2021.

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). 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 Regional Trial Court, Manila, Branch 20 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 and pending with CA.

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 plaintiffs presented their witnesses and rest its case. Defendants filed its Demurrer to Evidence. The said Demurrer to Evidence is pending for resolution of the Regional Trial Court, Manila, Branch 52. Date of institution of this case is June 2016.

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 2019 and 31 December 2020.

The Company acquired 100% interest of Acesite Realty Inc. (formerly CIMA Realty Phils., Inc.), a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011.

The Company is proposing to mortgage the Waterfront Manila Hotel & Casino and Acesite Realty, Inc.'s land to secure the creditors of Waterfront Manila Premier Development, Inc. (WMPDI) up to the maximum amount of P8 billion. In return, WMPDI shall grant the Company an irrevocable right to purchase 1 hectare of reclaimed land in the proposed Manila Waterfront City (MWC) at a 50% discount to the price of the said land first offered by WMPDI to the public, once the MWC is developed and such reclaimed land is made available for commercial sale. **Waterfront Philippines Inc (WPI) is a stockholder of both the Company and WMPDI. WPI is the Parent Company of Acesite (Phils) Hotel Corporation owning 55.49% of its shares and WPI owns 5% shares of WMPDI.**

Item 14. Restatement of Accounts

There is no substantial restatement of any asset, capital or surplus account of the Company for the financial statements for the calendar year ending 31 December 2019 and 31 December 2020.

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 06 August 2021:

a) The agenda for the August 6, 2021 Annual Stockholders Meeting:

Call to Order
Certification of Notice and Quorum
Approval of Minutes of the Previous Stockholders' Meeting
Report to the Stockholders for the Year 2020
Authority of Mortgage Waterfront Manila Hotel and Casino to Secure the Creditors of Waterfront Manila Premier Development, Inc. up to the Maximum Amount of Php 8 Billion
Authority to Consent to the Mortgage by Acesite Realty Inc. of the Land on which Waterfront Manila Hotel and Casino is located
Ratifications of the Acts of the Board and Management
Election of Directors for 2021 -2022
Appointment of External Auditor
Appointment of External Counsel
Other matters
Adjournment

b) The Minutes of the November 17, 2020 Annual Stockholder's Meeting will be presented for approval.

The Chairman of the Board, Mr. Arthur Lopez has called the meeting last November 17, 2020. The Minutes of Stockholders' Meeting held on November 5, 2019 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 as the legal counsels of the Company.

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co. was re-appointed as External Auditors.

c) Interim Report as of March 31, 2021 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 November 17, 2020 as the legal counsels of the Company.

Representatives of the said law firms shall be attending the annual meeting of stockholders on August 6, 2021 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 August 6, 2021.

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin & Co. has acted as the External Auditors for calendar year 2020 and also stands for re-appointment. There are no disagreements with 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 2021**, 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 Form 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 August 1, 2021 (5:00pm).
3. All agenda items indicated in the Notice of the Meeting will be included in the Online Voting System and the registered stockholder shall vote to Agree or Disagree, accordingly.
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.
5. Majority votes are required in all matters except for the approval of Mortgage of Waterfront Manila Hotel and Casino and Acesite Realty Inc.'s Lan requires two-thirds (2/3) of the votes of Stockholders.

For any clarifications or questions, you may contact us through Ms. Aleli Alday, Stock Relations Officer at **a.alday@waterfronthotels.net** or at **0998-594-8615**.

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 Manila on July 16, 2021

By:



Date : July 16, 2021.

ARSENIO A. ALFILER JR.
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **NOEL M. CARINO**, Filipino, of legal age with office address 14th Floor Paragon Plaza Bldg., Edsa corner Reliance St. Mandaluyong City, 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 for 2021.
2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Fil-Estate Realty Corporation	Founder/ President	1981 -1996
War Against Poverty Foundation	Founder / President	1992 - present
Presidential Consultative Commission	Member/ Commissioner	2005
CREBA	National President	present
Carino Development and Management Corporation	Owner	2011- present
Sun Asia Energy Inc.	Chairman/Founder	present
Leon Philippe Industries, Inc.	Owner	present
The Manila Time	Chairman of the Board	October 2005 - 2006
The Philippine Chronicles Media Corp	Founder/ Publisher	September 2006-2007
Punto	Publisher	December 2006-2008
Good Morning, Philippines	Founder/Publisher	April 2011-2012
Founder Kilusan at Ugnayan ng Maralitang Pasigueno, Inc(KUMPAS)	Founder	2005
Lakas Pilipino	Founder	2001
Metro Global Holdings Corporation	Director	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 JUL 13 2021, at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of JUL 13 2021 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 106 809 774 000.

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Page No. 45
Book No. 16
Series of 2021:

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092831 Pasig - 10-7-2019
PTR # 9823042 Mla. 1-4-2021
Roll # 25473, TIN # 103-098-346
MCLE Compl. No. VI- 0011418 until **4-14-2022**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Aristeo R. Cruz**, Filipino, of legal age and a resident of No. 4 Malhacan Road, Meycauayan City, Bulacan, after having been duly sworn to in accordance with law do hereby declare that;

- I am an independent director of **ACESITE PHILS HOTEL CORP.** and have been its independent director for July 2021.
- I am affiliated with the following companies or organizations:

COMPANY	POSITION	PERIOD OF SERVICE
Meycauayan College, Inc.	Vice Chairman/Director Dean, College Department	December 2011 – present November 2007 – present
Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office)	Founding and Managing Partner	July 2007 – present
Liberty Bank (A Rural Bank), Inc.	Vice President/Compiler	July 2018 - present
Idealand Realty & Development Corp.	President and Chief Operating Officer (COO)	November 2009 – present
Philstar Innovation Realty Corp.	Director and Corp Secretary	October 2011 – present
Statosphere Realty & Development Corp.	President and Chief Operating Officer (COO)	October 2011 – present
Jose & Luz Locsin Foundation	President	November 2012 – present
Justino Emelia Realty and Management & Dev't Corp.	Corporate Secretary	March 2008 – present
Waterstreet Realty Corp.	President	June 2012 - present
Metro Alliance Holdings & Equities Corp	Director	September 2015 - present

- 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.
- I am not related to any director/officer/substantial shareholder of **Acesite Phils Hotel Corp** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
- To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 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.
- I shall inform the Corporate Secretary of **Acesite Phils Hotel Corp.** of any changes in the abovementioned information within five days from its occurrence.

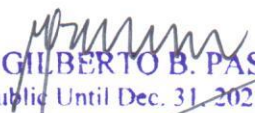
Done, this **JUL 15 2021** day _____, at **CITY OF MANILA**


ARISTEO R. CRUZ
Affiant

JUL 15 2021 **CITY OF MANILA**

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 108-672-299 issued at Bureau of Internal Revenue

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Series of 2021


ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092834 Pasig 10-7-2019
PTR # 9823042 Mla. 1-4-2021
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, 2020, 2019, 2018 and 2017 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 Waterfront Manila Hotel and Casino (formerly 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 Acesite Realty Inc. (formerly CIMA Realty Phils., Inc.), a former subsidiary of Acesite Limited (BVI).

Business of Issuer

1. DESCRIPTION OF REGISTRANT

(a) Principal Product or Service

The company operates the Waterfront Manila Hotel and Casino (formerly 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. **In 2020, the Hotel is still under renovation. Phase 1 which includes the restoration and construction works of the podium and the main hotel. A soft opening of the podium, which houses the public areas, including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st Quarter of 2022.**

There is no Revenue Contribution of Operations for 2020.

Product/Services	Amount (P)	% Contribution
Food & Beverage (F&B)	0.00	-
Rooms	0.00	-
Rent	0.00	-
Operating Departments	0.00	-
Others	0.00	-
TOTAL	0.00	-

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

None of the domestic and foreign market was captured in 2020 due to the temporary closure on business brought by renovation project.

Foreign Source	% Contribution to Total Room Nights		
	2020	2019	2018
Asia	-	-	37.89%
Middle East	-	-	2.27%
North America	-	-	7.38%
Europe	-	-	2.84%
Australia	-	-	2.97%
Africa	-	-	1.00%
Philippines (Domestic Mkt)	-	-	45.65%
TOTAL	-	-	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)		
	2020	2019	2018
Seasons	-	-	51.51%
El Rey (Concessionaire)	-	-	0.30%
Patisserie	-	-	11.43%
Room Service	-	-	4.80%
Banquet	-	-	13.00%
Mini Bar	-	-	0.06%
Casino	-	-	18.90%
Total	-	-	100%

Rooms

In 2020, the operations remained suspended resulting to non-generation of revenues.

Market Segment	% Contribution		
	2020	2019	2018
Marketing Promotions	-	-	15.34%
Reservation System	-	-	58.86%
Travel Trade Accounts	-	-	11.27%
Corporate & FIT Accounts	-	-	14.53%
TOTAL	-	-	100.00%

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

There is no new product or service that has been announced in 2020.

(e) Top Five (5) Performance Indicators

No occupancy of the hotel was recorded in 2020 and 2019 due to ongoing hotel renovation and for 2018, the occupancy is up to March 18, 2018.

	2020	2019	2018
Occupancy Rate	-	-	46.12%
Average Room Rate	-	-	2,273.04
Revenues	-	-	30,737,585.00
Gross Operating Income	(80,232,659)	(189,012,324)	(166,680,037)
Gross Operating Income Ratio	-	-	-542.27%

(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) 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. The said investment is from the conversion of the Parent Company's net receivables from related parties to shares of stock of Wellex Industries, Inc.

Net transactions with WPI during the year amounted to Php 185.98 million in 2020. Transactions have increased due to additional Management Fee. As of December 31, 2020, the hotel has an outstanding payable to WPI equivalent to Php 185.98 million; from a payable of Php 184.73 million as of December 31, 2019.

(i) Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

Not applicable.

(j) 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). However, due to non-operational since 2018, this has not been renewed. The Hotel is accredited with the Department of Tourism with a four-star rating in 2016. Prior to the opening of the hotel, accreditation from Department of Tourism (DOT) will be renewed. As to the rating, it will be depending on the onsite inspection of DOT.

(k) 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.

(l) Research and Development Activities

Not applicable.

(m) 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.

(n) Manpower Count

	Actual Manpower Count As of	
	31 Dec 2020	31 Dec 2019
Department Head	12	15
Managerial and Supervisors	14	14
Line Staff	-	-
Casual (Direct)	-	-
Total	26	29

On November 24, 2018, the Company has filed Permanent Lay-off at Department of Labor and Employment. **And also, this is the time when Labor Union ended as well as all existing Collective Bargaining Agreement (CBA).**

On October 1, 2020, the Company has filed a Temporary Lay-off covering October 1, 2020 to March 31, 2021. The Company filed an extension for another six months from April 1, 2021 to September 30, 2021.

In the ensuing twelve (12) months, the Company is planning to hire employees to be employed in the twenty-four hour operations in the hotel rooms and restaurants. Estimated number of employees once operational is 184 employees; Casual is 128 and Regular is 56.

- (o) During the year, COVID19 affects the renovation of the hotel. Due to government imposed lockdowns, there were stoppages as to the construction activities which resulted to some delays. New health and safety protocols were imposed to ensure safety of all the employees. As to the office staffs, a work-from-home scheme were implemented to ensure the safety of the employees and to support the government efforts to stop the spread of the virus. And to sustain the cash flow of the Company, with the consent of all the affected employees and compliance with Department of Labor and Employment's (DOLE) guidelines, a temporary salary reduction was implemented.

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) **In terms of cash requirements, the Company has received from the insurance company reimbursements totaling to P1.58 billion as of December 31, 2020. The Company will be raising additional funds thru assistance from the Parent Company and other related parties. This amount forms part of the fund being used in the reconstruction project of the hotel. The Company targets to operate by first quarter of 2022 and expecting to generate funds from the operation;**

- (b) The Company is currently undergoing rebuilding and renovations in order to restore the damages brought by fire. Moreover, with the modern architectural designs and latest technologies, the company pushes different ways of improving concepts or goals for their clients. This kind of development will help the company to keep up with the hotel industry trends.
- (c) **The Company has been considering the procurement of new machineries and equipment as part of the rebuilding and renovation project. Estimated amount of purchases is P22 million. There are various suppliers who have been awarded with these purchases; and**
- (d) **For the next twelve months, the Company is planning to operate. In line of this, the increase in the number of employees is expected. Estimated number of employees once operational is 184 employees; Casual is 128 and Regular is 56. These employees will be mostly employed in the twenty-four hour operations in the hotel rooms and restaurants.**

RESULTS OF OPERATIONS

A. FULL FISCAL YEARS

Year Ended 31 December 2020 to Year Ended 31 December 2019

The year ended 31 December 2020 and 2019 reported zero revenues caused by the cease of operations 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 2020 amounted to 80.23 million, compared with P189.01 million for the year ended 31 December 2019. Gross loss amounted P80.23 million for 2020. Last year's gross loss was P189.01 million.

Fixed, financial and other expenses in 2020 amounted to negative P836.38 million as compared to P218.92 million registered in 2019. The Company recognized gain from insurance claims amounting to P854.52 million. Depreciation expense increased by 8.53% from P20.29 million last 2019 to P22.02 million this 2020 due to revaluation and adjustments.

For 2020, the Company incurred a net gain of P654.57 million or P1.90 per share compared with P67.59 million in 2019 or P0.20 per share.

Total assets of the company increased from 2.38 billion as of the end of 2019 to P3.28 billion as of the end of 2020. Current assets increased from 433.98 million last year to P1.10 billion this year due to the increase in cash and cash equivalents. Trade and other receivables decreased from P164.81 million in 2019 to P149.94 million in 2020. Prepayments and other current assets increased from P134.68 million to P167.81 million, due to increase of input value-added taxes and advance payment of Real Property Tax. Non-current assets increased by 11.78% from P1.95 billion to P2.18 billion due to increase in property and equipment which represents the increase in Construction-In-Progress and Furniture and Fixtures. Current liabilities increased from P904.24 million to P987.01 million due to the increase in both trade payables and related party transactions. The Long Term Liabilities increased from P165.54 million in 2019 to P322.62 million in 2020; this is because of the increase in retention payable and deferred tax liabilities. Stockholders' equity increased from P1.31 billion to P1.97 billion over the same comparative periods.

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 2,273.04 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.

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. **The Company is proposing to mortgage the Waterfront Manila Hotel & Casino and Acesite Realty, Inc.'s land to secure the creditors of Waterfront Manila Premier Development, Inc. (WMPDI) up to the maximum amount of P8 billion. In return, WMPDI shall grant the Company an irrevocable right to purchase 1 hectare of reclaimed land in the proposed Manila Waterfront City (MWC) at a 50% discount to the price of the said land first offered by WMPDI to the public, once the MWC is developed and such reclaimed land is made available for commercial sale**
- 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% and expenses has increased by 36.63% leading to a net loss of P 618.42M in 2018.
- vii. Causes of material changes in the items in the financial statements from the year ending 31 December 2018 to the year ending 31 December 2019 and from the year ending 31 December 2019 to the year ending 31 December 2020 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, 2020	DECEMBER 31, 2019	DECEMBER 31, 2018
Current Assets	1,103,010,432	433,978,003	656,380,423
Total Assets	3,279,646,308	2,381,210,773	1,787,275,587
Current Liabilities	987,007,868	904,245,018	329,362,209
Total Liabilities	1,309,625,025	1,069,789,254	545,445,970
Retained Earnings/ (Deficit)	1,405,854,600	737,590,781	656,297,371
Stockholders' Equity	1,970,021,283	1,311,421,519	1,241,829,617

Income Statement			
	Year Ending	Year Ending	Year Ending
	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2018
Operating Revenue	-	-	-
Other Revenue	-	-	54,337,761
Gross Revenue	-	-	8,392,756
Operating Expense	-	-	62,730,517
Other Expense	80,232,659	189,012,324	229,410,554
Gross Expense	(836,376,230)	(218,925,101)	451,739,126
Net Income/(Loss) Before Tax	756,143,571	29,912,777	(618,419,163)
Income Tax Expense	101,577,772	(37,682,613)	(270,029,939)
Net Income/(Loss) After Tax	654,565,799	67,595,390	(348,389,224)

- ❖ **Revenues from lease activities (Revenues – Rental):** No rental revenues for the year 2020 same for the year 2019 due to the temporary cessation of operations starting March 2018.
- ❖ **Revenues from Rooms (Revenues – Rooms):** No room revenues for the year 2020 same for the year 2019 due to temporary cessation of operations starting March 2018.
- ❖ **Revenues from Food and Beverage (Revenues – F&B):** No F&B revenues for the year 2020 same for the year 2018. 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 2020 same for the year 2019.
- ❖ **Cost of Sales (F&B):** No F&B cost of sales for 2020 same for the year 2019 due to the closure of outlets in March 2018.

- ❖ **Personnel:** Personnel costs for the year ended 31 December 2019 amounted to P38.93 million as compared to P33.77 million in the year 2020. The decrease in Personnel Cost was due to decrease in the number of employees due to lay off, resignation, retirement, and salary reduction starting June 2020.
- ❖ **Energy Cost:** Energy cost for the year amounted to P3.04 million as compared to 2019 of P4.97 million. A decrease of P1.93 million was recorded because of stoppage of works due to lockdowns.
- ❖ **OTHERS:** These are various cost and expenses under different departments which summed up to P43.41 million in the year 2020 as compared to 2019 of P145.11 million. A decrease of 101.70 million was because of the impairment losses of the receivables incurred in 2019, decrease in rent expense due to transfer to temporary basement office, and decrease in taxes and licenses.
- ❖ **Depreciation:** Depreciation expense recorded at P22.02 million showing an increase of P1.73 million in 2019. The increase was because of the increase in the furniture and fixture due to additional purchases.
- ❖ **Foreign Exchange Loss:** Foreign exchange loss for the year 2020 is P.061 million while there is no foreign exchange loss in 2019. No loan has been signed in 2020.
- ❖ **Due from a Related Party:** Due to related parties of 31 December 2020 amounted to P490.72 million as compared to that as of 31 December 2019 which is P455.04 million.

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

B. INTERIM PERIODS

Quarter Ended 31 March 2021 and Quarter Ended 31 March 2020

No gross revenues registered in the same comparative period in 2021 and 2020. No room sales were reported due to the fire incident. There was zero occupancy in 1Q2021 same as 1Q2020. No room revenue contribution to the gross revenues for 1Q2021 and 1Q2020, respectively. Zero average room rate for both 1Q2021 and 3Q2020.

Zero Food and Beverage revenue was recorded in 1Q2021 and 1Q2020. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 1Q2021 and 1Q2020. Rent and other income have remained zero in 1Q2021 and in 1Q2020.

There was no F&B Revenue, thus, no cost of sales in both 1Q2021 and in 1Q2020. Payroll expenses decreased by 68.32% from P1.66 million in 1Q2020 to P.53 million in 1Q2021. 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.10 million in 1Q2020 to P.01 million in 1Q2021. The Energy cost was recorded at P1.05 million in 1Q2021.

The Company posted a gross operating loss of P3.82 million in 1Q2021, representing decrease of P1.37 million from that recorded in 1Q2020 of P5.19 million. Gross operating profit/loss ratio in 3Q2021 and 3Q2020 stood both at 0%.

Fixed financial, operating and other expenses decreased from P23.99 million in 1Q2020 to P22.10 million in 1Q2021 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a decrease from P19.17 million in 1Q2020 to P17.52 million in 1Q2021 due to the various reasons like the decrease in rental expense in 1Q2021. Marketing and guest entertainment increased from P.18 million in 1Q2020 to P.34 million in 1Q2021. No corporate expenses were recorded in 1Q2021. Real estate tax went down by 11.11% from P3.88 million in 1Q2020 to P3.53 million in

1Q2021. For 1Q2020, the Company posted a net loss of P25.92 million representing a decrease of 11.17% from loss of P29.18 million in 1Q2020.

The Company incurred losses due to none operation since 2018 and some delays on the opening of the hotel due to the effect of Covid19 on the construction works. New set of protocols on the constructions were implemented to ensure continuous works on site in accordance to the minimum health protocol. To minimize the losses incurred, the management decided to have temporary salary reduction to their employees.

Quarter Ended 31 March 2020 and Quarter Ended 31 March 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 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 2021 and Year Ended 31 December 2020

Total assets increased to P3.37 billion in 31 March 2021 as compared to P3.28 billion as of 31 December 2020. Current assets decreased from P1.10 billion as of 31 December 2020 to P1.03 billion as of end of 1Q2021, this is due to decrease in Cash and Other Prepaid Expenses. Cash ending balance as of 31 March 2021 of P640.95 million posted a decrease of P58.76 million. Trade receivables of P271.98 million increased by P122.04 million as of 31 March 2021 from P149.94 million as of 31 December 2020. Inventories decreased by P.079 million from P.839 million as of 31 December 2020. Prepayments and other current assets decreased to P32.80 million as of 31 March 2021 from P167.81 million as of 31 December 2020.

Property and equipment account increased by 0.06% from P1.468 billion as of 31 December 2020 to P1.476 billion as of 31 March 2021. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 1Q2021. Other non-current assets of P724.46 million as of end of

1Q2021 increased by P35.78 million from P688.67 million as of 31 December 2020 due to decrease of deposits to contractors and transferred to Construction in Progress during the year.

Total liabilities decreased from P1.31 billion as of 31 December 2020 to P1.09 billion as of 31 March 2021. Trade and other current payables decreased from P496.29 million as of 31 December 2020 to P380.22 million as of 31 March 2021. Non-current liabilities decreased by P100.55 million from P322.62 million as of 31 December 2020 to P222.07 million as of 31 March 2021.

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.

- 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 1st quarter of 2021, the business operation has not yet commenced.
- vii. For the 1st quarter of 2021, 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 31 March 2021 to the interim year-to-date ending

31 March 2020 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)
	March 31, 2021	December 31, 2020
Current Assets	1,036,481,207	1,103,010,432
Total Assets	3,372,290,389	3,279,646,308
Current Liabilities	873,085,578	987,007,868
Total Liabilities	1,095,151,641	1,309,625,025
Retained Earnings	1,712,972,062	1,405,854,600
Stockholders' Equity	2,277,138,745	1,970,021,283

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	3,819,657	5,188,583	3,819,657	5,188,583
Other Expense	22,103,985	23,994,682	22,103,985	23,994,682
Gross Expense	25,923,642	29,183,265	25,923,642	29,183,265
Net Income/(Loss) Before Tax	(25,923,642)	(29,183,265)	(25,923,642)	(29,183,265)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(25,923,642)	(29,183,265)	(25,923,642)	(29,183,265)

- 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:

	March 2021	March 2020
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(3,819,657)	(5,188,583)
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 2018 and 31 December 2019 and for the year ended 31 December 2019 and 31 December 2020 are incorporated herein by reference. A copy of the audited financial statements as of 31 December 2020 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 2020 and for the year ended 31 December 2019.

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 2020 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):

	2021		2020		2019		2018		2017	
	Low	High	Low	High	Low	High	Low	High	Low	Low
1 st Quarter	1.74	1.37	1.48	1.02	1.23	1.22	1.49	1.23	1.22	1.00
2 nd Quarter	2.14	1.50	1.01	1.35	1.45	1.24	1.25	1.45	1.24	1.02
3 rd Quarter			1.03	1.31	1.70	1.30	1.79	1.70	1.30	1.04
4 th Quarter			1.01	1.75	1.40	1.25	1.42	1.40	1.25	1.06

The last trading price was ₱1.72 on 04 June 2021.

2. Holders

The Company had 206 registered stockholders as of 31 May 2021. The top 20 stockholders are as follows:

Top as of 20 Stockholder 31 May 2021	No. of Shares	% Holdings
WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
PCD NOMINEE CORPORATION	80,386,138	23.23%
PCD NOMINEE CORPORATION (NON-FILIPINO)	52,199,225	15.08%
NICKELL INTERNATIONAL LTD.	8,935,710	2.58%
ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394	0.25%

TANSECO, GENEROSO	714,857	0.21%
UNITED PHILIPPINE LINES	714,854	0.21%
TAN, JESUS M. (HEIRS OF)	595,728	0.17%
DIZON, WILLY O. DIZON OR NENE C.	500,000	0.14%
BAUTISTA, DOMINGO C.	476,574	0.14%
NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508	0.09%
MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001	0.08%
MENZI, HANS (ESTATE OF)	278,001	0.08%
WELLS AND PUMPS INC.	278,001	0.08%
ROSARIO, FRANCISCO DEL	258,146	0.07%
CARLOS, GLORIA S. (HEIRS OF)	218,428	0.06%
SANCHEZ, ANDREW A.	198,579	0.06%
ANUP TRADING	198,576	0.06%
COJUANGCO, RAMON (HEIRS OF)	198,576	0.06%
LORENZO, LUISA DE R.	198,576	0.06%
TULIO, ERMINDA L.	198,576	0.06%
WESTERN STEEL INC.	198,576	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, 2019 and December 31, 2020 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 2020, 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
8th Floor, Waterfront Manila Hotel and Casino
United Nations Avenue corner M. Orosa Street
Ermita, Manila**

THRU

**Ms. Aleli Alday, Stock Relations Officer
a.alday@waterfronthotels.net
0998-594-8615.**

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	December 31, 2020	December 31, 2019
Current Assets	1,103,010,432	433,978,003
Current Liabilities	987,007,868	904,245,018
Ratio	1.1175	0.4799

Quick Ratio	December 31, 2020	December 31, 2019
Cash+AR+ST Mkt Securities	849,645,133	201,492,137
Current Liabilities	987,007,868	904,245,018
Ratio	0.8608	0.2228

Cash Ratio	December 31, 2020	December 31, 2019
Cash+ST Mkt Securities	699,705,837	36,678,058
Current Liabilities	987,007,868	904,245,018
Ratio	0.7089	0.0406

SOLVENCY RATIO

Current Liabilities to Equity Ratio	December 31, 2020	December 31, 2019
Current Liabilities	987,007,868	904,245,018
Total Equity	1,970,021,283	1,311,421,519
Ratio	0.5010	0.6895

Total Liabilities to Equity Ratio	December 31, 2020	December 31, 2019
Total Liabilities	1,309,625,025	1,069,789,254
Total Equity	1,970,021,283	1,311,421,519
Ratio	0.6648	0.8157

Fixed Assets to Equity Ratio	December 31, 2020	December 31, 2019
Fixed Assets	1,468,226,339	1,258,364,708
Total Equity	1,970,021,283	1,311,421,519
Ratio	0.7453	0.9595

Assets to Equity Ratio	December 31, 2020	December 31, 2019
Total Assets	3,279,646,308	2,381,210,773
Total Equity	1,970,021,283	1,311,421,519
Ratio	1.6648	1.8157

INTEREST COVERAGE RATIO

Interest Coverage Ratio	December 31, 2020	December 31, 2019
Net Income Before Tax + Interest Exp	756,143,571	29,912,777
Interest Expense	-	-
Ratio	-	-

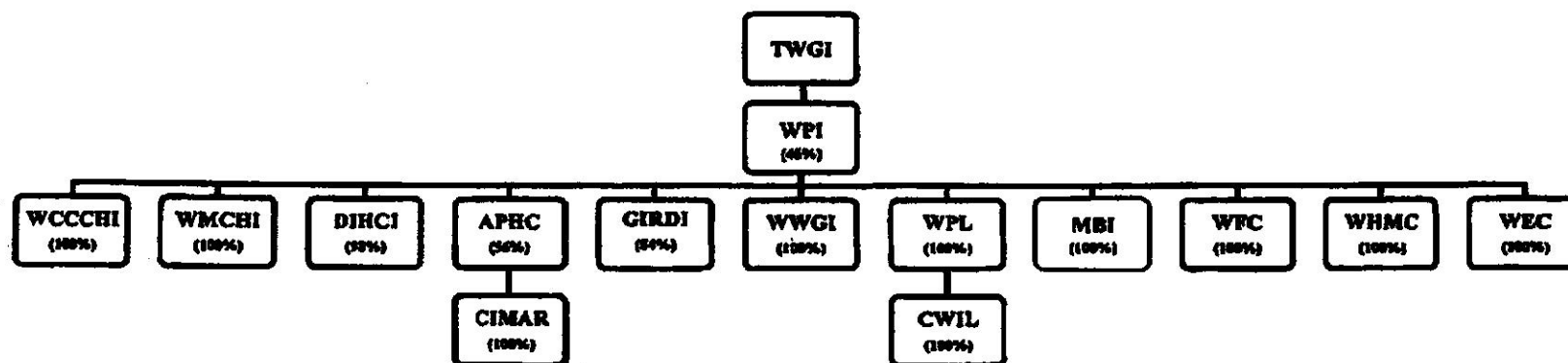
PROFITABILITY RATIO

Interest Coverage Ratio	December 31, 2020	December 31, 2018
Net Income After Tax	756,143,571	(618,419,163)
Net Sales	-	62,730,517
Ratio	-	-

Return on Assets (ROA) Ratio	December 31, 2020	December 31, 2018
Net Income After Tax	654,565,799	(348,389,224)
Total Assets	3,279,646,308	1,787,275,587
Ratio	0.1996	(0.1949)

Return on Equity Ratio	December 31, 2020	December 31, 2018
Net Income After Tax	654,565,799	(348,389,224)
Total Equity	1,970,021,283	1,241,829,617
Ratio	0.3323	(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	- Aceste (Phil.) Hotel Corporation
CIMAR	- CIMA Realty Philippines, Inc.
GIRD	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc. (formerly W Ckigyma & 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} S.S.
CITY OF MANILA }

CERTIFICATION

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

1. I am the duly elected Corporate Secretary of Acesite (Phils) Hotel Corporation the "Corporation"), a corporation duly organized and existing under Philippine Laws, with principal office at Waterfront Manila Hotel and Casino, 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 a 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

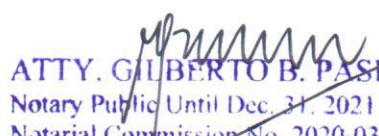
I execute this Certification to comply with the requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand as such Corporate Secretary this JUL 08 2021 in CITY OF MANILA.


ARSENIO A. ALFILER, JR.
Corporate Secretary

SUBSCRIBED AND SWORN BEFORE ME this JUL 08 2021 with the affiant exhibiting to me his/her Community Tax Cert. No. _____ issued on _____ in _____.

Doc. No. 206
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Book No. 16
Series of 2021


ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092834 Pasig 10-7-2019
PTR # 9823042 Mla. 1-4-2021
Roll # 25473, TIN # 103-098-346
MCLE Compl. No. VI-0011418 until **4-14-2022**



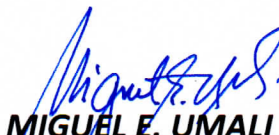
**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

CERTIFICATION

TO WHOM IT MAY CONCERN:

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 5th day of July 2021 in Bicutan, Paranaque City.


MIGUEL E. UMALI
President and CEO

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - ACE000000000

Business Date: June 30, 2021

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	476,000
ABACUS SECURITIES CORPORATION	2,582,810
PHILSTOCKS FINANCIAL INC	4,365,351
BA SECURITIES, INC.	100,000
AP SECURITIES INCORPORATED	205,500
ANSALDO, GODINEZ & CO., INC.	119,000
AB CAPITAL SECURITIES, INC.	667,500
SB EQUITIES, INC.	416,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
CHINA BANK SECURITIES CORPORATION	5,943,000
BELSON SECURITIES, INC.	85,000
BENJAMIN CO CA & CO., INC.	10,000
B. H. CHUA SECURITIES CORPORATION	100,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	554,636
CAMPOS, LANUZA & COMPANY, INC.	158,000
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	2,559,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	7,350
E. CHUA CHIACO SECURITIES, INC.	105,783
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.	17,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	118,884
HDI SECURITIES, INC.	6,151,001
I. B. GIMENEZ SECURITIES, INC.	52,158,527
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
LUYS SECURITIES COMPANY, INC.	55,000
COL Financial Group, Inc.	7,515,716
DA MARKET SECURITIES, INC.	61,000
MERCANTILE SECURITIES CORP.	6,000
MOUNT PEAK SECURITIES, INC.	35,000
RCBC SECURITIES, INC.	19,211
PAPA SECURITIES CORPORATION	32,000
MAYBANK ATR KIM ENG SECURITIES, INC.	100,304
PNB SECURITIES, INC.	3,550
QUALITY INVESTMENTS & SECURITIES CORPORATION	170,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	230,350
REGINA CAPITAL DEVELOPMENT CORPORATION	232,350
R. NUBLA SECURITIES, INC.	30,000

BPNAME	HOLDINGS
AAA SOUTHEAST EQUITIES, INCORPORATED	85,000
R. S. LIM & CO., INC.	530,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
STANDARD SECURITIES CORPORATION	23,000
TANSENGCO & CO., INC.	141,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,745,000
UCPB SECURITIES, INC.	7,250
VENTURE SECURITIES, INC.	70,000
FIRST METRO SECURITIES BROKERAGE CORP.	437,004
WEALTH SECURITIES, INC.	272,000
WESTLINK GLOBAL EQUITIES, INC.	33,455,500
YAO & ZIALCITA, INC.	369,500
BDO SECURITIES CORPORATION	293,150
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	410,000
G.D. TAN & COMPANY, INC.	4,451,787
UNICAPITAL SECURITIES INC.	4,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	195,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total	132,585,363

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.

Stock Transfer Service Inc.

ACESITE (PHILS.) HOTEL CORPORATION
Stockholder MasterList
As of 07/09/2021

Count	Name	Holdings
1	ABAD SANTOS, VICTOR E.	19,855
2	ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000
3	ACOSTA, FRANCISCO P.	700
4	AGUAS, FORTUNATO	19,855
5	AGUILA, ARTHUR	19,855
6	ALALAYAN, EDGAR D.	39,714
7	ANDRADA CONSTRUCTION & DEV. INC.	99,291
8	ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394
9	ANTONIO, ARTURO	19,855
10	ANTONIO, SILVINO JR.	19,855
11	ANUP TRADING	198,576
12	AQUINO, ERNESTO R.	99,291
13	ARANETA, SALVADOR (HEIRS OF)	139,002
14	ARROYO, TOMAS	19,855
15	ASIAMERIT SECURITIES, INC. FAO MC142	1,984
16	ATILANO, VICENTE C.	3,500
17	AURELIO, MANUEL &/OR LILIA	39,714
18	AVENDANO, ANTONIO	1,298
19	AZORES, NORMA T.	196
20	BALUYUT, SISENANDO	148,928
21	BARREDO, LUISA	19,855
22	BAUTISTA, DOMINGO C.	476,574
23	BELLO JR., SILVESTRE H.	3,500
24	BENITEZ, CONRADO II	19,855
25	BONDOC, ANGELITA L.	19,855
26	BUGARIN, JOLLY R.	79,432
27	BUSUEGO, ARACELI A.	39,714
28	CABANERO, GILDA	19,855
29	CABANERO, LEONARDO	19,855
30	CABANERO, LORNA	19,855
31	CABANERO, MA. CECILIA	19,855
32	CABANERO, NORBERTO S.	19,855
33	CABANERO, REBECCA S.	19,855
34	CABANEZ, LORETO	19,855
35	CANCIO, AGUSTIN S.	79,429
36	CAPILITAN ANDRADA ENGINEERING CORP	99,291
37	CARINO, DANILO	19,855
38	CARLOS, GLORIA S. (HEIRS OF)	218,428
39	CARLOS, MA. NELIA	19,855
40	CARPO, PIXIE R.	39,707
41	CASTILLO, DOMINGO	19,855
42	CASTRILLO, EDUARDO	19,855
43	CASTRO, FERNANDO L. (HEIRS OF)	39,707
44	CATO, BENJAMIN	19,855
45	CHAN, JEANIE	196
46	CHAVARRIA, BENEDICTO	39,707
47	CHEN PENG JING	700
48	CHICO, PACIFICO	19,855
49	CHIU KWOK SHING	700
50	CHOI, DAVIS	600
51	CHUA, VICENTE YU	59,570

Stock Transfer Service Inc.
 ACESITE (PHILS.) HOTEL CORPORATION
 Stockholder MasterList
 As of 07/09/2021

Count	Name	Holdings
<hr/>		
52	COJUANGCO, RAMON (HEIRS OF)	198,576
53	COLAYCO, FRANCISCO J.	19,855
54	COMMON TRADE INC.	19,855
55	CORDERO, VICENTE	1,298
56	COSIO, REYNALDO F.	19,855
57	COSME, ANGELO JOSE L.	5,957
58	COSME, ELIAS V.	7,945
59	COSME, JOSE MARI	5,957
60	CRUZ, ARISTEO R.	3,500
61	CRUZ, FERNANDO	39,714
62	CUSTODIA SANCIANGCO OR CUSTODIA PARKER	5,271
63	FRANCISCO BENIGNO T. DELGADO IV	9,935
64	ANA MARIA C, DELGADO	39,740
65	DELGADO, FEDERICO C.	59,570
66	DELGADO, JESUS &/OR CARMEN (HEIRS OF)	39,714
67	JOSE MARI C. DELGADO	39,740
68	DELGADO, JOSE MARI C.	59,570
69	JUAN MIGUEL T. DELGADO	9,936
70	RICARDO C. DELGADO	39,740
71	ROSE MARIE T. DELGADO	9,935
72	DIAZ, ELIZABETH L.	290
73	DIZON, WILLY O. DIZON OR NENE C.	500,000
74	FELICIANO JR., GUILLERMO	19,855
75	FELICIANO, GRACE K.	19,855
76	FELICIANO, GWENDOLYN P.	196
77	FELICIANO, ROSA H.	19,855
78	FIDELINO, CONCEPCION S.	19,855
79	FLOIRENDO, ANTONIO	16,328
80	RENATO C. FRANCISCO	100
81	FU LIANG	700
82	GANCAYCO, PABLO M.	350
83	GAPUZ, CO KIAN CHAY &/OR RITA A.	7,000
84	GARCIA, VERONICA	19,855
85	GATCHALIAN, DEE HUA T.	3,850
86	GATCHALIAN, KENNETH T.	350
87	GATCHALIAN, REXLON T.	350
88	GILI JR., GUILLERMO F.	350
89	GLORIA, ALFREDO S.	79,429
90	GO, GEORGE	1,113
91	GONZALES, ALEXANDRIA P.	350
92	GONZALEZ, MANUEL J.	18,487
93	GOZUM, ATILANO G.	5,271
94	GREGORIO, PATRICK C.	350
95	GREGORIO, VICENTE G.	196
96	HARTSOCK, PAUL JEROME	20,051
97	HO, ANDREW	196
98	JACINTO, MAMERTO JR.	19,855
99	JAMES WATT (A.K.A WATT KA PO)	759
100	KATIGBAK, MARIO O.	19,855
101	KENNETH NG (A.K.A. NG HANG YIU)	700
102	LACSON, ALEXANDER	196

Stock Transfer Service Inc.
 ACESITE (PHILS.) HOTEL CORPORATION
 Stockholder MasterList
 As of 07/09/2021

Count	Name	Holdings
<hr/>		
103	LAM, FRANCIS B.	196
104	LAND, FREDERICK JR. (HEIRS OF)	39,707
105	LAUREL, MA. PAZ R.	39,714
106	LAZARTE, GREGORIO (HEIRS OF)	39,714
107	LI HUI	700
108	LICAROS, GREGORIO JR.	39,714
109	LIM, CHOA	39,714
110	LIM, LEONOR D.	19,855
111	LIM, VICTOR Y.	19,855
112	LOPEZ, ARTHUR M.	350
113	LORENZO, LUISA DE R.	198,576
114	LUCIANO, VICTOR	19,855
115	LUCOT III, ISMAEL EUFEMIO S.	1,000
116	MACASAET, AMADO P.	19,855
117	MAGADIA, RENATO B.	350
118	FRANCISCO D. MAGSAYSAY	19,870
119	MARGARITA D. MAGSAYSAY	19,870
120	MAKALINTAL, QUERUBIN F.	59,570
121	MANILA SANDS HOTEL & CASINO, INC.	10,000
122	MARILEX REALTY DEVELOPMENT CORP.	39,714
123	MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001
124	MENZI, HANS (ESTATE OF)	278,001
125	MERCADO JR., LAMBERTO B.	350
126	MOSQUEDA, JOSE O.	39,714
127	NADAL, EDGARDO	39,714
128	NALDOZA, JOHN CLARK L.	199
129	NICKELL INTERNATIONAL LTD.	8,935,710
130	NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508
131	NICKELL INTERNATIONAL	55,601
132	ORTEGA, MANUEL JIZ DE (HEIRS OF)	39,714
133	ORTIZ, RICARDO L.	19,855
134	ORTIZ-LUIZ JR., SERGIO R.	350
135	PAILIAN, PETER GO	158,858
136	PALAD JR., ABELARDO C.	350
137	PATERNIO, VICENTE	19,855
138	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,203,225
139	PCD NOMINEE CORPORATION	80,382,138
140	PE, HARRY C.	794
141	PECAYO, DOMINADOR	19,855
142	PEDROSA, CARLOS A.	39,714
143	PEDROSA, PIO (HEIRS OF)	39,707
144	PELAEZ JR., EMMANUEL	196
145	PELAEZ, EMMANUEL	129
146	PHIL. INSTITUTE OF HOTEL ADMINISTRATION	39,707
147	PHILADELPHIA STEEL CORPORATION	19,855
148	PHILIPPINE TA SECURITIES, INC.	399
149	PONSARAN, ARTHUR R.	350
150	MARIA INES D. PRIETO	9,936
151	PUA, MARCIANA G.	19,855
152	PUGAO, RAMON	19,855
153	RADIOWEALTH INC.	99,291

Stock Transfer Service Inc.

ACESITE (PHILS.) HOTEL CORPORATION
Stockholder MasterList
As of 07/09/2021

Count	Name	Holdings
154	RAMOS, JANUARIO	19,855
155	RANOLA, CARMEN	39,714
156	RAZON, ENRIQUE JR.	139,002
157	REGINA CAPITAL DEV. CORP. 020485	10,500
158	REYES, ALEX (HEIRS OF)	139,002
159	ROBERTO BORJA FURNITURE	39,714
160	RODRIGUEZ, ARTEMIO S.	19,855
161	ROSARIO, FRANCISCO DEL	258,146
162	ROXAS, JUAN ROBERTO R.	9,926
163	RUALO, BEETHOVEN	19,855
164	RUFINO, CARLOS	39,714
165	SALAZAR, MARIANO S.	350
166	SALES, ARTHUR	19,855
167	SANCHEZ, ANDREW A.	198,579
168	SANDICO, FELIPITO	19,855
169	SANTIAGO, JOSE A.	19,855
170	SER VINCENT ROMARATE &/OR LILIA HUEL GAS &/OR VIOLETA PUNZALAN	1,050
171	SHAU, MARGARET L.	99,291
172	SINGSON, VICENTE III	19,855
173	SIOSON, LUCITO	19,855
174	SOLIDUM, RODOLFO (HEIRS OF)	19,855
175	SOLIVEN, STEPHEN G.	500
176	SY, CELESTINO	79,429
177	SY, FRED	19,855
178	SYCIP SALAZAR HERNANDEZ & GATMAITAN	25,977
179	TAN, BENITO AND/OR CYNTHIA	19,855
180	TAN, ELIZABETH H.	6,751
181	TAN, JESUS M. (HEIRS OF)	595,728
182	TANGCO, AMBROSIO	79,429
183	TANSECO, GENEROSO	714,857
184	TATOY, ROSE	19,855
185	TING, ELVIRA A.	350
186	TOLEDO, TOMAS	19,855
187	TORRES, RUBEN D.	100
188	TUAZON, ALELI T.	5,271
189	TULIO, ERMINDA L.	198,576
190	TY TEK SUAN	19,855
191	UMALI, ANGEL T.	350
192	UNITED PHILIPPINE LINES	714,854
193	UY, WILLIAM CARLOS	5,673
194	VALENCIA, JESUS SAN LUIS	1,000
195	VERA, LUIS P.	19,855
196	VERGARA, WILFRIDO	4,538
197	VILLAR, BONIFACIO T.	19,855
198	WAI KA CHEUNG (GERRY KA CHEUNG WAI)	196
199	WATERFRONT PHILIPPINES, INC.	192,045,057
200	WELLS AND PUMPS INC.	278,001
201	WESTERN STEEL INC.	198,576
202	YEUNG, LAP HO N.	1,750
203	YIU KIN WAI	129
204	YOUNG, BARTHOLOMEW D.	1,000

Page No. 5

Stock Transfer Service Inc.
ACESITE (PHILS.) HOTEL CORPORATION
Stockholder MasterList
As of 07/09/2021

Count	Name	Holdings
205	YU PUN HOI	392
206	YU, MANUEL L.	119,140

Total Stockholders :

346,100,520
=====

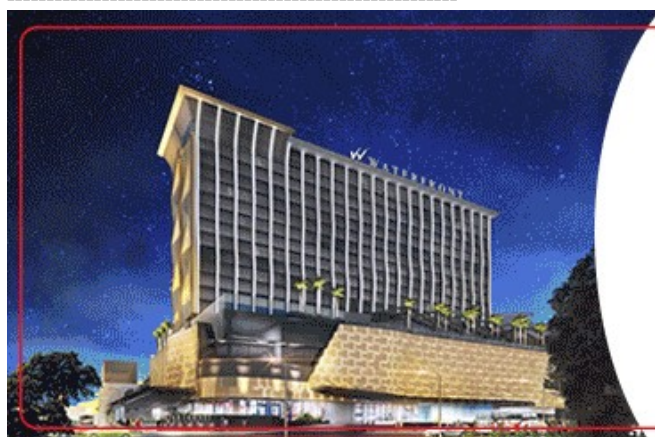


Fw: ACESITE PHILS. HOTEL CORPORATION_SEC FORM 17-Q_07JUNE2021
 Aleli Rose Alday
 to:
 Finance Admin Assistant, Irish Chara Lawas
 08/06/2021 08:45 AM
 Hide Details
 From: Aleli Rose Alday/WPI
 To: Finance Admin Assistant/WPI@waterfronthotels.net, Irish Chara
 Lawas/WPI@waterfronthotels.net,

Regards,
 Aleli

 ALELI ROSE ALDAY
 Finance Manager

WATERFRONT MANILA HOTEL & CASINO
 Mobile: 0998 594 8615
 Tel: (632) 8231-1073
 Email: a.alday@waterfronthotels.net
 Website: www.waterfronthotels.com.ph



We're at the center of it all.

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----- Forwarded by Aleli Rose Alday/WPI on 06/08/2021 08:44 AM -----

From: "ICTD Submission" <ictdsubmission+canned.response@sec.gov.ph>
 To: a.alday@waterfronthotels.net,
 Date: 06/07/2021 06:09 PM
 Subject: Re: ACESITE PHILS. HOTEL CORPORATION_SEC FORM 17-Q_07JUNE2021

Dear Customer,

SUCCESSFULLY ACCEPTED
 (Subject to Verification and Review of the Quality of the Attached Document)

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM.

FOR MC28, please email to:

MC28_S2020@sec.gov.ph


For your information and guidance.

Thank you and keep safe.

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 2021
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. 8th Floor Waterfront Manila Hotel and Casino, U.N. Ave. Corner Ma. Orosa St. Ermita Manila
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

<u>Title of Each Class</u>		<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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 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
March 31, 2021
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
8th Floor, Waterfront Manila Hotel and Casino, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code 1000
8. Issuer's telephone number, including area code
632-8526-12-12 extension 2287 / 8231-1073 (TEMPORARY)
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?

☒ Yes
☐ 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)

☒ Yes
☐ No

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

☒ Yes
☐ 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, 2021**

Currency (indicate units, if applicable)

Php

Balance Sheet

	Period Ended March 31, 2021	Fiscal Year Ended (Audited) December 31, 2020
Current Assets	1,036,481,207	1,103,010,432
Total Assets	3,372,290,389	3,279,646,308
Current Liabilities	873,085,578	987,007,868
Total Liabilities	1,095,151,641	1,309,625,025
Retained Earnings/(Deficit)	1,712,972,062	1,405,854,600
Stockholders' Equity	2,277,138,745	1,970,021,283
Stockholders' Equity - Parent	2,267,776,259	1,958,206,646
Book Value per Share	6.61	5.71

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	3,819,657	5,188,583	3,819,657	5,188,583
Other Expense	22,103,985	23,994,682	22,103,985	23,994,682
Gross Expense	25,923,643	29,183,266	25,923,643	29,183,266
Net Income/(Loss) Before Tax	(25,923,643)	(29,183,266)	(25,923,643)	(29,183,266)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(25,923,642)	(29,183,266)	(25,923,643)	(29,183,266)
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	(0.08)	(0.08)	(0.08)	(0.08)
Earnings/(Loss) Per Share (Diluted)	(0.08)	(0.08)	(0.08)	(0.08)

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	0.2113	0.23
Earning/(Loss) Per Share (Diluted)	0.2113	0.23

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, Waterfront Manila Hotel and Casino, United Nations Avenue, Corner Ma. Orosa St. 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 March 31, 2021 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 March 31, 2021 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	March 2021	December 2020
Trade - Net	15,658,270	149,939,296
Others	256,319,497	84,718,500
Total	271,977,767	234,657,796

Item 6. Inventories

This account consists:

	March 2021	December 2020
Food and Beverage	-	-
Operating Supplies	-	-
Others	762,424	839,224
Total	762,424	839,224

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	March 2021	December 2020
Accrued Expenses	2,632,386	2,138,403
Trade Payables	207,611,983	104,472,525
Others	169,978,266	389,678,312
Total	380,222,635	496,289,240

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 within the group extend/obtain noninterest 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 2021	March 2020
Net Income (Loss)	(25,923,641.54)	(29,183,265)
Weighted Average Number of Shares Outstanding	344,747,520.00	344,747,520
Earnings (Loss) per share	(0.08)	(0.08)

- 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 1st quarter of 2021, the business operation has not yet commenced.
- vi. For the first quarter of 2021, 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 2020 to 2021 have been discussed under management discussion and analysis above.
- viii. Causes of material changes in the items in the income statements for the 1st quarter of 2021 and 2020, and the balance sheets as of 31 March 2021 and 31 December 2020 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, 2021 and 2020 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 31 March 2021 and Quarter Ended 31 March 2020

No gross revenues registered in the same comparative period in 2021 and 2020. No room sales were reported due to the fire incident. There was zero occupancy in 1Q2021 same as 1Q2020. No room revenue contribution to the gross revenues for 1Q2021 and 1Q2020, respectively. Zero average room rate for both 1Q2021 and 3Q2020.

Zero Food and Beverage revenue was recorded in 1Q2021 and 1Q2020. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 1Q2021 and 1Q2020. Rent and other income have remained zero in 1Q2021 and in 1Q2020.

There was no F&B Revenue, thus, no cost of sales in both 1Q2021 and in 1Q2020. Payroll expenses decreased by 68.32% from P1.66 million in 1Q2020 to P.53 million in 1Q2021. 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.10 million in 1Q2020 to P.01 million in 1Q2021. The Energy cost was recorded at P1.05 million in 1Q2021.

The Company posted a gross operating loss of P3.82 million in 1Q2021, representing decrease of P1.37 million from that recorded in 1Q2020 of P5.19 million. Gross operating profit/loss ratio in 3Q2021 and 3Q2020 stood both at 0%.

Fixed financial, operating and other expenses decreased from P23.99 million in 1Q2020 to P22.10 million in 1Q2021 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a decrease from P19.17 million in 1Q2020 to P17.52 million in 1Q2021 due to the various reasons like the decrease in rental expense in 1Q2021. Marketing and guest entertainment increased from P.18 million in 1Q2020 to P.34 million in 1Q2021. No corporate expenses were recorded in 1Q2021. Real estate tax went down by 11.11% from P3.88 million in 1Q2020 to P3.53 million in 1Q2021. For 1Q2020, the Company posted a net loss of P25.92 million representing a decrease of 11.17% from loss of P29.18 million in 1Q2020.

FINANCIAL CONDITION

As of 31 March 2021 and Year Ended 31 December 2020

Total assets increased to P3.37 billion in 31 March 2021 as compared to P3.28 billion as of 31 December 2020. Current assets decreased from P1.10 billion as of 31 December 2020 to P1.03 billion as of end of 1Q2021, this is due to decrease in Cash and Other Prepaid Expenses. Cash ending balance as of 31 March 2021 of P640.95 million posted a decrease of P58.76 million. Trade receivables of P271.98 million increased by P122.04 million as of 31 March 2021 from P149.94 million as of 31 December 2020. Inventories decreased by P.079 million from P.839 million as of 31 December 2020. Prepayments and other current assets decreased to P32.80 million as of 31 March 2021 from P167.81 million as of 31 December 2020.

Property and equipment account increased by 0.06% from P1.468 billion as of 31 December 2020 to P1.476 billion as of 31 March 2021. No changes have been noted from the Available for Sale investment account from 31 December 2020 to the 1Q2021. Other non-current assets of P724.46 million as of end of 1Q2021 increased by P35.78 million from P688.67 million as of 31 December 2020 due to decrease of deposits to contractors and transferred to Construction in Progress during the year.

Total liabilities increased from P1.31 billion as of 31 December 2020 to P1.09 billion as of 31 March 2021. Trade and other current payables decreased from P496.29 million as of 31 December 2020 to P380.22 million as of 31 March 2021. Non-current liabilities decreased by P100.55 million from P322.62 million as of 31 December 2020 to P222.07 million as of 31 March 2021.

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 2021	March 2020
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	-	-
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 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 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 March 31, 2021.

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

- | | | |
|----------------|---|--|
| March 26, 2021 | - | Mortgage of Waterfront Manila Hotel and Casino to Secure the Creditors of Waterfront Manila Premier Development, Inc. up to the Maximum Amount of PhP8 Billion and to Call a Special Stockholders' Meeting to Approve the Mortgage |
| | - | Consent to the Mortgage by Acesite Realty, Inc. of the Land on which Waterfront Manila Hotel and Casino is Located |

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
07 June 2021

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	March 31, 2021	December 31, 2020
Current Assets	1,036,481,207	1,103,010,432
Current Liabilities	873,085,578	987,007,868
Ratio	1.1871	1.1175

Quick Ratio	March 31, 2021	December 31, 2020
Cash+AR+ST Mkt Securities	912,927,338	849,645,133
Current Liabilities	873,085,578	987,007,868
Ratio	1.0456	0.8608

Cash Ratio	March 31, 2021	December 31, 2020
Cash+ST Mkt Securities	640,949,571	699,705,837
Current Liabilities	873,085,578	987,007,868
Ratio	0.7341	0.7089

SOLVENCY RATIO

Current Liabilities to Equity Ratio	March 31, 2021	December 31, 2020
Current Liabilities	873,085,578	987,007,868
Total Equity	2,277,138,745	1,970,021,283
Ratio	0.3834	0.5010

Total Liabilities to Equity Ratio	March 31, 2021	December 31, 2020
Total Liabilities	1,476,465,006	1,309,625,025
Total Equity	2,277,138,745	1,970,021,283
Ratio	0.6484	0.6648

Fixed Assets to Equity Ratio	March 31, 2021	December 31, 2020
Fixed Assets	1,476,465,006	1,468,226,339
Total Equity	2,277,138,745	1,970,021,283
Ratio	0.6484	0.7453

Assets to Equity Ratio	March 31, 2021	December 31, 2020
Total Assets	3,372,290,389	3,279,646,308
Total Equity	2,277,138,745	1,970,021,283
Ratio	1.4809	1.6648

INTEREST COVERAGE RATIO

Interest Coverage Ratio	March 31, 2021	December 31, 2020
Net Income Before Tax + Interest Exp	(25,923,642)	756,143,571
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	March 31, 2021	December 31, 2020
Net Income After Tax	(25,923,642)	756,143,571
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	March 31, 2021	December 31, 2020
Net Income After Tax	(25,923,642)	654,565,799
Total Assets	3,372,290,389	3,279,646,308
Ratio	(0.0077)	0.0212

Return on Equity Ratio	March 31, 2021	December 31, 2020
Net Income After Tax	(25,923,642)	654,565,799
Total Equity	2,277,138,745	1,970,021,283
Ratio	(0.0114)	0.0353

Certification

I, RICHARD L. RICARDO, Compliance Officer of ACESITE (PHILS) HOTEL CORPORATION, with SEC Registration Number 7199 with principal office at 8TH FLOOR WATERFRONT PAVILION HOTEL AND CASINO, U.N. AVENUE CORNER MA. OROSA ST. ERMITA MANILA, on oath state:

- 1.) That on behalf of ACESITE (PHILS) HOTEL CORPORATION, I have caused this SEC **Form 17 Q1** to be prepared;
- 2.) That I read and understood its contents which are true and correct with 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 by SEC for a complete and official submission of reports and/or documents through electronic mail; and
- 4.) That I am fully that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of processing fee.

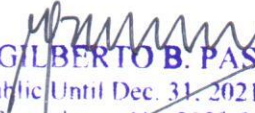
IN WITNESS WHEREOF, I have hereunto set my hands this _____ day of 07 JUN 2021, 2021.


RICHARD L. RICARDO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 07 JUN 2021, 2021.

NOTARY PUBLIC

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Book No. 12
Series of
2021


ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092831 Pasig 10-7-2019
PTR # 9823042 Mla. 1-4-2021
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, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	640,949,571	699,705,837
Trade and other current receivables - net	271,977,767	149,939,296
Note receivable	85,488,537	84,718,500
Due from a related party	4,501,361	-
Inventories	762,424	839,224
Due from parent company	0	
Prepaid expenses and other current assets	32,801,547	167,807,575
Total Current Assets	1,036,481,207	1,103,010,432
Noncurrent Assets		
Property and equipment - net	1,476,465,006	1,468,226,339
Right-of-use asset - net	-	
Investment in a subsidiary	-	-
Equity securities - at fair value through other comprehensive income	19,735,540	19,735,540
Deferred tax assets - net	115,151,349	-
Other noncurrent assets	724,457,286	688,673,997
Total Noncurrent Assets	2,335,809,181	2,176,635,876
	3,372,290,389	3,279,646,308
LIABILITIES AND EQUITY		
Current Liabilities	-	
Retention Payables-current	-	-
Trade and other current payables	380,222,635	496,289,240
Due to related parties	492,862,943	490,718,628
Total Current Liabilities	873,085,578	987,007,868
Noncurrent Liabilities		
Retirement benefits liability	8,673,672	7,173,672
Lease liability - net of current portion	-	
Retention Payables	56,021,134	55,499,337
Deferred tax liabilities - net	157,371,257	259,944,148
Total Noncurrent Liabilities	222,066,063	322,617,157
Total Liabilities	1,095,151,641	1,309,625,025
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus on property and equipment - net	167,800,745	167,800,745
Retirement benefits reserve	55,134,548	55,134,548
Unrealized valuation gain on available-for-sale investment	7,172,570	7,172,570
Retained earnings	1,712,972,062	1,405,854,600
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	2,277,138,745	1,970,021,283
	3,372,290,386	3,279,646,308

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING March 31, 2021
(With Comparative Figures for March 31, 2020)

	QUARTER ENDED 31-Mar-21	YTD ENDED 31-Mar-21	QUARTER ENDED 31-Mar-20	YTD ENDED 31-Mar-20
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	526,153	526,153	1,660,909	1,660,909
Other Expenses	13,899	13,899	109,814	109,814
	540,052	540,052	1,770,723	1,770,723
Energy Cost	1,053,968	1,053,968	1,062,553	1,062,553
Property operations and maintenance	571,655	571,655	1,102,147	1,102,147
Depreciation on cost	1,653,982	1,653,982	1,253,160	1,253,160
	3,279,606	3,279,606	3,417,860	3,417,860
	3,819,657	3,819,657	5,188,583	5,188,583
GROSS OPERATING PROFIT (LOSS)	(3,819,657)	(3,819,657)	(5,188,583)	(5,188,583)
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES	-	-	-	-
General and Administrative Expenses	17,521,361	17,521,361	19,166,591	19,166,591
Marketing and Guest Entertainment	337,036	337,036	182,328	182,328
Foreign Exchange (Gain) Loss	(36,305)	(36,305)	(4,677)	(4,677)
Interest Expense	(1,476)	(1,476)	-	-
Corporate Expenses	-	-	20,322.58	20,323
Real Estate Tax	3,533,987	3,533,987	3,879,388	3,879,388
Insurance - Building and Contents	750,858	750,858	750,729	750,729
Interest and Other Charges/(Income)-Net	(1,476)	(1,476)	-	-
	22,103,985	22,103,985	23,994,682	23,994,682
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	(25,923,642)	(25,923,642)	(29,183,265)	(29,183,265)
DEPRECIATION - REVALUATION INCREMENT	-	-	-	-
INCOME (LOSS) BEFORE INCOME TAX	(25,923,642)	(25,923,642)	(29,183,265)	(29,183,265)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	(25,923,642)	(25,923,642)	(29,183,265)	(29,183,265)
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)	(25,923,644)	(25,923,642)	(29,183,265)	(29,183,265)
Net Income(Loss)	(25,923,644)	(25,923,642)	(29,183,265)	(29,183,265)
No. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	(0.08)	(0.08)	(0.08)	(0.08)

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THREE - MONTH ENDING March 31, 2021

	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, 2020	346,100,520	-12,041,700	167,800,745	55,134,548	7,172,570	1,405,854,600	1,970,021,283
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the three months						-25,923,642	-25,923,642
Balance at March 31, 2021	346,100,520	-12,041,700	167,800,745	55,134,548	7,172,570	1,379,930,958	1,944,097,641
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						-24,140,879	-24,140,879
Balance at March 31, 2020	346,100,520	-12,041,700	181,498,765	53,008,203	5,264,950	713,449,902	1,287,280,640

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING March 31, 2021
(With Comparative Figures for March 31, 2020)

	YEAR TO DATE 31 Mar 21	QUARTER ENDED 31 Mar 20
CASH FLOW FROM OPERATING ACTIVITIES		
Income(Loss) before income tax	(25,923,642)	(29,183,265)
Adjustments for:		
Depreciation	1,653,982	1,253,160
Unrealized foreign exchange loss	(36,305)	(4,677)
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	(27,951,169)	(31,579,986)
Decrease (increase) in:		
Receivables	(122,038,471)	33,371
Prepaid expenses	135,006,028	(2,778,211)
Increase (decrease) in:		
Accounts payable and accrued expenses	(116,066,605)	30,779,084
Retirement benefit plan obligation	1,500,000	1,500,000
Net cash generated from operations	(129,473,417)	(2,045,742)
Interest received	-	-
Income taxes paid	-	-
Net cash from operating activities	(129,473,417)	(2,045,742)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in receivable from affiliates	(2,144,315)	1,000,571
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	72,861,466	(21,205,856)
Net cash from (used) in investing activities	70,717,151	(20,205,285)
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	(58,756,266)	(22,251,027)
CASH AND CASH EQUIVALENTS, BEGINNING	699,705,837	36,678,058
CASH AND CASH EQUIVALENTS AT END OF PERIOD	640,949,571	14,427,031

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of March 31, 2021

Inter- Company	Current	31-60	61-90	91-120	121 - Over	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

PSE Disclosure Form 17-12-A - List of Top 100 Stockholders (Common Shares)
Reference: Section 17.12 of the Revised Disclosure Rules

Type of Securities

☐ Common

For the period ended March 31,2021

Description of the Disclosure

ACE PSE Disclosure List of Top 100 Stockholders

Number of Issued and Outstanding Common Shares	346,100,578
Number of Treasury Common Shares, if any	1,353,058
Number of Outstanding Common Shares	344,747,520
Number of Listed Common Shares	346,100,520
Number of Lodged Common Shares	132,585,363
PCD Nominee – Filipino	80,315,138
PCD Nominee – Non-Filipino	52,270,225
Number of Certificated Common Shares	213,515,157

Change from previous submission

ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2021

Rank	Name	Holdings	Rank
-			
1	WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
2	PCD NOMINEE CORPORATION	80,315,138	23.21%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,270,225	15.10%
4	NICKELL INTERNATIONAL LTD.	8,935,710	02.58%
5	ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000	00.39%
6	ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394	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	SANCHEZ, ANDREW A.	198,579	00.06%
19	TULIO, ERMINDA L.	198,576	00.06%
20	WESTERN STEEL INC.	198,576	00.06%
21	COJUANGCO, RAMON (HEIRS OF)	198,576	00.06%
22	ANUP TRADING	198,576	00.06%
23	LORENZO, LUISA DE R.	198,576	00.06%
24	PAILIAN, PETER GO	158,858	00.05%
25	BALUYUT, SISENANDO	148,928	00.04%
26	ARANETA, SALVADOR (HEIRS OF)	139,002	00.04%

ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2021

Rank	Name	Holdings	Rank
-			
27	RAZON, ENRIQUE JR.	139,002	00.04%
28	REYES, ALEX (HEIRS OF)	139,002	00.04%
29	YU, MANUEL L.	119,140	00.03%
30	SHAU, MARGARET L.	99,291	00.03%
31	RADIOWEALTH INC.	99,291	00.03%
32	AQUINO, ERNESTO R.	99,291	00.03%
33	ANDRADA CONSTRUCTION & DEV. INC.	99,291	00.03%
34	CAPILITAN ANDRADA ENGINEERING CORP	99,291	00.03%
35	BUGARIN, JOLLY R.	79,432	00.02%
36	CANCIO, AGUSTIN S.	79,429	00.02%
37	GLORIA, ALFREDO S.	79,429	00.02%
38	TANGCO, AMBROSIO	79,429	00.02%
39	SY, CELESTINO	79,429	00.02%
40	DELGADO, JOSE MARI C.	59,570	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	NICKELL INTERNATIONAL	55,601	00.02%
45	ANA MARIA C, DELGADO	39,740	00.01%
46	JOSE MARI C. DELGADO	39,740	00.01%
47	RICARDO C. DELGADO	39,740	00.01%
48	ROBERTO BORJA FURNITURE	39,714	00.01%
49	RANOLA, CARMEN	39,714	00.01%
50	RUFINO, CARLOS	39,714	00.01%
51	MARILEX REALTY DEVELOPMENT CORP.	39,714	00.01%
52	MOSQUEDA, JOSE O.	39,714	00.01%

ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2021

Rank	Name	Holdings	Rank
-			
53	NADAL, EDGARDO	39,714	00.01%
54	ORTEGA, MANUEL JIZ DE (HEIRS OF)	39,714	00.01%
55	PEDROSA, CARLOS A.	39,714	00.01%
56	LICAROS, GREGORIO JR.	39,714	00.01%
57	LIM, CHOA	39,714	00.01%
58	LAUREL, MA. PAZ R.	39,714	00.01%
59	LAZARTE, GREGORIO (HEIRS OF)	39,714	00.01%
60	DELGADO, JESUS &/OR CARMEN (HEIRS OF)	39,714	00.01%
61	CRUZ, FERNANDO	39,714	00.01%
62	BUSUEGO, ARACELI A.	39,714	00.01%
63	ALALAYAN, EDGAR D.	39,714	00.01%
64	AURELIO, MANUEL &/OR LILIA	39,714	00.01%
65	CARPO, PIXIE R.	39,707	00.01%
66	CASTRO, FERNANDO L. (HEIRS OF)	39,707	00.01%
67	CHAVARRIA, BENEDICTO	39,707	00.01%
68	LAND, FREDERICK JR. (HEIRS OF)	39,707	00.01%
69	PEDROSA, PIO (HEIRS OF)	39,707	00.01%
70	PHIL. INSTITUTE OF HOTEL ADMINISTRATION	39,707	00.01%
71	SYCIP SALAZAR HERNANDEZ & GATMAITAN	25,977	00.01%
72	HARTSOCK, PAUL JEROME	20,051	00.01%
73	MARGARITA D. MAGSAYSAY	19,870	00.01%
74	FRANCISCO D. MAGSAYSAY	19,870	00.01%
75	VERA, LUIS P.	19,855	00.01%
76	VILLAR, BONIFACIO T.	19,855	00.01%
77	TAN, BENITO AND/OR CYNTHIA	19,855	00.01%
78	SY, FRED	19,855	00.01%

ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2021

Rank	Name	Holdings	Rank
-			
79	TATOY, ROSE	19,855	00.01%
80	TY TEK SUAN	19,855	00.01%
81	TOLEDO, TOMAS	19,855	00.01%
82	SALES, ARTHUR	19,855	00.01%
83	RUALO, BEETHOVEN	19,855	00.01%
84	RODRIGUEZ, ARTEMIO S.	19,855	00.01%
85	SINGSON, VICENTE III	19,855	00.01%
86	SIOSON, LUCITO	19,855	00.01%
87	SOLIDUM, RODOLFO (HEIRS OF)	19,855	00.01%
88	SANDICO, FELIPITO	19,855	00.01%
89	SANTIAGO, JOSE A.	19,855	00.01%
90	JACINTO, MAMERTO JR.	19,855	00.01%
91	GARCIA, VERONICA	19,855	00.01%
92	KATIGBAK, MARIO O.	19,855	00.01%
93	LIM, LEONOR D.	19,855	00.01%
94	LIM, VICTOR Y.	19,855	00.01%
95	LUCIANO, VICTOR	19,855	00.01%
96	MACASAET, AMADO P.	19,855	00.01%
97	PHILADELPHIA STEEL CORPORATION	19,855	00.01%
98	RAMOS, JANUARIO	19,855	00.01%
99	PATERNO, VICENTE	19,855	00.01%
100	PECAYO, DOMINADOR	19,855	00.01%

ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2021

Rank	Name	Holdings	Rank

-			

Total Top 100 Shareholders :	-----	-----
	345,259,095	99.75%
	=====	=====

Total Issued Shares	-----
	346,100,520
	=====

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - ACE000000000

Business Date: March 31, 2021

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	153,000
ABACUS SECURITIES CORPORATION	3,403,310
PHILSTOCKS FINANCIAL INC	4,546,801
BA SECURITIES, INC.	200,000
AP SECURITIES INCORPORATED	185,500
ANSALDO, GODINEZ & CO., INC.	120,000
AB CAPITAL SECURITIES, INC.	910,500
SB EQUITIES, INC.	431,500
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	610,786
CAMPOS, LANUZA & COMPANY, INC.	158,000
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	1,564,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	14,350
E. CHUA CHIACO SECURITIES, INC.	105,783
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.	12,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	118,884
HDI SECURITIES, INC.	6,201,001
I. B. GIMENEZ SECURITIES, INC.	52,158,527
INVESTORS SECURITIES, INC.	15,000
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
LUYS SECURITIES COMPANY, INC.	109,000
COL Financial Group, Inc.	6,868,566
DA MARKET SECURITIES, INC.	101,000
MERCANTILE SECURITIES CORP.	8,000
MOUNT PEAK SECURITIES, INC.	35,000
RCBC SECURITIES, INC.	19,211
MAYBANK ATR KIM ENG SECURITIES, INC.	100,304
PNB SECURITIES, INC.	33,550
QUALITY INVESTMENTS & SECURITIES CORPORATION	170,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	216,350
REGINA CAPITAL DEVELOPMENT CORPORATION	356,350
R. NUBLA SECURITIES, INC.	30,000

BPNAME	HOLDINGS
AAA SOUTHEAST EQUITIES, INCORPORATED	11,000
R. S. LIM & CO., INC.	475,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	12,000
STANDARD SECURITIES CORPORATION	123,000
TANSENGCO & CO., INC.	141,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,894,000
UCPB SECURITIES, INC.	7,250
FIRST METRO SECURITIES BROKERAGE CORP.	430,004
WEALTH SECURITIES, INC.	140,000
WESTLINK GLOBAL EQUITIES, INC.	34,240,500
YAO & ZIALCITA, INC.	369,500
BDO SECURITIES CORPORATION	154,950
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	360,000
G.D. TAN & COMPANY, INC.	4,360,037
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	132,585,363

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.



Fw: ACESITE PHILS HOTEL CORPORATION SEC FORM 17-A_14JUNE2021

Aleli Rose Alday

to:

Irish Chara Lawas, Finance Admin Assistant

14/06/2021 02:56 PM

Hide Details

From: Aleli Rose Alday/WPI

To: Irish Chara Lawas/WPI@waterfronthotels.net, Finance Admin Assistant/WPI@waterfronthotels.net,

Regards,

Aleli

ALELI ROSE ALDAY

Finance Manager

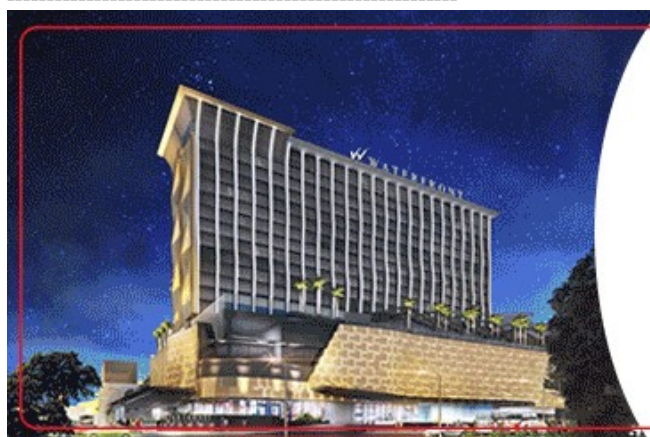
WATERFRONT MANILA HOTEL & CASINO

Mobile: 0998 594 8615

Tel: (632) 8231-1073

Email: a.alday@waterfronthotels.net

Website: www.waterfronthotels.com.ph



We're at the center of it all.

Confidentiality Notice : This email is intended only for the individual/s to whom it is addressed and may contain information that is confidential or privileged. If you are not the intended recipient/s, or the employee or person responsible for delivering it to the intended recipient/s you are hereby notified that any dissemination, distribution, copying or use is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone and return the original email to the sender.

----- Forwarded by Aleli Rose Alday/WPI on 06/14/2021 02:56 PM -----

From: "ICTD Submission" <ictdsubmission+canned.response@sec.gov.ph>

To: a.alday@waterfronthotels.net,

Date: 06/14/2021 02:53 PM

Subject: Re: ACESITE PHILS HOTEL CORPORATION SEC FORM 17-A_14JUNE2021

Dear Customer,

SUCCESSFULLY ACCEPTED

(Subject to Verification and Review of the Quality of the Attached Document)

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM.

FOR MC28, please email to:

MC28_S2020@sec.gov.ph

For your information and guidance.

Thank you and keep safe.

**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, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, management is responsible for assessing the 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 _____

**SUBSCRIBED AND SWORN TO BEFORE ME THIS MAY 26 2021
IN THE CITY OF MANILA, PHILIPPINES**

DOC. NO. 352;
PAGE NO. 21;
BOOK NO. 13;
SERIES OF 2021



ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092831 Pasig - 10-7-2019
PTR # 9823042 Mla. 1-4-2021
Roll # 25473, TIN # 1034098-346
MCLE Compl. No. VI-0011418 until **4-14-2022**

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

With Independent Auditors' Report



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
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Acesite (Phils.) Hotel Corporation
8th Floor, Waterfront Manila Hotel and Casino
United Nations Avenue corner Maria Orosa Street
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, 2020 and 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our 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.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

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 Parent Company's podium and main hotel that resulted to the suspension of its operations. The Parent Company has filed for property damage and business insurance claims from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. The Parent Company has started the reconstruction and restoration of the podium and main hotel which are still ongoing as at December 31, 2020. Although the various community quarantines implemented in Metro Manila have caused some delays, construction activities have not been totally stopped and management expects to complete Phase 1 of reconstruction project by end of 2021. Phase 1, which is budgeted at P1.95 billion, involves the primary restoration and general construction work of the podium and main hotel. A soft opening of the podium, which houses the public areas including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st quarter of 2022. A related party, who has a long term sublease contract with Philippine Amusement and Gaming Corporation, entered into a long term lease contract with the Parent Company for the operation of a casino. Further, the soft opening will include opening of four hotel room floors in the main hotel to accommodate casino players and local staycation guests. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities and the remaining rooms of the main hotel are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the latter part of 2022 and Phase 3 is expected to be completed by early 2023. These two latter phases will be funded by the cash flows generated by the operations and, when necessary, bank borrowings. 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.

Capitalization of Costs on Construction

(P576.52 million, see consolidated statement of financial position and Note 7 to the consolidated financial statements)

The risk

The Group has incurred significant costs in relation to the reconstruction and restoration project of its hotel property. Costs amounting to P576.52 million have been capitalized as construction-in-progress under property and equipment as at December 31, 2020. We focus on this area because there is a risk that costs are not appropriately capitalized in accordance with the relevant accounting standards, including the requirement to only capitalize overheads and other charges which are directly attributable to the construction activities.



Our response

As part of our audit procedures, we obtained the certified progress report from the Group's engineering department and vouched on a sampling basis capitalized costs to supporting documents such as progress billings from contractors. We evaluated the design and implementation of management controls to address the risk of inappropriate capitalization of costs. We also considered the adequacy of the Group's 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, 2020, 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, 2020 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, actions taken to eliminate threats or safeguards applied.



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.

A handwritten signature in black ink that reads 'Tireso Randy F. Lapidez'. The signature is fluid and cursive, with the first name 'Tireso' and last name 'Lapidez' being more prominent.

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. 08-001987-034-2020

Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 8533905

Issued January 4, 2021 at Makati City

May 28, 2021

Makati City, Metro Manila

**ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	18	P699,705,837	P36,678,058
Trade and other current receivables - net	4, 18	149,939,296	164,814,079
Note receivable	10, 18	84,718,500	97,227,613
Inventories	5	839,224	580,782
Prepaid expenses and other current assets	6	167,807,575	134,677,471
Total Current Assets		1,103,010,432	433,978,003
Noncurrent Assets			
Property and equipment - net	7	1,468,226,339	1,258,364,708
Equity securities - at fair value through other comprehensive income	10, 18	19,735,540	17,827,920
Other noncurrent assets - net	8	688,673,997	671,040,142
Total Noncurrent Assets		2,176,635,876	1,947,232,770
		P3,279,646,308	P2,381,210,773
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	9, 18	P496,289,240	P449,207,571
Due to related parties	10, 18	490,718,628	455,037,447
Total Current Liabilities		987,007,868	904,245,018
Noncurrent Liabilities			
Retention payables	9, 18	55,499,337	-
Retirement benefits liability	15	7,173,672	8,011,369
Deferred tax liabilities - net	16	259,944,148	157,532,867
Total Noncurrent Liabilities		322,617,157	165,544,236
Total Liabilities		1,309,625,025	1,069,789,254
Equity			
Capital stock	11, 19	346,100,520	346,100,520
Revaluation surplus on property and equipment	7	167,800,745	181,498,765
Retirement benefits reserve	15	55,134,548	53,008,203
Fair value reserve	10	7,172,570	5,264,950
Retained earnings		1,405,854,600	737,590,781
Treasury stock	11	(12,041,700)	(12,041,700)
Total Equity		1,970,021,283	1,311,421,519
		P3,279,646,308	P2,381,210,773

See Notes to the Consolidated Financial Statements.

**ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Years Ended December 31				
	Note	2020	2019	2018
REVENUES				
Rooms		P -	P -	P30,737,585
Food and beverage		-	-	15,189,161
Rental	20	-	-	8,236,401
Guest laundry and valet		-	-	93,298
Transportation		-	-	65,900
Executive business center		-	-	15,072
Telephone		-	-	344
Others	12	-	-	8,392,756
		-	-	62,730,517
COSTS AND EXPENSES OTHER THAN DEPRECIATION, FINANCING AND INCOME TAX EXPENSE (BENEFIT)				
Personnel	15	33,772,856	38,928,102	94,928,025
Energy		3,044,412	4,971,160	28,057,958
Food and beverage	5	-	-	5,168,412
Others	13	43,415,391	145,113,062	101,256,159
		80,232,659	189,012,324	229,410,554
(LOSS) BEFORE GAIN (LOSSES), DEPRECIATION, FINANCING AND INCOME TAX EXPENSE (BENEFIT)				
		(80,232,659)	(189,012,324)	(166,680,037)
GAIN (LOSSES), DEPRECIATION AND FINANCING				
Gain from insurance claims (casualty losses) - net	1, 5	854,519,803	234,090,174	(410,172,382)
Financing income - net	14	3,943,595	5,129,853	6,357,065
Foreign exchange losses - net		(61,185)	-	(7,650)
Depreciation	7	(22,025,983)	(20,294,926)	(47,916,159)
		836,376,230	218,925,101	(451,739,126)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)				
		756,143,571	29,912,777	(618,419,163)
INCOME TAX EXPENSE (BENEFIT)				
	16	101,577,772	(37,682,613)	(270,029,939)
NET INCOME (LOSS)		654,565,799	67,595,390	(348,389,224)

Forward

Years Ended December 31				
	<i>Note</i>	2020	2019	2018
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Unrealized gain (losses) on equity securities - at fair value through other comprehensive income	10	P1,907,620	(P3,901,950)	P5,462,730
Remeasurement gains on defined benefit plan	15	3,037,636	8,426,375	42,675,297
Deferred tax effect	16	(911,291)	(2,527,913)	(12,802,589)
		4,033,965	1,996,512	35,335,438
TOTAL COMPREHENSIVE INCOME (LOSS)		P658,599,764	P69,591,902	(P313,053,786)
EARNINGS (LOSS) PER SHARE -				
Basic and Diluted	17	P1.90	P0.20	(P1.01)

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, 2020	P346,100,520	P181,498,765	P53,008,203	P5,264,950	P737,590,781	(P12,041,700)	P1,311,421,519
Total Comprehensive Income for the Year							
Net income for the year	-	-	-	-	654,565,799	-	654,565,799
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(13,698,020)	-	-	13,698,020	-	-
Other comprehensive income - net of tax effect	-	-	2,126,345	1,907,620	-	-	4,033,965
	-	(13,698,020)	2,126,345	1,907,620	668,263,819	-	658,599,764
Balance at December 31, 2020	P346,100,520	P167,800,745	P55,134,548	P7,172,570	P1,405,854,600	(P12,041,700)	P1,970,021,283

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 income - 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 CASH FLOWS

Years Ended December 31				
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax expense (benefit)		P756,143,571	P29,912,777	(P618,419,163)
Adjustments for:				
Depreciation	7	22,025,983	20,294,926	47,916,159
Retirement benefits expense	15	3,039,754	2,526,616	12,702,007
Foreign exchange losses - net		61,185	-	7,650
Impairment losses	4, 8, 10	-	70,507,261	3,645,204
Gain on reversal of allowance for impairment losses	4	-	-	(8,350,581)
Interest income	14	(3,949,181)	(5,146,546)	(6,375,633)
Gain from insurance claims (casualty losses) - net	1, 5, 7	(854,519,803)	(234,090,174)	410,172,382
		(77,198,491)	(115,995,140)	(158,701,975)
Changes in:				
Trade and other current receivables		23,061,145	(29,827,624)	12,401,886
Inventories		(258,442)	-	(268,410)
Prepaid expenses and other current assets		(33,207,886)	(53,554,737)	(20,134,024)
Trade and other current payables		102,581,006	305,252,701	9,816,445
		14,977,332	105,875,200	(156,886,078)
Interest received		60,076	335,597	1,211,357
Income tax paid		-	(37,690)	(44,372)
Benefits paid	15	(839,815)	(9,447,376)	(81,053,765)
Net cash provided by (used in) operating activities		14,197,593	96,725,731	(236,772,858)
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Note receivable		12,509,113	23,046,115	13,997,454
Other noncurrent assets		(17,633,855)	(536,040,405)	(166,320,203)
Proceeds from insurance claims on property damages	1	850,222,546	431,250,000	300,000,000
Additions to property and equipment	7	(231,887,614)	(349,807,084)	(10,906,664)
Net cash provided by (used in) investing activities		613,210,190	(431,551,374)	136,770,587

Forward

Years Ended December 31				
	Note	2020	2019	2018
CASH FLOW FROM A FINANCING ACTIVITY				
Change in due to related parties		P35,681,181	P269,630,108	P185,284,268
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		663,088,964	(65,195,535)	85,281,997
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(61,185)	-	(7,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		36,678,058	101,873,593	16,599,246
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	18	P699,705,837	P36,678,058	P101,873,593

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 55.70%-owned subsidiary of Waterfront Philippines, Inc. (WPI).

The Parent Company amended its Articles of Incorporation for the change in the Parent Company's trade name from Manila Pavilion Hotel to Waterfront Manila Hotel and Casino and address from 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila to 8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila. The amended Articles of Incorporation was approved by the SEC on July 7, 2020.

The Parent Company is the owner and operator of Waterfront Manila Hotel and Casino (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.

Status of Operation

On March 18, 2018, a fire broke out in the Parent Company's hotel property that damaged the podium and main hotel 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 from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. As at December 31, 2020, total amount received from the insurance company amounted to P1.58 billion. As at December 31, 2020 and 2019, the Parent Company recognized gains on insurance claims amounting to P854.52 million and P234.09 million, respectively, of which P850.22 million and P431.25 million were received in 2020 and 2019, respectively. As of December 31, 2020, the remainder amounting to P136.21 million relates to the portion of the claims that is still receivable from the insurance company (see Note 4).

In 2018, the Parent Company has started the reconstruction and restoration of the podium and main hotel which are still ongoing as at December 31, 2020. Although the various community quarantines implemented in Metro Manila have caused some delays, construction activities have not been totally stopped and management expects to complete Phase 1 of reconstruction project by end of 2021. Phase 1, which is budgeted at P1.95 billion, involves the primary restoration and general construction work of the podium and main hotel. A soft opening of the podium, which houses the public areas including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st quarter of 2022. A related party, who has a long term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long term lease contract with the Parent Company for the operation of a casino. Further, the soft opening will include opening of four hotel room floors in the main hotel to accommodate casino players and local staycation guests. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities and the remaining rooms of the main hotel are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the latter part of 2022 and Phase 3 is expected to be completed by early 2023. These two latter phases will be funded by the cash flows generated by the operations and, when necessary, bank borrowings (see Note 11).

The phased opening of the hotel is based on management's assumption that the travel and hospitality sectors, which are currently depressed due to the corona virus disease 2019 (COVID-19) pandemic, will return to pre-pandemic levels starting 2023 given that the vaccination program of the government will take until end of 2022 to roll out completely. As the hospitality industry comes to a full recovery, management expects to attract a good share of the incoming tourist markets with the completion of Phases 2 and 3.

2. Basis of Preparation

Basis of Accounting

These consolidated financial statements have been prepared in accordance with PFRSs. They were authorized for issue by the Parent Company's BOD on May 28, 2021.

Details of the Group's significant accounting policies are included in Note 24.

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
<ul style="list-style-type: none"> ▪ Hotel building and equipment and furniture and fixtures ▪ Equity securities - at fair value through other comprehensive income (FVOCI) ▪ Retirement benefits liability 	<ul style="list-style-type: none"> ▪ Revalued amount less accumulated depreciation and impairment losses ▪ Fair value ▪ Present value of the defined benefits obligation (DBO) less fair value of plan assets (FVPA)

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso (PHP), 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 12 months from the yearend date of the consolidated financial statements. The Group has filed for property damage and business insurance claims and received reimbursements from its insurance companies. Further, the reconstruction and restoration of Parent Company's main hotel and podium buildings are ongoing since 2018.

While the pace of the construction work slowed down in 2020 due to the impact of the COVID-19 pandemic, Phase 1 of reconstruction project is expected to be completed by the end of 2021. A soft opening of the podium, which houses the public areas including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st quarter of 2022. The hotel rooms are expected to be partially completed in Phase 1 and the amenities, guest facilities and rooms of the main hotel are expected to be completed over Phase 2 and Phase 3 of the reconstruction project. Phase 2 is expected to be completed by the latter part of 2022 and Phase 3 is expected to be completed by early 2023. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate. Phase 2 and 3 will be funded by the cash flows generated by the operations and, when necessary, bank borrowings.

The phased opening of the hotel is based on management's assumption that the travel and hospitality sectors, which are currently depressed due to the corona virus disease 2019 (COVID-19) pandemic, will return to pre-pandemic levels starting 2023 given that the vaccination program of the government will take until end of 2022 to roll out completely. As the hospitality industry comes to a full recovery, management expects to attract a good share of the incoming tourist markets with the completion of Phases 2 and 3.

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 and 20).

Transactions with 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 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 Note 20).

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:

Provision for Expected Credit Losses on Financial Assets

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 Measurement of Financial Instruments

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 created them.

All models are certified before they are used and are 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.

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 the carrying amount of property and equipment are disclosed in Note 7.

Impairment of Nonfinancial Assets

The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 24. 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.

The Group assessed that the carrying amounts of its nonfinancial assets approximate their recoverable amounts, except for advances to contractors. Further details on the carrying amount of nonfinancial assets are disclosed in Notes 5, 6, 7 and 8.

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	2020	2019
Guests, concessionaires and other patrons		P18,361,443	P20,742,139
Insurance receivable	1	136,210,506	131,913,248
Others		15,278,734	38,446,812
	18	169,850,683	191,102,199
Less allowance for impairment losses on guests, concessionaires and other patrons and other receivables	18	19,911,387	26,288,120
		P149,939,296	P164,814,079

Insurance receivable pertains to insurance claims for the property damage and business interruption (see Note 1).

Others include advances by the Group to officers and employees and reimbursable from suppliers.

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. In 2020, 2019 and 2018, accounts specifically identified as impaired amounted to nil, 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 while no amount of ECL was recognized for the year (see Note 13).

In 2018, 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 (see Note 12).

Movements in the allowance for impairment losses on guests, concessionaires and other patrons and other receivables are as follows:

	Note	2020	2019
Beginning balance		P26,288,120	P3,645,204
Impairment losses for the year	13	-	22,642,916
Write-off during the year		(6,376,733)	-
Ending balance	18	P19,911,387	P26,288,120

5. Inventories

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2020 and 2019 which amounted to P0.84 million and P0.58 million, respectively.

The cost of saleable merchandise charged to profit or loss amounted to nil in 2020 and 2019 and P5.17 million in 2018, and is presented as part of "Food and beverage" account in the consolidated statement of profit or loss and other comprehensive income.

The cost recognized as an expense for operating supplies amounting to P0.86 million, P0.53 million and P2.33 million in 2020, 2019 and 2018, respectively, is included as part of "Supplies" under "Others" account in the consolidated statement of profit or loss and other comprehensive income (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.

6. Prepaid Expenses and Other Current Assets

This account consists of:

	2020	2019
Input VAT - net	P127,298,483	P98,965,195
Creditable withholding taxes	23,149,000	23,226,782
Prepaid insurance	3,179,197	6,228,426
Others	14,180,895	6,257,068
	P167,807,575	P134,677,471

Others consists of prepaid licenses and taxes, prepaid maintenance, deposits and prepaid subscription charges.

7. Property and Equipment

The balances and movements in this account are as follows:

Measurement Basis:	As at and for the Year Ended December 31, 2020				Total
	Land	Hotel Building	Furniture, Fixtures and Equipment	Construction-in-Progress	
	At Cost	Revalued	Revalued	At Cost	
Cost					
Beginning balance	P650,000,000	P471,046,928	P13,626,450	P344,635,751	P1,479,309,129
Additions	-	-	-	231,887,614	231,887,614
Ending balance	650,000,000	471,046,928	13,626,450	576,523,365	1,711,196,743
Accumulated Depreciation					
Beginning balance	-	211,762,978	9,181,443	-	220,944,421
Depreciation for the year	-	20,302,206	1,723,777	-	22,025,983
Ending balance	-	232,065,184	10,905,220	-	242,970,404
Carrying Amount	P650,000,000	P238,981,744	P2,721,230	P576,523,365	P1,468,226,339

As at and for the Year Ended December 31, 2019					
Measurement Basis:	Land	Hotel Building	Furniture, Fixtures and Equipment	Construction- in-Progress	Total
	At Cost	Revalued	Revalued	At Cost	
Cost					
Beginning balance	P650,000,000	P471,046,928	P8,455,117	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	P344,635,751	P1,258,364,708

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 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 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 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, 2020 and 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:

	2020	2019
Hotel building	P1,503,527	P1,503,527
Furniture, fixtures and equipment	20,998,600	13,626,450
	22,502,127	15,129,977
Less: Accumulated depreciation	11,629,560	9,905,783
	P10,872,567	P5,224,194

Depreciation on cost charged to profit or loss amounted to P1.72 million, P0.73 million and P27.19 million in 2020, 2019 and 2018, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P20.30 million, P19.57 million and P20.73 million in 2020, 2019 and 2018, respectively.

The revaluation increment transferred directly to retained earnings, net of deferred tax effect, amounted to P13.70 million for 2020 and 2019 and P510.91 million in 2018. The carrying amount of the revaluation surplus amounting to P167.80 million and P181.50 million as at December 31, 2020 and 2019, respectively, is not available for distribution to shareholders.

8. Other Noncurrent Assets

This account consists of:

	Note	2020	2019
Advances to contractors		P726,376,678	P708,778,998
Other deposits	18	7,610,326	7,574,151
		733,987,004	716,353,149
Less allowance for impairment losses on advances to contractors		45,313,007	45,313,007
		P688,673,997	P671,040,142

Movements in the allowance for impairment losses on advances to contractors are as follows:

	Note	2020	2019
Beginning balance		P45,313,007	P -
Impairment losses for the year	13	-	45,313,007
Ending balance		P45,313,007	P45,313,007

Advances to contractors are deposits 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 (see Note 13).

9. Trade and Other Current Payables

This account consists of:

	Note	2020	2019
Trade payables	18	P486,650,446	P405,507,226
Accruals:			
Utilities	18	2,138,403	1,606,593
Vacation and sick leave	18	-	2,463,607
Other accruals	18	957,340	450,764
Withholding taxes		1,040,106	908,447
Retention payables	18	-	31,223,843
Others		5,502,945	7,047,091
		P496,289,240	P449,207,571

Trade payables are noninterest-bearing and are normally on a 30-day term.

Retention payables pertain to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

Other payables include commissions, unclaimed wages, 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
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
ALEC	Under Common Control
Wellex Industries Incorporated (WII)	Affiliate

Significant Transactions and Balances with Related Parties

The summary of significant transactions and balances with the related parties is as follows:

Category/ Transaction	Year	Note	Amount of the Transaction	Outstanding Balance					Terms	Conditions
				Due from a Related Party	Note Receivable	Equity Securities - at FVOCI	Due to Related Parties	Due to Subsidiary*		
WPI										
▪ Advances	2020	a	(P5,990,381)	P -	P -	P -	P178,743,204	P -	Noninterest-bearing, and payable on demand	Unsecured
	2019	a	(673,754)	-	-	-	184,733,585	-		
	2018	a	185,284,268	-	-	-	185,407,339	-		
ARI*										
▪ Advances	2020	b	(770,891)	-	-	-	-	-	Noninterest-bearing, and payable on demand	Unsecured
	2019	b	(1,599,755)	-	-	-	-	770,891		
	2018	b	(253,941)	-	-	-	-	2,370,646		
ALEC										
▪ Note receivable	2020	c	(12,509,113)	-	84,718,500	-	-	-	Due in one year; interest-bearing	Unsecured; no impairment
	2019	c	(23,046,115)	-	97,227,613	-	-	-		
	2018	c	(8,833,178)	-	120,273,728	-	-	-		
WCCCHI										
▪ Advances	2020	d	(5,539,831)	-	-	-	335,222	-	Noninterest-bearing, and payable on demand	Unsecured
	2019	d	5,875,053	-	-	-	5,875,053	-		
	2018	d	-	-	-	-	-	-		
WMCHI										
▪ Advances	2020	d	30,716,663	-	-	-	263,907,571	-	Noninterest-bearing, and payable on demand	Unsecured
	2019	d	233,190,908	-	-	-	233,190,908	-		
	2018	d	-	-	-	-	-	-		
DIHCI										
▪ Advances	2020	d	16,494,730	-	-	-	47,732,631	-	Noninterest-bearing, and payable on demand	Unsecured
	2019	d	31,237,901	-	-	-	31,237,901	-		
	2018	d	-	-	-	-	-	-		
WHMC										
▪ Advances	2020	e	-	2,551,338	-	-	-	-	Noninterest-bearing, and payable on demand	Unsecured
	2019	e	2,551,338	2,551,338	-	-	-	-		
	2018	e	-	-	-	-	-	-		
▪ Allowance for impairment losses	2020	e	-	(2,551,338)	-	-	-	-		
	2019	e	(2,551,338)	(2,551,338)	-	-	-	-		
	2018	e	-	-	-	-	-	-		
WII										
▪ Equity security - at FVOCI	2020	f	1,907,620	-	-	19,423,040	-	-		
	2019	f	(3,901,950)	-	-	17,515,420	-	-		
	2018	f	5,462,730	-	-	21,417,370	-	-		
KMP										
▪ Short-term employee benefit	2020		8,011,843	-	-	-	-	-		
	2019		9,426,586	-	-	-	-	-		
	2018		11,647,835	-	-	-	-	-		
▪ Post-employment benefits	2020		290,000	-	-	-	-	-		
	2019		290,000	-	-	-	-	-		
	2018		308,000	-	-	-	-	-		
TOTAL	2020			P -	P84,718,500	P19,423,040	P490,718,628	P -		
TOTAL	2019			P -	P97,227,613	P17,515,420	P455,037,447	P770,891		

*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 obtained noninterest-bearing, collateral-free cash and non-cash advances from ARI for shared corporate expenses and working capital purposes. The above advances are due on demand.

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 20 years with escalation rate of 5% per annum. Also, the contract provides for two (2) months of free rental.

From July 1, 2019 to December 31, 2021, the Parent Company was granted a temporary suspension of lease payments by ARI due to the current non-operating 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. At the end of 2020, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2021. The related interest income recognized in profit or loss amounted to P3.89 million, P4.81 million and P5.16 million in 2020, 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 (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, 2020 and 2019 amounted to P19.42 million and P17.52 million, respectively, resulting in a valuation gain of P1.91 million in 2020 and valuation loss of P3.90 million in 2019 and a valuation gain of P5.46 million in 2018.

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:

	2020	2019
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, 2020 and 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 4 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, 2020 and 2019 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 Stock

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, 2020 and 2019, the Parent Company has bought back 1,353,000 shares for a total cost of P12.04 million.

Retained Earnings

In accordance with Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the BOD; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

The Group has retained earnings in excess of the one hundred percent of its paid-in capital stock. As at December 31, 2020 and 2019, no appropriation has been made.

12. Other Revenues

This account consists of:

	Note	2020	2019	2018
Gain on reversal of allowance for impairment losses	4	P -	P -	P8,350,581
Miscellaneous		-	-	42,175
		P -	P -	P8,392,756

13. Other Costs and Expenses

This account consists of:

	Note	2020	2019	2018
Taxes and licenses		P15,176,147	P23,455,664	P25,695,059
Security and other related services		10,864,412	10,196,179	10,119,502
Rent		3,976,581	7,103,665	3,481,466
Insurance		3,014,584	3,007,329	4,678,073
Professional fees		2,020,878	3,480,237	7,506,417
Laundry, valet and other hotel services		1,515,270	9,394,991	6,862,237
Data processing		1,325,372	709,194	1,450,759
Transportation and travel		948,865	762,572	661,783
Supplies	5	862,420	525,804	2,327,340
Directors' fees		707,059	879,844	1,079,935
Repairs and maintenance		401,801	131,987	5,540,144
Communications		263,223	331,869	549,362
Advertising		221,460	192,739	432,921
Representation and entertainment		27,257	8,440,184	529,278
Head office and corporate costs		20,323	5,712,368	11,475,248
Impairment losses	4, 8, 10	-	70,507,261	3,645,204
Customer claims		-	-	13,215,750
Commission		-	-	683,274
Fuel and oil		-	-	644,490
Miscellaneous		2,069,739	281,175	677,917
		P43,415,391	P145,113,062	P101,256,159

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, donations and employee association dues.

14. Financing Income

This account consists of:

	Note	2020	2019	2018
Bank charges		P5,586	P16,693	P18,568
Interest income	10, 18	(3,949,181)	(5,146,546)	(6,375,633)
		(P3,943,595)	(P5,129,853)	(P6,357,065)

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, 2020, 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 (R.A.) 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 and the FVPA to the recognized liability presented as “Retirement Benefits Liability” in the consolidated statement of financial position is as follows:

2020	FVPA	DBO	Retirement Benefits Liability
At January 1	P3,821,007	(P11,832,376)	(P8,011,369)
Included in Profit or Loss			
Current service cost	-	(2,638,384)	(2,638,384)
Net interest income (cost)	191,432	(592,802)	(401,370)
	191,432	(3,231,186)	(3,039,754)
Included in OCI			
Remeasurement gains:			
1. Actuarial gains (loss) arising from:			
▪ Financial assumptions	-	10,537,993	10,537,993
▪ Demographic assumptions	-	-	-
▪ Experience adjustments	-	(7,372,146)	(7,372,146)
2. Return on plan assets excluding interest income	(128,211)	-	(128,211)
	(128,211)	3,165,847	3,037,636
Other			
Benefits paid from book reserves	-	839,815	839,815
At December 31	P3,884,228	(P11,057,900)	(P7,173,672)

2019	FVPA	DBO	Retirement Benefits Liability
At January 1	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 (loss) 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
At December 31	P3,821,007	(P11,832,376)	(P8,011,369)

Retirement benefits expense is included in “Personnel costs” account in the consolidated statement of profit or loss and other comprehensive income.

The personnel costs comprise the following:

	2020	2019	2018
Salaries and wages	P29,654,490	P34,769,701	P78,259,037
Retirement benefits expense	3,039,754	2,526,616	12,702,007
Other employee benefits	1,078,612	1,631,785	3,966,981
	P33,772,856	P38,928,102	P94,928,025

The Group's plan assets consist of the following:

	2020	2019
Cash and cash equivalents	P715,631	P647,010
Debt instruments - government bonds	2,494,394	2,386,251
Equity instruments	217,845	277,706
Unit investment trust funds	301,919	336,606
Debt instruments - other bonds	103,355	99,733
Others	51,084	73,701
	P3,884,228	P3,821,007

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 2021.

The December 31 actuarial valuation uses these principal actuarial assumptions at the reporting date:

	2020	2019
Discount rate	3.63%	5.01%
Future salary increases	3.50%	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 7.28 years and 6.95 years as at December 31, 2020 and 2019, respectively.

Maturity analysis of the benefit payments over the period of 10 years as at December 31 follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	Within 6 - 10 Years
2020	P11,057,900	P7,469,415	P -	P2,068,765	P5,400,650
2019	P11,832,376	P10,778,680	P272,250	P1,968,858	P8,537,572

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:

2020	+ 1%	- 1%
Discount rate	(P1,286,716)	P1,521,891
Expected rate of salary increases	1,504,555	(1,304,202)

2019	+ 1%	- 1%
Discount rate	(P2,810,536)	P3,374,725
Expected rate of salary increases	3,158,280	(2,701,781)

16. Income Taxes

The components of the income tax expense (benefit) are as follows:

	2020	2019	2018
Recognized in Profit or Loss			
Current tax expense	P77,782	P37,690	P44,372
Deferred tax expense (benefit)	101,499,990	(37,720,303)	(270,074,311)
	P101,577,772	(P37,682,613)	(P270,029,939)
Recognized in OCI			
Deferred tax expense	P911,291	P2,527,913	P12,802,589

The reconciliation of the income tax expense (benefit) computed at the statutory tax rate to the actual expense (benefit) shown in profit or loss is as follows:

	2020	2019	2018
Income (loss) before income tax expense (benefit)	P756,143,571	P29,912,777	(P618,419,163)
Income tax at corporate rate of 30%	P226,843,071	P8,973,833	(P185,525,749)
Additions to (reductions in) income tax due to the effects of:			
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	108,048,907	-	-
Unrecognized deferred tax asset on NOLCO and MCIT	21,836,112	-	-
Nondeductible expenses	1,223,646	23,671,285	104,581,139
Interest income already subjected to final tax	(18,023)	(100,679)	(363,407)
Nontaxable income	(256,355,941)	(70,227,052)	(188,721,922)
	P101,577,772	(P37,682,613)	(P270,029,939)

The movements of the deferred tax assets and deferred tax liabilities are as follows:

	Balance January 1, 2020	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2020
December 31, 2020				
Deferred tax liability:				
Revaluation surplus on property and equipment	P267,985,185	(P5,870,579)	P -	P262,114,606
Deferred tax assets:				
Retirement benefits liability	2,403,411	659,982	(911,291)	2,152,102
MCIT	37,690	(37,690)	-	-
NOLCO	108,011,217	(108,011,217)	-	-
Unrealized foreign exchange loss	-	18,356	-	18,356
	110,452,318	(107,370,569)	(911,291)	2,170,458
	P157,532,867	P101,499,990	P911,291	P259,944,148

December 31, 2019	Balance January 1, 2019	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2019
Deferred tax liabilities:				
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
MCIT	-	37,690	-	37,690
NOLCO	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

Deferred tax assets in respect of possible future taxable benefit arising from NOLCO and MCIT are not recognized because management has assessed that the future taxable profits will not be available against which the Group can utilize the benefits thereon.

The BIR issued RR No. 25-2020 to implement Section 4 (b) of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

Details of the Parent Company's NOLCO are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	P69,812,429	P -	P -	P69,812,429	2025

Details of the Subsidiary's NOLCO are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	P2,715,332	P -	P -	P2,715,332	2025

Details of the Parent Company's NOLCO not covered by R.A. No. 11494 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	P111,584,154	P -	P -	P111,584,154	2022
2018	247,076,524	-	-	247,076,524	2021
	P358,660,678	P -	P -	P358,660,678	

Details of the Subsidiary's NOLCO not covered by R.A. No. 11494 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	P1,376,717	P -	P -	P1,376,717	2022

Details of the Parent Company's MCIT are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	P77,782	P -	P -	P77,782	2023

Details of the Subsidiary's MCIT are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	P37,690	P -	P -	P37,690	2022
2018	27,419	-	-	27,419	2021
	P65,109	P -	P -	P65,109	

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.

	2020	2019	2018
Net income (loss)	P654,565,799	P67,595,390	(P348,389,224)
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	P1.90	P0.20	(P1.01)

There are no potential dilutive common shares for the years ended December 31, 2020, 2019 and 2018.

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 equivalents, trade and other current receivables, note receivable, due from a related party, equity securities - at FVOCI, other deposits (presented under "Other noncurrent assets"), trade and other current payables (excluding statutory payables), due to related parties and retention payables. 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 equivalents, trade and other current receivables, note receivable, due from a related party, equity securities - at FVOCI and other deposits, 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 and due from a related party, there were no significant concentrations of credit risk.

Analysis of the amounts of trade and other current receivables by risk grade as at December 31 are set out below (in thousands):

	2020	2019
High grade	P136,728	P139,156
Standard grade	13,212	25,658
Substandard grade	19,911	26,288
	P169,851	P191,102

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

- 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.
- 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.
- 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	2020	2019
Cash and cash equivalents*		P699,656	P36,128
Trade and other current receivables	4	169,851	191,102
Note receivable	10	84,719	97,228
Due from a related party	10	2,551	2,551
Equity securities - at FVOCI	10	19,736	17,828
Other deposits	8	7,610	7,574
		984,123	352,411
Less allowance for impairment losses	4, 10	22,462	28,839
		P961,661	P323,572

*Excluding cash on hand

Cash and cash equivalents consist of:

	2020	2019
Cash on hand	P50,000	P550,000
Cash in banks	222,655,837	36,128,058
Cash equivalents	477,000,000	-
	P699,705,837	P36,678,058

Cash in banks earn interest based on prevailing deposit rates.

Cash equivalents pertain to the time deposits that earns interest at annual rate of 0.88% and has a maturity of 34 days.

Related interest income recognized in profit or loss amounted to P0.06 million, P0.34 million and P1.21 million in 2020, 2019 and 2018, respectively (see Note 14).

The aging analysis of the Group's financial assets are as follows (in thousands):

December 31, 2020	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Past Due and Impaired
			< 30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash and cash equivalents*	P699,656	P699,656	P -	P -	P -	P -	P -	P -
Trade and other current receivables	169,851	136,728	13,212	-	-	-	-	19,911
Note receivable	84,719	84,719	-	-	-	-	-	-
Due from a related party	2,551	-	-	-	-	-	-	2,551
Equity securities - at FVOCI	19,736	19,736	-	-	-	-	-	-
Other deposits	7,610	7,610	-	-	-	-	-	-
Total	P984,123	P948,449	P13,212	P -	P -	P -	P -	P22,462

*Excluding cash on hand

December 31, 2019	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Past Due and Impaired
			< 30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash and cash equivalents*	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	-	-	-	-	-	-
Other deposits	7,574	7,574	-	-	-	-	-	-
Total	P352,411	P297,914	P25,658	P -	P -	P -	P -	P28,839

*Excluding cash on hand

Information on the Group's receivables that are impaired as at December 31, 2020 and 2019 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 amounted to nil, P25.19 million, and P3.65 million in 2020, 2019 and 2018, respectively (see Notes 4 and 10), which were determined and measured through the Group's individual assessment procedures.

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 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, 2020	Note	Total Carrying Amount	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	1 to 5 Years
Trade and other current payables*	9	P489,746	P489,746	P3,955	P485,791	P -
Due to related parties	10	490,719	490,719	490,719	-	-
Retention payables		55,499	55,499	-	-	55,499
		P1,035,964	P1,035,964	P494,674	P485,791	P55,499

*Excluding statutory payables

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	P441,252	P441,252	P5,565	P435,687	P -
Due to related parties	10	455,037	455,037	455,037	-	-
Retention payables		31,224	31,224	-	31,224	-
		P927,513	P927,513	P460,602	P466,911	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.

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, 2020 and 2019. 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, 2020 and 2019, 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 2020 and 2019. This analysis assumes an increase of 10% for 2020 and 2019 and a decrease of 10% for 2020 and 2019 of the equity price of the Group's equity securities - at FVOCI. All other variables are held constant:

	Increase		Decrease	
	10%	10%	-10%	-10%
	2020	2019	2020	2019
Equity	P1,359,613	P1,226,079	(P1,359,613)	(P1,226,079)

Fair Value Measurement

The carrying amount of cash and cash equivalents, 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.

The carrying values of other deposits and retention payables approximate their fair value because these are not subject to significant risk of change in value.

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 2020 and 2019. 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. After the expiration of the lease agreement, 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 amounted to nil for 2020 and 2019 and P7.46 million in 2018.

21. Significant Contingencies

a. *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 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.

As at the date of the BOD's approval of the consolidated financial statements, there was no update on the progress of the case.

b. *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. The Parent Company opted not to appeal the decision any further. The said decision became final and executory on September 30, 2018. In view thereof, the trial in the above the case, the Parent Company versus PAGCOR, et al., ensued.

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. Other Matter - Continuing Impact of COVID-19

The 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.

As at the authorization for issue date of the financial statements, Metro Manila has been placed under General Community Quarantine (GCQ). Under Section 4 of the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines (the Omnibus Guidelines), with amendments as of April 15, 2021, areas placed under GCQ shall observe below protocol for hotel operations:

- Only hotels or accommodation establishments with valid Department of Trade (DOT) Accreditation shall be allowed to accommodate guests and clients for legitimate purposes under a state of public health emergency. The operations of such hotels and accommodation establishments, as well as ancillary establishments within their premises such as restaurants, cafés, gyms, spas, function halls, and the like, shall be subject to guidelines issued by the DOT and the Inter-Agency Task Force.

Gatherings outside of residences shall be prohibited. Gatherings at residences with any person outside of one's immediate household, shall likewise be prohibited. However, gatherings that are essential for the provision of health services, government services, or humanitarian activities authorized by the appropriate government agency or instrumentality, which shall adhere to the prescribed minimum public 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.

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations, especially on its ongoing reconstruction activities. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's consolidated financial statements when these become estimable.

23. Subsequent Event

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Group.

- a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- b) Minimum corporate income tax rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing RR that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by R.A. No. 11534, or the CREATE Act, to the National Internal Revenue Code (NIRC) of 1997, As Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of R.A. No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under R.A. No. 11534, Otherwise Known as the CREATE Act, Which Further Amended the NIRC of 1997, As Amended, As Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to R.A. No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997, As Amended.*

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as of December 31, 2020.

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Act. The corporate income tax of the Group will be lowered from 30% to 25% on which the Group would qualify, effective July 1, 2021.

Presented below are the estimated effects of changes in tax rates under the CREATE Act.

	As at December 31, 2020	Effect of the Changes in Tax Rates	Amounts Based on the Reduced Tax Rates
Statement of Profit or Loss and Other Comprehensive Income			
Current tax expense	P77,782	(P19,445)	P58,337
Deferred tax expense	101,499,990	(43,324,025)	58,175,965
Net income for the year	654,565,799	43,343,470	697,909,269
Deferred tax effect on remeasurement gains on defined benefit plan	911,291	(75,941)	835,350
Total comprehensive income	658,599,764	43,419,411	702,019,175
Statement of Financial Position			
Prepaid expenses and other current assets	167,807,575	19,445	167,827,020
Deferred tax liabilities - net	259,944,148	(43,324,025)	216,620,123
Retained earnings	1,405,854,600	43,343,470	1,449,198,070

24. Significant Account Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except for the adoption of amendments to standards as discussed below.

Adoption of Amendments to Standards and Framework

The Group has adopted the following amendments to standards and framework starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in PFRSs set 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 Standards, 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.

- Definition of Material (Amendments to Philippine Accounting Standards (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:
 - (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - (c) clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework;
 - (d) clarifying the explanatory paragraphs accompanying the definition; and
 - (e) aligning the wording of the definition of material across PFRSs and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

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 equivalents, 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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 2019, 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 Equivalents

Cash and cash equivalents include cash equivalents, 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

Financial Liabilities

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, 2020 and 2019, other financial liabilities at amortized cost include trade and other current payables (excluding statutory payables), due to related parties and retention payables 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, 2020 and 2019, 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, 2020 and 2019.

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 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 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	15 - 50
Furniture, fixtures and equipment	3 - 5

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.

Revenue Recognition

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; and
- whether the Group has discretion in establishing prices.

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 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

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 asset - net that do not meet the definition of investment property and lease liability 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 "Revenues" under "Others" account.

COVID-19-Related Rent Concessions

The Group has applied COVID-19-Related Rent Concessions (Amendments to PFRS 16). The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Capital Stock

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-year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-year-end 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, 2020. However, the Group has not early adopted 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 January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRSs 2018-2020. This cycle of improvements contains amendments to four standards. The following are applicable to the Company:
 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

To be Adopted January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
 - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.



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**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
8th Floor, Waterfront Manila Hotel and Casino
United Nations Avenue corner Maria Orosa Street
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, 2020, included in this Form 17-A, on which we have rendered our report thereon dated May 28, 2021.

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*)

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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.

A handwritten signature in black ink, reading 'Tireso Randy F. Lapidez', written in a cursive style.

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. 08-001987-034-2020

Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 8533905

Issued January 4, 2021 at Makati City

May 28, 2021

Makati City, Metro Manila

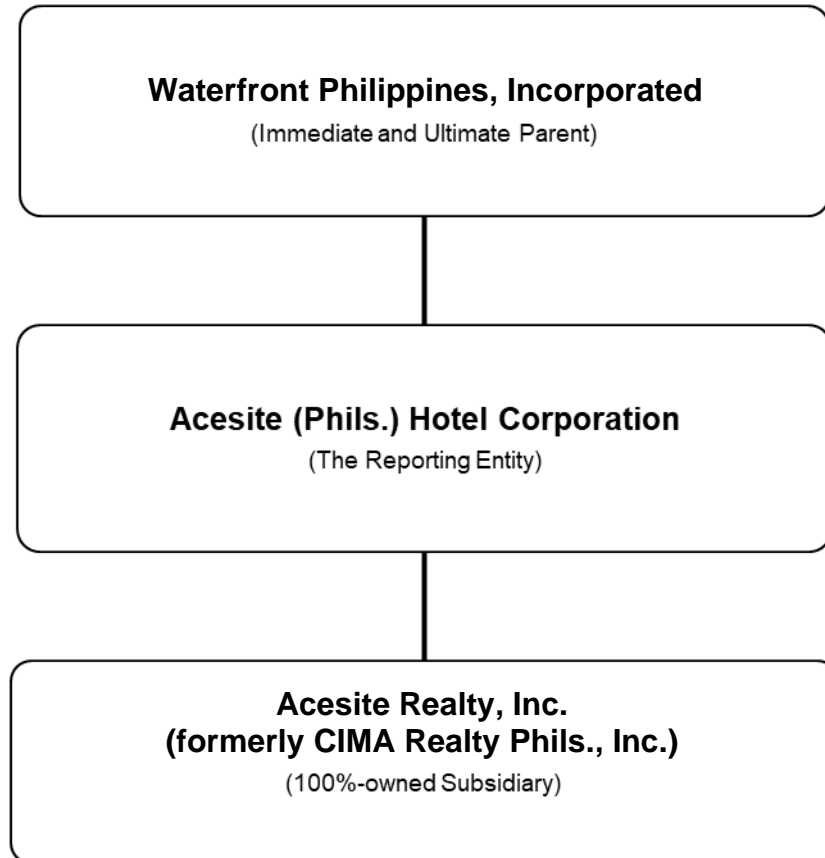
ACESITE (PHILS) HOTEL CORPORATION AND SUBSIDIARY
7th FLOOR, MANILA PAVILION HOTEL
UNITED NATIONS AVENUE, ERMITA, MANILA
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2020

Unappropriated Retained Earnings, January 1, 2020	P727,079,650
Adjustments:	
Treasury shares, net of tax effect	(12,041,700)
Unappropriated Retained Earnings, As Adjusted, January 1, 2020	715,037,950
Add:	
Net income for the year closed to retained earnings	653,262,293
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	-
	666,960,313
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2020	P1,381,998,263

Figures based on audited Separate Financial Statements.

Ratio	Formula	2020	2019
Return on assets	<p>Net Income divided by Average Total Assets</p> <p>Net Income P654,565,799</p> <p>Divided by: Average Total Asset</p> <p>Beginning Balance, asset 2,381,210,773</p> <p>Add: Ending Balance, asset 3,279,646,308</p> <p>P5,660,857,081</p> <p>Divided by: 2 2,830,428,541</p> <p>Return on asset 23.13%</p>	23.13%	3%
Net profit margin	<p>Net Income divided by Sales Revenue</p> <p>Net Income P654,565,799</p> <p>Divided by: Sales Revenue — —</p> <p>Net profit margin — —</p>	-	-

**ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate**



ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

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Required Under the Revised Securities Regulation Code Rule 68
December 31, 2020**

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ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2020

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	-	P699,705,837	P699,705,837	P60,076
Trade and other current receivables - net	-	149,939,296	149,939,296	-
Note receivable	-	84,718,500	84,718,500	3,889,104
Equity securities - at fair value through other comprehensive income	86,710,000	19,735,540	19,735,540	-
	<u>86,710,000</u>	<u>P954,099,173</u>	<u>P954,099,173</u>	<u>P3,949,180</u>

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, 2020

<u>Name and Designation of Debtor</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Amounts Collected</u>	<u>Amounts Written Off</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Balance at End of Period</u>
Acesite Leisure and Entertainment Corp. (ALEC)	P97,227,613	P -	P12,509,113	P -	P84,718,500	P -	P84,718,500

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 CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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, 2020

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
Waterfront Philippines, Inc. (Parent Company)	P184,733,585	P178,743,204
Waterfront Cebu City Casino Hotel, Incorporated	5,875,053	335,222
Waterfront Mactan Casino Hotel, Incorporated	233,190,908	263,907,571
Davao Insular Hotel Company, Inc.	31,237,901	47,732,631
	<u>P455,037,447</u>	<u>P490,718,628</u>

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, 2020

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, 2020

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	-	-	-	-	-
	<u>1,200,020,000</u>	<u>346,100,520</u>	<u>1,353,000</u>	<u>192,045,057</u>	<u>10,000</u>	<u>152,692,463</u>

See Note 11 of Notes to the Consolidated Financial Statements.



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Acesite (Phils.) Hotel Corporation
8th Floor, Waterfront Manila Hotel and Casino
United Nations Avenue corner Maria Orosa Street
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, 2020, included in this Form 17-A, on which we have rendered our report thereon dated May 28, 2021.

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.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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, 2020 and no material exceptions were noted.

R.G. MANABAT & CO.

A handwritten signature in black ink, reading "Tireso Randy F. Lapidez". The signature is fluid and cursive, with the first name "Tireso" and last name "Lapidez" being more prominent.

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. 08-001987-034-2020

Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 8533905

Issued January 4, 2021 at Makati City

May 28, 2021

Makati City, Metro Manila

Acesite (Phils.) Hotel Corporation and Subsidiary

As of December 31, 2020

Ratio	Formula	2020	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P1,103,010,432 Divided by: Total Current Liabilities 987,007,868 Current ratio 1.12	1.12	0.48
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P1,103,010,432 Less: Inventories 839,224 Other current assets 167,807,575 Quick assets P934,363,633 Divided by: Total Current Liabilities 987,007,868 Acid test ratio 0.95	0.95	0.33
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities Net Income After Tax P654,565,799 Add: Non-Cash Expenses 25,126,922 After-tax Net Operating Income P679,692,721 Divided by: Total Liabilities 1,309,625,025 Solvency ratio 0.52	0.52	0.15
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity Total Liabilities P1,309,625,025 Divided by Shareholder's Equity 1,970,021,283 Debt-to-equity ratio 0.66	0.66	0.82
Asset-to-equity ratio	Total assets divided by Shareholder's Equity Total assets P3,279,646,308 Divided by: Shareholder's Equity 1,970,021,283 Asset-to-equity ratio 1.66	1.66	1.82
Return on equity	Net Income divided by Shareholder's Equity Net Income P654,565,799 Divided by: Shareholder's Equity 1,970,021,283 Return on Equity 33.23%	33.23%	5.15%