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

ARTHUR R. PONSARAN

(Contact Person)

(Temporary)

(Company Telephone Number)

12	31	20-IS	06	21
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

206

Total No. of Stockholders

Total Amount of Borrowings

-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

ACESITE
(PHILIPPINES)
HOTEL CORPORATION

September 18, 2023

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 06 September 2023.					
SEC Form 20-IS					
Checklist of Requirements			**Page No.**	**Remarks**	**Amendments / Revisions**
Request for CD/DVD					Not applicable. The reports will be posted on the company's website https://www.waterfronthotels.com.ph/investor_relations/ and notice of the meeting was published in the general circulation
Part I.					
B. Control and Compensation Information					
ITEM 4. VOTING SECURITIES & PRINCIPAL HOLDERS					
	Furnish information required by Part IV paragraph (C) of "Annex C, as amended"				
		(4) Description of any arrangement which may result in a change in control of registrant	4	Please disclose if any. Otherwise, please make a negative statement to such effect.	Negative statement included.
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS					
Information required by Part IV paragraphs (A), (D)(1) and					
A	**(A)(1) Identify Directors, including Independent Directors and Executive Officers**				
		(b) List of positions and offices such persons held or will hold;	7	Please disclose tgat Mr. Lamberto B. Mercado, Jr. holds the position of Chief Risk Officer of the Company (as stated in the Result of Organizational Meeting on December 2, 2022.	Disclosed.
C. Issuance and Exchange of Securities					
ITEM 11. FINANCIAL & OTHER INFORMATION					
A	**Information Required**				
	If action to be taken is with respect to any matter specified in Items 9 or 10, furnish				
	2	Management Discussion & Analysis and Plan of Operation		Please see comments below.	

8/F Waterfront Manila Hotel & Casino, United Nations Avenue Corner Ma. Orosa St., Manila,1000 Philippines
Tel.: (632) 8526-1212 Fax: (632) 8521-4150

Checklist of Requirements			Page No.	Remarks	Amendments / Revisions
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:			
		(5) Competitive Business Conditions and the Registrant's Competitive Position in the industry and methods of competition		Please disclose if material.	Not Applicable at the moment due to ongoing renovation.
		(15) Major risk/s involved in each of the business of the company and subsidiaries. Include a disclosure of the procedures being undertaken to identify, assess and manage such risks		Please disclose if any.	Not applicable.
	B	Description of Property			
		(2) If the registrant does not own the property or there is a mortgage or lien on the property, ***describe the limitations on ownership or usage over the same***		Please disclose if any.	There is no limit, the registrant owns 100% of the issued and outstanding capital stock of Acesite Realty Inc., who .is the registered owner of the property.
	III. Information required by Part III, paragraphs (A) and (B) of "Annex C, as amended"				
		(2) All other registrants shall provide the following information:			
		(a) Full fiscal years			
		If Material:			
		(vii)Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)	26	The net loss for 2021 in the 2022 vs. 2021 section of the MD&A is different from the AFS. Please revise,	Revised.
Part III.					
SIGNATURE PAGE					
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 …………………………………on………………,20………………			20	The signature page is not dated.	Date included.

ACESITE (PHILS.) HOTEL CORPORATION					
Preliminary Information Statement was filed on September 06, 2023					
Present to Stockholders the following (previous meeting):			**Page No.**	**REMARKS**	**Amendments / Revisions**
a		The minutes of the most recent regular meeting which shall include, among others:		Please submit copy of the Minutes of Meeting complying with the following sections.	Attached
1		Description of the voting and voting tabulation procedures used in the previous meeting			
2		Description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given			
3		The matters discussed and resolutions reached			
4		A record of the voting results for each agenda item			
5		List of directors, officers and stockholders who attended the meeting			
6		Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders			
c		Detailed, descriptive, balanced and comprehensive assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs	22	Please disclose.	Explained
e		An explanation of the dividend policy and the fact of payment of dividends or the reasons for non-payment thereof	34	Please disclose an explanation for the non- payment of dividends.	Already disclosed.
j		Director disclosures on self-dealings and related party transactions, and/or		Please disckose if any.	No self-dealings and related-party transactions for 2022.

Sincerely yours,

ATTY. ARTHUR R. PONSARAN
Corporate Secretary

ACESITE (PHILIPPINES) HOTEL CORPORATION

September 15, 2023

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of **ACESITE (PHILIPPINES) HOTEL CORPORATION** (the "Corporation") will be held on **Tuesday, October 10, 2023, at 10:00 a.m**. at the Ipil Room, 14th Floor Bayview Park Hotel, 1118 Roxas Boulevard, Corner United Avenue, Ermita for the purpose of transacting the following business:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Previous Stockholders' Meeting;
4. President's Report to the Stockholders for the Year 2022 and the approval of the Audited Financial Statements as of December 31, 2022;
5. Ratifications of the Acts of the Board and Management for the year 2022;
6. Election of the Board of Directors to Serve for the Term 2023-2024;
7. Appointment of External Auditor for the year 2023-2024;
8. Appointment of External Counsel for the year 2023-2024 and
9. Other matters; and
10. Adjournment.

As fixed by the Board of Directors, stockholders of record as of **September 20, 2023** shall be entitled to notice of, and vote at, said stockholders' meeting and for this purpose, the Board of Directors authorized the closing of the stock and transfer book of the Corporation during the period **September 21, 2023** to **October 10, 2023**.

If you are not attending, you may submit a PROXY instrument to the office of the Corporate Secretary of this Corporation thru the Stock and Transfer Agent at the address below. Stockholders whose shareholdings are lodged with the Philippine Central Depository should secure a certification of their shareholdings from their respective stockbrokers. Corporate stockholders should attach to the PROXY instrument, their respective Board Resolutions in support of their proxies. Deadline for submission of proxies is October 10, 2023 before 10:00 A.M. The proxy form is hereto attached as Annex "A".

The Corporate Secretary
Acesite (Philippines) Hotel Corporation
https://www.waterfronthotels.com.ph/investor_relations/

Thru: STOCK TRANSFER SERVICES INC.
Unit 34–D Rufino Pacific Tower
6784 Ayala Avenue, Makati City
1226 Philippines
Telephone – (632) 531-01351 email address: nspabalan@stocktransfer.com.ph

For purposes of registration and identity validation, on the day of the meeting you or your proxy are hereby required to bring this Notice and any form of identification with picture and signature (e.g. driver's license, SSS ID, company ID, and/or competent evidence of identity).

WE EMPHASIZE THAT WE ARE NOT SOLICITING YOUR PROXY.

ARTHUR R. PONSARAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Mark the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

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, 0903**
   Address of Principal Office and Postal Code

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

8. **10 October 2023 at 10:00am at 14th Floor Bayview Park Hotel – 1118 Roxas Boulevard, corner United nations Avenue, Ermita, Manila**
   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: **18 September 2023.**

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

Title of Each Class			Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	-	Authorized	1,200,000,000
	-	Issued	344,747,520
	-	Treasury	1,353,058
Preferred	-	Authorized	20,000
	-	Issued	None

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

    Yes [x] No [ ]

    346,100,578 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange of which 1,353,058 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 conducted on Tuesday, 10 October 2023, 10:00 a.m. at 14th Floor Bayview Park Hotel – 1118 Roxas Boulevard, corner United nations Avenue, Ermita, Manila**.**

18 September 2023 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.

There is no matter 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.

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 **20 September 2023**, there are 346,100,578 subscribed and issued common shares, of which 1,353,058 shares are treasury shares. Each of the 344,747,520 outstanding common shares is entitled to one vote. Of the authorized 20,000 shares of preferred stock, none have been issued. The preferred shares are not entitled to vote.

2. All stockholders on record as of **20 September 2023** are entitled to receive notice and to vote at the Annual Meeting of the Stockholders on 10 October 2023.

3. As provided for under Section 23 of the Revised 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 August 2023, the stock transfer book of the corporation showed the following record owners:

Title of Class	Name and Address of Record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Shares	Waterfront Philippines, Inc.[1] 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 T. Gatchalian, Kenneth T. Gatchalian, Richard L. Ricardo, and Elvira A. Ting.	Filipino	192,045,057	55.49%
Common Shares	PCD Nominee Corporation[2] 37/F Tower 1, The Enterprise Center,	Various Owners[2]	Filipino	132,624,977	38.32%

	6766 Ayala Avenue corner Paseo de Roxas, 1226 Makati City					

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

[2]PCD Nominee Corporation has various beneficial owners. Majority holder is the I.B. Gimenez Securities, Inc with 15.07% of the total Acesite shares. Westlink Global Equities, Inc followed at 9.62% of the total shares. COL Financial Group, Inc. is next at 2.86% of the total shares and the rest of the owners have below 2% ownership.

b) SECURITY OWNERSHIP OF MANAGEMENT

As of 31 August 2023, 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	D	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 **9,750** shares or **0.0028%** of the Company shares. No director has any warrants, stock rights or options that would give the right to acquire additional shares. **There are no arrangements that may result in a change in control of the registrant and no significant changes to the control in the group for the year 2022.**

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 31 AUGUST 2023.

Citizenship	Class	Ownership	Percentage
American	Common	20,051	0.01%
British	Common	9,251,256	2.67%
Chinese	Common	2,229	0.00%
Filipino	Common	283,264,563	81.84%
Others	Common	53,562,225	15.48%
Portuguese	Common	196	0.00%
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. Sergio R. Ortiz-Luiz, Jr., elected last February 25, 2013, Mr. Ruben D. Torres, elected last June 2, 2014, and Mr. Aristeo R. Cruz and Mr. Noel M. Cariño elected last August 6, 2021. All are expected to be on the Board until October 10, 2023**.** The Nominations Committee recommended that all current directors will be nominated to the Board again during the Company's Annual Stockholder's **Meeting on 10 October 2023.** 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, 77
Filipino

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

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

Previously, he was the Management and Technical Services Consultant of Bloomberry Casino Hotels & Resorts/Solaire Hotel and Casino, and Federal Land; Hotel Advisor/Director of Cathay Int'l Resources Corporation; Owner's Representative and Advisor to Owner at Four Points by Sheraton Kuching, Sheraton Beach Resort Langkawi, Helang Airport Hotel Langkawi, Santubong Resort Kuching and Four Points by Sheraton Langkawi; President & CEO of CCA Philippines Corporation; Regional Director of CCA International Ltd.; Regional Director Asia Pacific of Palmerston Hotels & Resorts; Management Consultant of Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands; Senior Advisor to the Secretary of Philippine Department of Tourism; General Manager of Westin Philippine Plaza; Country Manager, Philippines, or Starwood Hotels & Resorts Worldwide, Inc.; Philippine Corporate Representative of Caesar's Club of Manila, Heritage Hotel Manila; Area Manager and General Manager of Northern Territory Australia, Sheraton Hotels Darwin, Sheraton Alice Springs, and Sheraton Ayers Rock Australia; Vice President and Area Manager of Australia/ITT

	Sheraton Corporation; Pre and Post- Opening General Manager of Sheraton Towers Southgate, Melbourne, Australia; Hotel Resident Manager of Sheraton Auckland Hotel and Towers; Resident Manager of Sheraton Auckland Hotel and Towers; Director of Sales and various Front Office and F&B positions of Manila Hilton International. He holds a Bachelor of Science in Commerce degree, Major in Management, a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines and Tourism Management at the East-West Center in Honolulu, Hawaii, USA.
Elvira A. Ting, 63 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, 47 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., 80 Filipino	He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President& CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry; Honorary Chairman and Past President of Employers' Confederation of the Philippines; Director/Past President of Philippine Foundation, Inc.; Founding Director of International Chamber of Commerce of the Philippines. Vice Chairman of Alliance Global, Inc, and Export Development Council, and JARDELI Club Foundation; Director of Waterfront Philippines, Inc., Manila Exposition Complex, Inc.; Lasaltech Academy, Philippine Estate Corporation, Rural Bank of Baguio, Forum Pacific, Inc., Jolliville Holdings Corporation, and Calapan Ventures, Inc.; Independent Director of B.A. Securities; Honorary Chairman of Integrated Concepts & Solutions, Inc.; Board of Adviser of Southville International School and Colleges and Founding Director of GSI (Formerly Philippine Article Numbering Council. He is also a Commissioner for Patrol 117 (Foundation for Crime Prevention); BPLS Champion for National Competitiveness Council; Member of Industry Development Council, and Private Sector Representative for The Philippine Bamboo Council. He is the Chairman of Rotary Club of Green Meadows Foundation; Past President of Rotary Club of Green Meadows Quezon City District 3780; Senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary; Director/Treasurer of PILAK Foundation, and Universal Access Center for Trade. He is an Honorary Consul General of Consulate of Romania in the Philippines; Treasurer of Consular Corps of the Philippines; Honorary Adviser for International Association of Educators for World Peace. Some Awards that he received were International Peace Award

	for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the field of business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006, Presidential Merit Award Medal in 2007 and ORAS Award in 2011. He became an Independent Director of Waterfront Philippines, Inc. since August 2009 to present and an Independent Director of Acesite (Phils) Hotel Corp since February 2013 to present.
Lamberto B. Mercado, Jr., 58 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. In addition, he is currently member of the Board of Directors of Philippine National Construction Corporation. **Atty. Mercado is the Chief Risk Officer of Acesite (Phils.) Hotel Corporation.**
Pablo M. Gancayco, 66 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 ProprieteIndustrielle. 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, 75 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, 82 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, 75 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, 68 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 Sun Asia 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, 57 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 and Forum Pacific Inc.

Mr. Noel M. Cariño, Mr. Renato C. Francisco and Mr. Aristeo R. Cruz 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, 80 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, 60, 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., 78, 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), Asian Bank 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, 47, Filipino	Mr. Lim joined Waterfront on November 2005 as Group Reservations & Distributions Manager, and was appointed in the year 2017 to present as Data Privacy Officer where he monitors the Company's and it's properties compliance with the DPA, its IRR, issuances by the National Privacy Commission and other applicable laws and policies. He also conducts Privacy Impact Assessments for the Company's and each property's new projects, programs, systems and processes to demonstrate proper privacy management activity, which includes ensuring data protection risks are measured, analyzed and mitigated. He passed the Data Protection Officer – NPC ACE Level 1 DPO-ACE C-2019-161. He was also a Data Protection Officer Nominee of the National Privacy Commission – 2021 Privacy Awareness Week. He even attended the Professional Development Program courses specifically for Interactive Marketing, Demand Management in Evolving Marketing Channels, and Marketing Management at Cornell School of Hotel Administration Executive Education, Ithaca, New York, USA. He earned his Bachelor's Degree in Hotel and Restaurant Management at the University of San Carlos. In 2001, he passed the certification of Spirit of Hospitality American Hotel & Lodging Institutes and Supervisory Skill Builders at American Hotel Lodging Institutes 6751 Forum Drive, Suite 220, Orlando, FL USA. As part of SEC Compliance, he completed the seminar on Corporate Governance on November 19, 2021.
Evangeline E. Soliveres, 51, Filipino	Ms. Soliveres joined Waterfront Group on February 16, 2022 as Corporate Finance Director. She is a Certified Public Accountant by profession; she graduated at the Polytechnic University of the Philippines (PUP), Manila with a degree of Bachelor of Accountancy, Cum Laude. She has earned MBA units

	from Ateneo Graduate School of Business. After graduation, she worked as an external auditor at Punongbayan & Araullo, CPAs at Makati City. Then, she moved to DMC-Urban Property Developers Inc. as Chief Accountant/Financial Analyst. After which, she worked for ECI Telecom Phils., in Makati City as Finance & administration Manager. In 2007, she worked for Emerson Asia Pacific ROHQ as Regional Finance Manager for Asia Pacific Supply Chain Organization. In April 2010, she joined ICAP Philippines Inc (Interdealer Broker in Securities) as a Treasurer/Finance & Administration Head and Associated Person. After almost 7 years, she decided to leave and join GFI (Hong Kong Brokers) Ltd as Director & Head of Finance & Administration. She was also the Chief Finance & Operations Officer in GLLC Medical Ltd. Hong Kong from the year 2020-2021, prior to joining Waterfront Group. She is a member of the Philippine Institute of Public Accountants (PICPA) and Association of Certified Public Accountants in Commerce & Industry (ACPACI).
Lanelle Cristina M. Barba, 44, Filipino	Ms. Barba, joined Waterfront on June 2006–April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources' and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers' Resources and Development Director of Waterfront Hotels and Casinos. She earned her Bachelor's Degree in Elementary Education at the University of Santo Tomas. Prior joining with Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers in 2011 to Bangkok, Thailand for HR Audit training. She was previously one of the Board of Directors of the Association of Human Resources Managers (AHRM) in the Hospitality Industry from 2018-2020 and is currently an active member. On November 19, 2021, she completed the seminar on Corporate Governance.
Aiza Pasayloon - Famador, 31, Filipino	Ms. Famador joined Waterfront Group on December 1, 2022, as Corporate Internal Audit Department Manager. She is a Certified Public Accountant by Profession and a member of the Philippine Institute of Public Accountants (PICPA). She graduated from Saint Pauls School of Business and Law, Tacloban City with a degree of Bachelor of Science in Accountancy, Cum Laude. In July 2015, she started her first job with Sycip Gorres Velayo & Co, as a Junior Tax Audit Associate, and was promoted to Senior Tax Audit Associate after two years of service. In October 2018, she joined LH Paragon, Inc as a Corporate Tax Specialist and Compliance Officer. After 3 years, she joined Excelsior Farms, Inc, as Senior Accounting, Audit, and Tax Supervisor.

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 are connected with any government agencies and instrumentalities except for Atty. Lamberto B. Mercado Jr. and Sec. Ruben Torres who are members of the Board of Directors of Philippine National Construction Corporation (PNCC), a Government-Owned and Controlled Corporation. PNCC issued a certification allowing Atty. Mercado to occupy membership in the Board of Directors of other corporations provided such membership do not conflict with his official function as member of the PNCC Board of Directors. Sec. Ruben Torres seats on the Board of Directors of PNCC as a Private Sector Representative.

There are no appraisal and performance reports for the board and criteria and procedure of assessment. The performance of the Board of Directors is assessed based on their nomination for the re-election as Board of Directors.

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 Phils Hotel Corporation) and Director of Acesite Realty Inc. also holds a Director position for Mayo Bonanza, Philippine Estates Corporation, Wellex Mining Corporation, Wellex Petroleum Inc., Rexlon Realty Group, Inc. He is the Investor Relations Officer and Corporate Secretary of Metro Alliance Holdings and Equities Corporation, Corporate Affairs Officer/Compliance Officer of Waterfront Philippines, Inc., Director and Investor Relations Officer of Forum Pacific, 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, 2021 and 2020 amounted to P19.94 million and P19.42 million, respectively, resulting in a valuation gain of P0.52 million in 2021, valuation gain of P1.91 million in 2020 and valuation loss of P3.9 million in 2019.

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 91.62 million payable on December 31, 2021, and bear interest 4% per annum.

(B) PARENTS OF THE REGISTRANT

1) Waterfront Philippines, Inc., which, as of August 31, 2023 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

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

No executive officer resigned from their position since the last date of stockholder's meeting.

Attendance Report of the Board of Directors

	Name of Director	Number of Meetings Held	Number of Meetings Attended	%
1	Arthur M. Lopez	28	28	100%
2	Kenneth T. Gatchalian	28	28	100%
3	Elvira A. Ting	28	28	100%
4	Ruben D. Torres	28	27	96%
5	Sergio R. Ortiz-Luiz, Jr.	28	28	100%
6	Pablo M. Gancayco	28	27	96%
7	Lamberto B. Mercado, Jr.	28	28	100%
8	Renato C. Francisco*	28	27	96%
9	Aristeo R. Cruz*	28	24	86%
10	Noel M. Cariño*	28	27	96%
11	Dee Hua Gatchalian	28	28	100%

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				
Richard Ricardo	VP, Corporate Affairs				
Lanelle Cristina Barba	Corporate PRD Director				
Joson Lim	Data Protection Officer				
Aggregate for above Named officers		2020	7,746,100	-	30,000
		2021	3,097,008	-	30,000
		2022	7,064,454	-	30,000
		2023 (est)	4,580,991	-	**30,000**
All other officers and directors as a group unnamed		2020	-	-	707,059
		2021	-	-	755,882
		2022	-	-	708,059
		2023 (est)	-	-	**441,176**

For the ensuing year (2023), the aggregate compensation is expected to increase 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 P5,000.00 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 2021 and 31 December 2022.

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. Darwin P. Virocel - 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 2022 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 & Company. Starting with the financial statements 31 December 2008 up to 31 December 2022 audit was undertaken by the accounting firm of R.G. Manabat & 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.

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	-	Aristeo R. Cruz	- Independent Director
Member	-	Renato C. Francisco	- Independent Director
Member	-	Noel M. Cariño	- Independent 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 2021and 2022.

2. There are no other assurance and related services rendered by the external auditor for the years 2021 and 2022.

b. Tax Advisory Fees

1. There are no Tax Advisory Fees for 2021 and 2022.

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 P310 million to P1.210 billion via declaration of 250% stock dividends and from P1.210 billion to P2.010 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 246,248,270 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 2022, the Company has a net worth of P1.87 billion and is not planning to issue any unsecured bonds for 2023.

<u>Property</u>

The principal property of the Company is a 22-storey building known as the Waterfront Manila Hotel and Casino (formerly known as 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 ARI 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 free rent.

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.

In year 2022, the hotel is still under reconstruction. The Company targets to operate by middle of 2024 and is expecting to generate funds from the operation.

The Company has no plans to acquire other properties for 2023**.**

<u>Legal Proceedings</u>

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 Parent Company appealed to the Court of Appeals (CA) on June 16, 2020 by filing its Memorandum dated June 15, 2020. PAGCOR and VMC likewise filed their separate Memoranda dated June 19, 2020, respectively.

On August 26, 2020, the CA noted the memoranda and submitted the case for decision. On February 21, 2022, the CA denied the appeal and the Company opted not to appeal the decision any further.

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.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.

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 2021 and 31 December 2022.

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

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 2021 and 31 December 2022.

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 10 October 2023:

a) The agenda for the October 10, 2023 Annual Stockholders Meeting:

Call to Order;
Certification of Notice and Quorum;
Approval of the Minutes of the Previous Stockholders' Meeting;
President's Report to the Stockholders for the Year 2022 and the approval of the Audited Financial Statements as of December 31, 2022;
Ratifications of the Acts of the Board and Management for the year 2022;
Election of the Board of Directors to Serve for the Term 2023-2024;
Appointment of External Auditor for the year 2023-2024;
Appointment of External Counsel for the year 2023-2024 and
Other matters; and
Adjournment.

b) The Minutes of the December 2, 2022 Annual Stockholder's Meeting will be presented for approval.

The Chairman of the Board, Mr. Arthur Lopez has called the meeting last December 2, 2022. The Minutes of Stockholders' Meeting held on August 6, 2021 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 June 30, 2023 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 such as:
    - Designation of authorized representative for Government Entities
    - Designation of authorized signatories with bank
    - Designation of authorized representative for contracts and memorandum of agreement

The stockholders re-appointed the law firms of Corporate Counsels Philippines Law Offices and Gancayco, Balasbas & Associates in the last annual meeting held December 2, 2022 as the legal counsels of the Company. Representatives of the said law firms shall be attending the annual meeting of stockholders on October 10, 2023 to respond to appropriate questions and have an opportunity to make a statement if they so desire. Law Firms of Corporate Counsels, Philippines Law Offices; and Gancayco, Balasbas & Associates stand for re- appointment on October 10, 2023.

The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat Sanagustin& Co. has acted as the External Auditors for calendar year 2022 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. In compliance with SEC Memorandum No. 6, Series of 2014, dated February 20, 2014, the Company's Board approved the amendment of the Articles of Incorporation on July 2, 2014 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 amendment was presented to the stockholders for approval on October 25, 2018 annual stockholders' meeting. However, this was not approved due to the lack of required number of shares represented in said meeting. On 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.

B. 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.

C. 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

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

b) Unless any stockholder present requests for a written ballot, the voting shall be done orally or by show of hands, which shall be duly counted by the Corporate Secretary.

c) Provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the Corporation Code.

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 06 September 2023.

By:

Date : 06 September 2023.

ARTHUR R. PONSARAN
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **NOEL M. CARIÑO,** Filipino, of legal age and a resident of No. 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 since 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
Cariño 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	March 2008 – present
Punto	Publisher	December 2006-2008
Good Morning, Philippines	Founder/Publisher	April 2011-2012
Kilusan at Uganayan 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 Acesite (Phils) Hotel Corporation. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

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

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 Acesite (Phils.) Hotel Corporation, 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 Acesite (Phils) Hotel Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 05 2023 day of ________, at CITY OF MANILA.

NOEL M. CARIÑO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of SEP 05 2023 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 106-809-774-000.

Doc. No. 78;
Page No. 8;
Book No. 29;
Series of 2023

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022 - 052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # 23473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

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:

1. I am a nominee for independent director of Acesite (Phils) Hotel Corporation and have been its independent director since July 2021.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Meycauayan College, Inc.	Vice Chairman/Director Executive Vice-President	December 2011-present October 2021-present
Cruz Altares & Associates Law Offices (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
Phil-Star 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 Inc.	President	November 2012 -present
Justino Emilia Realty Management and Development Corporation	Corporate Secretary	March 2008 – present
Waterstreet Realty Corp.	President	June 2012 - present
Metro Alliance Holdings & Equities Corp.	Lead Independent Director	September 2015-present
Waterfront Philippines, Inc	Director	July 2021 – present
Wellex Industries, Inc.	Director	October 26, 2021
Forum Pacific, Inc.	Director	October 27, 2021

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

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

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 Acesite (Phils.) Hotel Corporation, 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 Acesite (Phils) Hotel Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 05 2023 day of __________, at CITY OF MANILA.

ARISTEO R. CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of SEP 05 2023 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 107-846-762-000.

Doc. No. 37;
Page No. 8;
Book No. 27;
Series of 2023

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022 - 052
IBP# 165727; Pasig for yr. 2023;
PTR# 0861164; Mla - 1-3-2023
Roll # 25473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO C. FRANCISCO,** Filipino, of legal age and a resident of # 8 Sparrow Street New Marikina, Subdivision, Marikina 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 since 2019.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Sta Lucia Land Inc	Independent Director	May 2, 2023
Waterfront Philippines Incorporated	Independent Director	2019-present
Forum Pacific Inc	Independent Director	2019 - present
Philippine Estates Corporation	Independent Director	2019 - present
Court of Appeals	Associate Justice	May 2012 – August 2018
Presiding/Executive Judge	RTC–Branch19,Malolos, Bulacan	November 1996 – May 2012
Assistant City Prosecutor	Makati City	1992 – 1996
Assistant Provincial Prosecutor	Office of the Provincial Prosecutor - Rizal	1987 -1992
Private Practitioner / Businessman		1984 – 1987
Officer in Charge (OIC)/ Legal Division	Metropolitan Bank and Trust Company	1980 – 1984
Associate Lawyer	Sta Ana Law Office	1974 – 1980
Administrative Officer and Legal Counsel	General Coated Fabrics manufacturing, Inc	1974 – 1980

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

4. I am not related to any director /officer/substantial shareholder of Acesite (Phils) Hotel Corporation 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 Waterfront Philippines Incorporated, 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 Acesite (Phils) Hotel Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 05 2023 day of ________, at CITY OF MANILA.

RENATO C. FRANCISCO
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of SEP 05 2023 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 138-641-391-000.

Doc. No. 36;
Page No. 8;
Book No. 29;
Series of 2023

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022 - 052
IBP# 165727; Pasig for yr. 2023
PTR #0861164; Mla - 1-3-2023
Roll # 25473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

MANAGEMENT REPORT

FINANCIAL AND OTHER INFORMATION

Financial Statements

The Company's consolidated financial statements for the years ended December 31, 2022, 2021, 2020 and 2019 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 2022, the Hotel is still under renovation.

   The renovation of the Waterfront Manila Hotel and Casino has been delayed due to the ill effects of the COVID pandemic. Furthermore, an in-depth structural refurbishment has been undertaken in order to ensure the integrity of the building superstructure. These additional civil works, while time-consuming, are necessary to ensure personnel and guest safety and will make the hotel fully compliant with building codes. Architectural works and interior furnishing activities are expected to commence soon after the superstructure is completed, with a soft opening targeted for 2024."

   Business strategies will essentially remain unchanged, with a pronounced marketing push aimed towards the gaming clientele from the Manila area, together with a competitive pricing for room and board clients coming from select foreign markets such as China, Taiwan, Japan, Korea and the United States. Both the social banquet and business meeting segments will also be targeted as soon as the function rooms are available. The hotel has traditionally been flexible with its client pricing, and continuous adjustments for market demands are made monthly in both room and food & beverage departments. This robust and pro-active pricing stance will continue especially as the hotel reopens, and will play a great part in getting back old clients, while enticing new market segments to book at the renovated Waterfront Manila Hotel and Casino.

There is no Revenue Contribution of Operations for 2022.

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 2022 due to the temporary closure on business brought by renovation project.

Foreign Source	% Contribution to Total Room Nights		
	2022	**2021**	**2020**
Asia	-	-	-
Middle East	-	-	-
North America	-	-	-
Europe	-	-	-
Australia	-	-	-
Africa	-	-	-
Philippines (Domestic Mkt)	-	-	-
TOTAL	-	-	-

(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)		
	2022	**2021**	**2020**
Seasons	-	-	-
El Rey (Concessionaire)	-	-	-
Patisserie	-	-	-
Room Service	-	-	-
Banquet	-	-	-
Mini Bar	-	-	-
Casino	-	-	-
Total	**-**	**-**	**-**

Rooms

In 2022, the operations remained suspended resulting to non-generation of revenues.

Market Segment	% Contribution		
	2022	**2021**	**2020**
Marketing Promotions	-	-	-
Reservation System	-	-	-

Travel Trade Accounts	-	-	-
Corporate & FIT Accounts	-	-	-
TOTAL	**-**	**-**	**-**

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

There is no new product or service that has been announced in 2022.

(e) Top Five (5) Performance Indicators

No occupancy of the hotel was recorded in 2022, 2021 and 2020 due to ongoing hotel renovation.

	2022	**2021**	**2020**
Occupancy Rate	-	-	-
Average Room Rate	-	-	-
Revenues	-	-	-
Gross Operating Income	(63,047,074)	(65,912,961)	(80,232,659)
Gross Operating Income Ratio	-	-	-

(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

The contract of lease with PAGCOR ended in March 2018. Currently, PAGCOR no longer have lease 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 P29.96 million in 2022. Transactions have increased due to additional Management Fee. As of December 31, 2022, the hotel has an outstanding payable to WPI equivalent to P132.88 million; from a payable of P162.85 million as of December 31, 2021.

For a more detailed transactions with other related parties, please refer to Notes No. 10 of Financial Statements.

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

Not applicable.

(j) Government Approval of Principal Products or Services

The Company holds 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 was 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.

(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 2022	**31 Dec 2021**
Department Head	**11**	**11**
Managerial and Supervisors	**10**	**11**
Line Staff	**4**	**2**
Casual (Direct)	**-**	**-**
Total	**25**	**24**

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.

As the hotel is opened, the Company will hire employees for the twenty-four-hour operations in the hotel rooms and restaurants. Estimated number of employees once operational is 300 employees broken as follows: Agency Employees is 210 and Regular is 90.

(o) During the year, health and safety protocols were continued to ensure safety of all the employees who are all required to report on site. These are based on the minimum health standards for office workplace given by Department of Health.

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 P1.64 billion as of December 31, 2022. 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 middle of 2024 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 P1.05 billion. 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 300 employees broken down as follows: Agency Employees is 210 and Regular is 90. 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 2022 to Year Ended 31 December 2021

The year ended 31 December 2022 and 2021 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 and expenses other than depreciation, financing and income tax expense for the year ended 31 December 2022 amounted to 63.05 million, compared with P65.91 million for the year ended 31 December 2021. Gross loss amounted P63.05 million for 2022. Last year's gross loss was P65.91 million.

Fixed, financial and other expenses in 2022 amounted to 14.94 million as compared to 16.34 million in 2021. Depreciation expense increased by 5.00% from P20.54 million last 2021 to P21.56 million this 2022 due to revaluation and adjustments.

For the year ended 2022, the Company incurred a net loss of P72.86 million or P0.21 per share compared with net loss of **P49.84** million in 2021 or P0.14 per share. These losses pertain to the temporary cessation of operation and non-generating of revenues. For the next twelve months, the Company is planning to operate in order to generate revenues.

Total assets of the company decreased from P3.17 billion as of the end of 2021 to P3.01 billion as of the end of 2022. Current assets decreased from P880 million last year to P563 million this year due to the decrease in cash and cash equivalents. Trade and other receivables decreased from P145.35 million in 2021 to P117.90 million in 2022. Prepayments and other current assets increased from P173.40 million to P203.63 million. Non-current assets increased by 7% from P2.28 billion to P2.45 billion due to increase in property and equipment which represents the increase in Construction-In-Progress. Current liabilities decreased from P942.07 million to P849.82 million due to the decrease in both trade payables and related party transactions. The Long-Term Liabilities increased from P280.24 million in 2021 to P297.68 million in 2022; this is because of the increase in retention payables. Stockholders' equity decreased from P1.94 billion to P1.87 billion over the same comparative periods.

Year Ended 31 December 2021 to Year Ended 31 December 2020

The year ended 31 December 2021 and 2020 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 2021 amounted to 65.91 million, compared with P80.23 million for the year ended 31 December 2020. Gross loss amounted P65.91 million for 2021. Last year's gross loss was P80.32 million.

Fixed, financial and other expenses in 2021 amounted to 16.34 million as compared to negative P836.38 million registered in 2020. Depreciation expense decreased by 6.76% from P22.03 million last 2020 to P20.54 million this 2021 due to revaluation and adjustments.

For 2021, the Company incurred a net loss of P49.84 million or P0.14 per share compared with net income of P654.57 million in 2020 or P1.90 per share. These losses pertain to the temporary cessation of operation and non-generating of revenues. For the next twelve months, the Company is planning to operate in order to generate revenues.

Total assets of the company decreased from 3.28 billion as of the end of 2020 to P3.17 billion as of the end of 2021. Current assets decreased from 1.10 billion last year to P880 million this year due to the decrease in cash and cash equivalents. Trade and other receivables decreased from P149.94 million in 2020 to P145.35 million in 2021. Prepayments and other current assets increased from P167.81 million to P173.40 million. Non-current assets increased by 4.81% from P2.18 billion to P2.28 billion due to increase in property and equipment which represents the increase in Construction-In-Progress. Current liabilities decreased from P987.01 million to P942.07 million due to the decrease in both trade payables and related party transactions. The Long Term Liabilities decreased from P322.62 million in 2020 to P280.24 million in 2021; this is because of the decrease on deferred tax liabilities. Stockholders' equity decreased from P1.97 billion to P1.94 billion over the same comparative periods.

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.

Waterfront Manila Hotel and Casino (formerly known as Manila Pavilion Hotel) had established a market niche in the Manila Bay area, and hopes to recapture the foreign tourists and local travelers by offering value-for-money accommodations with comfort, perks and good service.

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

v. 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.

vi. Causes of material changes in the items in the financial statements from the year ending 31 December 2020 to the year ending 31 December 2021 and from the year ending 31 December 2021 to the year ending 31 December 2022 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, 2022	**DECEMBER 31, 2021**	**DECEMBER 31, 2020**
Current Assets	563,465,437	880,024,795	1,103,010,432
Total Assets	3,014,095,780	3,161,426,847	3,279,646,308
Current Liabilities	849,823,697	942,065,094	987,007,868
Total Liabilities	1,147,504,130	1,222,308,345	1,309,625,025
Retained Earnings/ (Deficit)	1,312,514,315	1,370,695,079	1,405,854,600
Stockholders' Equity	1,866,591,650	1,939,118,502	1,970,021,283

Income Statement			
	Year Ending	**Year Ending**	**Year Ending**
	DECEMBER 31, 2022	**DECEMBER 31, 2021**	**DECEMBER 31, 2020**
Operating Revenue	-	-	-
Other Revenue	-	-	-
Gross Revenue	-	-	-
Operating Expense	-	-	-
Other Expense	63,047,074	65,912,961	80,232,659

Gross Expense	14,940,607	16,336,913	(836,376,230)
Net Income/(Loss) Before Tax	(77,987,681)	(82,249,874)	756,143,571
Income Tax Expense	(5,130,467)	(32,413,903)	101,577,772
Net Income/(Loss) After Tax	(72,857,214)	(49,835,971)	654,565,799

- **Revenues from lease activities (Revenues – Rental):** No rental revenues for the year 2022 same for the year 2021 due to the temporary cessation of operations starting March 2018.

- **Revenues from Rooms (Revenues – Rooms):** No room revenues for the year 2022 same for the year 2021 due to temporary cessation of operations starting March 2018.

- **Revenues from Food and Beverage (Revenues – F&B):** No F&B revenues for the year 2022 same for the year 2021. 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 2022 same for the year 2021.

- **Cost of Sales (F&B):** No F&B cost of sales for 2022 same for the year 2021 due to the closure of outlets in March 2018.

- **Personnel:** Personnel costs for the year ended 31 December 2021 amounted to P20.52 million as compared to P21.81 million in the year 2022. The increase in Personnel Cost was due to increase in the number of employees and cancellation of the implemented salary reduction due to pandemic.

- **Energy Cost:** Energy cost for the year amounted to P3.69 million as compared to 2021 of P3.79 million. A decrease of P.11 million was recorded because of the renovation activities that requires energy.

- **OTHERS:** These are various cost and expenses under different departments which summed up to P37.55 million in the year 2022 as compared to 2021 of P41.60 million. A decrease of P4.05 million was because of the decrease in Repairs Expense.

- **Depreciation:** Depreciation expense recorded at P21.56 million showing an increase of P1.03 million in 2021. The increase was because of the new purchases made in the for the office equipment.

- **Foreign Exchange Loss:** No foreign exchange gain or loss for the year 2022 while there is foreign exchange gain in 2021 of P.001 million. No loan has been signed in 2022.

- **Due from a Related Party:** Due to related parties of 31 December 2022 amounted to P457.33 million as compared to that as of 31 December 2021 which is P4481.88 million.

vii. 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 30 June 2023 and Quarter Ended 30 June 2022

No gross revenues registered in the same comparative period in 2023 and 2022. No room sales were reported due to the fire incident. There was zero occupancy in 2Q2023 same as 2Q2022. No room revenue contribution to the gross revenues for 2Q2023 and 2Q2022, respectively. Zero average room rate for both 2Q2023 and 2Q2022.

Zero Food and Beverage revenue was recorded in 2Q2023 and 2Q2022. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 2Q2023 and 2Q2022. Rent and other income have remained zero in 2Q2023 and in 2Q2022.

There was no F&B Revenue, thus, no cost of sales in both 2Q2023 and in 2Q2022. Payroll expenses decreased by 60.21% from P1.22 million in 2Q2022 to P0.48 million in 2Q2023. 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 increased from P.07 million in 2Q2022 to P.12 million in 2Q2023. The Energy cost was recorded at P2.30 million in 2Q2023.

The Company posted a gross operating loss of P8.51 million in 2Q2023, representing decrease of P4.89 million from that recorded in 2Q2022 of P13.41 million. Gross operating profit/loss ratio in 2Q2023 and 2Q2022 stood both at 0%.

Fixed financial, operating and other expenses decreased from P17.54 million in 2Q2022 to P17.08 million in 2Q2023 with the major decrease coming from marketing expenses and adjustment to real estate tax. The general and administrative expenses increased from P12.67 million in 2Q2022 to P13.01 million in 2Q2023 due to various expenses. Marketing and guest entertainment decreased from P.34 million in 2Q2022 to P.09 million in 2Q2023. No corporate expenses were recorded in 2Q2023. Real estate tax went down from P3.52 million in 2Q2022 to P2.76 million in 2Q2023. Fire insurance increased from P1.01 million in 2Q2022 to P1.21 million in 2Q2023. For 2Q2023, the Company posted a net loss of P25.59 million representing a decrease of 9.36% from loss of P30.94 million in 2Q2022.

<u>Quarter Ended 30 June 2022 and Quarter Ended 30 June 2021</u>

No gross revenues registered in the same comparative period in 2022 and 2021. No room sales were reported due to the fire incident. There was zero occupancy in 2Q2022 same as 2Q2021. No room revenue contribution to the gross revenues for 2Q2022 and 2Q2021, respectively. Zero average room rate for both 2Q2022 and 2Q2021.

Zero Food and Beverage revenue was recorded in 2Q2022 and 2Q2021. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 2Q2022 and 2Q2021. Rent and other income have remained zero in 2Q2022 and in 2Q2021.

There was no F&B Revenue, thus, no cost of sales in both 2Q2022 and in 2Q2021. Payroll expenses increased by 140.27% from P.51 million in 2Q2021 to P1.22 million in 2Q2022. 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 increased from P.02 million in 2Q2021 to P.07 million in 2Q2022. The Energy cost was recorded at P1.09 million in 2Q2022.

The Company posted a gross operating loss of P13.41 million in 2Q2022, representing increase of P9.57 million from that recorded in 2Q2021 of P3.84 million due to adjustments made for the depreciation expenses. Gross operating profit/loss ratio in 2Q2022 and 2Q2021 stood both at 0%.

Fixed financial, operating and other expenses decreased from P18.06 million in 2Q2021 to P17.54 million in 2Q2022 with the major decrease coming from general and administrative expenses. The general and administrative expenses decreased from P14.01 million in 2Q2021 to P12.67 million in 2Q2022 due to decrease in maintenance fee and other taxes and licenses. Marketing and guest entertainment increased from P.21 million in 2Q2021 to P.34 million in 2Q2022. No corporate expenses were recorded in 2Q2022. Real estate tax increased from P3.13 million in 2Q2021 to P3.52 million in 2Q2022. Fire insurance increased from P.75 million in 2Q2021 to P1.01 million in 2Q2022. For 2Q2022, the Company posted a net loss of P30.94 million representing an increase of 41% from loss of P21.90 million in 2Q2021.

FINANCIAL CONDITION

As of 30 June 2023 and Year Ended 31 December 2022

Total assets decreased to P2.89 billion in 30 June 2023 as compared to P3.01 billion as of 31 December 2022. Current assets decreased from P.56 billion as of 31 December 2022 to P.39 billion as of end of 2Q2023, this is due to decrease in Cash and Cash Equivalents. Cash ending balance as of 30 June 2023 is P16.16 million posted a decrease from P142.47 million. Trade receivables decreased by P50.00 million as of 30 June 2023 from P117.90 million as of 31 December 2022. No changes have been noted from the Inventories from 31 December 2022 to 2Q 2023. Prepayments and other current assets increased to P204.02 million as of 30 June 2023 from P203.63 million as of 31 December 2022.

Property and equipment account increased from P1.74 billion as of 31 December 2022 to P1.79 billion as of 30 June 2023. No changes have been noted from the Available for Sale investment account from 31 December 2022 to the 2Q2023. Other non-current assets of P684.55 million as of end of 2Q2023 decreased by P4.01 million from P688.56 million as of 31 December 2022 due to decrease on Deposits to Contractors during the year.

Total liabilities decreased from P1.15 billion as of 31 December 2022 to P1.08 billion as of 30 June 2023. Trade and other current payables decreased from P392.49 million as of 31 December 2022 to P357.62 million as of 30 June 2023. Non-current liabilities increased by P5.88 million from P297.69 million as of 31 December 2022 to P303.56 million as of 30 June 2023.

As of 30 June 2022 and Year Ended 31 December 2021

Total assets decreased to P3.05 billion in 30 June 2022 as compared to P3.16 billion as of 31 December 2021. Current assets decreased from P.88 billion as of 31 December 2021 to P.72 billion as of end of 2Q2022, this is due to decrease in Cash and Cash Equivalents. Cash ending balance as of 30 June 2022 of P329.29 million posted a decrease of P139.61 million. Trade receivables decreased by P16.77 million as of 30 June 2022 from P145.35 million as of 31 December 2021, this is due to collection from insurance. No changes have been noted from the Inventories from 31 December 2021 to 2Q 2022. Prepayments and other current assets increased to P1.44 million as of 30 June 2022 from P173.40 million as of 31 December 2021.

Property and equipment account increased from P1.52 billion as of 31 December 2021 to P1.57 billion as of 30 June 2022. No changes have been noted from the Available for Sale investment account from 31 December 2021 to the 2Q2022. Other non-current assets of P736.98 million as of end of 2Q2022 decreased by P8.96 million from P745.94 million as of 31 December 2021 due to decrease of Deposits to Contractors during the year.

Total liabilities decreased from P1.22 billion as of 31 December 2021 to P1.16 billion as of 30 June 2022. Trade and other current payables decreased from P460.18 million as of 31 December 2021 to P407.5 million as of 30 June 2022. Non-current liabilities increased by P9.32 million from P280.24 million as of 31 December 2021 to P289.56 million as of 30 June 2022.

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 proceeds from the insurance claims 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 2nd quarter of 2023, the business operation has not yet commenced.

vii. For the 2nd quarter of 2023, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non-generation of any revenue brought by temporary closure.

viii. Causes of material changes in the items in the statement of financial positions and income statements from the interim year-to-date ending 30 June 2022 to the interim year-to-date ending 30 June 2021 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)**
	June 30, 2023	**December 31, 2022**
Current Assets	389,778,517	563,465,437
Total Assets	2,882,301,646	3,014,095,780
Current Liabilities	778,421,877	849,823,697
Total Liabilities	1,081,986,594	1,147,504,130
Retained Earnings	1,246,237,659	1,312,514,315
Stockholders' Equity	1,800,315,052	1,866,591,650

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	8,510,828	13,405,291	16,940,886	16,625,330
Other Expense	17,077,990	17,539,214	33,545,324	40,587,475
Gross Expense	25,588,818	30,944,505	50,486,210	57,212,805
Net Income/(Loss) Before Tax	(25,588,818)	(30,944,505)	(50,486,210)	(57,212,805)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(25,588,818)	(30,944,505)	(50,486,210)	(57,212,805)

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:

	June 2023	June 2022
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(8,510,828)	(13,405,290.72)
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 2020 and 31 December 2021 and for the year ended 31 December 2021 and 31 December 2022 are incorporated herein by reference. A copy of the audited financial statements as of 31 December 2022 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 2022 and for the year ended 31 December 2021.

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 2022 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 2021 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):

	2023		2022		2021		2020		2019	
	High	Low	High	Low	High	Low	High	Low	High	Low
1st Quarter	1.60	1.32	1.67	1.37	1.74	1.37	1.48	1.02	1.23	1.22
2nd Quarter	1.72	1.45	1.87	1.37	2.14	1.50	1.01	1.35	1.45	1.24

3rd Quarter			1.72	1.36	2.98	1.52	1.03	1.31	1.70	1.30
4th Quarter			1.67	1.32	1.67	1.40	1.01	1.75	1.40	1.25

The last trading price was ₱1.66 on 04 September 2023.

2. **Holders**
The Company had 206 registered stockholders as of 31 August 2023. The top 20 stockholders are as follows:

Top as of 20 Stockholder 31 August 2023	No. of Shares	% Holdings
WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
PCD NOMINEE CORPORATION	80,375,502	23.22%
PCD NOMINEE CORPORATION (NON-FILIPINO)	52,249,475	15.10%
NICKELL INTERNATIONAL LTD.	8,935,710	2.58%
ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000	0.39%
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%

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, 2021 and December 31, 2022 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.

Since the temporary stoppage of operation in March 2018, non-generation of revenue resulted to non-declaration of cash dividends for the Stockholders. As of 2022, the Hotel is still under renovation.

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 2022, 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, 2022	December 31, 2021
Current Assets	563,465,437	880,024,795
Current Liabilities	849,823,697	942,065,094
Ratio	0.6630	0.9341

Quick Ratio	December 31, 2022	December 31, 2021
Cash+AR+ST Mkt Securities	260,374,356	614,242,923
Current Liabilities	849,823,697	942,065,094
Ratio	0.3064	0.6520

Cash Ratio	December 31, 2022	December 31, 2021
Cash+ST Mkt Securities	142,474,210	468,895,455
Current Liabilities	849,823,697	942,065,094
Ratio	0.1677	0.4977

SOLVENCY RATIO

Current Liabilities to Equity Ratio	December 31, 2022	December 31, 2021
Current Liabilities	849,823,697	942,065,094
Total Equity	1,866,591,650	1,939,118,502
Ratio	0.4553	0.4858

Total Liabilities to Equity Ratio	December 31, 2022	December 31, 2021
Total Liabilities	1,147,504,130	1,222,308,345
Total Equity	1,866,591,650	1,939,118,502
Ratio	0.6148	0.6303

Fixed Assets to Equity Ratio	December 31, 2022	December 31, 2021
Fixed Assets	1,742,130,688	1,515,520,653
Total Equity	1,866,591,650	1,939,118,502
Ratio	0.9333	0.7816

Assets to Equity Ratio	December 31, 2022	December 31, 2021
Total Assets	3,014,095,780	3,161,426,847
Total Equity	1,866,591,650	1,939,118,502
Ratio	1.6148	1.6303

INTEREST COVERAGE RATIO

Interest Coverage Ratio	December 31, 2022	December 31, 2021
Net Income Before Tax + Interest Exp	(77,987,681)	(82,249,874)
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	December 31, 2022	December 31, 2021
Net Income After Tax	(72,857,214)	(49,835,971)
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	December 31, 2022	December 31, 2021
Net Income After Tax	(72,857,214)	(49,835,971)
Total Assets	3,014,095,780	3,161,426,847
Ratio	(0.0242)	(0.0158)

Return on Equity Ratio	December 31, 2022	December 31, 2021
Net Income After Tax	(72,857,214)	(49,835,971)
Total Equity	1,866,591,650	1,939,118,502
Ratio	(0.0390)	(0.0257)

PROXY FORM

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a stockholder of **ACESITE (PHILIPPINES) HOTEL CORPORATION**, do hereby name, constitute and appoint:

Mr. ________________________, or in his absence
Mr. ________________________, or in his absence

the Chairman of the shareholders' meeting, as his/her/its true and lawful attorney-in-fact for and in his/her/its name, place and stead, to do and perform the following acts and things, to wit:

To attend, be present and represent the undersigned at the stockholders' meeting to be held on **October 10, 2023 AT 10.00 A.M.** or any adjournment as well as any and all meetings of the stockholders of **ACESITE (PHILIPPINES) HOTEL CORPORATION** including any adjournment or postponement thereof; take part in the deliberations thereon; vote any and all shares that the undersigned now owns or may hereafter own in said Corporation in any matter, motion, resolution that may be taken up in said meeting/s in such manner as his/her/its aforesaid attorney-in-fact shall deem 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 if 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 full force and effect until specifically revoked through notice in writing delivered to the Secretary of the Corporation at any time before the meeting.

______________________, _____________ 2023

PRINTED NAME OF STOCKHOLDER ___________________________

SIGNATURE OF STOCKHOLDER __________________________

ACESITE (PHILS.) HOTEL CORPORATION
(DOING BUSINESS UNDER THE NAME AND STYLE OF
WATERFRONT MANILA HOTEL AND CASINO)
ANNUAL STOCKHOLDERS' MEETING
DECEMBER 02, 2022 at 10:00 A.M.
AT THE IPIL ROOM, 14TH FLOOR BAYVIEW PARK HOTEL
1118 ROXAS BOULEVARD

ATTENDANCE

Total Shares Present And Represented	232,653,818
Total Shares Issued And Outstanding	344,747,520
Percentage Shares and Represented	67.49%

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

Mr. Arthur M. Lopez, Chairman, called the meeting to order of ACESITE (PHILS.) HOTEL CORPORATION (the "Corporation") and thereafter presided.

The Chairman acknowledged the presence of the following directors of the Corporation, in person:

Mr. Kenneth T. Gatchalian
Ms. Elvira A. Ting
Ms. Dee Hua Gatchalian
Atty. Lamberto B. Mercado, Jr.
Mr. Sergio R. Ortiz-Luis, Jr.
Atty. Ruben D. Torres
Atty. Pablo M. Gancayco
Atty. Renato Francisco
Atty. Aristeo R. Cruz
Mr. Noel M. Carino

II. ATTENDANCE AND QUORUM

Proceeding with the agenda, the Corporate Secretary, Atty. Ponsaran certified that in accordance with SEC Notice dated April 20, 2020, providing for an alternative mode of distributing notices of the annual meeting of stockholders, notice of this meeting and the Definitive Information Statement were published via the Company's website and PSE Edge on November 10, 2022 and October 24, 2022, respectively. The notice was also published in two (2) newspapers of general circulation, in print and digital format, in Business Mirror on November 10 and 11, 2022 and Manila Bulletin on November 10 and 11, 2022. Atty. Ponsaran further certified that based on the record of attendance as of 10:00 A.M., December 2, 2022, there are represented in the meeting, in person or by proxy, stockholders owning Two Hundred Thirty Two Million Six Hundred Fifty Three Thousand Eight Hundred Eighteen (232,653,818) common shares, representing 67.49% of the total issued and outstanding capital stock of the Corporation, and that there is a quorum at this annual meeting.

III. <u>APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING</u>

The Chairman informed the stockholders that the next item of the agenda is the approval of the minutes of the previous meeting of the stockholders held on September 21, 2021. On motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital of the Corporation approved the minutes of the meetings of the stockholders held on September 21, 2021.

IV. <u>ANNUAL REPORT FOR THE YEAR 2021 AND AUDITED FINANCIAL STATEMENTS AND INFORMATION STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021</u>

The President, Mr. Gatchalian, presented the highlights of the Company's performance and result of operation for the year 2021, as reflected the Annual Report for the year 2021, the Audited Financial Statements and Information Statements for the period ended December 31, 2021.

He said the COVID-19 pandemic continued to exert its pressure on the travel and tourism industry in 2021. The year was marked by a slow pace of recovery, with somber figures compared to pre-pandemic levels. Despite the gradual opening of the Philippine economy, most of the Asian feeder markets remained closed or imposed restrictive outbound travel regimes in their jurisdictions.

While international tourism in 2021 had a modest increase of 15 million more arrivals at 415 million or 4% more than the Year 2020's 400 million arrivals, total international arrivals remain well below 2019 figures. According to World Tourism Organization (WTO), arrivals in 2021 were 72% less than the total in 2019. The massive and far-reaching change in mobility and consumer habits brought about by the pandemic persists today, and is expected to continue in the next few years. The model for a rebound remains uncertain and could take a number of different turns. The travel and tourism industry has responded with adaptability and bold solutions to ensure its continued survival. Waterfront joined in the industry's rallying cry to innovate and find the silver lining in this unprecedented shift.

Waterfront remains unfazed in its plans to invest in its infrastructure to guarantee its next phase of growth, its taking a proactive stance in spurring growth and stimulating market interest by ensuring that its physical infrastructure remains up-to-date and ready to accommodate pent-up demand.

Waterfront Manila Hotel and Casino (WMHC) is the major strategic play to establish dominance in the industry. Through 2021, it took dedicated efforts to stay as close to construction targets as possible, despite all the continuing hurdles of changing protocols, limited mobility and stringent restrictions along the way.

The Company has accomplished several milestones in WMHC's Phase I construction targets this year, including the following: 1) work on the basement area, with progress in the guest parking, hotel entrance, casino areas, and operations areas, including offices and utility rooms; 2) ground floor work, with progress in the F&B outlets, UN vestibule, and drop-off areas, the casino areas, and their offices, and the operations area; 3) work on the second floor, with progress in the gaming area, VIP area, offices, and operation areas; 4) improvements in the third-floor utility and food storage rooms; 5) continued progress with the 5th-floor casino back-of-house (BOH) offices, as well as the utility rooms, the cafeteria and locker rooms under the operations area.

Moreover, several installations, relocation, retrofitting, and heavy equipment mounting activities were completed this year. Such activities include the energization of power on the Kalaw Avenue side of the property, the relocation of one unit of 1000TR York chiller and two units of 500 TR Trane chillers to their permanent positions, the mounting of a new 3MVA Monark generator set, the removal of obstructing old equipment, the installation of fan coil units at the BOH, the delivery and mounting of the synchronization panel to its permanent position, the demolition of old architectural finishes, and the start of retrofitting activities.

Other construction milestones include the mounting of low voltage switchgear, the completion of water tightness, the energization of the property's power supply, the activation of its water supply, the installation of air conditioning and mechanical ventilation units, the installation of the fire protection system, the completion of the demolition works, curtain wall, property's facade ACP, and retrofitting activities by the end of the year. Phase I of its construction plan sums up construction work from the basement to the fifth floor of the property, as well as some work on the ninth to tenth floors. It encompasses complete work on areas such as the ground parking, the hotel lobby, and the front desk facilities, the casino floor where the slot machine area and the ground floor café are located, the second casino floor holding the VIP area as well as more gaming areas, and spaces for offices, utility, and storage.

The milestones and construction activities, if completed this year, should be able to open the Manila property by the First Quarter of 2023. The Company, with its operations on hold, retains a total asset value of PHP 3.161 billion. The Company was able to reduce personnel costs further for another consecutive year. From PHP 33.77 million in 2020, we scaled down personnel costs to 60.76% or PHP 20.52 million in 2021. Due to the effective implementation of the cost reduction measures, which include adjusted working hours, work-from-home arrangements, reduced work-week, and early retirement package.

In the face of a changing economic and tourism landscape, Waterfront stays true to its vision of providing the very best stays in the key cities of the Philippines. It continually improved the software and hardware to ensure that its guest experience and satisfaction are kept to the highest standards. Instead of downsizing and retreating, the Company is moving forward with confidence towards plans of growth, world-class infrastructure, and exciting new guest experiences.

The Company must embrace the challenges of the present to chart a new future. It must continue to find ways to shape the trend in its favor. As it continues to build Waterfront Manila Hotel and Casino into the newest and most breathtaking addition to Manila's historic skyline, it also relies on the four pillars of stability, namely: a strong online and offline distribution network, which has been maintained throughout the pandemic, a well-vaccinated and healthy workforce, a culture of innovation, which it translates into the creative marketing programs, and well-planned and innovative hardware—as demonstrated by its newest rising property, Waterfront Manila Hotel and Casino.

He said that to transform into a stronger, more formidable brand, with the best synthesis of Filipino service excellence, country-wide presence, convenience, luxury, modernity, and overall guest experience, the Company will elevate itself further by suiting its infrastructure to a new travel and tourism outlook—one wherein it will capture the market through breathtaking design, provide the latest in amenities, and transform the guest experience through modern technology and creativity. By keeping its product at the leading edge of industry standards, it will stand out from the competition and thus put itself in the best position to meet the demands of a changed future.

After discussions and on motion made and seconded, the stockholders accepted and approved the Annual Report for the year 2021 and the Audited Financial Statements as of December 31, 2021.

V. <u>RATIFICATION OF ACTS OF THE BOARD AND MANAGEMENT FOR THE YEAR 2021</u>

On motion duly made and seconded, the stockholders unanimously approved and ratified, all acts of the Board and Management for the year ended December 31, 2021, as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the Annual Report and the Financial Statements

VI. <u>ELECTION OF THE BOARD OF DIRECTORS</u>

Proceeding with the agenda, the Chairman opened the floor to nominations for the election of the Board of Directors of the Corporation for the year 2022 -2023.

Upon nomination and on motion duly made and seconded, the stockholders unanimously elected the following as Directors of the Corporation to serve as such until the next annual meeting, and until their successors shall have been elected and qualified:

As **independent** directors:

Justice Renato C. Francisco
Mr. Noel M. Carino
Atty. Aristeo R. Cruz

As **regular** directors:

Ms. Elvira A. Ting
Mr. Kenneth T. Gatchalian
Atty. Pablo M. Gancayco
Atty. Lamberto B. Mercado, Jr.
Ms. Dee HuaGatchalian
Mr. Arthur M. Lopez
Mr. Sergio R. Ortiz-Luis, Jr.
Atty. Ruben D. Torres

VII. APPOINTMENT OF THE EXTERNAL AUDITORS

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor.

A certain Atty. Ver Anthony Fortich, who introduced himself as proxy for Mr. Cyprian Pallasigui, objected to the nomination of R. G. Manabat & Co. as external auditor of the Company, citing the five-year term limit to serve as such. However, Independent Director, Atty. Aristeo Cruz, clarified that the term limit applies to the partner-in-charge and not to the auditing firm and that the nomination of R. G. Manabat is proper and in compliance with SEC and PSE rules.

Upon nomination and on motion duly made and seconded, the stockholders appointed the accounting firm of R.G. Manabat & Co., CPA's as the Corporation's external auditor.

VIII. APPOINTMENT OF EXTERNAL COUNSEL

Upon nomination and on motion duly made and seconded, the stockholders appointed Corporate Counsels Philippines Law Offices and Gancayco, Balasbas & Associates as the external counsel of the Corporation.

IX. ADJOURNMENT

There being no further business to transact, the meeting was, on motion duly made and seconded, adjourned.

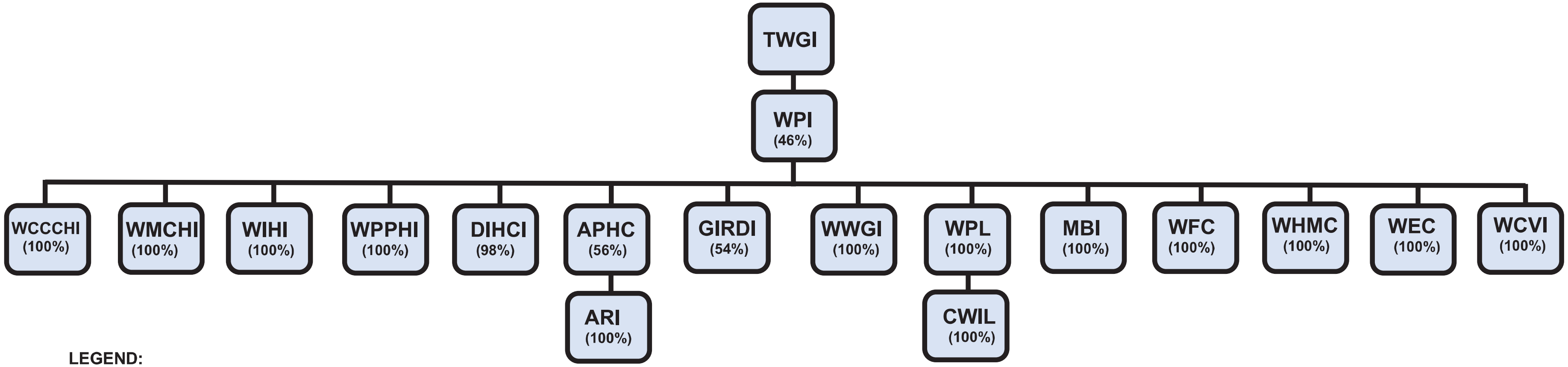
Arthur R. Ponsaran
Corporate Secretary

ATTESTED BY:

Arthur M. Lopez
Chairman

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2020



LEGEND:

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

Republic of the Philippines} S.S.
CITY OF MANILA }

CERTIFICATION

I, ARTHUR R. PONSARAN, 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. and Atty. Ruben D. Torres who are Directors 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. and Atty. Ruben D. Torres to be directors 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 NOV 09 2022 in CITY OF MANILA.

ARTHUR R. PONSARAN
Corporate Secretary

SUBSCRIBED AND SWORN BEFORE ME this NOV 09 2022 with the affiant exhibiting to me his Tax Identification No. 127-640-176-000 issued by Bureau of Internal Revenue.

Doc. No. 120
Page No. 24
Book No. 17
Series of 2022.

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022-052
IBP# 165726 Pasig for yr. 2022
PTR# 0154719 Mla - 1-3-2022
Roll # 25473, TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

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 11th day of August 2022 in Bicutan, Parañaque City.

MIGUEL E. UMALI
President & CEO

PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. RUBEN D. TORRES** 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 7th day of November 2022 in Bicutan, Paranaque City.

ATTY. MIGUEL E. UMALI
President and CEO

ACE000000000 June 30, 2023

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

June 30, 2023

ACE000000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	615,000
ABACUS SECURITIES CORPORATION	1,462,810
PHILSTOCKS FINANCIAL INC	3,508,096
BA SECURITIES, INC.	2,214,000
AP SECURITIES INCORPORATED	91,500
ANSALDO, GODINEZ & CO., INC.	142,000
AB CAPITAL SECURITIES, INC.	399,710
SB EQUITIES,INC.	91,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
ASIASEC EQUITIES, INC.	100,000
CHINA BANK SECURITIES CORPORATION	5,943,000
BELSON SECURITIES, INC.	85,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	445,973
CAMPOS, LANUZA & COMPANY, INC.	174,500
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	3,461,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	7,350
E. CHUA CHIACO SECURITIES, INC.	105,783
EASTERN SECURITIES DEVELOPMENT CORPORATION	84,500
EVERGREEN STOCK BROKERAGE & SEC., INC.	336,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	6,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	117,501
HDI SECURITIES, INC.	4,776,001
I. B. GIMENEZ SECURITIES, INC.	52,157,527
INVESTORS SECURITIES, INC,	24,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	9,909,571
DA MARKET SECURITIES, INC.	18,000
MERCANTILE SECURITIES CORP.	6,000
MOUNT PEAK SECURITIES, INC.	15,000
RCBC SECURITIES, INC.	19,211
PAPA SECURITIES CORPORATION	4,000
MAYBANK SECURITIES, INC.	100,304
PNB SECURITIES, INC.	3,550

QUALITY INVESTMENTS & SECURITIES CORPORATION	150,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	670,350
REGINA CAPITAL DEVELOPMENT CORPORATION	207,850
AAA SOUTHEAST EQUITIES, INCORPORATED	36,000
R. S. LIM & CO., INC.	475,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
TANSENGCO & CO., INC.	115,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,301,250
LANDBANK SECURITIES, INC.	7,250
FIRST METRO SECURITIES BROKERAGE CORP.	336,004
WEALTH SECURITIES, INC.	212,000
WESTLINK GLOBAL EQUITIES, INC.	33,304,400
YAO & ZIALCITA, INC.	368,500
BDO SECURITIES CORPORATION	201,350
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	300,000
G.D. TAN & COMPANY, INC.	4,347,287
UNICAPITAL SECURITIES INC.	4,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	75,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total	**132,624,977**

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	ANDRADA CONSTRUCTION & DEV. INC.	99,291
7	ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394
8	ANTONIO, ARTURO	19,855
9	ANTONIO, SILVINO JR.	19,855
10	ANUP TRADING	198,576
11	AQUINO, ERNESTO R.	99,291
12	ARANETA, SALVADOR (HEIRS OF)	139,002
13	ARROYO, TOMAS	19,855
14	ASIAMERIT SECURITIES, INC. FAO MC142	1,984
15	ATILANO, VICENTE C.	3,500
16	AURELIO, MANUEL &/OR LILIA	39,714
17	AVENDANO, ANTONIO	1,298
18	AZORES, NORMA T.	196
19	BALUYUT, SISENANDO	148,928
20	BARREDO, LUISA	19,855
21	BAUTISTA, DOMINGO C.	476,574
22	BELLO JR., SILVESTRE H.	3,500
23	BENITEZ, CONRADO II	19,855
24	BONDOC, ANGELITA L.	19,855
25	BUGARIN, JOLLY R.	79,432
26	BUSUEGO, ARACELI A.	39,714
27	CABANERO, GILDA	19,855
28	CABANERO, LEONARDO	19,855
29	CABANERO, LORNA	19,855
30	CABANERO, MA. CECILIA	19,855
31	CABANERO, NORBERTO S.	19,855
32	CABANERO, REBECCA S.	19,855
33	CABANEZ, LORETO	19,855
34	CANCIO, AGUSTIN S.	79,429
35	CAPILITAN ANDRADA ENGINEERING CORP	99,291
36	CARINO, DANILO	19,855
37	NOEL MABUNAY CARIÑO	100
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

Count	Name	Holdings
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

Count	Name	Holdings
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	PATERNO, VICENTE	19,855
138	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,249,475
139	PCD NOMINEE CORPORATION	80,375,502
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

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 HUELGAS &/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
205	YU PUN HOI	392
206	YU, MANUEL L.	119,140
	Total Stockholders :	**346,100,520**

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Friday, August 11, 2023 3:58 PM
To: Aleli Rose Alday <a.alday@waterfronthotels.net>
Subject: Re: ACESITE PHILS HOTEL CORPORATION_SEC FORM 17-Q_11AUGUST2023

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

--- NOTICE TO COMPANIES ---

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

COVER SHEET

7 1 9 9

SEC Registration Number

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

(Company's Full Name)

8 t h F l o o r W a t e r f r o n t M a n i l a H o t e l
a n d C a s i n o U N A v e n u e c o r n e r
M . O r o s a S t r e e t E r m i t a , M a n i l a

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

RICHARD RICARDO

Contact Person

8231 10 73 (TEMPORARY)

Company Telephone Number

1 2 | 3 1

Month *Day*

1 7 - Q 2

FORM TYPE

1 2 | 0 2

Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

206

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSIONSEC FORM 17-Q

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

1. For the quarterly period ended
   June 30, 2023
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 Code1000
8. Issuer's telephone number, including area code
   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?
   xYes
   No

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)
   xYes
   No

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

ACESITE (PHILS) HOTEL CORP

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

For the period ended June 30, 2023

Currency (indicate units, if applicable) Php

Balance Sheet

	Period Ended June 30, 2023	Fiscal Year Ended (Audited) December 31, 2022
Current Assets	389,778,517	563,465,437
Total Assets	2,882,301,646	3,014,095,780
Current Liabilities	778,421,877	849,823,697
Total Liabilities	1,081,986,594	1,147,504,130
Retained Earnings/(Deficit)	1,246,237,659	1,312,514,315
Stockholders' Equity	1,800,315,052	1,866,591,650
Stockholders' Equity - Parent	1,754,803,999	1,821,219,047
Book Value per Share	5.22	5.41

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Gross Expense	25,588,818	30,944,505	50,486,210	57,212,805
Net Income/(Loss) Before Tax	(25,588,818)	(30,944,505)	(50,486,210)	(57,212,805)
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(25,588,818)	(30,944,505)	(50,486,210)	(57,212,805)
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	-0.07	-0.09	-0.15	-0.17
Earnings/(Loss) Per Share (Diluted)	-0.07	-0.09	-0.15	-0.17

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	-0.2056	1.8977
Earning/(Loss) Per Share (Diluted)	-0.2056	1.8977

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 Waterfront Manila Hotel and Casino formerly known as the 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, 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 June 30, 2023 were approved.

Basis of Measurement

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

Functional and Presentation Currency

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

Use of Estimates and Judgments

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

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

Item 3. Summary of Significant Accounting Policies

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

Adoption of Amendments to Standards

Adopted on January 1, 2019

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

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

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

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

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

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

Item 4. Cash and Cash Equivalents

Included in cash and cash equivalents as of June 30, 2023 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	June 2023	December 2022
Trade – Net	67,904,023	117,900,146
Others	100,938,288	98,701,816
Total	**168,842,311**	**216,601,962**

Item 6. Inventories

This account consists:

	June 2023	December 2022
Food and Beverage	-	-
Operating Supplies	-	-
Others	762,424	762,424
Total	**762,424**	**762,424**

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	June 2023	December 2022
Accrued Expenses	9,237,144	5,904,399
Trade Payables	341,022,177	371,789,952
Others	7,365,592	14,798,378
Total	**357,624,914**	**392,492,729**

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 non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

There is no currently existing loan.

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

	June 2023	June 2022
Net Income (Loss)	(25,588,818)	(30,944,505)
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	(0.07)	(0.09)

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 proceeds from the insurance claims shall be used to restore the hotel for its continued operation.

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

v. The business operation during the 2nd quarter of 2018 has temporary ceased due to the damages caused by fire to the property. By the end of 2nd quarter of 2023, the business operation has not yet commenced.

vi. For the second quarter of 2023, 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 2022 to 2023 have been discussed under management discussion and analysis above.

viii. Causes of material changes in the items in the income statements for the 2nd quarter of 2023 and 2022, and the balance sheets as of 30 June 2023 and 31 December 2022 have been discussed under management discussion and analysis above.

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

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Company for the period ending June 30, 2023 and 2022 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 June 2023 and Quarter Ended 30 June 2022

No gross revenues registered in the same comparative period in 2023 and 2022. No room sales were reported due to the fire incident. There was zero occupancy in 2Q2023 same as 2Q2022. No room revenue contribution to the gross revenues for 2Q2023 and 2Q2022, respectively. Zero average room rate for both 2Q2023 and 2Q2022.

Zero Food and Beverage revenue was recorded in 2Q2023 and 2Q2022. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 2Q2023 and 2Q2022. Rent and other income have remained zero in 2Q2023 and in 2Q2022.

There was no F&B Revenue, thus, no cost of sales in both 2Q2023 and in 2Q2022. Payroll expenses decreased by 60.21% from P1.22 million in 2Q2022 to P0.48 million in 2Q2023. 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 increased from P.07 million in 2Q2022 to P.12 million in 2Q2023. The Energy cost was recorded at P2.30 million in 2Q2023.

The Company posted a gross operating loss of P8.51 million in 2Q2023, representing decrease of P4.89 million from that recorded in 2Q2022 of P13.41 million. Gross operating profit/loss ratio in 2Q2023 and 2Q2022 stood both at 0%.

Fixed financial, operating and other expenses decreased from P17.54 million in 2Q2022 to P17.08 million in 2Q2023 with the major decrease coming from marketing expenses and adjustment to real estate tax. The general and administrative expenses increased from P12.67 million in 2Q2022 to P13.01 million in 2Q2023 due to various expenses. Marketing and guest entertainment decreased from P.34 million in 2Q2022 to P.09 million in 2Q2023. No corporate expenses were recorded in 2Q2023. Real estate tax went down from P3.52 million in 2Q2022 to P2.76 million in 2Q2023. Fire insurance increased from P1.01 million in 2Q2022 to P1.21 million in 2Q2023. For 2Q2023, the Company posted a net loss of P25.59 million representing a decrease of 9.36% from loss of P30.94 million in 2Q2022.

FINANCIAL CONDITION

As of 30 June 2023 and Year Ended 31 December 2022

Total assets decreased to P2.89 billion in 30 June 2023 as compared to P3.01 billion as of 31 December 2022. Current assets decreased from P.56 billion as of 31 December 2022 to P.39 billion as of end of 2Q2023, this is due to decrease in Cash and Cash Equivalents. Cash ending balance as of 30 June 2023 is P16.16 million posted a decrease from P142.47 million. Trade receivables decreased by P50.00 million as of 30 June 2023 from P117.90 million as of 31 December 2022. No changes have been noted from the Inventories from 31 December 2022 to 2Q 2023. Prepayments and other current assets increased to P204.02 million as of 30 June 2023 from P203.63 million as of 31 December 2022.

Property and equipment account increased from P1.74 billion as of 31 December 2022 to P1.79 billion as of 30 June 2023. No changes have been noted from the Available for Sale investment account from 31 December 2022 to the 2Q2023. Other non-current assets of P684.55 million as of end of 2Q2023 decreased by P4.01 million from P688.56 million as of 31 December 2022 due to decrease on Deposits to Contractors during the year.

Total liabilities decreased from P1.15 billion as of 31 December 2022 to P1.08 billion as of 30 June 2023. Trade and other current payables decreased from P392.49 million as of 31 December 2022 to P357.62 million as of 30 June 2023. Non-current liabilities increased by P5.88 million from P297.69 million as of 31 December 2022 to P303.56 million as of 30 June 2023.

TOP FIVE (5) PERFORMANCE INDICATORS

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

	June 2023	**June 30, 2022**
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(8,510,828)	(13,405,291)
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 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 receivables, there were no significant concentrations of credit risk.

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

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

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

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

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

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

The Group is primarily exposed to the financial 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.

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

The Group is exposed to equity price risk because of its investment in shares of stock of WIN 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 June 30, 2023.

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.

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.

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
11 August 2023

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	June 30, 2023	December 31, 2022
Current Assets	389,778,517	563,465,437
Current Liabilities	778,421,877	849,823,697
Ratio	0.5007	0.6630

Quick Ratio	June 30, 2023	December 31, 2022
Cash+AR+ST Mkt Securities	84,059,167	260,374,356
Current Liabilities	778,421,877	849,823,697
Ratio	0.1080	0.3064

Cash Ratio	June 30, 2023	December 31, 2022
Cash+ST Mkt Securities	16,155,144	142,474,210
Current Liabilities	778,421,877	849,823,697
Ratio	0.0208	0.1677

SOLVENCY RATIO

Current Liabilities to Equity Ratio	June 30, 2023	December 31, 2022
Current Liabilities	778,421,877	849,823,697
Total Equity	1,800,315,052	1,866,591,650
Ratio	0.4324	0.4553

Total Liabilities to Equity Ratio	June 30, 2023	December 31, 2022
Total Liabilities	1,081,986,594	1,147,504,130
Total Equity	1,800,315,052	1,866,591,650
Ratio	0.6010	0.6148

Fixed Assets to Equity Ratio	June 30, 2023	December 31, 2022
Fixed Assets	1,788,034,615	1,742,130,688
Total Equity	1,800,315,052	1,866,591,650
Ratio	0.9932	0.9333

Assets to Equity Ratio	June 30, 2023	December 31, 2022
Total Assets	2,882,301,646	3,014,095,780
Total Equity	1,800,315,052	1,866,591,650
Ratio	1.6010	1.6148

INTEREST COVERAGE RATIO

Interest Coverage Ratio	June 30, 2023	December 31, 2022
Net Income Before Tax + Interest Exp	(50,486,210)	(77,987,681)
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	June 30, 2023	December 31, 2021
Net Income After Tax	(50,486,210)	(49,835,971)
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	June 30, 2023	December 31, 2022
Net Income After Tax	(50,486,210)	(72,857,214)
Total Assets	2,882,301,646	3,014,095,780
Ratio	(0.0175)	(0.0242)

Return on Equity Ratio	June 30, 2023	December 31, 2022
Net Income After Tax	(50,486,210)	(72,857,214)
Total Equity	1,800,315,052	1,866,591,650
Ratio	(0.0280)	(0.0390)

Certification

I, RICHARD L. RICARDO, Compliance Officer of ACESITE (PHILS) HOTEL CORPORATION, with SEC Registration Number 7199 with principal office at 8TH FLOOR WATERFRONT MANILA 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 Q2** 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 AUG 11 2023 day of __________, 2023.

RICHARD L. RICARDO
Affiant

SUBSRCIBED AND SWORN to before me this ______ day of AUG 11 2023 2023.

NOTARY PUBLIC

Doc. No. 252
Page No. 52
Book No. 25
Series of 2023

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022 - 052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # 25473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

ACESITE (PHILS.) HOTEL CORPORATION
(doing business under the name and style of Waterfront Manila Hotel and Casino)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	16,155,144	142,474,210
Trade and other current receivables - net	67,904,023	117,900,146
Note receivable	100,938,288	98,701,816
Due from a related party	-	-
Inventories	762,424	762,424
Due from parent company	-	-
Prepaid expenses and other current assets	204,018,638	203,626,841
Total Current Assets	389,778,517	563,465,437
Noncurrent Assets		
Property and equipment - net	1,788,034,615	1,742,130,688
Right-of-use assets - net	-	-
Investment in a subsidiary	-	-
Equity securities - at fair value through other comprehensive income	19,943,300	19,943,300
Investment property	-	
Deferred tax assets - net	-	
Other noncurrent assets - net	684,545,214	688,556,355
Total Noncurrent Assets	2,492,523,129	2,450,630,343
	2,882,301,646	3,014,095,780
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	357,624,914	392,492,729
Due to related parties	420,796,963	457,330,968
Lease liability - current portion	-	-
Income tax payable	-	-
Total Current Liabilities	778,421,877	849,823,697
Noncurrent Liabilities		
Retirement benefits liability	7,426,570	4,426,570
Lease liability - net of current portion	-	-
Retention payables	90,267,994	85,907,565
Deferred tax liabilities - net	205,870,153	207,346,298
Total Noncurrent Liabilities	303,564,717	297,680,433
Total Liabilities	1,081,986,594	1,147,504,130
Equity		
Capital stock	346,100,578	346,100,520
Revaluation surplus on property and equipment - net	150,433,612	150,433,612
Retirement benefits reserve	61,892,073	61,892,073
Fair value reserve	7,692,830	7,692,830
Retained earnings	1,246,237,659	1,312,514,315
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	1,800,315,052	1,866,591,650
	2,882,301,646	3,014,095,780

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING June 30, 2023
(With Comparative Figures for June 30, 2022)

	QUARTER ENDED 30-Jun-23	YTD ENDED 30-Jun-23	QUARTER ENDED 30-Jun-22	YTD ENDED 30-Jun-22
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	484,359	1,141,247	1,217,291	2,373,475
Other Expenses	125,082	208,475	70,301	97,924
	609,441	**1,349,722**	**1,287,592**	**2,471,399**
	-	-	-	-
Energy Cost	2,297,642	3,340,168	1,091,149	1,875,702
Property operations and maintenance	606,831	2,256,528	732,698	1,433,049
Depreciation on cost	4,996,914	9,994,467	10,293,852	10,845,180
Land rental	-	-	-	-
	7,901,386	**15,591,163**	**12,117,699**	**14,153,931**
	8,510,828	**16,940,886**	**13,405,291**	**16,625,330**
GROSS OPERATING PROFIT (LOSS)	**(8,510,828)**	**(16,940,886)**	**(13,405,291)**	**(16,625,330)**
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES	-	-	-	-
General and Administrative Expenses	13,010,415	23,900,900	12,672,195	31,248,624
Marketing and Guest Entertainment	92,062	272,887	338,199	661,063
Foreign Exchange (Gain) Loss	-	-	-	-
Interest Expense	-	-	-	-
Corporate Expenses	-	-	-	-
Real Estate Tax	2,763,210	6,661,408	3,519,869	6,661,408
Insurance - Building and Contents	1,212,303	2,710,130	1,008,952	2,016,380
Interest and Other Charges/(Income)-Net	-	-	-	-
	17,077,990	**33,545,324**	**17,539,214**	**40,587,475**
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	- (25,588,818)	- (50,486,210)	- (30,944,505)	- (57,212,805)
DEPRECIATION - REVALUATION INCREMENT	-	- -	-	- -
INCOME (LOSS) BEFORE INCOME TAX	(25,588,818)	(50,486,210)	(30,944,505)	(57,212,805)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	**(25,588,818)**	**(50,486,210)**	**(30,944,505)**	**(57,212,805)**
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)	**(25,588,818)**	**(50,486,210)**	**(30,944,505)**	**(57,212,805)**
	-		-	
Net Income(Loss)	(25,588,818)	(50,486,210)	(30,944,505)	(57,212,805)
No. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	**(0.07)**	**(0.15)**	**(0.09)**	**(0.17)**

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR SIX - MONTH ENDING June 30, 2023

	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, 2022	346,100,578	-12,041,700	150,433,612	61,892,073	7,692,830	1,312,514,315	1,866,591,708.00
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the six months						-50,486,210	-50,486,210
Balance at June 30, 2023	346,100,578	-12,041,700	150,433,612	61,892,073	7,692,830	1,262,028,105	1,816,105,498
Balance at December 31, 2021	346,100,578	-12,041,700	165,110,062	61,561,711	7,692,830	1,370,695,079	1,939,118,502
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the six months						-57,212,805	-57,212,805
Balance at June 30, 2022	346,100,578	-12,041,700	165,110,062	61,561,711	7,692,830	1,313,482,274	1,881,905,697

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDINGS June 30, 2023
(With Comparative Figures for June 30, 2022)

	QUARTER ENDED 30-Jun-23	YTD ENDED 30-Jun-23	QUARTER ENDED 30-Jun-22	YEAR TO DATE 30-Jun-22
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	(26,180,477)	(50,486,210)	(30,944,505)	(57,212,805)
Adjustments for:				
Depreciation	4,996,914	9,994,467	10,293,852	10,845,180
Interest Expense	-	-	-	-
Unrealized foreign exchange loss	-	-	-	-
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	(21,183,564)	(44,136,947)	(20,650,652)	(50,012,829)
Decrease (increase) in:				
Receivables	20,881,793	49,996,123	9,073,984	16,768,034
Inventories	-	-	-	-
Prepaid expenses	1,615,677	(391,797)	(2,362,401)	(1,437,739)
Increase (decrease) in:	-		-	
Accounts payable and accrued expenses	(20,632,668)	(34,867,815)	3,294,121	(52,678,720)
Net Cash flow from Insurance claims	-	-	-	-
Retirement benefit plan obligation	1,500,000	3,000,000	1,500,000	3,000,000
Concessionaires and other deposits	-	-	-	-
Rental paid in advance	-	-	-	-
Net cash generated from operations	(17,818,761)	(26,400,435)	(9,144,948)	(84,361,253)
Interest received	-	-	-	-
Income taxes paid	-	-	-	-
Net cash from operating activities	(17,818,761)	(26,400,435)	(9,144,948)	(84,361,253)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	531,639	36,534,005	23,529,975	20,805,077
Note receivable	-	-	-	-
Proceeds from insurance claims on property damages	-	-	-	-
Other noncurrent assets	-	-	-	-
Acquisition of property and equipment	-	-	(139,059,566)	(76,049,002)
Decrease (increase) in other assets	(109,031,944)	(136,452,636)	(115,529,591)	(55,243,925)
Net cash from (used) in investing activities	(108,500,305)	(99,918,631)		
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	(126,319,066)	(126,319,066)	(124,674,539)	(139,605,178)
CASH AND CASH EQUIVALENTS, BEGINNING	142,474,210	142,474,210	453,964,816	468,895,455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**16,155,144**	**16,155,144**	**329,290,277**	**329,290,277**

ACESITE (Philippines) Hotel Corporation
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of June 30, 2023

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	Total
Acesite Leisure and Entertainment Corporation					2,361,296	2,361,296
Wellex Group					3,396,204	3,396,204
Wellex Mining					8,785,046	8,785,046
Image Travel & Tours Corpora					151,793	151,793
Various Guest					3,652,104	3,652,104
Total	-	-	-	-	**18,346,443**	**18,346,443**

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	June 30, 2023

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	132,624,977
PCD Nominee – Filipino	80,401,752
PCD Nominee – Non-Filipino	52,223,225
Number of Certificated Common Shares	213,475,601

Change from previous submission

Stock Transfer Service Inc.
ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 06/30/2023

Rank	Name	Holdings	Percentage
1	WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
2	PCD NOMINEE CORPORATION	80,401,752	23.23%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,223,225	15.09%
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%

Rank	Name	Holdings	Percentage
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	CHUA, VICENTE YU	59,570	00.02%
41	MAKALINTAL, QUERUBIN F.	59,570	00.02%
42	DELGADO, FEDERICO C.	59,570	00.02%
43	DELGADO, JOSE MARI 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	RUFINO, CARLOS	39,714	00.01%
50	MOSQUEDA, JOSE O.	39,714	00.01%
51	NADAL, EDGARDO	39,714	00.01%
52	MARILEX REALTY DEVELOPMENT CORP.	39,714	00.01%

List of Top 100 Stockholders
As of 06/30/2023

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

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

Total Top 100 Shareholders :	345,278,850	99.76%
Total Issued Shares	346,100,520	

ACE000000000 June 30, 2023

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

June 30, 2023

ACE000000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	615,000
ABACUS SECURITIES CORPORATION	1,462,810
PHILSTOCKS FINANCIAL INC	3,508,096
BA SECURITIES, INC.	2,214,000
AP SECURITIES INCORPORATED	91,500
ANSALDO, GODINEZ & CO., INC.	142,000
AB CAPITAL SECURITIES, INC.	399,710
SB EQUITIES,INC.	91,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
ASIASEC EQUITIES, INC.	100,000
CHINA BANK SECURITIES CORPORATION	5,943,000
BELSON SECURITIES, INC.	85,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	445,973
CAMPOS, LANUZA & COMPANY, INC.	174,500
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	3,461,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	7,350
E. CHUA CHIACO SECURITIES, INC.	105,783
EASTERN SECURITIES DEVELOPMENT CORPORATION	84,500
EVERGREEN STOCK BROKERAGE & SEC., INC.	336,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	6,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	117,501
HDI SECURITIES, INC.	4,776,001
I. B. GIMENEZ SECURITIES, INC.	52,157,527
INVESTORS SECURITIES, INC,	24,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	9,909,571
DA MARKET SECURITIES, INC.	18,000
MERCANTILE SECURITIES CORP.	6,000
MOUNT PEAK SECURITIES, INC.	15,000
RCBC SECURITIES, INC.	19,211
PAPA SECURITIES CORPORATION	4,000
MAYBANK SECURITIES, INC.	100,304
PNB SECURITIES, INC.	3,550

QUALITY INVESTMENTS & SECURITIES CORPORATION	150,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	670,350
REGINA CAPITAL DEVELOPMENT CORPORATION	207,850
AAA SOUTHEAST EQUITIES, INCORPORATED	36,000
R. S. LIM & CO., INC.	475,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
TANSENGCO & CO., INC.	115,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,301,250
LANDBANK SECURITIES, INC.	7,250
FIRST METRO SECURITIES BROKERAGE CORP.	336,004
WEALTH SECURITIES, INC.	212,000
WESTLINK GLOBAL EQUITIES, INC.	33,304,400
YAO & ZIALCITA, INC.	368,500
BDO SECURITIES CORPORATION	201,350
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	300,000
G.D. TAN & COMPANY, INC.	4,347,287
UNICAPITAL SECURITIES INC.	4,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	75,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total	**132,624,977**

Fw: ACESITE PHILS HOTEL CORPORATION_SEC FORM 17-Q_12 MAY 2023
Aleli Rose Alday
to:
Rosehele Tampucao, Finance Admin Assistant, John Mark Aporto
12/05/2023 01:21 pm
Cc:
Evangeline E. Soliveres, "Jr Alfiler"
Hide Details
From: Aleli Rose Alday/WPI
To: "Rosehele Tampucao" <rvtampucao@yahoo.com>, Finance Admin Assistant/WPI@waterfronthotels.net, John Mark Aporto/WPI@waterfronthotels.net
Cc: Evangeline E. Soliveres/WPI@waterfronthotels.net, "Jr Alfiler" <noyealfiler@yahoo.com>

Dear All,

For our common reference.

Thank you.

Regards,

Aleli

ALELI ROSE ALDAY
Finance Manager

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

----- Forwarded by Aleli Rose Alday/WPI on 05/12/2023 01:20 pm -----

From: "ICTD Submission" <ictdsubmission+canned.response@sec.gov.ph>
To: a.alday@waterfronthotels.net
Date: 05/12/2023 01:18 pm
Subject: Re: ACESITE PHILS HOTEL CORPORATION_SEC FORM 17-Q_12 MAY 2023

Thank you for reaching out to ictdsubmission@sec.gov.ph. Your submission is subject for Verification and Review of the Quality of the Attached Document only for **Secondary Reports**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at https://secexpress.ph/. Or you may call 8737-8888 for further clarifications.

NOTICE

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND***

SUBMISSION TOOL **(EFAST)**. **https://cifss-ost.sec.gov.ph/user/login**
such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS**)

Further, 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, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

FOR **MC28**, please go to SEC website:
https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

COVER SHEET

7 1 9 9

SEC Registration Number

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

(Company's Full Name)

8 t h F l o o r W a t e r f r o n t M a n i l a H o t e l
a n d C a s i n o U N A v e n u e c o r n e r
M . O r o s a S t r e e t E r m i t a , M a n i l a

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

RICHARD RICARDO

Contact Person

8231 10 73 (TEMPORARY)

Company Telephone Number

1 2 3 1

Month *Day*

1 7 - Q 1

FORM TYPE

1 2 0 2

Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

206

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSIONSEC FORM 17-Q

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

1. For the quarterly period ended
   March 31, 2023
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 Code1000
8. Issuer's telephone number, including area code
   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?

(X) 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)

(X) Yes
( ) No

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

(X) Yes
( ) No

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, 2023

Currency (indicate units, if applicable) Php

Balance Sheet

	Period Ended March 31, 2023	Fiscal Year Ended (Audited) December 31, 2022
Current Assets	447,666,109	563,465,437
Total Assets	2,934,842,530	3,014,095,780
Current Liabilities	799,586,184	849,823,697
Total Liabilities	1,102,244,204	1,147,504,130
Retained Earnings/(Deficit)	1,278,520,991	1,312,514,315
Stockholders' Equity	1,832,598,326	1,866,591,650
Stockholders' Equity - Parent	1,787,697,607	1,821,219,047
Book Value per Share	5.32	5.41

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	-	-	-	-
Other Revenue	-	-	-	-
Gross Revenue	-	-	-	-
Gross Expense	24,305,732.59	26,268,300.14	24,305,732.59	26,268,300.14
Net Income/(Loss) Before Tax	-24,305,732.59	-26,268,300.14	-24,305,732.59	-26,268,300.14
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	-24,305,732.59	-26,268,300.14	-24,305,732.59	-26,268,300.14
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share (Basic)	-0.07	-0.08	-0.07	-0.08
Earnings/(Loss) Per Share (Diluted)	-0.07	-0.08	-0.07	-0.08

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	(0.2056)	1.8977
Earning/(Loss) Per Share (Diluted)	(0.2056)	1.8977

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 Waterfront Manila Hotel and Casino formerly 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, 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, 2023 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, 2023 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	March 2023	December 2022
Trade – Net	88,785,816	117,900,146
Others	100,599,129	98,701,816
Total	**189,384,945**	**216,601,962**

Item 6. Inventories

This account consists:

	March 2023	December 2022
Food and Beverage	-	-
Operating Supplies	-	-
Others	762,424	762,424
Total	**762,424**	**762,424**

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	March 2023	December 2022
Accrued Expenses	7,562,945	5,904,399
Trade Payables	363,256,156	371,789,952
Others	7,438,481	14,798,378
Total	**378,257,582**	**392,492,729**

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 non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

There is no currently existing loan.

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

	March 2023	March 2022
Net Income (Loss)	(24,305,733)	(26,268,300)
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	(0.07)	(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 proceeds from the insurance claims 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 2023, the business operation has not yet commenced.

vi. For the first quarter of 2023, 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 2022 to 2023 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 2023 and 2022, and the balance sheets as of 31 March 2023 and 31 December 2022 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, 2023 and 2022 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 31 March 2023 and Quarter Ended 31 March 2022

No gross revenues registered in the same comparative period in 2023 and 2022. No room sales were reported due to the fire incident. There was zero occupancy in 1Q2023 same as 1Q2022. No room revenue contribution to the gross revenues for 1Q2023 and 1Q2022, respectively. Zero average room rate for both 1Q2023 and 1Q2022.

Zero Food and Beverage revenue was recorded in 1Q2023 and 1Q2022. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down completely in 1Q2023 and 1Q2022. Rent and other income have remained zero in 1Q2023 and in 1Q2022.

There was no F&B Revenue, thus, no cost of sales in both 1Q2023 and in 1Q2022. Payroll expenses decreased by 43.18% from P1.16 million in 1Q2022 to P0.66 million in 1Q2023. 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 increased from P.03 million in 1Q2022 to P.08 million in 1Q2023. The Energy cost was recorded at P1.04 million in 1Q2023.

The Company posted a gross operating loss of P8.43 million in 1Q2023, representing increase of P4.45 million from that recorded in 1Q2022 of P3.22 million. Gross operating profit/loss ratio in 1Q2023 and 1Q2022 stood both at 0%.

Fixed financial, operating and other expenses decreased from P23.05 million in 1Q2022 to P15.88 million in 1Q2023 with the major decrease coming from general and administrative expenses. The general and administrative expenses decreased from P18.58 million in 1Q2022 to P10.87 million in 1Q2023 due to various expenses. Marketing and guest entertainment decreased from P.32 million in 1Q2022 to P.18 million in 1Q2023. No corporate expenses were recorded in 1Q2023. Real estate tax went up from P3.14 million in 1Q2022 to P3.33 million in 1Q2023. Fire insurance increased from P1.01 million in 1Q2022 to P1.50 million in 1Q2023. For 1Q2023, the Company posted a net loss of P24.31 million representing a decrease of 7.47% from loss of P26.27 million in 1Q2022.

FINANCIAL CONDITION

As of 31 March 2023 and Year Ended 31 December 2022

Total assets decreased to P2.93 billion in 31 March 2023 as compared to P3.01 billion as of 31 December 2022. Current assets decreased from P.56 billion as of 31 December 2022 to P.45 billion as of end of 1Q2023, this is due to decrease in Cash and Cash Equivalents. Cash ending balance as of 31 March 2023 of P51.88 million posted a decrease of P142.47 million. Trade receivables decreased by P29.11 million as of 31 March 2023 from P117.90 million as of 31 December 2022. No changes have been noted from the Inventories from 31 December 2022 to 1Q 2023. Prepayments and other current assets increased to P205.63 million as of 31 March 2023 from P203.63 million as of 31 December 2022.

Property and equipment account increased from P1.74 billion as of 31 December 2022 to P1.78 billion as of 31 March 2023. No changes have been noted from the Available for Sale investment account from 31 December 2022 to the 1Q2023. Other non-current assets of P683.59 million as of end of 1Q2023 decreased by P4.97 million from P688.56 million as of 31 December 2022 due to decrease on Deposits to Contractors during the year.

Total liabilities decreased from P1.15 billion as of 31 December 2022 to P1.10 billion as of 31 March 2023. Trade and other current payables decreased from P392.49 million as of 31 December 2022 to P378.26 million as of 31 March 2023. Non-current liabilities increased by P4.98 million from P297.69 million as of 31 December 2022 to P302.66 million as of 31 March 2023.

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 2023	**March 2022**
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Profit	(8,430,058)	(3,220,039)
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 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 receivables, there were no significant concentrations of credit risk.

Liquidity Risk

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

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

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

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

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

Market Risks

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

The Group is primarily exposed to the financial 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 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, 2023.

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.

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
12 May 2023

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	**March 31, 2023**	**December 31, 2022**
Current Assets	447,666,109	563,465,437
Current Liabilities	799,586,184	849,823,697
Ratio	0.5599	0.6630

Quick Ratio	**March 31, 2023**	**December 31, 2022**
Cash+AR+ST Mkt Securities	140,670,241	260,374,356
Current Liabilities	799,586,184	849,823,697
Ratio	0.1759	0.3064

Cash Ratio	**March 31, 2023**	**December 31, 2022**
Cash+ST Mkt Securities	51,884,425	142,474,210
Current Liabilities	799,586,184	849,823,697
Ratio	0.0649	0.1677

SOLVENCY RATIO

Current Liabilities to Equity Ratio	**March 31, 2023**	**December 31, 2022**
Current Liabilities	799,586,184	849,823,697
Total Equity	1,832,598,326	1,866,591,650
Ratio	0.4363	0.4553

Total Liabilities to Equity Ratio	**March 31, 2023**	**December 31, 2022**
Total Liabilities	1,102,244,204	1,147,504,130
Total Equity	1,832,598,326	1,866,591,650
Ratio	0.6015	0.6148

Fixed Assets to Equity Ratio	**March 31, 2023**	**December 31, 2022**
Fixed Assets	1,783,647,721	1,742,130,688
Total Equity	1,832,598,326	1,866,591,650
Ratio	0.9733	0.9333

Assets to Equity Ratio	**March 31, 2023**	**December 31, 2022**
Total Assets	2,934,842,530	3,014,095,780
Total Equity	1,832,598,326	1,866,591,650
Ratio	1.6015	1.6148

INTEREST COVERAGE RATIO

Interest Coverage Ratio	**March 31, 2023**	**December 31, 2022**
Net Income Before Tax + Interest Exp	(24,305,733)	(77,987,681)
Interest Expense	-	-
Ratio	-	-

PROFITABILITY RATIO

Interest Coverage Ratio	March 31, 2022	December 31, 2021
Net Income After Tax	(26,268,300)	(49,835,971)
Net Sales	-	-
Ratio	-	-

Return on Assets (ROA) Ratio	March 31, 2023	December 31, 2022
Net Income After Tax	(24,305,733)	(72,857,214)
Total Assets	2,934,842,530	3,014,095,780
Ratio	(0.0083)	(0.0242)

Return on Equity Ratio	March 31, 2023	December 31, 2022
Net Income After Tax	(24,305,733)	(72,857,214)
Total Equity	1,832,598,326	1,866,591,650
Ratio	(0.0133)	(0.0390)

Certification

I, RICHARD L. RICARDO, Compliance Officer of ACESITE (PHILS) HOTEL CORPORATION, with SEC Registration Number 7199 with principal office at 8TH FLOOR WATERFRONT MANILA 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 MAY 12 2023 day of ____________, 2023.

RICHARD L. RICARDO
Affiant

SUBSRCIBED AND SWORN to before me this ________ day of MAY 12 2023 2023.

NOTARY PUBLIC

Doc. No. 240
Page No. 48
Book No. 15
Series of 2023

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022-052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # 25473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

ACESITE (PHILS.) HOTEL CORPORATION
(doing business under the name and style of Waterfront Manila Hotel and Casino)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	51,884,425	142,474,210
Trade and other current receivables - net	88,785,816	117,900,146
Note receivable	100,599,129	98,701,816
Due from a related party	-	-
Inventories	762,424	762,424
Due from parent company	-	-
Prepaid expenses and other current assets	205,634,315	203,626,841
Total Current Assets	447,666,109	563,465,437
Noncurrent Assets		
Property and equipment - net	1,783,647,721	1,742,130,688
Right-of-use assets - net	-	-
Investment in a subsidiary	-	-
Equity securities - at fair value through other comprehensive income	19,943,300	19,943,300
Investment property	-	
Deferred tax assets - net	-	
Other noncurrent assets - net	683,585,400	688,556,355
Total Noncurrent Assets	2,487,176,421	2,450,630,343
	2,934,842,530	3,014,095,780
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	378,257,582	392,492,729
Due to related parties	421,328,602	457,330,968
Lease liability - current portion	-	-
Income tax payable	-	-
Total Current Liabilities	799,586,184	849,823,697
Noncurrent Liabilities		
Retirement benefits liability	5,926,570	4,426,570
Lease liability - net of current portion	-	-
Retention payables	89,594,904	85,907,565
Deferred tax liabilities - net	207,136,546	207,346,298
Total Noncurrent Liabilities	302,658,020	297,680,433
Total Liabilities	1,102,244,204	1,147,504,130
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus on property and equipment - net	150,433,612	150,433,612
Retirement benefits reserve	61,892,073	61,892,073
Fair value reserve	7,692,830	7,692,830
Retained earnings	1,278,520,991	1,312,514,315
Treasury stock	(12,041,700)	(12,041,700)
Total Equity	1,832,598,326	1,866,591,650
	2,934,842,530	3,014,095,780

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING March 31, 2023
(With Comparative Figures for March 31, 2022)

	QUARTER ENDED 31-Mar-23	YTD ENDED 31-Mar-23	QUARTER ENDED 31-Mar-22	YTD ENDED 31-Mar-22
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	656,888	656,888	1,156,184	1,156,184
Other Expenses	83,393	83,393	27,623	27,623
	740,281	**740,281**	**1,183,807**	**1,183,807**
	-	-	-	-
Energy Cost	1,042,526	1,042,526	784,553	784,553
Property operations and maintenance	1,649,698	1,649,698	700,352	700,352
Depreciation on cost	4,997,554	4,997,554	551,327	551,327
Land rental	-	-	-	-
	7,689,777	**7,689,777**	**2,036,232**	**2,036,232**
	8,430,058	**8,430,058**	**3,220,039**	**3,220,039**
GROSS OPERATING PROFIT (LOSS)	**(8,430,058)**	**(8,430,058)**	**(3,220,039)**	**(3,220,039)**
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES	-	-	-	-
General and Administrative Expenses	10,866,319	10,866,319	18,576,429	18,576,429
Marketing and Guest Entertainment	180,824	180,824	322,864	322,864
Foreign Exchange (Gain) Loss	-	-	-	-
Interest Expense	-	-	-	-
Corporate Expenses	-	-	-	-
Real Estate Tax	3,330,704	3,330,704	3,141,539	3,141,539
Insurance - Building and Contents	1,497,827	1,497,827	1,007,428	1,007,428
Interest and Other Charges/(Income)-Net	-	-	-	-
	15,875,675	**15,875,675**	**23,048,261**	**23,048,261**
INCOME (LOSS) BEFORE DEPRECIATION	-	-	-	-
ON REVALUATION INCREMENT AND INCOME TAX	(24,305,733)	(24,305,733)	(26,268,300)	(26,268,300)
		-		-
DEPRECIATION - REVALUATION INCREMENT	-	-	-	-
INCOME (LOSS) BEFORE INCOME TAX	(24,305,733)	(24,305,733)	(26,268,300)	(26,268,300)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	**(24,305,733)**	**(24,305,733)**	**(26,268,300)**	**(26,268,300)**
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)	**(24,305,733)**	**(24,305,733)**	**(26,268,300)**	**(26,268,300)**
	-		-	
Net Income(Loss)	(24,305,733)	(24,305,733)	(26,268,300)	(26,268,300)
No. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	**(0.07)**	**(0.07)**	**(0.08)**	**(0.08)**

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THREE - MONTH ENDING March 31, 2023

	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, 2022	346,100,520	-12,041,700	150,433,612	61,892,073	7,692,830	1,312,514,315	1,866,591,650.00
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the three months						-24,305,733	-24,305,733
Balance at March 31, 2023	346,100,520	-12,041,700	150,433,612	61,892,073	7,692,830	1,288,208,582	1,842,285,917
Balance at December 31, 2021	346,100,520	-12,041,700	165,110,062	61,561,711	7,692,830	1,370,695,079	1,939,118,502
Transfer of revaluation increment deducted from operations through additional depreciation charges							
Net income (loss) for the three months						-26,268,300	-26,268,300
Balance at March 31, 2022	346,100,520	-12,041,700	165,110,062	61,561,711	7,692,830	1,344,426,779	1,912,850,202

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDINGS March 31, 2023
(With Comparative Figures for March 31, 2022)

	QUARTER ENDED 31-Mar-23	YTD ENDED 31-Mar-23	QUARTER ENDED 31-Mar-22	YEAR TO DATE 31-Mar-22
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	(24,305,733)	(24,305,733)	(26,268,300)	(26,268,300)
Adjustments for:				
Depreciation	4,997,554	4,997,554	551,327	551,327
Interest Expense	-	-	-	-
Unrealized foreign exchange loss	-	-	-	-
Amortization of operating equipment	-	-	-	-
Provision for doubtful accounts	(3,645,204)	(3,645,204)	(3,645,204)	(3,645,204)
Interest Income	-	-	-	-
Loss on sale of equipment	-	-	-	-
Operating income before working capital changes	(22,953,383)	(22,953,383)	(29,362,177)	(29,362,176)
Decrease (increase) in:				
Receivables	29,114,330	29,114,330	7,694,050	7,694,050
Inventories	-	-	-	-
Prepaid expenses	(2,007,474)	(2,007,474)	924,662	924,662
Increase (decrease) in:	-		-	
Accounts payable and accrued expenses	(14,235,147)	(14,235,147)	(55,972,841)	(55,972,841)
Net Cash flow from Insurance claims	-	-	-	-
Retirement benefit plan obligation	1,500,000	1,500,000	1,500,000	1,500,000
Concessionaires and other deposits	-	-	-	-
Rental paid in advance	-	-	-	-
Net cash generated from operations	(8,581,674)	(8,581,674)	(75,216,306)	(75,216,305)
Interest received	-	-	-	-
Income taxes paid	-	-	-	-
Net cash from operating activities	(8,581,674)	(8,581,674)	(75,216,306)	(75,216,305)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	36,002,366	36,002,366	(2,724,898)	(2,724,898)
Note receivable	-	-	-	-
Proceeds from insurance claims on property damages	-	-	-	-
Other noncurrent assets	-	-		
Acquisition of property and equipment	-	-	-	-
Decrease (increase) in other assets	(118,010,477)	(118,010,477)	63,010,565	63,010,565
Net cash from (used) in investing activities	(82,008,111)	(82,008,111)	60,285,667	60,285,667
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	(90,589,785)	(90,589,785)	(14,930,639)	(14,930,638)
CASH AND CASH EQUIVALENTS, BEGINNING	142,474,210	142,474,210	468,895,455	468,895,455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**51,884,425**	**51,884,425**	**453,964,816**	**453,964,817**

ACESITE (Philippines) Hotel Corporation
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2023

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	Total
Acesite Leisure and Entertainment Corporation					2,361,296	2,361,296
Wellex Group					3,396,204	3,396,204
Wellex Mining					8,785,046	8,785,046
Image Travel & Tours Corpora					151,793	151,793
Various Guest					3,652,104	3,652,104
Total	**-**	**-**	**-**	**-**	**18,346,443**	**18,346,443**

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, 2023**

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	132,624,977
PCD Nominee – Filipino	80,416,752
PCD Nominee – Non-Filipino	52,208,225
Number of Certificated Common Shares	213,475,601

Change from previous submission

Stock Transfer Service Inc.
ACESITE (PHILS.) HOTEL CORPORATION
List of Top 100 Stockholders
As of 03/31/2023

Rank	Name	Holdings	Percentage
1	WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
2	PCD NOMINEE CORPORATION	80,416,752	23.24%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,208,225	15.08%
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%

Rank	Name	Holdings	Percentage
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	CHUA, VICENTE YU	59,570	00.02%
41	MAKALINTAL, QUERUBIN F.	59,570	00.02%
42	DELGADO, FEDERICO C.	59,570	00.02%
43	DELGADO, JOSE MARI 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	RUFINO, CARLOS	39,714	00.01%
50	MOSQUEDA, JOSE O.	39,714	00.01%
51	NADAL, EDGARDO	39,714	00.01%
52	MARILEX REALTY DEVELOPMENT CORP.	39,714	00.01%

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

Rank	Name	Holdings	Percentage
79	TOLEDO, TOMAS	19,855	00.01%
80	VERA, LUIS P.	19,855	00.01%
81	RUALO, BEETHOVEN	19,855	00.01%
82	SALES, ARTHUR	19,855	00.01%
83	RODRIGUEZ, ARTEMIO S.	19,855	00.01%
84	SINGSON, VICENTE III	19,855	00.01%
85	SIOSON, LUCITO	19,855	00.01%
86	SOLIDUM, RODOLFO (HEIRS OF)	19,855	00.01%
87	SANDICO, FELIPITO	19,855	00.01%
88	SANTIAGO, JOSE A.	19,855	00.01%
89	JACINTO, MAMERTO JR.	19,855	00.01%
90	GARCIA, VERONICA	19,855	00.01%
91	LIM, LEONOR D.	19,855	00.01%
92	LIM, VICTOR Y.	19,855	00.01%
93	KATIGBAK, MARIO O.	19,855	00.01%
94	LUCIANO, VICTOR	19,855	00.01%
95	MACASAET, AMADO P.	19,855	00.01%
96	ORTIZ, RICARDO L.	19,855	00.01%
97	PATERNO, VICENTE	19,855	00.01%
98	PHILADELPHIA STEEL CORPORATION	19,855	00.01%
99	PECAYO, DOMINADOR	19,855	00.01%
100	RAMOS, JANUARIO	19,855	00.01%
	Total Top 100 Shareholders :	**345,278,850**	**99.76%**
	Total Issued Shares	**346,100,520**	

ACE000000000 March 31, 2023

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

March 31, 2023

ACE000000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	615,000
ABACUS SECURITIES CORPORATION	1,467,810
PHILSTOCKS FINANCIAL INC	3,573,296
BA SECURITIES, INC.	2,214,000
AP SECURITIES INCORPORATED	91,500
ANSALDO, GODINEZ & CO., INC.	142,000
AB CAPITAL SECURITIES, INC.	415,500
SB EQUITIES,INC.	91,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
ASIASEC EQUITIES, INC.	100,000
CHINA BANK SECURITIES CORPORATION	5,943,000
BELSON SECURITIES, INC.	85,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	452,883
CAMPOS, LANUZA & COMPANY, INC.	174,500
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	3,461,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	7,350
E. CHUA CHIACO SECURITIES, INC.	105,783
EASTERN SECURITIES DEVELOPMENT CORPORATION	84,500
EVERGREEN STOCK BROKERAGE & SEC., INC.	336,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	6,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	117,501
HDI SECURITIES, INC.	4,776,001
I. B. GIMENEZ SECURITIES, INC.	52,157,527
INVESTORS SECURITIES, INC,	24,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	9,815,671
DA MARKET SECURITIES, INC.	18,000
MERCANTILE SECURITIES CORP.	6,000
MOUNT PEAK SECURITIES, INC.	15,000
RCBC SECURITIES, INC.	19,211
PAPA SECURITIES CORPORATION	4,000
MAYBANK SECURITIES, INC.	100,304
PNB SECURITIES, INC.	3,550

QUALITY INVESTMENTS & SECURITIES CORPORATION	150,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	670,350
REGINA CAPITAL DEVELOPMENT CORPORATION	207,850
AAA SOUTHEAST EQUITIES, INCORPORATED	36,000
R. S. LIM & CO., INC.	475,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
TANSENGCO & CO., INC.	115,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,301,250
LANDBANK SECURITIES, INC.	7,250
FIRST METRO SECURITIES BROKERAGE CORP.	336,004
WEALTH SECURITIES, INC.	212,000
WESTLINK GLOBAL EQUITIES, INC.	33,296,400
YAO & ZIALCITA, INC.	368,500
BDO SECURITIES CORPORATION	210,350
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	300,000
G.D. TAN & COMPANY, INC.	4,347,287
UNICAPITAL SECURITIES INC.	4,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	75,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total:	132,624,977

Fw: ACESITE PHILS. HOTEL CORPORATION for SEC FORM 17-A 02 MAY 2023
Aleli Rose Alday
to:
Finance Admin Assistant, John Mark Aporto
03/05/2023 12:14 am
Cc:
Evangeline E. Soliveres
Hide Details
From: Aleli Rose Alday/WPI
To: Finance Admin Assistant/WPI@waterfronthotels.net, John Mark Aporto/WPI@waterfronthotels.net
Cc: Evangeline E. Soliveres/WPI@waterfronthotels.net

----- Forwarded by Aleli Rose Alday/WPI on 05/03/2023 12:14 am -----

From: "ICTD Submission" <ictdsubmission+canned.response@sec.gov.ph>
To: a.alday@waterfronthotels.net
Date: 05/03/2023 12:13 am
Subject: Re: ACESITE PHILS. HOTEL CORPORATION for SEC FORM 17-A 02 MAY 2023

Thank you for reaching out to ictdsubmission@sec.gov.ph. Your submission is subject for Verification and Review of the Quality of the Attached Document only for **Secondary Reports**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at https://secexpress.ph/. Or you may call 8737-8888 for further clarifications.

NOTICE

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND SUBMISSION TOOL*** **(EFAST)**. **https://cifss-ost.sec.gov.ph/user/login**
such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)**

Further, 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, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

FOR **MC28**, please go to SEC website:
https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

COVER SHEET

7199

SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

8th Floor Waterfront Manila Hotel and Casino United Nations Ave. Corner Ma. Orosa St. Ermita M

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

ARTHUR R. PONSARAN

Contact Person

8231 1073 (TEMPORARY)

Company Telephone Number

12 | 31
Month *Day*

17-A

FORM TYPE

12 | 02
Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

206

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141

OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended
   DECEMBER 31, 2022

2. SEC Identification Number
   7199

3. BIR Tax Identification No.
   002-856-627-000

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

5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   UN AVE. COR. MA. OROSA ST. ERMITA, MANILA 1000
8. Issuer's telephone number, including area code
   (02) 8526-12-12 / Temporary (02) 8231-10-73

9. Former name or former address, and former fiscal year, if changed since last report
   NOT APPLICABLE

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 [x]   No ☐

346,100,578 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange of which 1,353,058 shares are in treasury to date and the remainder of 344,747,520 common shares are outstanding.

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

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 [x]   No

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

Yes [x]   No

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

Unaffiliated shares	:	152,692,263	
Last trading price	:	1.59	24 April 2023
Aggregate market value	:	242,780,698	

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

[x] Yes   [x] No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

(b) Any information statement filed pursuant to SRC Rule 20

(c) Any prospectus filed pursuant to SRC Rule 8.1

ACESITE (PHILS.) HOTEL CORPORATION

PSE Disclosure Form 17-1 - Annual Report ***References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules***

For the Calendar year ended	DECEMBER 31, 2022	DECEMBER 31, 2021

Currency (indicate units, if applicable)	PESO	PESO
Balance Sheet		
	Year Ending	Year Ending
	DECEMBER 31, 2022	DECEMBER 31, 2021
Current Assets	563,465,437	880,024,795
Total Assets	3,014,095,780	3,161,426,847
Current Liabilities	849,823,697	942,065,094
Total Liabilities	1,147,504,130	1,222,308,345
Retained Earnings/ (Deficit)	1,312,514,315	1,370,695,079
Stockholders' Equity	1,866,591,650	1,939,118,502
Stockholders' Equity - Parent	1,821,219,047	1,895,085,117
Book Value per Share	5.39	5.60
Income Statement		
	Year Ending	Year Ending
	DECEMBER 31, 2022	DECEMBER 31, 2021
Operating Revenue	-	-
Other Revenue	-	-
Gross Revenue	-	-
Operating Expense	63,047,074	65,912,961
Other Expense	14,940,607	16,336,913
Gross Expense	77,987,681	82,249,874
Net Income/(Loss) Before Tax	(77,987,681)	(82,249,874)
Income Tax Expense (Benefit)	(5,130,467)	(32,413,903)
Net Income/(Loss) After Tax	(72,857,214)	(49,835,971)
Net Income Attributable to Parent Equity Holder	(74,196,432)	(82,054,719)
Earnings/(Loss) Per Share (Basic)	(0.21)	(0.14)
Earnings/(Loss) Per Share (Diluted)	(0.21)	(0.14)

Other relevant information

Financial Ratios	Formula	Calendar Year Ended December 31, 2022	Previous Calendar Year December 31, 2021
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Curent Assets / Current Liabilities	0.66	0.93
Quick Ratio	(Current Assets - Inventory - Prepayments)/ Current Liabilities	0.42	0.75
Solvency Ratio	Total Assets / Total Liabilities	2.63	2.59
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.38	0.39
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.61	0.63
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	9.52	15.70
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.61	1.63
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of service / Sales	-	-
Net Profit Margin	Net Profit / Sales	-	-
Return on Assets	Net Income / Total Assets	(0.02)	(0.02)
Return on Equity	Net Income / Total Stockholders' Equity	(0.04)	(0.03)
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	(7.52)	(9.82)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

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

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

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

3. The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, the Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to assign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company. CIMAR has since been renamed and is now known as Acesite Realty, Inc.

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 renovation project of the property.

   There is no Revenue Contribution of Operations for 2022.

Product/Services	Amount (P)	% Contribution
Food & Beverage (F&B)	0.00	-
Rooms	0.00	-
Rent	0.00	-
Operating Departments	0.00	-
Others	0.00	-
T O T A L	**0.00**	-

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

In 2022, the Company remained non-operational. Moreover, none of the domestic and foreign market was captured in 2021 due to the temporary closure on business brought by renovation project.

Foreign Source	**% Contribution to Total Room Nights**	
	2022	**2021**
Asia	-	-
Middle East	-	-
North America	-	-
Europe	-	-
Australia	-	-
Africa	-	-
Philippines (Domestic Mkt)	-	-
TOTAL	-	-

(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)**	
	2022	**2021**
Seasons	-	-
El Rey (Concessionaire)	-	-
Patisserie	-	-
Room Service	-	-
Banquet	-	-
Mini Bar	-	-
Casino	-	-
Total	**-**	**-**

Rooms

In 2022, the operations remained suspended resulting to non-generation of revenues. In 2021, there were also no segments due to suspended operation.

Market Segment	**% Contribution**	
	2022	**2021**
Marketing Promotions	-	-
Reservation System	-	-
Travel Trade Accounts	-	-
Corporate & FIT Accounts	-	-
TOTAL	**-**	**-**

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

There is no new product or service that has been announced in 2022.

(e) Top Five (5) Performance Indicators

No occupancy of the hotel was recorded in 2022 and 2021. Gross operating loss is 63,047,074.

	2022	2021
Occupancy Rate	-	-
Average Room Rate	-	-
Revenues	-	-
Gross Operating Income	(63,047,074)	(65,912,961)
Gross Operating Income Ratio	-	-

(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. In 2022, PAGCOR has no 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.

Net transactions with WPI during the year amounted to Php 132.89 million in 2022. Transactions have decreased due to additional Management Fee. As of December 31, 2021, the hotel has an outstanding payable to WPI equivalent to Php 162.85 million; from a payable of Php 178.74 million as of December 31, 2020.

(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). The Hotel is accredited with the Department of Tourism with a four-star rating in 2016.

(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 2022	31 Dec 2021
Department Head	**11**	**11**
Managerial and Supervisors	**10**	**11**
Line Staff	**4**	**2**
Casual (Direct)	**-**	**-**
Total	**25**	**24**

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.

(o) There have been memorandum releases in terms of the casual employment. The hotel has introduced the outsourcing of labor through an agency.

(p) During the year, the Company retained its department heads, managers and supervisors. Line staff had drastically reduced during 2018 because of resignations. This is due to the cease of operations caused by fire incident that happened in March 2018.

1. ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES OR ISSUERS

As of 31 December 2022, the Company has a net worth of P1,866,591,650 and is not planning to issue any unsecured bonds for 2023.

Item 2. Property

The principal property of the Company is a 22-storey building known as Waterfront Manila Hotel and Casino (formerly known as the Manila Pavilion Hotel) located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The total number of rooms available for sale was reduced from 502 rooms to 486 rooms upon completion of the rooms renovation program as more rooms are reconfigured to become suites. Aside from the two category deluxe rooms: executive rooms and premier suites, new ambassador club rooms have been introduced. The 486 rooms and suites are equipped with controlled central air conditioning, multi-channel radio, color TV with cable channels and advanced telecommunications facilities. The hotel had approximately 2,200 sq. m. of meeting, banquet and conference facilities but decided to lease the areas to Pagcor per Contract of Lease dated December 20, 2007. The hotel also houses several restaurants, such as Seasons Café (coffee shop), the El Rey (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement carpark. Concessionaires and tenants include travel agency, and flower shop. In addition, Casino Filipino – Pavilion, owned and operated by PAGCOR, occupies part of the first, fourth floors and AHU area occupying from a total of 12,969.17sqm at the start of the year down to a total of 1,509.43sqm as of December 31, 2017. 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. 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 P1.64 billion. Further, in 2018, the Parent Company has started the reconstruction and restoration of the main hotel and podium buildings.

The company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, the Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to sign, sell, transfer, and convey all existing shares of stocks of CIMAR to the Company. CIMAR has since been renamed and is now known as Acesite Realty, Inc (ARI).

The building as well as the land owned by CIMAR, was mortgaged in favor of the Metropolitan Bank and Trust Company-Trust Department, as the trustee for the Singapore Branch of the Industrial and Commercial Bank of China (ICBC), a banking corporation organized under the laws of the People's Republic of China (PROC), to secure a loan in the original principal amount of Fifteen Million United States Dollars (US$15,000,000.00). The said loan has been completely settled in March 2016. The building as well as the land owned by ARI is currently free and clear of any liens.

Item 3. 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 Court on October 21, 2019 and was given due course.

The Parent Company appealed to the Court of Appeals (CA) on June 16, 2020 by filing its Memorandum dated June 15, 2020. PAGCOR and VMC likewise filed their separate Memoranda dated June 19, 2020, respectively.

On August 26, 2020, the CA noted the memoranda and submitted the case for decision. On February 21, 2022, the CA denied the appeal and the Company opted not to appeal the decision any further.

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. 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..

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

1. The minutes of the Annual Meeting of Stockholders dated 06 August 2021 together with the Annual Report and Audited Financial Statements for the calendar year ended 31 December 2021 were furnished to vote on 02 December 2022.

2. The law firms of Corporate Counsels Philippines and Gancayco, Balasbas and Associates, which have acted as the legal counsels of the Company since 24 June 2004, stood for reelection at the 02 December 2022 stockholders' meeting. The accounting firm of R.G. Manabat & Co., formerly KPMG Manabat, Sanagustin & Co., has acted as the External Auditors since 2008, also were re-appointed by the shareholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

<u>Market Information</u>

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

	2022		2021	
	High	Low	High	Low
1st Quarter	1.67	1.37	1.74	1.37
2nd Quarter	1.82	1.37	2.14	1.50
3rd Quarter	1.72	1.36	2.98	1.52
4th Quarter	1.67	1.32	1.67	1.40

The last trading price was ₽1.59 on 24 April 2023.

2. **Holders**

The Company had 206 registered stockholders as of 31 March 2023. The top 20 stockholders are as follows:

Top 20 Stockholders as of 31 March 2023	No. of Shares	% Holdings
WATERFRONT PHILIPPINES, INC.	192,045,057	55.49%
PCD NOMINEE CORPORATION	80,416,752	23.24%
PCD NOMINEE CORPORATION (NON-FILIPINO)	52,208,225	15.08%
NICKELL INTERNATIONAL LTD.	8,935,710	02.58%
ACESITE (PHILIPPINES) HOTEL CORPORATION	1,353,000	00.39%
ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394	00.25%
TANSECO, GENEROSO	714,857	00.21%
UNITED PHILIPPINE LINES	714,854	00.21%
TAN, JESUS M. (HEIRS OF)	595,728	00.17%
DIZON, WILLY O. DIZON OR NENE C.	500,000	00.14%

BAUTISTA, DOMINGO C.	476,574	00.14%
NICKELL INTERNATIONAL LTD. (BRITISH VIRGIN ISLAND)	312,508	00.09%
MARINDUQUE MINING & INDUSTRIAL CORPORATION	278,001	00.08%
MENZI, HANS (ESTATE OF)	278,001	00.08%
WELLS AND PUMPS INC.	278,001	00.08%
ROSARIO, FRANCISCO DEL	258,146	00.07%
CARLOS, GLORIA S. (HEIRS OF)	218,428	00.06%
SANCHEZ, ANDREW A.	198,579	00.06%
TULIO, ERMINDA L.	198,576	00.06%
WESTERN STEEL INC.	198,576	00.06%
ANUP TRADING	198,576	00.06%
COJUANGCO, RAMON (HEIRS OF)	198,576	00.06%
LORENZO, LUISA DE R.	198,576	00.06%

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.

Recent Sales of Unregistered Securities

Not applicable.

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

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

Year Ended 31 December 2022 to Year Ended 31 December 2021

The year ended 31 December 2022 and 2021 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.

Expenses incurred for the year ended 31 December 2022 amounted to 63.05 million, compared with P65.91 million for the year ended 31 December 2021. Gross loss amounted P63.05 million for 2022. Last year's gross loss was P65.91million.

Fixed, financial and other expenses in 2022 amounted to 14.94 million as compared to P16.34 million registered in 2021. Depreciation expense increased by 5.00% from P20.54 million last 2021 to P21.57 million this 2022.

For 2022, the Company incurred a net loss of P72.86 million or P0.21 per share compared with net loss of P49.84 million in 2022 or P0.14 per share.

Total assets of the company decreased from 3.17 billion as of the end of 2021 to P3.01 billion as of the end of 2022. Current assets decreased from P880 million last year to P563 million this year due to the decrease in cash and cash equivalents. Trade and other receivables decreased from P145.35 million in 2021 to P117.90 million in 2022. Prepayments and other current assets increased from P173.40 million to P203.63 million. Non-current assets increased by 7.42% from P2.28 billion to P2.45 billion due to increase in property and equipment which represents the increase in Construction-In-Progress. Current liabilities decreased from P942.07 million to P849.82 million due to the decrease in both trade payables and related party transactions. The Long Term Liabilities increased from P280.24 million in 2021 to P297.68 million in 2022; this is because of the increase on retention payable. Stockholders' equity decreased from P1.94 billion to P1.86 billion over the same comparative periods.

Year Ended 31 December 2021 to Year Ended 31 December 2020

The year ended 31 December 2021 and 2020 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.

Expenses incurred for the year ended 31 December 2021 amounted to 65.91 million, compared with P80.23 million for the year ended 31 December 2020. Gross loss amounted P65.91 million for 2021. Last year's gross loss was P80.32 million.

Fixed, financial and other expenses in 2021 amounted to 16.34 million as compared to negative P836.38 million registered in 2020. Depreciation expense decreased by 6.76% from P22.03 million last 2020 to P20.54 million this 2021.

For 2021, the Company incurred a net loss of P49.84 million or P0.14 per share compared with net income of P654.57 million in 2020 or P1.90 per share.

Total assets of the company decreased from 3.28 billion as of the end of 2020 to P3.17 billion as of the end of 2021. Current assets decreased from 1.10 billion last year to P880 million this year due to the decrease in cash and cash equivalents. Trade and other receivables decreased from P149.94 million in 2020 to P145.35 million in 2021. Prepayments and other current assets increased from P167.81 million to P173.40 million. Non-current assets increased by 4.81% from P2.18 billion to P2.28 billion due to increase in property and equipment which represents the increase in Construction-In-Progress. Current liabilities decreased from P987.01 million to P942.07 million due to the decrease in both trade payables and related party transactions. The Long Term Liabilities decreased from P322.62 million in 2020 to P280.24 million in 2021; this is because of the decrease on deferred tax liabilities. Stockholders' equity decreased from P1.97 billion to P1.94 billion over the same comparative periods.

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. Causes of material changes in the items in the financial statements from the year ending 31 December 2020 to the year ending 31 December 2021 and from the year ending 31 December 2021 to the year ending 31 December 2022 have been discussed under management discussion and analysis. The following comparisons are supplementary to the management discussion and analysis and are presented for discussion purposes only.

- **Revenues from lease activities (Revenues – Rental):** No rental revenues for the year 2022 same for the year 2021 due to the temporary cessation of operations starting March 2018.

- **Revenues from Rooms (Revenues – Rooms):** No room revenues for the year 2022 same for the year 2021 due to temporary cessation of operations starting March 2018.

- **Revenues from Food and Beverage (Revenues – F&B):** No F&B revenues for the year 2022 same for the year 2021. 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 2022 same for the year 2021.

- **Cost of Sales (F&B):** No F&B cost of sales for 2022 same for the year 2021 due to the closure of outlets in March 2018.

- **Personnel:** Personnel costs for the year ended 31 December 2021 amounted to P20.52million as compared to P21.81million in the year 2022. The increase in Personnel Cost was due to the suspension of the salary reduction.

- **Energy Cost:** Energy cost for the year amounted to P3.69 million as compared to 2021 of P3.79 million. A decrease of P.10 million was recorded due to decrease on charges for water.

- **OTHERS:** These are various cost and expenses under different departments which summed up to 37.55 million in the year 2022 as compared to 2021 of P41.60 million. A decrease of P4.05 million was because decrease in professional fees and repairs expense.

- **Depreciation:** Depreciation expense recorded at P21.56 million showing an increase of P1.03 million in 2021. The increase was because of the additional office equipment.

- **Foreign Exchange Loss:** Foreign exchange gain for the year 2022 is nil while there is foreign exchange loss in 2021 amounting to P.015 million. No loan has been signed in 2022.

- **Due from a Related Party:** Due to related parties of 31 December 2022 amounted to P457.33 million as compared to that as of 31 December 2021 which is P481.88 million.

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

Item 7. Financial Statements

1. The audited financial statements as of 31 December 2020 and 31 December 2021 and for the year ended 31 December 2021 and 31 December 2022 are incorporated herein by reference. A copy of the audited financial statements as of 31 December 2022 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 2022 and for the year ended 31 December 2021.

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

The Accounting Firm of R.G. Manabat & 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 2020 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 2021 audit was undertaken by the accounting firm of R.G. Manabat & Co., formerly KPMG Manabat, Sanagustin & Co., and there have been no disagreements with the independent accountants.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers

All directors joined the Board on 24 June 2004 except for Silvestre H. Bello, Jr., elected on July 2009, Sergio Ortiz-Luis, elected in August 2009, and Ruben Torres, elected in August 2006. Per recommendations of the Nominations Committee, all current directors, will be nominated to the Board again during the Company's annual stockholders' meeting. The qualifications (including the ages, nationalities, current and past position held and business experience for the past five years) of the nominees are as follows:

Arthur M. Lopez, 76 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 Management Consultant of the Bellevue Bohol Resort in Panglao, the Bellevue Hotel Manila, The B Hotel Manila; Director of Asia Pacific Top Management International Resources Corporation (Federal Land), owner of Marco Polo Cebu; Director of Philippine Estates Corporation, a public listed company – Philippine Stock Exchange (PSE); Chairman of Acesite Philippines Hotel Corporation, a public listed company – Philippine Stock Exchange (PSE), owner of Waterfront Manila Hotel and Casino (Formerly Manila Pavilion Hotel); Director of Waterfront Hotels and Casinos, a public company – Philippine Stock Exchange (PSE). He is currently working on several hotel developments in the Philippines. He was recently the Management Consultant and assisted in the management and technical services agreement negotiation of Federal Land's Grand Hyatt Project at the Fort Bonifacio, Taguig City; Owner's Representative and Advisor of Four Points by Sheraton Kuching, Sheraton Beach Resort Langkawi, Malaysia, Helang Airport Hotel Langkawi, Malaysia, Santubong Resort Langkawi, Malaysia and Four points by Sheraton Langkawi in Malaysia. He negotiated the management contract and conversion to franchise agreement with Starwood Hotels and Resorts of these properties in Malaysia. He was the Pre-Opening Hotel Management and Technical Services Consultant of Bloomberry Casino Hotels & Resorts/Solaire Hotel and Casino; Regional Director/Asia Pacific of Palmerston Hotels & Resorts; Senior Adviser of Department of Tourism, Philippines; General Manager of Sheraton Hotels in Melbourne, Darwin, Alice Springs and Ayers Rock

	in Australia, Sheraton Auckland, New Zealand and Westin Philippine Plaza. Resident Manager of Century Park Sharaton Manila, Vice President and Area Manager of ITT Sheraton Australia; Country Manager Philippines of Starwood Hotels and Resorts; Philippine Representative of Caesar's Palace; Management Consultant at the Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands. He was the Asia Pacific and Country Manager of CCA International Ltd., Managers of 45 clubs worldwide including the Tower Club Manila. He held various Management positions in Sales and Marketing, Rooms Division and Food & Beverage in ITT Sheraton Hotels and Hilton International. Mr. Lopez has also completed hotel and business club consultancy work in Japan, Palau, China, Vietnam and Indonesia. 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, 62 Filipino	Ms. Ting was elected director and Treasurer of the Company since 24 June 2004. She earned her bachelor's degree in business administration, major in management, from the Philippine School of Business Administration. She has been a director of WPI since October 2000. She is concurrently, the vice-chairperson and a director of Forum Pacific Inc. She is president of Phil. Estates and vice president of Wellex Industries, Inc. She is a director of Orient Pacific Corporation, Crisanta Realty Development Corporation, Recovery Development Corporation and the Wellex Group, Inc. She is the corporate treasurer of Pacific Rehouse Corp and the chairman and president of Rexlon Realty Group Inc and Heritage Pacific Corp.
Arthur R. Ponsaran, 80 Filipino	Arthur R. Ponsaran, a Director and Corporate Secretary of the Company since 24 June 2004, earned his Bachelor of Laws from the University of the Philippines. He is also a Certified Public Accountant. He is the Managing Partner of Corporate Counsels, Philippines Law Office. He is also the Corporate Secretary of, among others, Waterfront Philippines, Inc., Chemrez Technologies, Inc. and director of D&L Industries and MRL Nickel Philippines, Inc. 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.
Kenneth T. Gatchalian, 47 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., 80 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 of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Chairman of National Center for Mediation. He is the Vice Chairman of the Alliance Global, Inc., Export Development Council and JARDELI Club Foundation. He is a Director of Manila Exposition Complex, Inc. Lasaltech Academy, Philippine Estate

	Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, Universal Access Center Trade, Philippine International Training Corporation, Philippine Foundation, Inc. (Team Philippines), Forum Pacific, Inc., Calapan Ventures, Inc., and Jolliville Holdings Corporation. A Founding Director of International Chamber of Commerce of the Philippines and GSI. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117. He is also a Chairman of Rotary Club of Green Meadows Foundation. He is the past president of Rotary Club Green Meadows Quezon City RI District 3780; Private sector representative of the Philippine Bamboo Council, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. A BPLS Champion in National Competitiveness Council. Some Awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the field of business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006, Presidential Merit Award Medal in 2007 and ORAS Award in 2011. He became an Independent Director of Waterfront Philippines, Inc. since August 2009 to present and an Independent Director of Acesite (Phils) Hotel Corp since February 2013 to present.
Lamberto B. Mercado, Jr., 58 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. and Acesite (Phils.) Hotel Corporation.
Pablo M. Gancayco, 65 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. Representative of RI District 3780 to the 2016 Council on Legislation.

Dee Hua Gatchalian, 74 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, 81 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. 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. Member of Board of Advisers, TYTANA Colleges, Owner of Kitsie's Farms, Iba Zambales and CEO of Optimus Medical Care and Trading Corporation.
Renato C. Francisco, 74 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, 68 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, 56 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. Ruben D. Torres and Mr. Sergio R. Ortiz-Luiz, Jr. are currently independent directors, and will continue to serve as such upon re-election. Per recommendation of the Nominations Committee headed by Atty. Lamberto B. Mercado, Jr., the following will be nominated as executive officers at the Organizational Meeting of the Board of Directors:

Mr. Arthur M. Lopez	- Chairman
Mr. Sergio R. Ortiz-Luiz, Jr.	- Vice-Chairman
Mr. Kenneth T. Gatchalian	- President and Chief Executive Officer
Ms. Elvira A. Ting	- Treasurer and Chief Financial Officer
Mr. Richard L. Ricardo	- Vice-President for Corporate Affairs and Compliance Officer
Atty. Arthur R. Ponsaran	- Corporate Secretary
Atty. Arsenio A. Alfiller, Jr.	- Assistant Corporate Secretary
Atty. Lamberto B. Mercado, Jr.	- Chief Risk Officer
Ms. Aiza L. Pasayloon - Famador	- Chief Audit Executive
Mr. Joson Lim	- Data Protection Officer

<u>Family Relationships</u>

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.

<u>Involvement in Legal Proceedings of Control Persons</u>

Messrs. Arthur M. Lopez, Kenneth T. Gatchalian, Lamberto M. Mercado, Arthur Ponsaran, Sergio R. Ortiz-Luiz, Jr., and Ruben D. Torres and Ms. Elvira A. Ting and Ms. Dee Hua Gatchalian are directors of WPI. None of the directors or officers has been involved in any legal, administrative or criminal proceedings for the past five years.

Item 10. Executive Compensation

<u>General</u>

Ms. Elvira A. Ting, an executive officer elected on 18 August 2004 and has not been remunerated with a compensation package. Mr. Richard 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. Mr. David Nowak, the General Manager, tendered his resignation

COMPENSATION TABLE

Name	Position	(in Philippine Peso) 2022	2021

Richard Ricardo	VP, Corporate Affairs		
TOTAL		1,284,221.42	3,185,833.93
All other officers and directors as a group unnamed		878,235.32	755,882.38
Bonus and other compensation		-	-

1 Resigned August 2021.

For the ensuing year, the aggregate compensation is expected to decrease by approximately 18%.

Compensation Plan of Directors

The members of the Board of Director are elected for a term of one year. Director per diems are pegged at a rate of ₱10,000.00 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 2021 and 31 December 2022.

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 P0.40 million for 2022 and 2021.

   2. There are no other assurance and related services rendered by the external auditor for the years 2022 and 2021.

b. Tax Advisory Fees
   1. There are no Tax Advisory Fees for 2021 and 2022.

c. All Other Fees

   None

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.

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

No director or officer has a compensatory contract in case of resignation, retirement, termination or change in control except for Mr. Richard Ricardo. As regular employees, Mr. Ricardo 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 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of 31 March 2023, the stock transfer book of the corporation showed the following record owners:

Title of Class	Name and Address of Record	Beneficial Owner	Citizenship	Number of Shares	%
Common Shares	Waterfront Philippines, Inc.[1] No . 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City		Filipino	192,045,057	55.49%
Common Shares	PCD Nominee Corporation[2] MSE Building, Ayala Avanue Makati City	Various Clients	Filipino	132,624,977	38.32%

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

[2]PCD Nominee Corporation has various beneficial owners. Majority holder is the I.B. Gimenez Securities, Inc with 15.07% of the total Acesite shares. Westlink Global Equities, Inc followed at 9.62% of the total shares. COL Financial Group, Inc. is next at 2.82% of the total shares and the rest of the owners have below 2% ownership.

Security Ownership of Management

As of 31 March 2023, 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	Noel M. Carino	Director	Filipino	D	100	0.00%
Common	Aristeo R. Cruz	Director	Filipino	D	3,500	0.00%
Common	Arthur R. Ponsaran	Director	Filipino	D	350	0.00%
Common	Dee Hua Gatchalian	Director	Filipino	D	3,850	0.00%
Total Beneficial Ownership					**10,100**	

* – Independent Director D – Direct I – Indirect

The beneficial ownership of directors and executive officers as a group amount to 10,100 shares or 0.0029% of the Company shares. No director has any warrants, stock rights or options that would give the right to acquire additional shares.

Voting Trust Holders of 5% or More

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

Changes in Control

There are no arrangements that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Direct or Material Interests

1. Mr. Richard L. Ricardo, Vice-President for Corporate Affairs (Acesite) and Director of Acesite Realty Inc. 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. The Corporation had invested in 86,710,000 shares of stock in Wellex Industries, Inc., an affiliated company listed on the Philippine Stock Exchange, at P0.50 per share or a total of P43,355,000.00.

   a. The Corporation invested in the above marketable security in order to diversify its current asset portfolio in listed companies with a broad upside potential.
   b. Waterfront Philippines, Inc., parent company of the Corporation, is majority owned by the Wellex Group, Inc., which also controls Wellex Industries, Inc.
   c. The acquisition price of P0.50 per share represents a 13.7% discount to the net book value of P0.58 per share of Wellex Industries, Inc. as of 31 December 2005.
   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 Corporation made a policy on Material Related Party Transactions that serves as the Company Code to govern the approval of related party transactions in compliance with Philippine Accounting Standards, the Revised Corporation Code, the Securities Regulations Code and other rules promulgated by the Securities and Exchange Commission regarding the matter.

Parents of the Registrant

1. Waterfront Phils., Inc., which, as of 31 March 2023 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.

Transactions with Promoters

Not applicable.

PART IV – CORPORATE GOVERNANCE

1. 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.

2. 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.

3. For the year ended 31 December 202, there have been no deviations from the Company's Manual of Corporate Governance.

4. 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.

PART V – EXHIBITS AND SCHEDULES

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

Exhibits

1. PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION

   The Company does not have plans to acquire or liquidate assets or reorganize its structure.

2. INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

   The pertinent portion of the Amended Articles of Incorporation was attached under a previous submission of SEC Form 11-A and is incorporated herein by reference.

3. VOTING TRUST AGREEMENT

   The Company is not aware of any voting trust agreement among stockholders.

4. MATERIAL CONTRACTS

   Acquisition of CIMA Realty has been disclosed last July 7 & 12, 2011.

5. LETTER REGARDING CHANGE IN CERTIFYING ACCOUNTANT

   Not applicable.

6. REPORT FURNISHED TO SECURITY HOLDERS

The SEC shall be sent copies of the printed Annual Report to shareholders.

7. SUBSIDIARIES OF THE REGISTRANT

   Pavilion Leisure and Entertainment Corporation (PLEC) is a 85.71% owned subsidiary of the Company established on 29 June 1998. Of the ₱5,000,000.00 (5,000,000 shares with a par value of ₱1.00 each) authorized capital stock, ₱2,187,500.00 has been subscribed and ₱2,187,500.00 has been paid up. PLEC was organized to manage and operate hotels, restaurants, cafes, bars, theaters, amusement parks, leisure and entertainment enterprises for the general public. PLEC, however has not yet commenced commercial operations to date.

   Pavilion Enterprises Corporation (PEC) is a 100% wholly-owned subsidiary of the Company. It was organized on 29 June 1998 to operate hotels, bars, restaurants, cafes, to construct such facilities in connection with the same, and to engage in the processing and selling of food products. It has an authorized capital stock of ₱5,000,000.00 divided into 5,000,000 shares with a par value of ₱1.00 each. ₱2,187,500.00 of the authorized shares have been subscribed and ₱2,187,500.00 has been paid up. PEC, however has not commenced operations to date.

8. PUBLISHED REPORT REGARDING MATTERS SUBMITTED TO VOTE OF SECURITY HOLDERS

   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 02 December 2022:

   - Minutes of the Annual Meeting of Stockholders dated 06 August 2021.

   - Annual Report and Audited Financial Statements for the year ended 31 December 2021.

9. CONSENTS OF EXPERTS AND INDEPENDENT COUNSEL

   The report of the auditors, R.G. Manabat & Co., containing the financial statements as of 31 December 2021 and as of 31 December 2022 is attached.

10. POWER OF ATTORNEY

    Not applicable.

11. ADDITIONAL EXHIBITS

    The SEC Letter Authorizing the Reporting of Salaries in the Aggregate was attached under a previous submission of SEC Report 17-A and is incorporated herein by reference.

Reports on SEC Form 17-C

SEC Form 17-C filed on December 7, 2009 covering Item 9 – Other Events – amended annex A of the Financial Statements in accordance with the SEC Memorandum Circular 11, Series of 2008. Previous original Schedule of the Reconciliation of Retained Earnings available for Dividend Declaration attached to the 2008 audited financial statements of the company was amended to reflect certain reconciling items that were inadvertently included or excluded.

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

Feb 17, 2022	-	Chief Finance Officer availed of early retirement and a new Chief Finance Officer was appointed.

Dec 1, 2022	-	Foreign Ownership Limit
Dec 2, 2022	-	Results of Annual Stockholders' Meeting on December 2, 2022
Dec 2, 2022	-	Results of Organizational Meeting of Board of Directors on December 2, 2022.
Dec 7, 2022	-	Resignation of the Chief Audit Executive and appointment of the new Chief Audit Executive

Corporate Governance

Submitted on May 30, 2022

Sustainability Report

In compliance with SEC Memorandum Circular No. 4, Series of 2019, Sustainability Report is attached as Annex "A".

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on APR 28 2023.

By:

KENNETH T. GATCHALIAN
President and Director

EVANGELINE E. SOLIVERES
Corporate Finance Director

ARTHUR R. PONSARAN
Corporate Secretary

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this ________ day of APR 28 2023 2023, affiants exhibiting to me their valid Identification Cards, as follow:

NAMES	VALID ID	DATE OF ISSUE	PLACE OF ISSUE
Kenneth T. Gatchalian	TIN 167-406-526		
Evageline E. Soliveres	TIN 173-676-884		
Arthur R. Ponsaran	TIN 127-640-176		

Notary Public

Doc. No. 220
Page No. 44
Book No. 15
Series of 2023.

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022-052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # 25473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

ACESITE (PHILIPPINES) HOTEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Acesite (Phils.) Hotel Corporation and Subsidiary** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2022 and 2021**, 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 APR 28 2023

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 28 2023
IN THE CITY OF MANILA, PHILIPPINES

ATTY. GILBERTO B. PASIMANERO
Notary Public until December 31, 2023
Notarial Commission 2022-052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll #23473; TIN# 103-098-346
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

DOC. NO. 215;
PAGE NO. 43;
BOOK NO. 15;
SERIES OF 2023.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
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 Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, 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.

Emphasis of Matter - Status of Operation

We draw attention to Note 1 to the consolidated financial statements which describes the effects of a fire on March 18, 2018 that damaged the Parent Company's podium and the hotel buildings that resulted to the suspension of its operations. As stated in Note 1, the Parent Company filed in 2018 for property damage and business insurance claims from its insurance companies for which in 2020, the insurance claims recoverable amounting to P1.72 billion was confirmed. It is further stated in Note 1 that the Parent Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings, which are still ongoing as at December 31, 2022, the Phase 1 of which is expected to be completed by the 4th quarter of 2023, while Phases 2 and 3 by the 2nd quarter of 2024. Note 1 indicates as well that a related party that 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 the casino until 2025. 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
(P891.30 million, see consolidated statement of financial position and Note 7 to the consolidated financial statements)

The Risk
The Parent Company has incurred significant costs in relation to the reconstruction and restoration project of its hotel property. Costs amounting to P891.30 million have been capitalized as construction-in-progress under property and equipment as at December 31, 2022. We focused 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 evaluated the design and implementation of relevant management controls to address the risk of inappropriate capitalization of costs. We obtained the certified progress report from the Parent Company's engineering department and vouched on a sampling basis capitalized costs to supporting documents such as progress billings from contractors. We also considered the adequacy of the disclosures in the consolidated financial statements and determined whether they met the disclosure requirements of relevant accounting standards.

Valuation of Property and Equipment
(P1.74 billion, see consolidated statement of financial position and Note 7 to the consolidated financial statements)

The Risk
The Group's hotel building, furniture, fixtures and equipment, are measured using the revaluation model which is based on fair values. The models applied to determine the fair value of property and equipment are complex and sensitive to assumptions. Accordingly, we placed significant focus during the audit on the fair value measurement because the amounts involved are material and significant judgments were applied in the assessment.

Our Response
As part of our audit procedures, we evaluated the objectivity, knowledge, skills and ability of the independent external appraisers and determined whether they are accredited by Philippine Securities and Exchange Commission and Philippine Stock Exchange. We evaluated the appraisal reports issued by the independent external appraisers by testing the completeness and accuracy of underlying data used, assessing the appropriateness of the valuation methods applied and the assumptions in determining the fair values and considered whether these were in accordance with PFRSs. We estimated potential differences between the appraised values per appraisal report and the results of our independent calculation, and made an assessment on the reasonableness of the Group's conclusion that carrying amounts still do not differ materially from fair values at the reporting date. We also assessed the adequacy of the Group's disclosures whether they met the requirements under the PFRSs.

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, 2022, 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, 2022 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 Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27,2022; valid until June 27, 2025
PTR No. MKT 9563853
Issued January 3, 2023 at Makati City

May 2, 2023
Makati City, Metro Manila

R.G. Manabat & Co.
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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 Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, included in this Form 17-A, on which we have rendered our report thereon dated May 2, 2023.

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.

KPMG

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 years ended December 31, 2022 and 2021 and no material exceptions were noted.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
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May 2, 2023
Makati City, Metro Manila

R.G. Manabat & Co.
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Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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 Subsidiaries (the Group) as at and for the year ended December 31, 2022, included in this Form 17-A, on which we have rendered our report thereon dated May 2, 2023.

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)

The 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.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27,2022; valid until June 27, 2025
PTR No. MKT 9563853
Issued January 3, 2023 at Makati City

May 2, 2023
Makati City, Metro Manila

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	*17*	**P142,474,210**	P468,895,455
Trade and other current receivables - net	*4, 17*	**117,900,146**	145,347,468
Note receivable	*10, 17*	**98,701,816**	91,616,907
Inventories	*5*	**762,424**	762,424
Prepaid expenses and other current assets	*6*	**203,626,841**	173,402,541
Total Current Assets		**563,465,437**	880,024,795
Noncurrent Assets			
Property and equipment - net	*7*	**1,742,130,688**	1,515,520,653
Equity securities - at fair value through other comprehensive income	*10, 17*	**19,943,300**	19,943,300
Other noncurrent assets - net	*8*	**688,556,355**	745,938,099
Total Noncurrent Assets		**2,450,630,343**	2,281,402,052
		P3,014,095,780	P3,161,426,847

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	*9, 17*	**P392,492,729**	P460,181,258
Due to related parties	*10, 17*	**457,330,968**	481,883,836
Total Current Liabilities		**849,823,697**	942,065,094
Noncurrent Liabilities			
Retention payables	*9, 17*	**85,907,565**	62,628,812
Retirement benefits liability	*14*	**4,426,570**	5,212,370
Deferred tax liabilities - net	*15*	**207,346,298**	212,402,069
Total Noncurrent Liabilities		**297,680,433**	280,243,251
Total Liabilities		**1,147,504,130**	1,222,308,345
Equity			
Capital stock	*11, 18*	**346,100,520**	346,100,520
Revaluation surplus on property and equipment	*7*	**150,433,612**	165,110,062
Retirement benefits reserve	*14*	**61,892,073**	61,561,711
Fair value reserve	*10*	**7,692,830**	7,692,830
Retained earnings	*11*	**1,312,514,315**	1,370,695,079
Treasury stock	*11*	**(12,041,700)**	(12,041,700)
Total Equity		**1,866,591,650**	1,939,118,502
		P3,014,095,780	P3,161,426,847

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (LOSS) INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUES		**P -**	P -	P -
COSTS AND EXPENSES OTHER THAN DEPRECIATION, FINANCING AND INCOME TAX EXPENSE (BENEFIT)				
Personnel	*14*	**21,811,080**	20,519,070	33,772,856
Energy		**3,686,177**	3,792,924	3,044,412
Others	*12*	**37,549,817**	41,600,967	43,415,391
		63,047,074	65,912,961	80,232,659
LOSS BEFORE (LOSSES) GAIN, DEPRECIATION, FINANCING AND INCOME TAX (BENEFIT) EXPENSE		**(63,047,074)**	(65,912,961)	(80,232,659)
(LOSSES) GAIN, DEPRECIATION AND FINANCING				
Financing income - net	*13*	**6,623,697**	4,199,351	3,943,595
Depreciation	*7*	**(21,564,304)**	(20,537,740)	(22,025,983)
Gain from insurance claims (casualty losses) - net	*1*	**-**	-	854,519,803
Foreign exchange losses - net		**-**	1,476	(61,185)
		(14,940,607)	(16,336,913)	836,376,230
(LOSS) INCOME BEFORE INCOME TAX (BENEFIT) EXPENSE		**(77,987,681)**	(82,249,874)	756,143,571
INCOME TAX (BENEFIT) EXPENSE	*15*	**(5,130,467)**	(32,413,903)	101,577,772
NET (LOSS) INCOME		**(72,857,214)**	(49,835,971)	654,565,799

Forward

		Years Ended December 31		
	Note	**2022**	2021	2020
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will never be reclassified to profit or loss				
Unrealized gain (loss) on equity securities - at fair value through other comprehensive income	*10*	**P -**	P520,260	P1,907,620
Remeasurement gains on defined benefit plan	*14*	**440,482**	3,318,641	3,037,636
Deferred tax effect	*15*	**(110,120)**	15,094,289	(911,291)
		330,362	18,933,190	4,033,965
TOTAL COMPREHENSIVE (LOSS) INCOME		**P72,526,852**	(P30,902,781)	P658,599,764
(LOSS) EARNINGS PER SHARE - Basic and Diluted	*16*	**(P0.21)**	(P0.14)	P1.90

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARIES
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 14)	**Fair Value Reserve** (Note 10)	**Retained Earnings** (Note 11)	**Treasury Stock** (Note 11)	**Total**
Balance at January 1, 2022	**P346,100,520**	**P165,110,062**	**P61,561,711**	**P7,692,830**	**P1,370,695,079**	**(P12,041,700)**	**P1,939,118,502**
Total Comprehensive (Loss) Income for the Year							
Net loss for the year	**-**	**-**	**-**	**-**	**(72,857,214)**	**-**	**(72,857,214)**
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	**-**	**(14,676,450)**	**-**	**-**	**14,676,450**	**-**	**-**
Other comprehensive income - net of tax effect	**-**	**-**	**330,362**	**-**	**-**	**-**	**330,362**
	-	**(14,676,450)**	**330,362**	**-**	**(58,180,764)**	**-**	**(72,526,852)**
Balance at December 31, 2022	**P346,100,520**	**P150,433,612**	**P61,892,073**	**P7,692,830**	**P1,312,514,315**	**(P12,041,700)**	**P1,866,591,650**

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARIES

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 14)	Fair Value Reserve (Note 10)	Retained Earnings (Note 11)	Treasury Stock (Note 11)	Total
Balance at January 1, 2021	P346,100,520	P167,800,745	P55,134,548	P7,172,570	P1,405,854,600	(P12,041,700)	P1,970,021,283
Total Comprehensive (Loss) Income for the Year							
Net loss for the year	-	-	-	-	(49,835,971)	-	(49,835,971)
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(14,676,450)	-	-	14,676,450	-	-
Other comprehensive income - net of tax effect	-	-	3,318,641	520,260	-	-	3,838,901
Effect of CREATE Law	-	11,985,767	3,108,522	-	-	-	15,094,289
	-	(2,690,683)	6,427,163	520,260	(35,159,521)	-	(30,902,781)
Balance at December 31, 2021	P346,100,520	P165,110,062	P61,561,711	P7,692,830	P1,370,695,079	(P12,041,700)	P1,939,118,502

See Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
AND SUBSIDIARIES

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 14)	Fair Value Reserve (Note 10)	Retained Earnings (Note 11)	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 (loss) - 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 SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income before income tax expense (benefit)		**(P77,987,681)**	(P82,249,874)	P756,143,571
Adjustments for:				
Depreciation	*7*	**21,564,304**	20,537,740	22,025,983
Retirement benefits expense	*14*	**1,154,682**	1,357,339	3,039,754
Foreign exchange (gains) losses – net		**-**	(1,476)	61,185
Interest income	*13*	**(3,083,812)**	(813,215)	(3,949,181)
Gain from insurance claims – net	*1, 5, 7*	**-**	-	(854,519,803)
		(58,352,507)	(64,558,226)	(77,198,491)
Changes in:				
Trade and other current receivables		**20,631,260**	1,477,006	23,061,145
Inventories		**-**	76,800	(258,442)
Prepaid expenses and other current assets		**(30,259,725)**	(5,628,853)	(33,207,886)
Trade and other current payables		**(44,409,775)**	(28,978,506)	102,581,006
		(112,390,746)	(97,611,779)	14,977,332
Interest received		**3,083,813**	813,216	60,076
Benefits paid	*14*	**(1,500,000)**	-	(839,815)
Net cash (used in) provided by operating activities		**(110,806,933)**	(96,798,563)	14,197,593
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Note receivable		**(7,084,909)**	(6,898,407)	12,509,113
Other noncurrent assets		**57,381,744**	(57,264,102)	(17,633,855)
Proceeds from insurance claims on property damages	*1*	**6,816,060**	6,816,060	850,222,546
Additions to property and equipment	*7*	**(248,174,339)**	(67,832,054)	(231,887,614)
Net cash (used in) provided by investing activities		**(191,061,444)**	(125,178,503)	613,210,190

Forward

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOW FROM A FINANCING ACTIVITY				
Change in due to related parties		**(P24,552,868)**	(P8,834,792)	P35,681,181
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(326,421,245)**	(230,811,858)	663,088,964
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**-**	1,476	(61,185)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**468,895,455**	699,705,837	36,678,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	*17*	**P142,474,210**	P468,895,455	P699,705,837

See Notes to the Consolidated Financial Statements.

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.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2022 and 2021 are as follows:

	Percentage of Ownership	
	Direct	**Indirect**
Real Estate		
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (ARI)	**100**	**-**
Hotel Management and Operation		
Pavillion Leisure and Entertainment Corp.* (PLEC) (*through direct ownership in ARI*)	**86**	**14**
Pavillion Enterprises Corp.* (PEC)	**100**	**-**

**nonoperating entities*

The Company and all of the above subsidiaries (collectively referred to as the Group) were incorporated in the Philippines.

Status of Operation
On March 18, 2018, a fire broke out in the Parent Company's hotel property damaging the podium and hotel building and suspending 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 was declared and classified as "accidental in nature". The Company incurred casualty losses due to damages ~~on~~ to its inventories and hotel property (see Notes 5 and 7). The Parent Company filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion.

The Parent Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings. Although, the project completion has been extended due to some delays, the construction activities have not been totally stopped and are still ongoing as of December 31, 2022.The management expects to complete the Phase 1 of a reconstruction project by the 4th quarter of 2023. The Phase 1 of the project includes 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.

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 until 2025. 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 hotel building are expected to be completed in Phases 2 and 3 of the reconstruction project. Phases 2 and 3 are expected to be completed by the 2nd quarter of 2024. These two latter phases will be funded by the cash flows generated by the operations of Phase 1 and, when necessary, bank borrowings.

With the completion of the reconstruction project, full relaxation of the coronavirus disease 2019 (COVID-19) travel restrictions and the anticipated surge in tourism, the management is confident that it will be able to attract a good share of the incoming tourist markets and provide them with improved facilities and services.

2. Basis of Preparation

Basis of Accounting
These consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were authorized for issue by the Parent Company's Board of Directors (BOD) on May 2, 2023.

Details of the Group's significant accounting policies are included in Note 21.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis of accounting except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
▪ Hotel building and equipment and furniture and fixtures	▪ Revalued amount less accumulated depreciation and impairment losses
▪ Equity securities - at fair value through other comprehensive income (FVOCI)	▪ Fair value
▪ Retirement benefits liability	▪ Present value of the defined benefits obligation (DBO) less fair value of plan assets (FVPA)

Functional and Presentation Currency
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 filed for property damage and business insurance claims and from its insurance companies totaling to P1.72 billion which has been allotted for the reconstruction of the hotel property. Additional bank borrowing, to be guaranteed by an affiliate (see Note 1) will be made to fund the Phase 1 of the reconstruction project which are ongoing since 2018.

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 the 4th quarter of 2023. 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 4th quarter of 2023. The hotel rooms are expected to be partially completed in Phase 1 and the remaining amenities, guest facilities and rooms of the hotel building are expected to be completed over Phase 2 and Phase 3 of the reconstruction project. Phases 2 and 3 are expected to be completed by the 2nd quarter of 2024, respectively. These two latter phases 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 the management's assumption that the travel and hospitality sectors will return to pre-pandemic levels starting 2023 given the decreasing number of COVID-19 related cases, the relaxation of guidelines for domestic and international travels, as well as the de-escalation from Alert Level 2 to Alert Level 1 in most areas in the Philippines. 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 19).

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 19).

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.

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.

Further details on the fair value measurement of financial instruments are disclosed in Note 17.

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 21. 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. 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 14.

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 15.

4. Trade and Other Current Receivables

This account consists of:

	Note	2022	2021
Guests, concessionaires and other patrons		**P18,346,443**	P18,346,443
Insurance receivable	*1*	**102,394,446**	129,394,446
Others		**17,070,644**	17,517,966
	17	**137,811,553**	165,258,855
Less allowance for impairment losses on guests, concessionaires and other patrons and other receivables	*17*	**19,911,387**	19,911,387
		P117,900,146	P145,347,468

Insurance receivable pertains to insurance claims for the property damage and business interruption (see Notes 1 and 21).

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 2022, 2021 and 2020, accounts specifically identified as impaired both amounted to nil.

There is no movement in the allowance for impairment losses on guests, concessionaires and other patrons and other receivables in 2022 and 2021, respectively (Note 18).

5. Inventories

The Group's inventories are carried at cost, which is lower than the net realizable value (NRV), as at December 31, 2022 and 2021 which amounted to P0.76 million.

The cost recognized as an expense for operating supplies amounting to P0.26 million, P0.17 million and P0.86 million in 2022, 2021 and 2020, respectively, is included as part of "Supplies" under "Others" account in the consolidated statement of profit or loss and other comprehensive (loss) income (see Note 12).

In 2018, the Parent Company recognized casualty losses for the destroyed and damaged inventories amounting to P5.59 million (see Note 1).

6. Prepaid Expenses and Other Current Assets

This account consists of:

	2022	2021
Input VAT - net	**P166,187,466**	P135,322,899
Creditable withholding taxes	**23,079,688**	23,115,113
Prepaid licenses and taxes	**11,052,841**	11,052,841
Prepaid insurance	**384,380**	1,485,530
Others	**2,922,466**	2,426,158
	P203,626,841	P173,402,541

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

7. Property and Equipment

The balances and movements in this account are as follows:

	As at and for the Year Ended December 31, 2022				
	Land	Hotel Building	Furniture, Fixtures and Equipment	Construction-in-Progress	
Measurement Basis:	*At Cost*	*Revalued*	*Revalued*	*At Cost*	Total
Cost					
Beginning balance	P650,000,000	P471,046,928	P13,633,905	P644,347,964	P1,779,028,797
Additions	-	-	1,220,274	246,954,065	248,174,339
Ending balance	650,000,000	471,046,928	14,854,179	891,302,029	2,027,203,136
Accumulated Depreciation					
Beginning balance	-	250,900,178	12,607,966	-	263,508,144
Depreciation for the year	-	19,568,600	1,995,704	-	21,564,304
Ending balance	-	270,468,778	14,603,670	-	285,072,448
Carrying Amount	P650,000,000	P200,578,150	P250,509	P891,302,029	P1,742,130,688

	As at and for the Year Ended December 31, 2021				
	Land	Hotel Building	Furniture, Fixtures and Equipment	Construction-in-Progress	
Measurement Basis:	*At Cost*	*Revalued*	*Revalued*	*At Cost*	Total
Cost					
Beginning balance	P650,000,000	P471,046,928	P13,626,450	P576,523,365	P1,711,196,743
Additions	-	-	7,455	67,824,599	67,832,054
Ending balance	650,000,000	471,046,928	13,633,905	644,347,964	1,779,028,797
Accumulated Depreciation					
Beginning balance	-	232,065,184	10,905,220	-	242,970,404
Depreciation for the year	-	18,834,994	1,702,746	-	20,537,740
Ending balance	-	250,900,178	12,607,966	-	263,508,144
Carrying Amount	P650,000,000	P220,146,750	P1,025,939	P644,347,964	P1,515,520,653

Prior to the fire incident (see Note 1), 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, 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. The date of the revaluation was as at January 9, 2019.

As at December 31, 2021, no revaluation was performed due to the ongoing reconstruction of the Parent Company's hotel property.

In 2022, the Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building, which is carried at revalued amount. 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 latest valuation was as at December 22, 2022. The carrying value of the building does not differ materially from the fair value determined in the valuation.

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:

	2022	2021
Hotel building	**P1,503,527**	P1,503,527
Furniture, fixtures and equipment	**14,854,179**	13,626,450
	16,357,706	15,129,977
Less: Accumulated depreciation	**11,901,487**	9,905,783
	P4,456,219	P5,224,194

Depreciation on cost charged to profit or loss amounted to P2.00 million, P1.71 million and P1.72 million in 2022, 2021, and 2020, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P19.57 million, P18.83 million and P20.30 million in 2022, 2021 and 2020, respectively.

The revaluation increment transferred directly to retained earnings, net of deferred tax effect, amounted to P14.68, P14.68 million and P13.70 million for 2022, 2021 and 2020, respectively. The carrying amount of the revaluation surplus amounting to P150.43 million and P165.11 million as at December 31, 2022 and 2021, respectively, is not available for distribution to shareholders.

8. Other Noncurrent Assets

This account consists of:

	Note	**2022**	2021
Advances to contractors		**P726,196,527**	P783,578,271
Other deposits	*17*	**7,672,835**	7,672,835
		733,869,362	791,251,106
Less allowance for impairment losses on advances to contractors		**45,313,007**	45,313,007
		P688,556,355	P745,938,099

Advances to contractors are deposits for the reconstruction and restoration of the Parent Company's hotel property and equipment (see Note 1).

There was no additional impairment losses on advances to contractors recognized for 2022, 2021 and 2020.

9. Trade and Other Current Payables and Retention Payables

This account consists of:

	Note	**2022**	2021
Trade payables	*17*	**P378,255,727**	P451,695,526
Accruals:			
Utilities	*17*	**1,566,329**	1,240,362
Other accruals	*17*	**4,338,071**	346,006
Withholding taxes		**2,855,479**	1,502,491
Others		**5,477,122**	5,396,873
		P392,492,729	P460,181,258

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

Other payables include commissions, unclaimed wages, sponsorships, Social Security System, Philippine Health Insurance Corporation and Housing Development Mutual Fund and sundry payables.

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

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
PLEC	Subsidiary
PEC	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
Acesite Leisure Entertainment Corporation (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:

				Outstanding Balance					
Category/ Transaction	**Year**	***Note***	**Amount of the Transaction**	**Due from a Related Party**	**Note Receivable**	**Equity Securities - at FVOCI**	**Due to Related Parties**	**Terms**	**Conditions**
WPI									
▪ Advances	**2022**	*a*	**(P29,964,886)**	**P -**	**P -**	**P -**	**P132,881,652**	Noninterest-	Unsecured
	2021	*a*	(15,896,666)	-	-	-	162,846,538	bearing, and	
	2020	*a*	(5,990,381)	-	-	-	178,743,204	payable on	
								demand	
ARI*									
▪ Advances	**2022**	*b*	**2,498,032**	**-**	**-**	**-**	**-**	Noninterest-	Unsecured
	2021	*b*	-	-	-	-	-	bearing, and	
	2020	*b*	(770,891)	-	-	-	-	payable on	
								demand	
ALEC									
▪ Note receivable	**2022**	*c*	**7,084,909**	**-**	**98,701,816**	**-**	**-**	Due in one	Unsecured;
	2021	*c*	6,898,407	-	91,616,907	-	-	year;	no impairment
	2020	*c*	(12,509,113)	-	84,718,500	-	-	interest-	
								bearing	
WCCCHI									
▪ Advances	**2022**	*d*	**5,330,690**	**-**	**-**	**-**	**9,702,898**	Noninterest-	Unsecured
	2021	*d*	4,036,986	-	-	-	4,372,208	bearing, and	
	2020	*d*	(5,539,831)	-	-	-	335,222	payable on	
								demand	
WMCHI									
▪ Advances	**2022**	*d*	**(262,916)**	**-**	**-**	**-**	**242,263,251**	Noninterest-	Unsecured
	2021	*d*	(21,381,404)	-	-	-	242,526,167	bearing, and	
	2020	*d*	30,716,663	-	-	-	263,907,571	payable on	
								demand	
DIHCI									
▪ Advances	**2022**	*d*	**344,244**	**-**	**-**	**-**	**72,483,167**	Noninterest-	Unsecured
	2021	*d*	24,406,292	-	-	-	72,138,923	bearing, and	
	2020	*d*	16,494,730	-	-	-	47,732,631	payable on	
								demand	
WHMC									
▪ Advances	**2022**	*e*	**-**	**2,551,338**	**-**	**-**	**-**	Noninterest-	Unsecured
	2021	*e*	-	2,551,338	-	-	-	bearing,	
	2020	*e*	-	2,551,338	-	-	-	payable on	
								demand; impaired	
▪ Allowance for	**2022**	*e*	**-**	**(2,551,338)**	**-**	**-**	**-**		
impairment	2021	*e*	-	(2,551,338)	-	-	-		
losses	2020	*e*	-	(2,551,338)	-	-	-		
WII									
▪ Equity security -	**2022**	*f*	**-**	**-**	**-**	**19,943,300**	**-**		
at FVOCI	2021	*f*	520,260	-	-	19,943,300	-		
	2020	*f*	1,907,620	-	-	19,735,540	-		
KMP									
▪ Short-term	**2022**		**1,284,221**	**-**	**-**	**-**	**-**		
employee benefits	2021		3,185,834	-	-	-	-		
	2020		8,011,843	-	-	-	-		
▪ Post-employment	**2022**		**290,000**	**-**	**-**	**-**	**-**		
benefits	2021		290,000	-	-	-	-		
	2020		290,000	-	-	-	-		
TOTAL	**2022**				**P98,701,816**	**P19,943,300**	**P457,330,968**		
TOTAL	2021				P91,616,907	P19,943,300	P481,883,836		

**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 a lease with ARI for use of the latter's land where the Hotel is situated. This noncancellable 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 until the operational, 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. At the end of 2021, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2022. At the end of 2022, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2023.The related interest income recognized in profit or loss amounted to P3.00 million, P3.39 million and P3.89 million in 2022, 2021 and 2020, respectively (see Note 13).

   Further, the Parent Company and ALEC entered into a seven-year operating lease contract for use of hotel premises. The lease will commence once the planned soft opening of the podium building happens (see Note 1).

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 (loss) income (see Note 12).

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, 2022 and 2021 amounted to P19.94 million, resulting in a valuation gain of nil, P0.52 million and P1.91 million in 2022, 2021 and 2020.

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:

	2022	2021
Authorized - P1 par value	**P1,200,000,000**	P1,200,000,000
Issued	**346,100,578**	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, 2022 and 2021, the Parent Company has 152,692,263 and 152,692,463 shares, respectively, held by the public or 44.29% of the total outstanding capital stock and a total of 206 stockholders. The Parent Company has not sold any unregistered securities for the past 5 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, 2022 and 2021 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, 2022 and 2021, the Parent Company has bought back 1,353,058 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, 2022 and 2021, no appropriation has been made.

12. Other Costs and Expenses

This account consists of:

	Note	**2022**	2021	2020
Taxes and licenses		**P14,906,295**	P14,942,467	P15,176,147
Security and other related services		**10,497,597**	10,581,514	10,864,412
Insurance		**4,355,000**	3,678,047	3,014,584
Professional fees		**2,708,215**	4,380,919	2,020,878
Data processing		**1,323,241**	1,134,336	1,325,372
Repairs and maintenance		**1,077,589**	3,833,558	401,801
Directors' fees		**668,059**	755,882	707,059
Rent		**415,441**	563,717	3,976,581
Advertising		**317,869**	277,136	221,460
Laundry, valet and other hotel services		**284,356**	97,798	1,515,270
Supplies	*5*	**258,933**	170,598	862,420
Communications		**248,629**	256,499	263,223
Transportation and travel		**180,194**	117,189	948,865
Head office and corporate costs		**47,590**	-	20,323
Representation and entertainment		**15,234**	151,925	27,257
Miscellaneous		**245,575**	659,382	2,069,739
		P37,549,817	P41,600,967	P43,415,391

Rent pertains to the temporary office space occupied by the Parent Company after the fire incident (see Note 1).

Miscellaneous includes recruitment expense, donations and employee association dues.

13. Financing Income

This account consists of:

	Note	**2022**	2021	2020
Bank charges		**P2,570**	P2,604	P5,586
Interest income	*10, 17*	**(6,626,267)**	(4,201,955)	(3,949,181)
		(P6,623,697)	(P4,199,351)	(P3,943,595)

14. 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, 2022, which was prepared using the projected unit credit method (PUCM). 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:

2022	**FVPA**	**DBO**	**Retirement Benefits Liability**
At January 1	**P3,945,329**	**(P9,157,699)**	**(P5,212,370)**
Included in Profit or Loss			
Current service cost	**-**	**(896,670)**	**(896,670)**
Net interest income (cost)	**195,294**	**(453,306)**	**(258,012)**
	195,294	**(1,349,976)**	**(1,154,682)**
Included in OCI			
Remeasurement gains:			
1. Actuarial gains (losses) arising from:			
▪ Financial assumptions	**-**	**2,918,554**	**2,918,554**
▪ Demographic assumptions	**-**	**-**	**-**
▪ Experience adjustments	**-**	**(2,208,523)**	**(2,208,523)**
2. Return on plan assets excluding interest income	**(269,549)**	**-**	**(269,549)**
	(269,549)	**710,031**	**440,482**
At December 31	**P3,871,074**	**(P8,297,644)**	**(P4,426,570)**

2021	FVPA	DBO	Retirement Benefits Liability
At January 1	P3,884,228	(P11,057,900)	(P7,173,672)
Included in Profit or Loss			
Current service cost	-	(1,096,934)	(1,096,934)
Net interest income (cost)	140,997	(401,402)	(260,405)
	140,997	(1,498,336)	(1,357,339)
Included in OCI			
Remeasurement gains:			
3. Actuarial gains (losses) arising from:			
▪ Financial assumptions	-	1,539,095	1,539,095
▪ Demographic assumptions	-	-	-
▪ Experience adjustments	-	1,859,442	1,859,442
4. Return on plan assets excluding interest income	(79,896)	-	(79,896)
	(79,896)	3,398,537	3,318,641
At December 31	P3,945,329	(P9,157,699)	(P5,212,370)

Retirement benefits expense is included in “Personnel” account in the consolidated statement of profit or loss and other comprehensive (loss) income.
The personnel account comprise the following:

	2022	2021	2020
Salaries and wages	**P19,926,204**	P18,313,608	P29,654,490
Retirement benefits expense	**1,154,682**	1,357,339	3,039,754
Other employee benefits	**730,194**	848,123	1,078,612
	P21,811,080	P20,519,070	P33,772,856

The Group’s plan assets consist of the following:

	2022	2021
Cash and cash equivalents	**P2,481,934**	P685,589
Debt instruments - government bonds	**746,883**	2,369,592
Unit investment trust funds	**587,604**	756,001
Equity instruments	**-**	-
Debt instruments - other bonds	**-**	100,067
Others	**54,653**	34,080
	P3,871,074	P3,945,329

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 2023.

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

	2022	2021
Discount rate	**7.07%**	4.95%
Future salary increases	**3.00%**	3.50%

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 7.68 years and 7.04 years as at December 31, 2022 and 2021, 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**
2022	**P8,297,644**	**P10,259,672**	**P519,348**	**P2,047,256**	**P7,693,068**
2021	P9,157,699	P8,384,119	P320,933	P1,643,082	P6,420,104

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:

2022	**+ 1%**	**- 1%**
Discount rate	**(P848,198)**	**P971,463**
Expected rate of salary increases	**1,010,183**	**(900,160)**

2021	+ 1%	- 1%
Discount rate	(P975,716)	P1,135,689
Expected rate of salary increases	1,141,661	(1,001,056)

15. Income Taxes

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

	2022	2021	2020
Recognized in Profit or Loss			
Current tax expense	**P35,425**	P33,887	P77,782
Deferred tax (benefit) expense			
Current	**(5,165,892)**	(5,047,715)	101,499,990
Impact of change in tax rate	**-**	(27,400,075)	-
	(5,165,892)	(32,447,790)	101,499,990
	(5,130,467)	(P32,413,903)	P101,577,772
Recognized in OCI			
Deferred tax (benefit) expense			
Current	**(P110,121)**	P829,660	P911,291
Impact of change in tax rate	**-**	(15,923,949)	-
	(P110,121)	(P15,094,289)	P911,291

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

	2022	2021	2020
Income (loss) before income tax expense (benefit)	**(P77,987,681)**	(P82,249,874)	P756,143,571
Statutory tax rate for income tax expense	**25.00%**	25.00%	30.00%
Income tax (benefit) expense	**(P19,496,920)**	(P20,562,469)	P226,843,071
Additions to (reductions in) income tax due to the effects of:			
Unrecognized deferred tax asset on NOLCO and MCIT	**15,133,597**	15,635,837	21,836,112
Nondeductible expenses	**3,809**	116,058	1,223,646
Interest income already subjected to final tax	**(770,953)**	(203,254)	(18,023)
Change in corporate tax	**-**	(27,400,075)	-
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	**-**	-	108,048,907
Nontaxable income	**-**	-	(256,355,941)
	(P5,130,467)	(P32,413,903)	P101,577,772

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

December 31, 2022	**Balance January 1, 2021**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance December 31, 2022**
Deferred tax liability:				
Revaluation surplus on property and equipment	**P213,720,091**	**(P4,892,150)**	**P -**	**P208,827,941**
Deferred tax assets:				
Retirement benefits liability	**1,303,093**	**288,671**	**(110,121)**	**1,481,643**
Unrealized foreign exchange loss	**14,929**	**(14,929)**	**-**	**-**
	1,318,022	**273,742**	**(110,121)**	**1,481,643**
	P212,402,069	**(P5,165,892)**	**P110,121**	**P207,346,298**

December 31, 2021	Balance January 1, 2021	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2021
Deferred tax liability:				
Revaluation surplus on property and equipment	P262,114,606	(P36,408,748)	(P11,985,767)	P213,720,091
Deferred tax assets:				
Retirement benefits liability	2,152,102	(3,957,531)	3,108,522	1,303,093
Unrealized foreign exchange loss	18,356	(3,427)	-	14,929
	2,170,458	(3,960,958)	3,108,522	1,318,022
	P259,944,148	(P32,447,790)	(P15,094,289)	P212,402,069

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.

On March 26, 2021, the President of the Philippines 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) MCIT 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 RRs 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 National Internal Revenue Code of 1997, As Amended.*

The corporate income tax rates of the subsidiaries were lowered from 30% to 25% on which the Group qualified, effective July 1, 2021.

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
2022	**P14,483,139**	**P -**	**P -**	**P14,483,139**	**2027**
2021	59,520,609	-	-	59,520,609	2026
	P74,003,748	P -	P -	P74,003,748	

Details of the Subsidiary's NOLCO are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	P2,887,194	P -	P -	P2,887,194	2026

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 -	P247,076,524	P111,584,154	

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
2022	**P35,425**	**P -**	**P -**	**P35,425**	**2025**
2021	33,387	-	-	33,387	2024
	P68,812	P -	P -	P68,812	

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 -	P27,419	P37,690	

16. (Loss) Earnings Per Share

(Loss) earnings per share ((LPS) EPS) is computed by dividing the net (loss) income for the year by the weighted average number of outstanding shares of common stock during the year.

	2022	2021	2020
Net (loss) income	**(72,857,214)**	(P49,835,971)	P654,565,799
Weighted average number of outstanding shares of common stock (net of treasury stock)	**344,747,520**	344,747,520	344,747,520
(LPS) EPS - basic/diluted	**(0.21)**	(P0.14)	P1.90

There are no potential dilutive common shares for the years ended December 31, 2022, 2021 and 2020.

17. 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.

The tables below show the credit quality of the Group's financial assets (amounts are in thousands):

	2022			
		At Amortized Cost		
	FVOCI	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**
Grade A	**P19,943**	**P386,643**	**P -**	**P -**
Grade B	**-**	**-**	**-**	**-**
Grade C	**-**	**22,462**	**-**	**-**
Gross carrying amount	**19,943**	**409,105**	**-**	**-**
Loss allowance	**-**	**22,462**	**-**	**-**
Carrying amount	**P19,943**	**P386,643**	**P -**	**P -**

	2021			
		At Amortized Cost		
	FVOCI	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P19,943	P713,483	P -	P -
Grade B	-	-	-	-
Grade C	-	22,462	-	-
Gross carrying amount	19,943	735,945	-	-
Loss allowance	-	22,462	-	-
Carrying amount	P19,943	P713,483	P -	P -

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

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include 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 length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that 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	**2022**	2021
Cash and cash equivalents*		**P142,424**	P468,845
Trade and other current receivables	*4*	**137,812**	165,259
Note receivable	*10*	**98,702**	91,617
Due from a related party	*10*	**2,551**	2,551
Equity securities - at FVOCI	*10*	**19,943**	19,943
Other deposits	*8*	**7,673**	7,673
		409,105	755,888
Less allowance for impairment losses	*4, 10*	**22,462**	22,462
		P386,643	P733,426

**Excluding cash on hand*

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	**P50,000**	P50,000
Cash in banks	**15,424,210**	91,845,455
Cash equivalents	**127,000,000**	377,000,000
	P142,474,210	P468,895,455

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 maturity of 34 days for both 2022 and 2021.

Related interest income recognized in profit or loss amounted to P3.08, P0.81 million and P0.06 million in 2022, 2021 and 2020, respectively (see Note 13).

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

December 31, 2022	Total	Neither Past Due nor Impaired	Past Due but not Impaired < 30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Past Due and Impaired
Cash and cash equivalents*	P142,424	P142,424	P -	P -	P -	P -	P -	P -
Trade and other current receivables	141,994	122,083	-	-	-	-	-	19,911
Note receivable	98,702	98,702	-	-	-	-	-	-
Due from a related party	7,931	5,380	-	-	-	-	-	2,551
Equity securities - at FVOCI	19,943	19,943	-	-	-	-	-	-
Other deposits	7,673	99	-	-	-	-	7,574	-
Total	P418,667	P388,631	P -	P -	P -	P -	P7,574	P22,462

Excluding cash on hand

December 31, 2021	Total	Neither Past Due nor Impaired	Past Due but not Impaired < 30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Past Due and Impaired
Cash and cash equivalents*	P468,845	P468,845	P -	P -	P -	P -	P -	P -
Trade and other current receivables	165,259	145,348	-	-	-	-	-	19,911
Note receivable	91,617	91,617	-	-	-	-	-	-
Due from a related party	2,551	-	-	-	-	-	-	2,551
Equity securities - at FVOCI	20,256	20,256	-	-	-	-	-	-
Other deposits	7,673	7,673	-	-	-	-	-	-
Total	P756,201	P733,739	P -	P -	P -	P -	P -	P22,462

Excluding cash on hand

Information on the Group's receivables that are impaired as at December 31, 2022 and 2021 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 (loss) income amounted to nil in 2022, 2021 and 2020 (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):

			Contractual Undiscounted Payments			
December 31, 2022	***Note***	**Total Carrying Amount**	**Total**	**On Demand**	**Less than 1 Year**	**1 to 5 Years**
Trade and other current payables*	*9*	**P384,160**	**P384,160**	**P6,398**	**P377,762**	**P -**
Due to related parties	*10*	**457,331**	**457,331**	**457,331**	**-**	**-**
Retention payables		**85,908**	**85,908**	**-**	**-**	**85,908**
		P927,399	**P927,399**	**P463,729**	**P377,762**	**P85,908**

**Excluding statutory payables*

			Contractual Undiscounted Payments			
December 31, 2021	*Note*	Total Carrying Amount	Total	On Demand	Less than 1 Year	1 to 5 Years
Trade and other current payables*	*9*	P458,548	P458,548	P7,519	P451,029	P -
Due to related parties	*10*	481,884	481,884	481,884	-	-
Retention payables		62,629	62,629	-	-	62,629
		P1,003,061	P1,003,061	P489,403	P451,029	P62,629

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, 2022 and 2021.

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 2022 and 2021. This analysis assumes an increase of 10% for 2022 and 2021 and a decrease of 10% for 2022 and 2021 of the equity price of the Group's equity securities - at FVOCI. All other variables are held constant:

	Increase		**Decrease**	
	10%	10%	**-10%**	-10%
	2022	2021	**2022**	2021
Equity	**P1,495,748**	P1,495,748	**(P1,495,748)**	(P1,495,748)

<u>Fair Value Measurement</u>
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 security - 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.

The approximation of the fair values of the Company's financial assets and liabilities are based on Level 3, except for equity securities – at FVOCI which is based on Level 1 of the fair value hierarchy.

18. 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 2022 and 2021. 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.

19. 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.

The Parent Company appealed to the Court of Appeals (CA) on June 16, 2020 by filing its Memorandum dated June 15, 2020. PAGCOR and VMC likewise filed their separate Memoranda dated June 19, 2020, respectively.

On August 26, 2020, the CA noted the memoranda and submitted the case for decision.

On February 21, 2022, the CA denied the appeal and the Parent Company opted not to appeal the decision any further.

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.

20. 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 date of the authorization for issue of the consolidated financial statements, Metro Manila have been placed under Alert Level 1 which allows all establishments, persons, or activities to operate, work, or be undertaken at full on-site or venue/seating capacity provided it is consistent with the minimum public health standards.

The Group has assessed that COVID-19 will still have continuing significant impact on its operations. 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.

21. Significant Account Policies

<u>Adoption of Amended Standards</u>

The FSRSC approved the adoption of a number of amended standards as part of PFRS.

The Group has adopted the following PFRS effective January 1, 2022 and accordingly, changed its accounting policies in the following areas:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16, *Leases*). The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

- 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 an entity's ordinary activities, the amendments require the entity 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 statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). 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.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards, of which the following are applicable to the Group:

  - 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, *Leases*). 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.

- Taxation in Fair Value Measurements (Amendment to PAS 41, *Agriculture*). The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

The adoption of the amended standards did not have a material effect on the consolidated financial statements.

<u>Financial Instruments</u>
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 or minus, for an item not at Fair Value Through Profit or Loss (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.

<u>Financial Assets</u>
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, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021, 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 17). 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 (loss) 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, 2022 and 2021, 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 (loss) 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.

<u>Impairment of Financial Assets</u>
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.

<u>Basis of Consolidation</u>
Subsidiary
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, as at and for the years ended December 31, 2022 and 2021.

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 three (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.

<u>Segment Reporting</u>
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.

<u>Current and Noncurrent Classification</u>
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 (loss) 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 (loss) 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 PHP using the exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated to their PHP 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 PUCM. 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 (loss) 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.

(LPS) EPS
Basic EPS/LPS is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS/LPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares are further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Provisions and Contingencies
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that a transfer of economic benefits will be required to settle the obligation.

Contingent liabilities are not recognized as liabilities, but are disclosed in the consolidated financial statements unless the possibility of an outflow of resources is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
The Group identifies post-yearend events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-yearend events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

New and Amended Standards Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amended standards on the respective effective dates:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 provide guidance and examples on the application of materiality to accounting policy disclosures.

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

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

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, 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 only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

  - clarified that settlement of a liability includes transferring an entity'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 noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 *Leases*). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. A seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into on or after the date of initial application of PFRS 16.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

7199

COMPANY NAME

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARY

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

8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS21	N/A	N/A

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
acesitemph@waterfronthotels.net	09985948516	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
206	December 2	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Aleli Alday	a.alday@waterfronthotels.net	N/A	09985948516

CONTACT PERSON's ADDRESS

8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila

***Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

Acesite (Phils.) Hotel Corporation and Subsidiaries

As of December 31, 2022

Ratio	Formula		**2022**	2021
Current ratio	Total Current Assets divided by Total Current Liabilities		**0.66**	0.93
	Total Current Assets	P563,465,437		
	Divided by: Total Current Liabilities	849,823,697		
	Current ratio	**0.66**		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		**0.42**	0.75
	Total Current Assets	P563,465,437		
	Less: Inventories	762,424		
	Other current assets	203,626,841		
	Quick assets	P359,076,172		
	Divided by: Total Current Liabilities	849,823,697		
	Acid test ratio	**0.42**		
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities		**-0.04**	-0.02
	Net Income After Tax	(P72,857,214)		
	Add: Non-Cash Expenses	22,718,986		
	After-tax Net Operating Income	(P50,138,228)		
	Divided by: Total Liabilities	1,147,504,130		
	Solvency ratio	**-0.04**		
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity		**0.61**	0.63
	Total Liabilities	P1,147,504,130		
	Divided by Shareholder's Equity	1,866,591,650		
	Debt-to-equity ratio	**0.61**		
Asset-to-equity ratio	Total assets divided by Shareholder's Equity		**1.61**	1.63
	Total assets	P3,014,095,780		
	Divided by: Shareholder's Equity	1,866,591,650		
	Asset-to-equity ratio	**1.61**		
Return on equity	Net Income divided by Shareholder's Equity		**-3.90%**	-2.57%
	Net Income	(P72,857,214)		
	Divided by: Shareholder's Equity	1,866,591,650		
	Return on Equity	**-3.90%**		

Ratio	Formula	**2022**	2021
Return on assets	Net Income divided by Average Total Assets Net Income (P72,857,214) Divided by: Average Total Asset Beginning Balance, asset P3,161,426,847 Add: Ending Balance, asset 3,014,095,780 P6,175,522,627 Divided by: 2 3,087,761,314 Return on asset **-2.36%**	**-2.36%**	-1.55%

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2022

ACESITE (PHILS) HOTEL CORPORATION AND SUBSIDIARIES

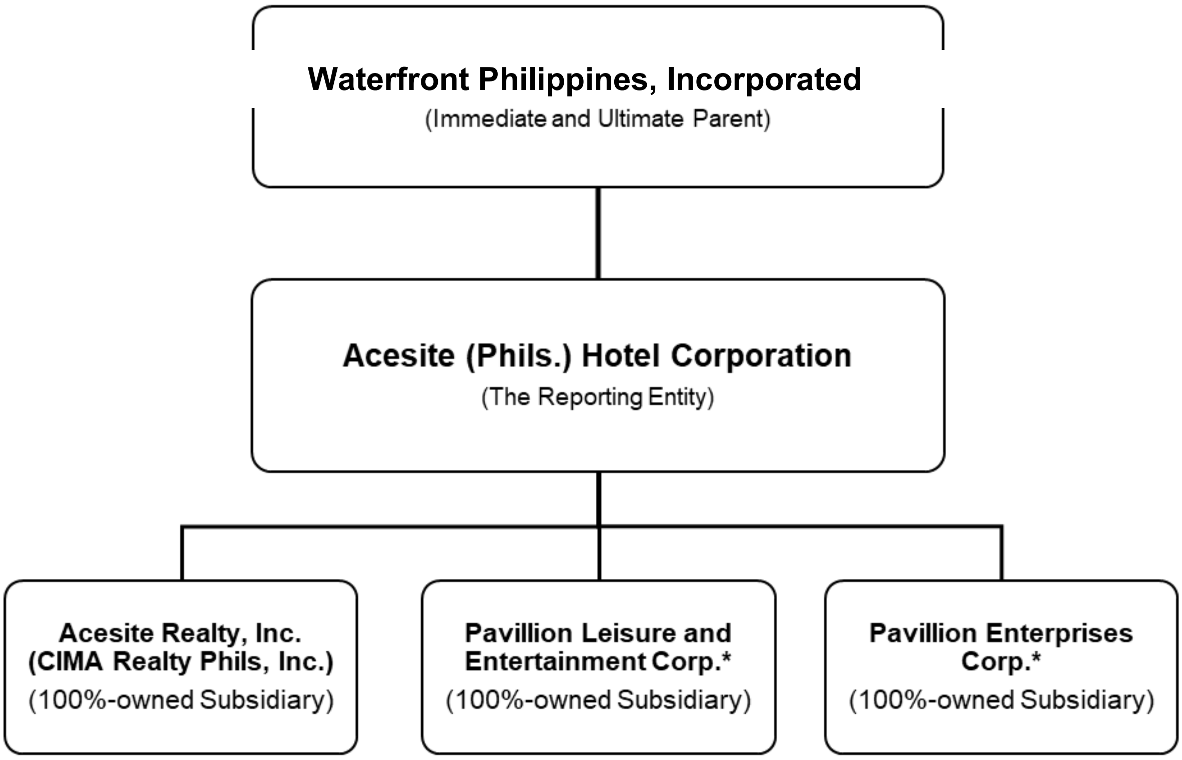
8th Floor, Manila Pavilion Hotel
United Nations Avenue, Ermita, Manila

Unappropriated Retained Earnings, January 1, 2022	**P1,326,661,694**
Adjustments:	
Treasury shares, net of tax effect	**(12,041,700)**
Unappropriated Retained Earnings, As Adjusted, January 1, 2022	**1,314,619,994**
Add:	
Net loss for the year closed to retained earnings	**(74,196,432)**
Non-actual expenses/loss	**-**
Depreciation on revaluation increment on property and equipment, net of tax effect	**14,676,450**
Reversal of revaluation increment, net of tax effect	**-**
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022	**(P59,519,982)**
	P1,255,100,012

Figures based on audited Separate Financial Statements.

ANNEX B

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



*nonoperating entities

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES

Table of Contents

Supplementary Schedules
Required Under the Revised Securities Regulation Code Rule 68
December 31, 2022

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIAIRIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2022

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		P142,474,210	P142,474,210	P3,083,813
Trade and other current receivables - net		117,900,146	117,900,146	-
Note receivable		98,701,816	98,701,816	3,542,455
Equity securities - at fair value through other comprehensive income	86,710,000	19,943,300	19,943,300	
	86,710,000	**P379,019,472**	**P379,019,472**	**P6,626,268**

See Notes 4, 10 and 18 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Acesite Leisure and Entertainment Corp. (ALEC)	**P91,616,907**	**7,084,909**	P -	P -	P -	P -	P98,701,816

See Note 10 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2022

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

Nothing to report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2022

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Waterfront Philippines, Inc. (Parent Company)	P186,346,538	P187,366,652
Waterfront Cebu City Casino Hotel, Incorporated	4,372,208	9,702,898
Waterfront Mactan Casino Hotel, Incorporated	211,288,266	242,263,251
Davao Insular Hotel Company, Inc.	66,263,870	72,483,168
	P468,270,882	P511,815,969

See Note 10 of Notes to the Consolidated Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

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

Nothing to report

ACESITE (PHILS.) HOTEL CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2022

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	346,100,578	1,353,058	192,045,057	10,000	152,692,263
Preferred shares	20,000	-	-	-	-	-
	1,200,020,000	**346,100,578**	**1,353,058**	**192,045,057**	**10,000**	**152,692,263**

See Note 11 of Notes to the Consolidated Financial Statements.

Fw: Your BIR AFS eSubmission uploads were received
Aleli Rose Alday
to:
Finance Admin Assistant, John Mark Aporto
03/05/2023 12:00 am
Cc:
Evangeline E. Soliveres
Hide Details
From: Aleli Rose Alday/WPI
To: Finance Admin Assistant/WPI@waterfronthotels.net, John Mark Aporto/WPI@waterfronthotels.net
Cc: Evangeline E. Soliveres/WPI@waterfronthotels.net

For our common reference.

Thanks.

Regards,

Aleli

ALELI ROSE ALDAY
Finance Manager

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

----- Forwarded by Aleli Rose Alday/WPI on 05/02/2023 11:59 pm -----

From: eafs@bir.gov.ph
To: A.ALDAY@WATERFRONTHOTELS.NET
Cc: A.ALDAY@WATERFRONTHOTELS.NET
Date: 05/02/2023 11:58 pm
Subject: Your BIR AFS eSubmission uploads were received

Hi ACESITE (PHILS) HOTEL CORPORATION,

Valid files

- EAFS002856627ITRTY122022.pdf

- EAFS002856627RPTTY122022.pdf
- EAFS002856627OTHTY122022.pdf
- EAFS002856627AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-C9L75C9J03TTTVNMSQSQTQ14S03PXRYP2T**
Submission Date/Time: **May 02, 2023 11:38 PM**
Company TIN: **002-856-627**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 002-856-627-000
Name	: ACESITE PHILS HOTEL CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462300053415829
Amount Payable (Over Remittance)	: -22,764,781.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2022
Date Filed	: 04/17/2023
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

ACESITE (PHILS.) HOTEL CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2022 and 2021

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
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

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Acesite (Phils.) Hotel Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of profit or loss and other comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2022 and 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended 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 Separate Financial Statements* section of our report. We are independent of the Company 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 separate 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 to the separate financial statements which describes the effects of a fire on March 18, 2018 that damaged the Company's podium and the hotel buildings that resulted to the suspension of its operations. As stated in Note 1, the Company filed in 2018 for property damage and business insurance claims from its insurance companies for which in 2020, the insurance claims recoverable amounting to P1.72 billion was confirmed. It is further stated in Note 1 that the Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings, which are still ongoing as at December 31, 2022, the Phase 1 of which is expected to be completed by the 4th quarter of 2023, while Phases 2 and 3 by the 2nd quarter of 2024. Note 1 indicates as well that a related party that has a long-term sublease contract with Philippine Amusement and Gaming Corporation, entered into a long-term lease contract with the Company for the operation of the casino until 2025. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 separate 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 24 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27,2022; valid until June 27, 2025
PTR No. MKT 9563853
Issued January 3, 2023 at Makati City

May 2, 2023
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING
WITH THEBUREAU OF INTERNAL REVENUE

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 the accompanying separate financial statements of Acesite (Phils.) Hotel Corporation (the Company) as at and for the year ended December 31, 2022, on which we have rendered our report dated May 2, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager, members of the Board of Directors or principal stockholders of the Company.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
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PTR No. MKT 9563853
Issued January 3, 2023 at Makati City

May 2, 2023.
Makati City, Metro Manila

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)

ACESITE (PHILS.) HOTEL CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	*18*	**P142,474,210**	P468,895,455
Trade and other current receivables - net	*4, 18*	**122,082,199**	149,567,418
Note receivable	*11, 18*	**98,701,816**	91,616,907
Due from a related party		**5,379,692**	2,881,660
Inventories	*5*	**762,424**	762,424
Prepaid expenses and other current assets	*6*	**201,025,179**	170,800,883
Total Current Assets		**570,425,520**	884,524,747
Noncurrent Assets			
Property and equipment - net	*7*	**1,092,130,688**	865,520,653
Right-of-use assets - net	*20*	**23,366,378**	25,428,117
Investment in a subsidiaries	*8*	**459,762,500**	459,762,500
Equity security - at fair value through other comprehensive income		**19,943,300**	19,943,300
Other noncurrent assets - net	*9*	**688,556,355**	745,938,099
Total Noncurrent Assets		**2,283,759,221**	2,116,592,669
		P2,854,184,741	P3,001,117,416
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	*10, 18*	**P392,354,500**	P460,043,030
Due to related parties	*11, 18*	**457,330,968**	481,883,836
Total Current Liabilities		**849,685,468**	941,926,866
Noncurrent Liabilities			
Retention payables	*18*	**85,907,564**	62,628,812
Retirement benefits liability	*15*	**4,426,570**	5,212,370
Lease liability - net of current portion	*18, 20*	**51,010,935**	48,006,871
Deferred tax liability - net	*16*	**41,935,157**	48,257,380
Total Noncurrent Liabilities		**183,280,226**	164,105,433
Total Liabilities		**1,032,965,694**	1,106,032,299
Equity			
Capital stock	*12, 19*	**346,100,520**	346,100,520
Revaluation surplus on property and equipment	*7*	**150,433,612**	165,110,062
Retirement benefits reserve	*15*	**61,892,073**	61,561,711
Fair value reserve	*11*	**7,692,830**	7,692,830
Retained earnings	*12*	**1,267,141,712**	1,326,661,694
Treasury stock	*12*	**(12,041,700)**	(12,041,700)
Total Equity		**1,821,219,047**	1,895,085,117
		P2,854,184,741	P3,001,117,416

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION

SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (LOSS) INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUES		**P -**	P -	P -
COSTS AND EXPENSES OTHER THAN DEPRECIATION, FINANCING AND INCOME TAX EXPENSE (BENEFIT)				
Personnel	*15*	**21,811,080**	P20,519,070	P33,772,856
Rental		**415,441**	3,792,924	3,044,412
Energy	*20*	**3,686,177**	563,717	3,976,581
Others	*13*	**34,674,243**	37,837,555	36,723,478
		60,586,941	62,713,266	77,517,327
(LOSS) BEFORE GAIN (LOSSES), DEPRECIATION, FINANCING AND INCOME TAX (BENEFIT) (BENEFIT)		**(60,586,941)**	(62,713,266)	(77,517,327)
(LOSSES) GAIN, DEPRECIATION AND FINANCING				
Financing income - net	*14*	**3,619,634**	1,258,215	509,320
Foreign exchange losses - net		**-**	1,476	(61,185)
Gain from insurance claims (casualty losses) - net	*1, 5*	**-**	-	854,519,803
Depreciation	*7, 20*	**(23,626,043)**	(21,295,897)	(24,976,770)
		(20,006,409)	(20,036,206)	829,991,168
(LOSS) INCOME BEFORE INCOME TAX		**(80,593,350)**	(82,749,472)	752,473,841
INCOME TAX (BENEFIT) EXPENSE	*16*	**(6,396,918)**	(694,753)	99,211,548
NET (LOSS) INCOME		**(74,196,432)**	(82,054,719)	653,262,293
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will never be reclassified to profit or loss				

Forward

			Years Ended December 31	
	Note	**2022**	2021	2020
Unrealized gain (losses) on equity security - at fair value through other comprehensive income	*11*	**P -**	P520,260	P1,907,620
Remeasurement gains on defined benefit plan	*15*	**440,482**	3,318,641	3,037,636
Deferred tax effect	*16*	**(110,121)**	15,094,289	(911,291)
		330,361	18,933,190	4,033,965
TOTAL COMPREHENSIVE (LOSS) INCOME		**(P73,866,071)**	(P63,121,529)	P657,296,258
(LOSS) EARNINGS PER SHARE - Basic and Diluted	*17*	**(P0.22)**	(P0.24)	P1.89
		P344,747,520	P344,747,520	P344,747,520

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 12)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 11)	Retained Earnings (Note 12)	Treasury Stock (Note 12)	Total
Balance at January 1, 2022	**P346,100,520**	**P165,110,062**	**P61,561,711**	**P7,692,830**	**P1,326,661,694**	**(P12,041,700)**	**P1,895,085,117**
Total Comprehensive Loss for the Year							
Net loss for the year	**-**	**-**	**-**	**-**	**(74,196,432)**	**-**	**(74,196,432)**
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	**-**	**(14,676,450)**	**-**	**-**	**14,676,450**	**-**	**-**
Other comprehensive income - net of tax effect	**-**		**330,362**	**-**	**-**	**-**	**330,362**
	-	**(14,676,450)**	**330,362**	**-**	**(59,519,982)**	**-**	**(73,866,070)**
Balance at December 31, 2022	**P346,100,520**	**P150,433,612**	**P61,892,073**	**P7,692,830**	**P1,267,141,712**	**(P12,041,700)**	**P1,821,219,047**

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 12)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 11)	Retained Earnings (Note 12)	Treasury Stock (Note 12)	Total
Balance at January 1, 2021	P346,100,520	P167,800,745	P55,134,548	P7,172,570	P1,394,039,963	(P12,041,700)	P1,958,206,646
Total Comprehensive Loss for the Year							
Net loss for the year	-	-	-	-	(82,054,719)	-	(82,054,719)
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	(14,676,450)	-	-	14,676,450	-	-
Other comprehensive income - net of tax effect	-	11,985,767	6,427,163	520,260	-	-	18,933,190
	-	(2,690,683)	6,427,163	520,260	(67,378,269)	-	(63,121,529)
Balance at December 31, 2021	P346,100,520	P165,110,062	P61,561,711	P7,692,830	P1,326,661,694	(P12,041,700)	P1,895,085,117

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Capital Stock (Note 12)	Revaluation Surplus on Property and Equipment (Note 7)	Retirement Benefits Reserve (Note 15)	Fair Value Reserve (Note 11)	Retained Earnings (Note 12)	Treasury Stock (Note 12)	Total
Balance at January 1, 2020	P346,100,520	P181,498,765	P53,008,203	P5,264,950	P727,079,650	(P12,041,700)	P1,300,910,388
Total Comprehensive Income for the Year							
Net income for the year	-	-	-	-	653,262,293	-	653,262,293
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	666,960,313	-	657,296,258
Balance at December 31, 2020	P346,100,520	P167,800,745	P55,134,548	P7,172,570	P1,394,039,963	(P12,041,700)	P1,958,206,646

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income before income tax		**(P80,593,350)**	(P82,749,472)	P752,473,841
Adjustments for:				
Depreciation	*7, 20*	**23,626,043**	21,295,898	24,976,770
Interest expense	*14, 20*	**3,004,064**	2,941,136	3,434,275
Retirement benefits expense	*15*	**1,154,682**	1,357,339	3,039,754
Impairment losses	*4, 9, 11,13*	**-**	-	-
Foreign exchange losses - net		**-**	(1,476)	61,185
Interest income	*14*	**(3,083,813)**	(4,201,956)	(3,949,181)
Gains from insurance claims - net	*1, 5, 7*	**-**	-	(854,519,803)
		(55,892,374)	(61,358,531)	(74,483,159)
Changes in:				
Trade and other current receivables		**485,219**	(2,222,871)	18,839,834
Inventories		**-**	76,800	(258,442)
Prepaid expenses and other current assets		**(30,259,721)**	(5,628,848)	(30,937,917)
Trade and other current payables		**(44,409,778)**	(28,985,409)	102,587,907
		(130,076,654)	(98,118,859)	15,748,223
Interest received		**3,083,813**	813,216	60,076
Benefits paid	*15*	**(1,500,00)**	-	(839,815)
Net cash (used in) provided by operating activities		**(128,492,841)**	(97,305,643)	14,968,484
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Note receivable		**(7,084,909)**	(3,509,667)	12,509,113
Other noncurrent assets		**57,381,744**	(57,264,102)	(17,633,855)
Proceeds from insurance claims on property damages	*1*	**27,000,000**	6,816,060	850,222,546
Additions to property and equipment	*7*	**(248,174,339)**	(67,832,054)	(231,887,614)
Net cash (used in) provided by investing activities		**(170,877,504)**	(121,789,763)	613,210,190

Forward

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Change in due to related parties		**(P27,050,900)**	(P11,716,452)	P34,910,290
Payment of lease liability	*20*	**-**	-	-
Net cash (used in) provided by financing activities		**(27,050,900)**	(11,716,452)	34,910,290
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(326,421,245)**	(230,811,858)	663,088,964
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**-**	1,476	(61,185)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**468,895,455**	699,705,837	36,678,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	*18*	**P142,474,210**	P468,895,455	P699,705,837

See Notes to the Separate Financial Statements.

ACESITE (PHILS.) HOTEL CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the 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 Company is a 55.70%-owned subsidiary of Waterfront Philippines, Inc. (WPI).

The Company amended its Articles of Incorporation for the change in the 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 Company is the owner and operator of Waterfront Manila Hotel and Casino (the Hotel). The corporate life of the Company has been extended up to 2052. The Company's shares have been listed on the Philippine Stock Exchange (PSE) since December 5, 1986.

The details of the equity interest of the Company in its subsidiaries as at December 31, 2022 and 2021 are as follows:

	Percentage of Ownership
Real Estate	
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.)	**100**
Hotel Management and Operation	
Pavillion Leisure and Entertainment Corp.* (PLEC)	**86**
(*through direct ownership in ARI*)	
Pavillion Enterprises Corp.* (PEC)	**100**

**nonoperating entities*

The Company and all of the above subsidiaries were incorporated in the Philippines.

Status of Operation
On March 18, 2018, a fire broke out in the Company's hotel property damaging the podium and hotel building and suspending 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 was declared and classified as "accidental in nature". The Company incurred casualty losses due to damages to its inventories and hotel property (see Notes 5 and 7). The Company filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion.

The Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings. Although, the project completion has been extended due to some delays, the construction activities have not been totally stopped and are still ongoing as of December 31, 2022.The management expects to complete the Phase 1 of a reconstruction project by the 4th quarter of 2023. The Phase 1 of the project includes 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.

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 Company for the operation of a casino until 2025. 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 hotel building are expected to be completed in Phases 2 and 3 of the reconstruction project. Phases 2 and 3 are expected to be completed by the 2nd quarter of 2024. These two latter phases will be funded by the cash flows generated by the operations of Phase 1 and, when necessary, bank borrowings.

With the completion of the reconstruction project, full relaxation of the coronavirus disease 2019 (COVID-19) travel restrictions and the anticipated surge in tourism, the management is confident that it will be able to attract a good share of the incoming tourist markets and provide them with improved facilities and services.

2. Basis of Preparation

Basis of Accounting
These separate financial statements have been prepared in accordance with PFRSs. They were authorized for issue by the Company's BOD on May 2, 2023.

Details of the Company's significant accounting policies are included in Note 23.

Basis of Measurement
The separate financial statements have been prepared on the historical cost basis of accounting except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
▪ Hotel building and furniture, fixtures and equipment	▪ Revalued amount less accumulated depreciation and impairment losses
▪ Equity security - at fair value through other comprehensive income (FVOCI)	▪ Fair value
▪ Retirement benefits liability	▪ Present value of the defined benefits obligation (DBO) less fair value of plan assets (FVPA)

Functional and Presentation Currency
These separate financial statements are presented in Philippine peso (PHP), which is the Company's functional currency. All amounts have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Company'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.

<u>Judgments</u>
Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the separate financial statements is as follows:

Recognizing Insurance Claims
The 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 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 Company's ability to continue as going concern for at least 12 months from the yearend date of the consolidated financial statements. The Company filed for property damage and business insurance claims and from its insurance companies totaling to P1.72 billion which has been allotted for the reconstruction of the hotel property. Additional bank borrowing, to be guaranteed by an affiliate (see Note 1) will be made to fund the Phase 1 of the reconstruction project which are ongoing since 2018.

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 the 4^{th} quarter of 2023. 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 4th quarter of 2023. The hotel rooms are expected to be partially completed in Phase 1 and the remaining amenities, guest facilities and rooms of the hotel building are expected to be completed over Phase 2 and Phase 3 of the reconstruction project. Phases 2 and 3 are expected to be completed by the 2^{nd} quarter of 2024. These two latter phases 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 the management's assumption that the travel and hospitality sectors will return to pre-pandemic levels starting 2023 given the decreasing number of COVID-19 related cases, the relaxation of guidelines for domestic and international travels, as well as the de-escalation from Alert Level 2 to Alert Level 1 in most areas in the Philippines. 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 Company'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 Company 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 separate statement of financial position.

Distinguishing Investment Properties and Owner-occupied Properties
The Company determines whether a property qualifies as an investment property. In making its judgment, the Company 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 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 Company has classified its properties as owner-occupied (see Notes 7, 20 and 21).

Transactions with PAGCOR
The Company 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 Regulation (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 Company's transactions with PAGCOR, the Company'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 Note20).

Determining the Lease Term of Contract with Renewal Option - Company as \Lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Company has one contract that includes an extension option. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Company excluded the renewal period as part of the lease term for its current long-term lease contract as it is determined to be renewable upon mutually acceptable terms and conditions of both the lessee and the lessor.

Operating Lease - Company as Lessor
The Company has entered into commercial property leases on the commercial spaces located in the Hotel. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these commercial spaces and accounts for the contracts as operating leases (see Notes 20 and 21).

<u>Assumptions and Estimation Uncertainties</u>
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 Company 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 expected to be received discounted at the original effective interest rate (EIR). The model represents a probability-weighted estimate of the difference over the remaining life of the financial asset. 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 Company 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 Company 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 area that 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 practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Company in estimating the fair values of its financial instruments are disclosed in Note 18.

Revaluation of Property and Equipment
The Company carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Company 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 Company 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 periodically 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 property and equipment. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. 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 Company assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that the 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 Company 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 Company assessed that the carrying amounts of its nonfinancial assets approximate their recoverable amounts.

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 on retirement benefits liability are disclosed 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.

Leases - Estimating the Incremental Borrowing Rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as the Company's stand-alone credit rating.

Further details on leases are disclosed in Note 20.

4. Trade and Other Current Receivables

This account consists of:

	Note	2022	2021
Guests, concessionaires and other patrons		**P18,346,443**	P18,346,443
Insurance receivable	*1*	**102,394,446**	129,394,446
Others		**21,252,697**	21,737,916
	18	**141,993,586**	169,478,805
Less allowance for impairment losses on guests, concessionaires and other patrons and other receivables	*18*	**19,911,387**	19,911,387
		P122,082,199	P149,567,418

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

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

In assessing the lifetime ECL of the Company's receivables, the Company 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 2022, 2021 and 2020 accounts specifically identified as impaired amounted to nil. No amount of ECL was recognized for the year (see Note 13).

There is no movement in the allowance for impairment losses on guests, concessionaires and other patrons and other receivables in 2022 and 2021, respectively (Note 18).

5. Inventories

The Company's inventories are carried at cost, which is lower than the NRV, as at December 31, 2022 and 2021 amounting to P0.76 million.

The cost recognized as an expense for operating supplies of P0.26 million, P0.17 million and P0.86million in 2022, 2021 and 2020, respectively, is included as part of "Supplies" under "Others" account in the separate statement of profit or loss and other comprehensive (loss) income(see Note 13).

6. Prepaid Expenses and Other Current Assets

This account consists of:

	2022	2021
Input VAT - net	**P166,173,666**	P135,309,099
Creditable withholding taxes	**22,761,806**	22,797,231
Prepaid licenses and taxes	**11,052,841**	11,052,841
Prepaid insurance	**384,382**	1,485,530
Others	**652,484**	156,182
	P201,025,179	P170,800,883

Input VAT is available as tax credit against output VAT liability.

Creditable withholding taxes are excess of tax credits over current income tax due which can be applied against future income tax liability.

Others consist 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:

	As at and For the Year Ended December 31, 2022			
	Hotel Building	**Furniture, Fixtures and Equipment**	**Construction-in-Progress**	
Measurement basis:	***Revalued***	***Revalued***	***At Cost***	**Total**
Cost				
Beginning balance	**P471,046,928**	**P13,633,905**	**P644,347,964**	**P1,129,028,797**
Additions	**-**	**1,220,274**	**246,954,065**	**248,174,339**
Disposals	**-**	**-**	**-**	**-**
Ending balance	**471,046,928**	**14,854,179**	**891,302,029**	**1,377,203,136**
Accumulated Depreciation				
Beginning balance	**250,900,178**	**12,607,966**	**-**	**263,508,144**
Depreciation for the year	**19,568,600**	**1,995,704**	**-**	**21,564,304**
Ending balance	**270,468,778**	**14,603,670**	**-**	**285,072,448**
Carrying Amount	**P200,578,150**	**P250,509**	**P891,302,029**	**P1,092,130,688**

	As at and For the Year Ended December 31, 2021			
	Hotel Building	Furniture, Fixtures and Equipment	Construction-in-Progress	
Measurement basis:	*Revalued*	*Revalued*	*At Cost*	Total
Cost				
Beginning balance	P471,046,928	P13,626,450	P576,523,365	P1,061,196,743
Additions	-	7,455	67,824,599	67,832,054
Ending balance	471,046,928	13,633,905	644,347,964	1,129,028,797
Accumulated Depreciation				
Beginning balance	232,065,184	10,905,220	-	242,970,404
Depreciation for the year	18,834,994	1,702,746	-	20,537,740
Ending balance	250,900,178	12,607,966	-	263,508,144
Carrying Amount	P220,146,750	P1,025,939	P644,347,964	P865,520,653

In 2022, the 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, 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 latest valuation was as at December 22, 2022 which resulted to the recognition of an appraisal increase amounting to P2.91 billion, net of deferred tax, in OCI.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts would have been as follows:

	2022	2021
Hotel building	**P1,503,527**	P1,503,527
Furniture, fixtures and equipment	**14,846,724**	13,626,450
	16,350,251	15,129,977
Less: Accumulated depreciation	**11,901,487**	9,905,783
	P4,448,764	P5,224,194

Depreciation on cost charged to profit or loss amounted toP2.00 million, P1.71million and P1.72 million in 2022, 2021 and 2020, respectively. Depreciation on appraisal increase charged to profit or loss amounted toP19.57 million, P18.83 million and P20.30million in 2022, 2021 and 2020, respectively.

The revaluation increment transferred directly to retained earnings, net of deferred tax effect, amounted to P14.68, P14.68 million and P13.70 million for 2022, 2021 and 2020, respectively. The carrying amount of the revaluation surplus amounting to P3.06 billion and P165.11 million as at December 31, 2022 and 2021, respectively, is not available for distribution to shareholders.

8. Investment in Subsidiaries

Discussed below are the descriptions and the financial information of the subsidiaries.

ARI
ARI is a wholly-owned and domestic subsidiary whose shares of stocks are not quoted in an active market. ARI is the owner of the land on which the Hotel is situated (see Note 1).

The registered office of is located at 8th floor Waterfront Manila Hotel and Casino, United Nations Avenue, Ermita, Manila.

The following is the summarized financial information of the subsidiary as at and for the periods ended December 31:

	2022	2021
Financial Position		
Total assets	**P1,587,115,424**	P1,082,494,697
Total current liability	**9,626,145**	7,166,609
Total noncurrent liabilities	**401,754,587**	265,973,261
Results of Operation		
Revenue	**504,620,723**	413,689,215
Net income	**376,005,410**	339,577,408

PLEC
PLEC was incorporated and registered with the SEC on June 29, 1998. Its primary purpose is to engage in the business of managing and operating hotels and other accommodations.

The registered office of PLEC is located at 8th floor Waterfront Manila Hotel and Casino, United Nations Avenue, Ermita, Manila.

Due to its nonoperational status, the Company has provided an allowance for impairment loss on its investment in PLEC.

PEC
PEC was incorporated and registered with the SEC on June 29, 1998. Its primary purpose is to engage in the business of managing and operating hotels and other accommodations.

The registered office of PEC is located at 8th floor Waterfront Manila Hotel and Casino, United Nations Avenue, Ermita, Manila.

Due to its nonoperational status, the Company has provided an allowance for impairment loss on its investment in PEC.

9. Other Noncurrent Assets

This account consists of:

	Note	2022	2021
Advances to contractors		**P726,196,527**	P783,578,271
Other deposits	*18*	**7,672,835**	7,672,835
		733,869,362	791,251,106
Less allowance for impairment losses on advances to contractors		**45,313,007**	45,313,007
		P688,556,355	P745,938,099

Advances to contractors are deposits for the reconstruction and restoration of the Company's hotel property and equipment (see Note 1).

There were no additional impairment losses on advances to contractors recognized for 2022, 2021 and 2020.

10. Trade and Other Current Payables and Retention Payables

This account consists of:

	Note	2022	2021
Trade payables	*18*	**P378,255,727**	P451,695,526
Accruals:			
Utilities	*18*	**1,566,329**	1,240,362
Other accruals	*18*	**4,338,070**	346,006
Withholding taxes		**2,855,479**	1,502,491
Others		**5,338,895**	5,258,645
		P392,354,500	P460,043,030

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

Other payables include commissions, unclaimed wages, sponsorships, Social Security System, Philippine Health Insurance Corporation and Housing Development Mutual Fund and sundry payables.

11. Related Party Transactions

Identity of Related Parties

The Company has related party transactions with its key management personnel (KMP) and the following entities:

Related Party	Relationship with the Company
WPI	Parent Company
ARI	Subsidiary
PLEC	Subsidiary
PEC	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
Acesite Leisure and Entertainment Corp. (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:

				Outstanding Balance					
Category/ Transaction	**Year**	***Note***	**Amount of the Transaction**	**Due from a Related Party- net**	**Note Receivable**	**Equity Security - at FVOCI**	**Due to Related Parties**	**Terms**	**Conditions**
WPI									
▪ Advances	**2022**	***a***	**(P29,964,886)**	**P -**	**P -**	**P -**	**P132,881,652**	Noninterest-bearing, and payable on demand	Unsecured
	2021		(16,045,386)	-	-	-	162,697,818		
	2020		(5,990,381)	-	-	-	178,743,204		
ARI									
▪ Advances	**2022**	***b***	**2,498,032**	**5,379,692**	**-**	**-**	**-**	Noninterest-bearing, and payable on demand	Unsecured
	2021		2,880,299	2,881,660	-	-	-		
	2020		(770,891)	-	-	-	-		
ALEC									
▪ Note receivable	**2022**	***c***	**7,084,909**	**-**	**98,701,816**	**-**	**-**	Due in one year interest-bearing	Unsecured; no impairment
	2021		6,898,407	-	91,616,907	-	-		
	2020		(12,509,113)	-	84,718,500	-	-		
WCCCHI									
▪ Advances	**2022**	***d***	**5,330,690**	**-**	**-**	**-**	**9,702,898**	Noninterest-bearing, and payable on demand	Unsecured
	2021		4,036,986	-	-	-	4,372,208		
	2020		335,222	-	-	-	335,222		
WMCHI									
▪ Advances	**2022**	***d***	**(21,644,320)**	**-**	**-**	**-**	**242,263,251**	Noninterest-bearing, and payable on demand	Unsecured
	2021		(21,381,404)	-	-	-	263,907,571		
	2020		263,907,571	-	-	-	-		
DIHCI									
▪ Advances	**2022**	***d***	**24,750,536**	**-**	**-**	**-**	**72,483,167**	Noninterest-bearing, and payable on demand	Unsecured
	2021		47,732,631	-	-	-	47,732,631		
	2020		16,494,730	-	-	-	-		
WHMC									
▪ Advances	**2022**	***e***	**-**	**2,551,338**	**-**	**-**	**-**	Noninterest-bearing, and payable on Demand; impaired	Unsecured; impaired
	2021		-	2,551,338	-	-	-		
	2020		2,551,338	2,551,338	-	-	-		
▪ Allowance for impairment losses	**2022**	***e***	**-**	**(2,551,338)**	**-**	**-**	**-**		
	2021		-	(2,551,338)	-	-	-		
	2020		(2,551,338)	(2,551,338)	-	-	-		
WII									
▪ Equity security - at FVOCI	**2022**	***f***	**-**	**-**	**-**	**19,943,300**	**-**		
	2021		520,260	-	-	19,943,300	-		
	2020		1,907,620	-	-	19,423,040	-		
KMP									
▪ Short-term employee benefits	**2022**		**1,284,221**	**-**	**-**	**-**	**-**		
	2021		3,185,834	-	-	-	-		
	2020		8,011,843	-	-	-	-		
▪ Post employment benefits	**2022**		**290,000**	**-**	**-**	**-**	**-**		
	2021		290,000	-	-	-	-		
	2020		290,000	-	-	-	-		
TOTAL	**2022**			**P5,379,692**	**P98,701,816**	**P19,943,300**	**P482,330,968**		
TOTAL	2021			P7,101,609	P88,228,167	P19,943,300	P481,735,117		

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 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 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, 2022, the Company was granted a temporary suspension of lease payments by ARI due to the current non-operating status of the Company's hotel.

c. In 2017, the Company extended a loan to ALEC payable on December 31, 2018, and bear interest at 4% per annum. In 2018, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2019. At the end of 2019, the Company extended the loan, with the same terms as the original loan, to mature at the end of 2020.At the end of 2020, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2021. At the end of 2021, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2022. At the end of 2022, the Company extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2023. The related interest income recognized in profit or loss amounted to P3.00 million, P3.39 million and P3.89 million in 2022, 2021 and 2020, respectively (see Note 14).

   Further, the Company and ALEC entered into a seven (7) year operating lease contract for use of hotel premises. The lease will commence once the planned soft opening of the podium building happens (see Note 1).

d. In the ordinary course of business, the 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 Company has noninterest-bearing advances to WHMC for shared corporate expenses and working capital purposes.

   Advances specifically identified as impaired amounted to P2.55 million, recognized and presented as part of "Impairment losses" under "Others" account in the separate statement of profit or loss and other comprehensive (loss) income (see Note 13).

f. In July and August 2005, the BOD approved the conversion of the 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, 2022 and 2021 amounted to P19.94 million, resulting in a valuation gain of nil, P0.52 million and P1.91 million in 2022, 2021 and 2020, respectively.

All outstanding related party transactions are generally settled in cash.

12. Equity

Common Shares
Details of the common stock of the Company as at December 31are as follows:

	2022	2021
Authorized - P1 par value	**1,200,000,000**	1,200,000,000
Issued	**346,100,578**	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 fromP310.00 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, 2022 and 2021, the Company has 152,692,463 shares held by the public or 44.29% of the total outstanding capital stock and a total of 206 stockholders. The Company has not sold any unregistered securities for the past 4 years.

Other Information
In February 1993, common shares of the 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 Branch (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 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 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 Company's authorized and unissued preferred shares as at December 31, 2022 and 2021 amounted to P10.00 million, consisting of 20,000 shares with a par value of P500 per share.

The 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 Company's common stock. As at December 31, 2022 and 2021, the Company has bought back 1,353,058 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 Company has retained earnings in excess of the one hundred percent of its paid-in capital stock. As at December 31, 2022 and 2021, no appropriation has been made.

13. Other Costs and Expenses

This account consists of:

	Note	**2022**	2021	2020
Taxes and licenses		**P12,446,163**	P12,140,598	P12,520,305
Security and other related services		**10,497,597**	10,581,514	10,864,412
Insurance		**4,355,000**	3,678,047	3,014,584
Professional fees		**2,643,815**	4,316,519	1,963,378
Data processing		**1,323,241**	1,134,336	1,325,372
Repairs and maintenance		**1,077,589**	3,833,558	401,801
Director's fees		**668,059**	755,882	707,059
Advertising		**317,869**	277,136	221,460
Laundry, valet and other hotel services		**284,356**	97,798	1,515,271
Supplies	*5*	**258,933**	170,598	862,419
Communications		**248,629**	255,699	261,803
Transportation and travel		**180,194**	117,189	948,351
Head office and corporate costs		**47,590**	-	20,323
Representation and entertainment		**15,234**	151,925	27,257
Miscellaneous		**309,974**	326,756	2,069,683
		P34,674,243	P37,837,555	P36,723,478

Miscellaneous include recruitment expense, donations and employee association dues.

14. Financing Income

This account consists of:

	Note	**2022**	2021	2020
Interest expense	*20*	**P3,004,063**	P2,941,136	P3,434,275
Bank charges		**2,570**	2,604	5,586
Interest income	*11, 18*	**(6,626,267)**	(4,201,955)	(3,949,181)
		(P3,619,634)	(P1,258,215)	(P509,320)

15. Retirement Benefits Cost

The Company has a funded, noncontributory retirement plan (the Plan) covering substantially all of its regular employees with at least five years of continuous service. The benefits are based on a 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, 2022, 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 Company.

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 Company 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 separate statement of financial position is as follows:

2022	**FVPA**	**DBO**	**Retirement Benefits Liability**
At January 1	**P3,945,329**	**(P9,157,699)**	**(P5,212,370)**
Included in Profit or Loss			
Current service cost	**-**	**(896,670)**	**(896,670)**
Net interest income (cost)	**195,294**	**(453,306)**	**(258,012)**
	195,294	**(1,349,976)**	**(1,154,682)**
Included in OCI			
Remeasurement gains:	**-**		
▪ Actuarial gains (loss) arising from:	**-**	**2,918,554**	**2,918,554**
• Financial assumptions	**-**	**-**	**-**
• Experience adjustments	**-**	**(2,208,523)**	**(2,208,523)**
▪ Return on plan assets excluding interest income	**(269,549)**	**-**	**(269,549)**
	(269,549)	**710,031**	**440,482**
Other			
Benefits paid from book reserves	**-**	**1,500,000**	**1,500,000**
At December 31	**P3,871,074**	**(P8,297,644)**	**(P4,426,570)**

2021	FVPA	DBO	Retirement Benefits Liability
At January 1	P3,884,228	(P11,057,900)	(P7,173,672)
Included in Profit or Loss			
Current service cost	-	(1,096,934)	(1,096,934)
Net interest income (cost)	140,997	(401,402)	(260,405)
	140,997	(1,498,336)	(1,357,339)
Included in OCI			
Remeasurement gains:			
▪ Actuarial gains (loss) arising from:			
• Financial assumptions	-	1,539,095	1,539,095
• Experience adjustments	-	1,859,442	1,859,442
▪ Return on plan assets excluding interest income	(79,896)	-	(79,896)
	(79,896)	3,398,537	3,318,641
Other			
Benefits paid from book reserves	-	-	-
At December 31	P3,945,329	(P9,157,699)	(P5,212,370)

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

The personnel costs comprise of the following:

	2022	2021	2020
Salaries and wages	**P19,926,204**	P18,313,608	P29,654,490
Retirement benefits expense	**1,154,682**	1,357,339	3,039,754
Other employee benefits	**730,194**	848,123	1,078,612
	P21,811,080	P20,519,070	P33,772,856

The Company's plan assets consist of the following:

	2022	2021
Cash and cash equivalents	**P2,481,934**	P685,589
Debt instruments - government bonds	**746,883**	2,369,592
Unit investment trust funds	**587,604**	756,001
Debt instruments - other bonds	**-**	100,067
Others	**54,653**	34,080
	P3,871,074	P3,945,329

Asset-liability Matching
The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy
The Company is not required to pre-fund the future defined benefits liability under the Plan before they become due. For this reason, the amount and timing of contributions to the Plan are at the Company'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 Company to the employee. Hence, there is no expected contribution to the Plan in 2022.

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

	2022	2021
Discount rate	**7.07%**	4.95%
Future salary increases	**3.00%**	3.50%

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 7.68 years and 7.04 years as at December 31, 2022 and 2021, 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**
2022	**8,297,644**	**10,259,672**	**519,348**	**2,047,256**	**7,693,068**
2021	P9,157,699	P8,384,119	P320,933	P1,643,082	P6,420,104

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:

2022	**+ 1%**	**- 1%**
Discount rate	**(848,198)**	**971,463**
Expected rate of salary increases	**1,010,183**	**(900,160)**

2021	+ 1%	- 1%
Discount rate	(P975,716)	P1,135,689
Expected rate of salary increases	1,141,661	(1,001,056)

16. Income Taxes

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

	2022	**2021**	2020
Recognized in Profit or Loss			
Current tax expense	**P35,425**	P33,887	P77,782
Deferred tax benefit	**(6,432,343)**	(5,972,538)	99,133,766
Change in tax rate	**-**	5,243,898	-
	(6,432,343)	(728,640)	99,133,766
	(P6,396,918)	(P694,753)	P99,211,548
Recognized in OCI			
Deferred tax expense	**P110,121**	P829,660	P911,291
Change in tax rate	**-**	(15,923,949)	-
	P110,121	(P15,094,289)	P911,291

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

	2022	**2021**	2020
(Loss) income before income tax	**(P80,593,350)**	(P82,749,472)	P752,473,841
Statutory tax rate for income tax expense	**25.00%**	25.00%	30.00%
Income tax (benefit) expense	**(20,148,338)**	(P20,687,368)	P225,742,152
Additions to (reductions in) income tax due to the tax effects of:			
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	**-**	-	107,598,203
Unrecognized deferred tax asset on NOLCO and MCIT	**14,518,564**	14,914,039	21,021,511
Nondeductible expense	**3,809**	37,932	1,223,646
Interest income already subjected to final tax	**(770,953)**	(203,254)	(18,023)
Nontaxable income	**-**	-	(256,355,941)
Change in corporate income tax	**-**	5,243,898	-
	(P6,396,918)	(P694,753)	P99,211,548

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

December 31, 2022	**Balance January 1, 2022**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance December 31, 2021**
Deferred tax liabilities:				
Right-of-use asset - net	**P6,357,029**	**(P515,435)**	**P -**	**P5,841,594**
Revaluation surplus on property and equipment	**55,220,090**	**(4,892,150)**	**-**	**50,327,940**
	61,577,119	**(5,407,585)**	**-**	**56,169,534**
Deferred tax assets:				
Retirement benefits liability	**1,303,093**	**288,671**	**(110,121)**	**1,481,644**
Lease liability	**12,001,718**	**751,016**	**-**	**12,752,734**
Unrealized foreign exchange loss	**14,928**	**(14,928)**	**-**	**-**
	13,319,739	**1,024,759**	**(110,121)**	**14,234,377**
	P48,257,380	**(P6,432,344)**	**P110,121**	**P41,935,157**

December 31, 2021	Balance January 1, 2021	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2021
Deferred tax liabilities:				
Right-of-use asset - net	P7,855,882	(P1,498,853)	P -	P6,357,029
Revaluation surplus on property and equipment	71,914,605	(4,708,748)	(11,985,767)	55,220,090
	79,770,487	(6,207,601)	(11,985,767)	61,577,119
Deferred tax assets:				
Retirement benefits liability	2,152,102	(3,957,531)	3,108,522	1,303,093
Lease liability	13,519,721	(1,518,003)	-	12,001,718
Unrealized foreign exchange loss	18,355	(3,427)	-	14,928
	15,690,178	(5,478,961)	3,108,522	13,319,739
	P64,080,309	(P728,640)	(P15,094,289)	P48,257,380

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 Company can utilize the benefits thereon.

On March 26, 2021, the President of the Philippines 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 Company.

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) MCIT 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 RRs 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 National Internal Revenue Code of 1997, As Amended.*

The corporate income tax rates were lowered from 30% to 25% on which the Company qualified, effective July 1, 2021.

The BIR issued RRNo. 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 Company's NOLCO are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	**P14,483,139**	**P -**	**P -**	**P14,483,139**	**2027**
2021	59,520,609	-	-	59,520,609	2026
2020	69,812,429	-	-	-	2025
	P143,816,178	P -	P -	P143,816,178	

Details of the 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	2025

Details of the Company's MCIT are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	**P35,425**	**P -**	**P -**	**P35,425**	**2025**
2021	33,387	-	-	33,387	2024
2020	77,782	-	-	77,782	2023
	P146,594	P -	P -	P146,594	

17. (Loss) Earnings Per Share

(Loss) earnings per share (LPS(EPS))is computed by dividing the net (loss)income for the year by the weighted average number of outstanding shares of common stock during the year.

	2022	2021	2020
Net (loss) income	**(P74,196,432)**	(P82,054,719)	P653,262,293
Weighted average number of outstanding shares of common stock (net of treasury stock)	**344,747,520**	344,747,520	344,747,520
(LPS) EPS - basic/diluted	**(0.22)**	(P0.24)	P1.89

There are no potential dilutive potential common shares for the years ended December 31, 2022, 2021, and 2020.

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 Company. 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 Company'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 Company's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade and other current receivables, note receivable, due from a related party, equity security - atFVOCI, other deposits (presented under "Other noncurrent assets"),trade and other current payables (excluding statutory payables), due to related parties, lease liability and retention payables. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the financial instruments of the Company are credit risk, liquidity risk, market risk and equity price risk. The Company'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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other current receivables. There has been no change to the Company's exposure to credit risks or the manner in which it manages and measures the risk since prior financial year.

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

The amounts presented in the separate statement of financial position are net of allowances for impairment losses on receivables, estimated by the Company'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 Company, which comprise mainly of cash and cash equivalents, note receivable, due from a related party and equity security - at FVOCI and other deposits, the exposure of the Company 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 current receivables and due from a related party, there were no significant concentrations of credit risk.

The tables below show the credit quality of the Company's financial assets (amounts are in thousands):

	2022			
		At Amortized Cost		
	FVOCI	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**
Grade A	**P19,943**	**P376,262**	**P -**	**P -**
Grade B	**-**	**-**	**-**	**-**
Grade C	**-**	**22,462**	**-**	**-**
Gross carrying amount	**19,943**	**398,724**	**-**	**-**
Loss allowance	**-**	**22,462**	**-**	**-**
Carrying amount	**P19,943**	**P376,262**	**P -**	**P -**

	2021			
		At Amortized Cost		
	FVOCI	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P19,943	P717,705	P -	P -
Grade B	-	-	-	-
Grade C	-	22,462	-	-
Gross carrying amount	19,943	740,167	-	-
Loss allowance	-	22,462	-	-
Carrying amount	P19,943	P717,705	P -	P -

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

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include 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 length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations.

As at December 31, the Company'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	**2022**	2021
Cash and cash equivalents*		**P142,424**	P468,845
Trade and other current receivables	*4*	**141,994**	169,479
Note receivable	*11*	**98,702**	91,617
Due from a related party	*11*	**7,931**	2,553
Equity security - at FVOCI	*11*	**19,943**	19,943
Other deposits	*9*	**7,673**	7,673
		418,667	760,110
Less allowance for impairment losses	*4, 11*	**22,462**	22,463
		P396,205	P737,647

**Excluding cash on hand*

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	**P50,000**	P50,000
Cash in banks	**15,424,210**	91,845,455
Cash equivalents	**127,000,000**	377,000,000
	P142,474,210	P468,895,455

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 P3.08 million, P0.81 million and P0.06 million in 2022, 2021 and 2020, respectively (see Note 15).

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

December 31, 2022	**Total**	**Neither Past Due nor Impaired**	**Past Due but not Impaired < 30 Days**	**30 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**> 120 Days**	**Past Due and Impaired**
Cash and cash equivalents*	**P142,424**	**P142,424**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Trade and other current receivables	**141,994**	**122,083**	**-**	**-**	**-**	**-**	**-**	**19,911**
Note receivable	**98,702**	**98,702**	**-**	**-**	**-**	**-**	**-**	**-**
Due from a related party	**7,931**	**5,380**	**-**	**-**	**-**	**-**	**-**	**2,551**
Equity security - at FVOCI	**19,943**	**19,943**	**-**	**-**	**-**	**-**	**-**	**-**
Other deposits	**7,673**	**99**	**-**	**-**	**-**	**-**	**7,574**	**-**
Total	**P418,667**	**P388,631**	**P -**	**P -**	**P -**	**P -**	**P7,574**	**P22,462**

**Excluding cash on hand*

December 31, 2021	Total	Neither Past Due nor Impaired	Past Due but not Impaired < 30 Days	30 – 60 Days	61 – 90 Days	91 – 120 Days	> 120 Days	Past Due and Impaired
Cash and cash equivalents*	P468,845	P468,845	P -	P -	P -	P -	P -	P -
Trade and other current receivables	169,479	149,568	-	-	-	-	-	19,911
Note receivable	91,617	88,228	-	-	-	-	-	-
Due from a related party	2,553	2	-	-	-	-	-	2,551
Equity security – at FVOCI	19,943	19,943	-	-	-	-	-	-
Other deposits	7,673	36	-	-	-	-	7,637	-
Total	P760,110	P730,011	P -	P -	P -	P -	P7,637	P22,462

**Excluding cash on hand*

Information on the Company's receivables that are impaired as at December 31, 2022 and 2021 and the movements in the impairment losses are disclosed in Notes 4 and 11 to the separate 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 Company assesses impairment in two ways: individual assessment and collective assessment.

The Company determines allowance for each significant receivable on an individual basis. Among the items that the Company 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 separate statement of profit or loss and other comprehensive (loss) income amounted to nil in 2022, 2021 and 2020, respectively (see Notes 4 and 11), which were determined and measured through the Company's individual assessment procedures.

Liquidity Risk
Liquidity risk is the risk that the Company 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 Company'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 Company's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company'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 Company's short, medium and long-term funding and liquidity management requirements.

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

The following table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (in thousands):

			Contractual Undiscounted Payments			
December 31, 2022	***Note***	**Total Carrying Amount**	**Total**	**On Demand**	**Less than 1 Year**	**1 to 5 Years**
Trade and other current payables*	*10*	**P384,160**	**P384,160**	**P6,398**	**P377,762**	**P -**
Due to related parties	*11*	**457,331**	**457,331**	**457,331**	**-**	**-**
Lease liability	*20*	**51,011**	**25,314**	**-**	**-**	**25,314**
Retention payables	*10*	**85,908**	**85,908**	**-**	**-**	**85,908**
		P978,410	**P952,713**	**P463,729**	**P377,762**	**P111,222**

**Excluding statutory payables*

			Contractual Undiscounted Payments			
December 31, 2021	*Note*	Total Carrying Amount	Total	On Demand	Less than 1 Year	1 to 5 Years
Trade and other current payables*	*10*	P453,282	P453,282	P2,097	P451,185	P -
Due to related parties	*11*	481,884	481,884	481,884	-	-
Lease liability	*20*	48,007	24,109	-	-	24,109
Retention payables	*10*	62,629	62,629	-	-	62,629
		P1,045,802	P1,021,904	P483,981	P451,185	P86,738

**Excluding statutory payables*

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

The Company is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI. The Company 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 Company 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, 2022 and 2021.

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

The following table illustrates the sensitivity of the Company'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 Company's equity security - at FVOCI and macroeconomic forecast for 2022 and 2021. This analysis assumes an increase of 10% for 2022 and 2021 and a decrease of 10% for 2022 and 2021 of the equity price of the Company's equity security - at FVOCI. All other variables are held constant:

	Increase		**Decrease**	
	10%	10%	**-10%**	-10%
	2022	2021	**2022**	2021
Equity	**P1,495,748**	P1,495,748	**(P1,495,748)**	(P1,495,748)

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 discussion on the fair value of equity security - at FVOCI is disclosed in Note 11to the separate financial statements.

The fair value lease liability is based on the discounted value of expected future cash flows using the Company's IBR, thus, the carrying amount approximates fair value.

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

The approximation of the fair values of the Company's financial assets and liabilities are based on Level 3, except for equity securities - at FVOCI which is based on Level 1 of the fair value hierarchy.

19. Capital Management

The primary objective of the Company'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 Company's overall strategy remains unchanged since prior financial year.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process in 2021 and 2020. For purposes of the Company's capital management, capital includes all equity items that are presented in the statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve and fair value reserve.

The Company is not subject to externally-imposed capital requirements.

20. Leases

a. *Operating Lease - Company as Lessor*
The Company entered into lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from the Hotel.

The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident (see Note 1).

Total rental income from PAGCOR recognized as part of "Rental" in the separate statement of profit or loss and other comprehensive (loss) income amounted to nil in 2020 and 2019 and P7.46 million in 2018.

b. *Operating Lease - Company as Lessee*
The Company has entered into an operating lease with ARI for use of the latter's land following the cancellation of finance lease between the two parties. This non-cancellable operating lease commenced on November 1, 2011 and has a term of 20 years with escalation rate of 5% per annum. From July 1, 2019 to December 31, 2022, the Company was granted a temporary suspension of lease payments by ARI due to the current nonoperating status of the Company's hotel.

Information about leases for which the Company is a lessee is presented below.

The right-of-use asset movement are as follows:

	2022	2021
Cost		
At January 1 and December 31	**P30,701,359**	P30,701,359
Accumulated Depreciation		
At January 1	**5,273,242**	4,515,085
Depreciation	**2,061,739**	758,157
At December 31	**7,334,981**	5,273,242
Carrying Amount	**P23,366,378**	P25,428,117

Set out below is the carrying amount of the lease liability and the movements during the period:

	2022	2021
At January 1	**P48,006,871**	P45,065,735
Accretion of interest	**3,004,064**	2,941,136
At December 31	**P51,010,935**	P48,006,871

	2022	2021
Maturity Analysis - Contractual Undiscounted Cash Flows		
One to five years	**P25,314,387**	P24,108,940
More than five years	**42,382,526**	47,951,083
Total undiscounted lease liability at December 31	**P67,696,913**	P72,060,023
Lease liability Included in the Separate Statement of Financial Position at December 31		
Non-current	**P51,010,935**	P48,006,871

Amounts Recognized in Profit or Loss

	2022	2021
2020 - Leases under PFRS 16		
Depreciation of right-of-use asset	**P2,061,739**	P758,158
Interest expense related to lease liability	**3,004,063**	2,941,136
Expenses relating to short-term leases including VAT on lease payments	**P415,441**	P563,717

The interest expense associated with the lease liability amounted to P3.00 million and P2.94 million for the year ended December 31, 2022 and December 31, 2021, respectively, which is derived using the Company's IBR of 6.34% for 2022 and 2021, respectively.

Total lease payments made by the Company amounting to nil for both 2022 and 2021 is presented as "payment of lease liability" in the separate statement of cash flows.

21. Significant Contingencies

a. *Operating Leases Commitments - Company as Lessee*
The Company has entered into an operating lease with ARI for use of the latter's land following the cancellation of finance lease between the two parties. This non-cancellable operating lease commenced on November 1, 2011 and has a term of 20 years with escalation rate of 5% per annum.

Future minimum lease payments as at December 31, 2022 and 2021 for the above contract are as follows:

	2022	2021
Between one and five years	**P25,314,387**	P24,108,940
More than five years	**42,382,526**	47,951,083
	P67,696,913	P72,060,023

b. *Contingencies*

The Company versus PAGCOR, et al.

The case involved a Petition for Prohibition and Mandamus (the 1st petition), with the application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by the Company against PAGCOR and Vanderwood Management Corp. (VMC). The 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 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 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, Branch 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 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 Company presented its witnesses, Richard L. Ricardo and Arnie D. Juanico. On July 23, 2018, the Company filed its "Formal Offer of Documentary Evidence" dated July 19, 2018. PAGCOR and VMC filed their respective comments on Company's "Formal Offer of Documentary Evidence". The Court denied their objections and admitted the 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 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 Company's Petition. The Company filed its Motion for Reconsideration on August 12, 2019, which the court denied in its Resolution dated October 11, 2019.

The Company timely filed its Notice of Appeal with the Court on October 21, 2019 and was given due course.

The Company appealed to the Court of Appeals (CA) on June 16, 2020 by filing its Memorandum dated June 15, 2020. PAGCOR and VMC likewise filed their separate Memoranda dated June 19, 2020, respectively.

On August 26, 2020, the CA noted the memoranda and submitted the case for decision. As at the date of the BOD's approval of the financial statements, there was no update on the progress of the case

On February 21, 2022, the CA denied the appeal and the Company opted not to appeal the decision any further.

The Company versus Hon. Young, et al.
In connection with the Company versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied the Company's application for TRO. The 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 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 Company filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied the 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 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 Company's Petition for Certiorari as submitted for decision.

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

c. *Other Legal Cases*
The Company also is a defendant in other legal and labor cases which are still pending resolution. Management and its legal counsel believe that the outcome of these cases will not have any material effect on the Company's financial position and results 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 date of the authorization for issue of the separate financial statements, Metro Manila have been placed under Alert Level 1 which allows all establishments, persons, or activities to operate, work, or be undertaken at full on-site or venue/seating capacity provided it is consistent with the minimum public health standards.

The Company has assessed that COVID-19 will still have continuing significant impact on its operations. The subsequent impact of this outbreak especially on the Company's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Company's separate financial statements when these become estimable.

23. Significant Accounting Policies

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

Adoption of Amended Standards

The FSRSC approved the adoption of a number of amended standards as part of PFRS.

The Company has adopted the following PFRS effective January 1, 2022 and accordingly, changed its accounting policies in the following areas:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16, *Leases*). The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

- 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 an entity's ordinary activities, the amendments require the entity 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 separate statements of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the separate statements of comprehensive income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). 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.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards, of which 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, *Leases*). 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 adoption of the amended standards did not have a material effect on the separate financial statements.

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 separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company 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 Company 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 or minus, 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.

<u>Financial Assets</u>
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 Company's cash and cash equivalents, trade and other current receivables, note receivable, due from a related party and other deposits.

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, 2022 and 2021.

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 Company 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, 2022 and 2021.

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, 2022 and 2021, the Company has equity security - 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 Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. 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 the 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 reasons 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 Company'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 short term placement, cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Company 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 Company 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 Company's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities
<u>Financial Liabilities</u>
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Company'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, 2022 and 2021, other financial liabilities at amortized cost include trade and other current payables (excluding statutory payables), due to related parties and lease liability in the separate statement of financial position (see Notes 10, 11, 19 and 21). 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 Company 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 a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company 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 Company has transferred its rights to receive cash flows from the asset and either: (a) has 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 Company 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 Company’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 Company 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 separate statement of profit or loss and other comprehensive (loss) income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the separate 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 separate statement of financial position.

As at December 31, 2022 and 2021, only due to/from related parties transactions were offset in the separate 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 Company measures financial instruments at fair value at each separate 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 Company. 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 non-financial 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 Company 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 separate 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 separate statement of financial position on a recurring basis, the Company 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 Company recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the separate 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 Company 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,*Financial Instruments*, the Company 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 Company 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 Company expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Company 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 Company;
- the restructuring of a loan or advance by the Company on terms that the Company 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.

Current and Noncurrent Classification

The Company presents assets and liabilities in the separate 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 Company 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 separate 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 Company's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Investment in Subsidiaries
Subsidiaries are entities controlled by the Company. The Company controls an entity if, and only if, the 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 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 Company carries its investments in shares of stock of its subsidiaries under the cost method of accounting for investments. Under this method, investments are carried at cost less impairment losses. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

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.

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 Company. 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 Company'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 Company'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 Company 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 Company generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the separate statement of profit or loss and other comprehensive (loss) 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 Company 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 Company is Acting as a Principal or an Agent
The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the goods and services; and
- whether the Company has discretion in establishing prices.

If the Company has determined it is acting as a principal, the Company recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Company has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Company 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 Company 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 PAS37, *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 separate statement of other comprehensive income and separate 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 Company 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 Company'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 Company, 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. The Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

The Company has applied PFRS 16, *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17, *Leases* and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

The Company as Lessee
At commencement or on modification of a contract that contains a lease component, the Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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 Company presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the separate statement of financial position.

Short-term Leases
The Company has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as Lessor
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies PFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company 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 Company has applied COVID-19-Related Rent Concessions (Amendments to PFRS 16). The Company 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 Company applies the practical expedient consistently with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company 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 Company, or if the dividend payments are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Retained Earnings
Retained earnings include accumulated results of operations as reported in the separate 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 Company's shares which are reacquired and held by the Company 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 Company'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.

(LPS) EPS
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 were 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 Company 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 separate financial statements unless the possibility of an outflow of resources is remote. Contingent assets are not recognized but are disclosed in the separate financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
The Company identifies post-yearend events as events that occurred after the reporting date but before the date when the separate financial statements were authorized for issue. Any post-yearend events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the separate financial statements. Events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

New and Amended Standards Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the separate financial statements. None of these are expected to have a significant effect on the separate financial statements.

The Company will adopt the following new and amended standards on the respective effective dates:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, 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 only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

  - clarified that settlement of a liability includes transferring an entity'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 noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 *Leases*). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. A seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into on or after the date of initial application of PFRS 16.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 provide guidance and examples on the application of materiality to accounting policy disclosures.

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

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

24. Supplementary Information Required Under RR No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following is the supplementary tax information required for the taxable year ended December 31, 2022:

A. Output VAT

Output VAT declared in 2022 amounted to nil due to the suspension of the hotel operations.

B. Input VAT Claimed

The reconciliation of the input VAT as at and for the year ended December 31, 2022 follows:

Input VAT	
Beginning of the year	**P133,138,452**
Current year's domestic purchases:	
Purchases of goods other than capital goods	**74,383**
Purchases of services	**17,897,664**
Balance at the end of the year	**P151,110,497**

C. Withholding Taxes

Details of withholding taxes are as follows:

Expanded withholding taxes	**P6,603,881**
Tax on compensation and benefits	**3,363,456**
	P9,967,337

D. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under Other costs and expenses	
Real estate taxes	**P11,052,841**
Insurance	**760,424**
Documentary stamp	**213,021**
Business permit fees	**159,016**
Annual registration fee	**500**
Others	**260,029**
	P1,392,990

E. Tax Assessment

The Company has no open tax cases and assessments as at December 31, 2022.

Fw: ACESITE PHILS HOTEL CORPORATION SEC FORM IACGR_30MAY2022
Aleli Rose Alday to: Finance Admin Assistant, John Mark Aporto 30/05/2022 03:04 PM

For our common reference.

Thanks.

Regards,
Aleli

ALELI ROSE ALDAY
Finance Manager

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

----- Forwarded by Aleli Rose Alday/WPI on 05/30/2022 03:04 PM -----

From: "ICTD Submission"< ictdsubmission+canned.response@sec.gov.ph>
To: a.alday@waterfronthotels.net,
Date: 05/30/2022 03:03 PM
Subject: Re: ACESITE PHILS HOTEL CORPORATION SEC FORM IACGR_30MAY2022

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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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, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over- the- counter.

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, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

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For your information and guidance.

Thank you and keep safe.

COVER SHEET

7199

SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

8th Floor Waterfront Manila Hotel and Casino UN Avenue corner Maria Orosa St. Ermita Manila

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

ARSENIO A. ALFILER JR.

Contact Person

526-1212 extension 240/38231-10-73 (Temporary)

Company Telephone Number

12 31

Month *Day*

IACGR

FORM TYPE

08 06

Month *Day*

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

206

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2021

2. SEC Identification Number 7199 3. BIR Tax Identification No. 002-856-627-000

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

5. Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 8th Floor Waterfront Manila Hotel and Casino, UN Ave., corner M. Orosa St., Ermita, Manila. 1000
Address of principal office Postal Code

8. (632) 8526-12-12/ 8231-10-73
Issuer's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	**COMPLIANT**	1. Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Board has an appropriate mix of competence and expertise.	**COMPLIANT**		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	**COMPLIANT**		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Company has an orientation program for first time directors.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the	

3. Company has relevant annual continuing training for all directors.	**COMPLIANT**	Board of Directors on 25 May 2017. of directors for the previous year, including the number of hours attended and topics covered.	
		Recommendation 1.4	
1. Board has a policy on board diversity.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. There are 2 female members in the Board.	
		Optional: Recommendation 1.4	
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	**NOT COMPLIANT**	Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	Policy for board diversity being formulated and currently under review.
		Recommendation 1.5	
1. Board is assisted by a Corporate Secretary.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Corporate Secretary is a separate individual from the Compliance Officer.	**COMPLIANT**		
3. Corporate Secretary is not a member of the Board of Directors.	**COMPLIANT**		
4. Corporate Secretary attends training/s on corporate governance.	**COMPLIANT**	Every year an in-house training for Corporate Governance. * Certificate of Attendance	

Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	**NOT COMPLIANT**	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting.	Materials are distributed as needed, five day notice not practicable as some matters required immediate attention.
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	**COMPLIANT**		
3. Compliance Officer is not a member of the board.	**COMPLIANT**		
4. Compliance Officer attends training/s on corporate governance.	**COMPLIANT**	Every year an in-house training for Corporate Governance. * Certificate of Attendance	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	**COMPLIANT**		

Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board adopts a policy on the retirement for directors and key officers.	**COMPLIANT**	* The directors have no retirement plan.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	**COMPLIANT**		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	**COMPLIANT**		

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	**NOT COMPLIANT**	Provide proof of board approval.	Policy being formulated and currently under review.
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	**NOT COMPLIANT**	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.The Committee shall evaluate and screen nominees for director's vis-à-vis the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulations while ensuring that said qualifications are in line with the strategic objectives of the Company.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	**COMPLIANT**		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	**COMPLIANT**		
4. Board nomination and election policy includes how the board shortlists candidates.	**COMPLIANT**		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	**COMPLIANT**		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	**COMPLIANT**		

Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	**NOT COMPLIANT**	Identify the professional search firm used or other external sources of candidates.	Peers' Resources and Development Department is responsible for executive recruitment. Headhunters are expensive and only resorted to on need basis.
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	**COMPLIANT**		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	**COMPLIANT**		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	**COMPLIANT**	The Board discreetly defines the threshold for disclosure and approval of RPTs. The Corporation fully discloses the total amount of Related-party transactions. Information on RPT categories are disclosed in the Audited FS of 2021, attached to SEC 17A.	

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. The Board approves the selection and assesses the performance of the Management led by the CEO, and control functions led by their respective heads functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). In the absence of the Compliance Officer, the Corporate Secretary acts in behalf.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	**COMPLIANT**		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	**COMPLIANT**		
3. Board approves the Internal Audit Charter.	**COMPLIANT**	Periodically reviews the internal audit charter and presents it to Senior Management and the Board Audit Committee for Approval.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	**COMPLIANT**		

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	**COMPLIANT**	The BOD does have a Board Charter, since it currently follows the Corporation's New Manual on Corporate Governance and by-laws in the exercise of its duties and functions.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	**COMPLIANT**		
3. Board Charter is publicly available and posted on the company's website.	**COMPLIANT**		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	**COMPLIANT**	The Corporation currently does have an insider trading policy. However, under the Corporation's New Manual on Corporate Governance, every director shall ensure that it conducts fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation. https://www.waterfronthotels.com.ph/wpi-company-policies/	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	**COMPLIANT**	The Corporation has a policy on Related Party Transactions.	
2. Company discloses the types of decision requiring board of directors' approval.	**COMPLIANT**	The Corporation has a policy on Related Party Transactions.	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. The Audit Committee is responsible for recommending to the Board of Directors the appointment and/or removal of the Corporation's external auditor.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	**COMPLIANT**	Mr. Aristeo Cruz is the Chairperson of the Corporation's Audit Committee, while Mr. Arthur Lopez is the Chairman of the Board.	
Supplement to Recommendation 3.2			

1. Audit Committee approves all non-audit services conducted by the external auditor.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	**NOT COMPLIANT**	Indicate the number of Audit Committee meetings during the year and provide proof.	Audit Committee schedules meetings as deemed necessary by their chairman.
2. Audit Committee approves the appointment and removal of the internal auditor.	**NOT COMPLIANT**	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
3. Chairman of the Corporate Governance Committee is an independent director.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Optional: Recommendation 3.3			

1. Corporate Governance Committee meet at least twice during the year.	**NOT COMPLIANT**	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	Corporate Governance Committee schedules meetings as deemed necessary by their chairman.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	**COMPLIANT**	Organizational meeting of the Board of Directors held last August 6, 2021. Election of officers and appointment has been taken place.	
Recommendation 3.6			

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	**COMPLIANT**	The BOD does have a Committee Charter, since it currently follows the Corporation's New Manual on Corporate Governance and by-laws in the exercise of its duties and functions.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	**COMPLIANT**		
3. Committee Charters were fully disclosed on the company's website.	**COMPLIANT**	http://www.waterfronthotels.com.ph/acesite/	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).; Minutes of the Meeting dated January 13, February 2, February 15, February 24, March 8, March 19, March 26, May 28, July 22, August 10, August 17, September 10, October 8, and October 19, 2021.	
2. The directors review meeting materials for all Board and Committee meetings.	**COMPLIANT**	*As part of its specific functions.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).; Minutes of the Meeting dated January 13, February 2, February 15, February 24, March 8, March 19, March 26, May 28, July 22, August 10, August 17, September 10, October 8, and October 19, 2021.	
Recommendation 4.2			

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	**NON-COMPLIANT**		*SEC 20IS Definitive
2. Company schedules board of directors' meetings before the start of the financial year.	**COMPLIANT**	*SEC 20IS Definitive	
3. Board of directors meet at least six times during the year.	**COMPLIANT**	*SEC 20IS Definitive	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	**COMPLIANT**	*SEC 20IS Definitive	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	**COMPLIANT**	Mr. Arthur Lopez is the Chairman of the Board and an independent director.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	**NOT COMPLIANT**	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	The Corporation has put into place risk controls. Based on the assessment of the Board of Directors, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Corporation.
2. The meetings are chaired by the lead independent director.	**NOT COMPLIANT**		The Corporation has put into place risk controls. Based on the assessment of the Board of Directors, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Corporation.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	**COMPLIANT**	CEO is Mr. Kenneth T. Gathchalian, concurrently a director.	

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	**COMPLIANT**	The Board annually conducts a self-evaluation using a process approved by the Corporate Governance/Nominating Committee. The Audit, Corporate Governance/Nominating, Compensation/ Human Resources and Finance Committees are each required by their written charters to conduct annual self-evaluations.	
2. The Chairman conducts a self-assessment of his performance.	**COMPLIANT**		
3. The individual members conduct a self-assessment of their performance.	**COMPLIANT**		
4. Each committee conducts a self-assessment of its performance.	**COMPLIANT**		
5. Every three years, the assessments are supported by an external facilitator.	**NOT COMPLIANT**	Identify the external facilitator and provide proof of use of an external facilitator.	The Corporation currently does not have an external facilitator that conducts assessments every three years. The BOD is reviewing the said recommendation.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. The system allows for a feedback mechanism from the shareholders.	**COMPLIANT**		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	

2. The Code is properly disseminated to the Board, senior management and employees.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
3. The Code is disclosed and made available to the public through the company website.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	**COMPLIANT**		
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Supplement to Recommendations 8.1			

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A). and Quarterly Reports (SEC 17Q1, 17Q2, and 17Q3)	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	**COMPLIANT**		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 8.3			

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	

2. Company discloses material or significant RPTs reviewed and approved during the year.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A). and SEC Form 17C available at the Company's website.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	**COMPLIANT**	The Board of Directors has previously engaged an independent real property appraiser in the determination of the value of the Corporation's building.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 8.7			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
2. Company's MCG is submitted to the SEC and PSE.	**COMPLIANT**		
3. Company's MCG is posted on its company website.	**COMPLIANT**		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	**COMPLIANT**	Kindly refer to the link: http://edge.pse.com.ph/openDiscViewer.do?edge_no=26227656d7abf5fc3318251c9257320d#sthash.krrdwW9p.dpbs	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A). Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors.			
f. Attendance details of each director in all directors meetings held during the year.			
g. Total remuneration of each member of the board of directors.			

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
5. The company disclosesin the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social,economic).	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	**NOT COMPLIANT**	Provide link/reference to the company's Audit Committee Charter	The Corporation currently does not have an Audit Committee Charter. The BOD is drafting the Audit Committee Charter.
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	**NOT COMPLIANT**	Provide link/reference to the company's Audit Committee Charter	The Corporation currently does not have an Audit Committee Charter. The BOD is drafting the Audit Committee Charter.

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	**COMPLIANT**	The Corporation's current external auditor is R.G. Manabat & Co. Mr. Tireso Lapidez is the handling partner assigned to the Corporation.	

2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	**COMPLIANT**	The external auditor, R.G. Manabat & Co., was not inspected in 2021 by the SOAR inspection team. However, they were inspected on July 2019 on selected engagements, details of which are part of the confidential information that is in the records on file of the SOAR.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	**NOT COMPLIANT**	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	The Corporation currently does not adopt a policy on disclosure of non-financial information, including EESG issues.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	**NOT COMPLIANT**	Provide link to Sustainability Report, if any. Disclose the standards used.	The Corporation currently does not adopt a policy on disclosure of non-financial information, including EESG issues.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			

a. Financial statements/reports (latest quarterly)	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
b. Materials provided in briefings to analysts and media	**COMPLIANT**		
c. Downloadable annual report	**COMPLIANT**		
d. Notice of ASM and/or SSM	**COMPLIANT**		
e. Minutes of ASM and/or SSM	**COMPLIANT**		
f. Company's Articles of Incorporation and By-Laws	**COMPLIANT**		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	**COMPLIANT**	The Corporation has established an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board has appointed an Internal Auditor guided by the International Standards on Professional Practice of Internal Auditing.	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	**COMPLIANT**	Please refer to the Corporation's Definitive Information Statement for year 2017, the Corporation's New Manual on Corporate Governance, the Corporation's Annual Report for the year 2021.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	**COMPLIANT**	Please refer to the Corporation's Definitive Information Statement for year 2017, the Corporation's New Manual on Corporate Governance, and the Corporation's Annual Report for the year 2021.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	**COMPLIANT**	IT cyber security is in place, with Mr. Patrick Basobas as the IT executive of the group.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	**COMPLIANT**	The Board has internally appointed Ms. Justine Dominique Bering as the Chief Audit Executive.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	**COMPLIANT**	The Board has internally appointed Ms. Justine Dominique Bering as the Chief Audit Executive.	

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	**COMPLIANT**	The Board has internally appointed Ms. Justine Dominique Bering as the Chief Audit Executive.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	**COMPLIANT**	The Board has internally appointed Ms. Justine Dominique Bering as the Chief Audit Executive.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	**COMPLIANT**	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.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	**NOT COMPLIANT**	Identify source of external technical support, if any.	The Corporation currently does not require assistance of external technical support in risk management.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	**COMPLIANT**	The Chief Risk Officer is Mr. Lamberto Mercado, Jr.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	**COMPLIANT**	SEC 17-A 2021, Item 9 Directors and Executive Officers of the Registrant	
Additional Recommendation to Principle 12			

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	**COMPLIANT**	For report completion, a report was given to the Chief Executive Officer by the Audit Executive thru company's registered email.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
3. Board has an effective, secure, and efficient voting system.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
7. Company has a transparent and specific dividend policy.	**COMPLIANT**	The Company has not issue dividends since the year 2000. However, it promises to declare dividends once the deficit is offset and the market for the coming years proper.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	**NOT COMPLIANT**	Identify the independent party that counted/validated the votes at the ASM, if any.	The board has determined that voting will be carried by voice and counted at the meeting by the Corporate Secretary.
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	**COMPLIANT**	The Notice has been sent out to the Stockholders' at least 28 days prior to the Shareholders' Annual Meeting. Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20. 3, C , iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws).	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph /acesite/	
b. Auditors seeking appointment/re-appointment	**COMPLIANT**	SEC 20IS-Definitive contains all necessary information and references.	
c. Proxy documents	**COMPLIANT**	SEC 20IS-Definitive contains all necessary information and references.	
Optional: Recommendation 13.2			

1. Company provides rationale for the agenda items for the annual stockholders meeting	**COMPLIANT**	The agenda during the Annual Stockholders held last August 6, 2021 are as follows: 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. Ratification 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	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	

2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite/	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite Representatives of said firm are expected to be present at the stockholders' meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017. Kindly refer to the link: http://www.waterfronthotels.com.ph/acesite	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	**COMPLIANT**	Investor Relation Officer is Mr. Richard Ricardo.	
2. IRO is present at every shareholder's meeting.	**COMPLIANT**	Investor Relation Officer is Mr. Richard Ricardo has attended the ASM.	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	**COMPLIANT**	The Corporation adopts a one share, one vote policy. Thus, minority is adequately represented in shareholder actions. Please see the Corporation's by-laws and Manual on Corporate Governance.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	**COMPLIANT**	Company has more than thirty percent (30%) public float to increase liquidity in the market.	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	**NOT COMPLIANT**	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	Policy under consideration.
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	**COMPLIANT**	The company complies with the rules on teleconferencing for stockholders meetings and voting can be done with the company's website.	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	**COMPLIANT**	The Corporation, through its Board of Directors, shall establish an alternative dispute resolution system that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021(SEC 17A).	
2. Company respects intellectual property rights.	**COMPLIANT**	Kindly refer to the link: http://www.waterfronthotels.com.ph /acesite/	
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	**NOT COMPLIANT**	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	The Corporation does not have any ESOP. There is no existing policy on reward/compensation for the performance of the company beyond short-term financial measures.
2. Company has policies and practices on health, safety and welfare of its employees.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	

3. Company has policies and practices on training and development of its employees.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	**COMPLIANT**	Please refer to the Corporation's New Manual on Corporate Governance as adopted by the Board of Directors on 25 May 2017.	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	
2. Company exerts effort to interact positively with the communities in which it operates	**COMPLIANT**	Please refer to the Corporation's Annual Report for the year 2021 (SEC 17A).	

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of CITY OF MANILA on MAY 3 0 2022, 2022.

SIGNATURES

ARTHUR M. LOPEZ	KENNETH T. GATCHALIAN
Chairman of the Board	Chief Executive Officer / President
ARISTEO R. CRUZ	NOEL M. CARIÑO
Independent Director	Independent Director
RENATO C. FRANCISCO	ARTHUR R. PONSARAN
Independent Director	Corporate Secretary
RICHARD RICARDO	
Compliance Officer	

SUBSCRIBED AND SWORN to before me this ______ day of MAY 3 0 2022 2022, affiant(s) exhibiting to me their ______________, as follows:

NAME/NO.	TIN ID
Arthur M. Lopez	181-980-515
Kenneth T. Gatchalian	167-406-526
Aristeo R. Cruz	108-672-299
Noel M. Cariño	106-809-774
Renato C. Francisco	138-641-391
Arthur R. Ponsaran	127-640-176
Richard Ricardo	140-853-860

NOTARY PUBLIC

ATTY. GILBERTO B. PASIMANERO
Notary Public Until June 30, 2022
Notarial Commission 2020 - 030
IBP# 10-726 Pasig - 10-14-2022
PTR# 0154719 Mla - 1-3-2022
Roll # 25473, TIN# 103-098-346
MCLE Compl. No. VI-0011418 until 4-14-2022

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Series of 2022

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	ANDRADA CONSTRUCTION & DEV. INC.	99,291
7	ANFLO MANAGEMENT AND INVESTMENT CORPORATION	857,394
8	ANTONIO, ARTURO	19,855
9	ANTONIO, SILVINO JR.	19,855
10	ANUP TRADING	198,576
11	AQUINO, ERNESTO R.	99,291
12	ARANETA, SALVADOR (HEIRS OF)	139,002
13	ARROYO, TOMAS	19,855
14	ASIAMERIT SECURITIES, INC. FAO MC142	1,984
15	ATILANO, VICENTE C.	3,500
16	AURELIO, MANUEL &/OR LILIA	39,714
17	AVENDANO, ANTONIO	1,298
18	AZORES, NORMA T.	196
19	BALUYUT, SISENANDO	148,928
20	BARREDO, LUISA	19,855
21	BAUTISTA, DOMINGO C.	476,574
22	BELLO JR., SILVESTRE H.	3,500
23	BENITEZ, CONRADO II	19,855
24	BONDOC, ANGELITA L.	19,855
25	BUGARIN, JOLLY R.	79,432
26	BUSUEGO, ARACELI A.	39,714
27	CABANERO, GILDA	19,855
28	CABANERO, LEONARDO	19,855
29	CABANERO, LORNA	19,855
30	CABANERO, MA. CECILIA	19,855
31	CABANERO, NORBERTO S.	19,855
32	CABANERO, REBECCA S.	19,855
33	CABANEZ, LORETO	19,855
34	CANCIO, AGUSTIN S.	79,429
35	CAPILITAN ANDRADA ENGINEERING CORP	99,291
36	CARINO, DANILO	19,855
37	NOEL MABUNAY CARIÑO	100
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

Count	Name	Holdings
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

Count	Name	Holdings
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	PATERNO, VICENTE	19,855
138	PCD NOMINEE CORPORATION (NON-FILIPINO)	52,208,225
139	PCD NOMINEE CORPORATION	80,416,752
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

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 HUELGAS &/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
205	YU PUN HOI	392
206	YU, MANUEL L.	119,140
	Total Stockholders :	**346,100,520**

ACE000000000 March 31, 2023

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

March 31, 2023

ACE000000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	14,182
A & A SECURITIES, INC.	615,000
ABACUS SECURITIES CORPORATION	1,467,810
PHILSTOCKS FINANCIAL INC	3,573,296
BA SECURITIES, INC.	2,214,000
AP SECURITIES INCORPORATED	91,500
ANSALDO, GODINEZ & CO., INC.	142,000
AB CAPITAL SECURITIES, INC.	415,500
SB EQUITIES,INC.	91,500
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
ASIASEC EQUITIES, INC.	100,000
CHINA BANK SECURITIES CORPORATION	5,943,000
BELSON SECURITIES, INC.	85,000
JAKA SECURITIES CORP.	73,250
BPI SECURITIES CORPORATION	452,883
CAMPOS, LANUZA & COMPANY, INC.	174,500
CTS GLOBAL EQUITY GROUP, INC.	748,698
TRITON SECURITIES CORP.	3,461,290
DAVID GO SECURITIES CORP.	5,700
DIVERSIFIED SECURITIES, INC.	7,350
E. CHUA CHIACO SECURITIES, INC.	105,783
EASTERN SECURITIES DEVELOPMENT CORPORATION	84,500
EVERGREEN STOCK BROKERAGE & SEC., INC.	336,000
FIRST ORIENT SECURITIES, INC.	10,500
F. YAP SECURITIES, INC.	6,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
GUILD SECURITIES, INC.	117,501
HDI SECURITIES, INC.	4,776,001
I. B. GIMENEZ SECURITIES, INC.	52,157,527
INVESTORS SECURITIES, INC,	24,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,600
INTRA-INVEST SECURITIES, INC.	170,000
LARRGO SECURITIES CO., INC.	88,000
COL Financial Group, Inc.	9,815,671
DA MARKET SECURITIES, INC.	18,000
MERCANTILE SECURITIES CORP.	6,000
MOUNT PEAK SECURITIES, INC.	15,000
RCBC SECURITIES, INC.	19,211
PAPA SECURITIES CORPORATION	4,000
MAYBANK SECURITIES, INC.	100,304
PNB SECURITIES, INC.	3,550

QUALITY INVESTMENTS & SECURITIES CORPORATION	150,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	670,350
REGINA CAPITAL DEVELOPMENT CORPORATION	207,850
AAA SOUTHEAST EQUITIES, INCORPORATED	36,000
R. S. LIM & CO., INC.	475,000
S.J. ROXAS & CO., INC.	210,000
SECURITIES SPECIALISTS, INC.	9,047
SUMMIT SECURITIES, INC.	10,000
TANSENGCO & CO., INC.	115,876
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	40,710
TOWER SECURITIES, INC.	1,301,250
LANDBANK SECURITIES, INC.	7,250
FIRST METRO SECURITIES BROKERAGE CORP.	336,004
WEALTH SECURITIES, INC.	212,000
WESTLINK GLOBAL EQUITIES, INC.	33,296,400
YAO & ZIALCITA, INC.	368,500
BDO SECURITIES CORPORATION	210,350
EAGLE EQUITIES, INC.	86,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	70
SOLAR SECURITIES, INC.	300,000
G.D. TAN & COMPANY, INC.	4,347,287
UNICAPITAL SECURITIES INC.	4,000
SunSecurities, Inc.	7,000
COHERCO SECURITIES, INC.	75,000
ARMSTRONG SECURITIES, INC.	2,488,655
ACESITE (PHILS.) HOTEL CORP.	771
Total:	132,624,977

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of December 31, 2022

Inter- Company	Current	31-60	61-90	91-120	121 - 0ver	Total
ALEC					1,015,834.08	1,015,834.08
Metro Alliance Holdings					-	-
Wellex Group					3,396,204.10	3,396,204.10
Wellex Mining					8,785,045.52	8,785,045.52
TOTAL	**-**	**-**	**-**	**-**	**13,197,083.70**	**13,197,083.70**

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	**ACESITE PHILS. HOTEL CORPORATION**
Location of Headquarters	City of Manila, Philippines
Location of Operations	Outlined in Item 2 found on page 6 of this report
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Outlined in Item 13 Line 7 found in page 21 of this report
Business Model, including Primary Activities, Brands, Products, and Services	The Company operates the Waterfront Manila Hotel and Casino which is engaged in hotel operations and restaurant operations. In 2022, the operation has temporarily ceased due to the renovation project of the property.
Reporting Period	For the year ended December 31, 2022
Highest Ranking Person responsible for this report	COMPLIANCE OFFICER - MR. RICHARD RICARDO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
Acesite Phils. Hotel Corporation has considered the significant economic, environmental, and social impacts. In the definition of the materiality, the Company has considered different factors such as key organizational values and policies, laws and regulations of the local government, and the recent issues in the economy. The SASB Materiality Map is referenced in the SEC Memorandum Circular No. 4, Series of 2009 on the Sustainability Reporting Guidelines for Publicly-Listed Companies. Per assessment, the Corporation identifies the following issues as most likely to affect the economic, environmental and social impacts of the Corporation: 1. Environmental - Energy Management, Waste and Wastewater Management 2. Social - Labor Practices, Product and/or Service Quality and Safety 3. Economic - Supply Chain Management

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	-	PhP
Direct economic value distributed:		
a. Operating costs	41,235,994	PhP
b. Employee wages and benefits	21,811,080	PhP
c. Payments to suppliers, other operating costs	-	Php
d. Dividends given to stockholders and interest payments to loan providers	-	PhP
e. Taxes given to government	12,446,163	PhP
f. Investments to community (e.g. donations, CSR)		PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is seen during the temporary suspension of operations, where the business has generated zero revenue.	Employees, Suppliers, Customers	Mobilizes the renovations and rebuilding project in order to target the resumption of the operations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risks identified are various causes of delays in the renovation and rebuilding project.	Stockholders	The Company has teamed up a core group of engineers and architects In order to mitigate all the risks.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Modernization of the designs and technology in the hospitality business.	Employees, Customers	The Company has taken the opportunity to upgrade the property through planning and implementing new and modern designs.

Climate-related risks and opportunities[2]

The Company has not put into place risk controls on the impact of climate-related issues on the company. Based on the assessment of the Board of Directors, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Company.

Governance	Strategy	Risk Management	Metrics and Targets
N/A			
Recommended Disclosures			
N/A			

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There is significant decrease in the procurement of operational materials due to the temporary closure of the property.	Local Industry Suppliers	The Management has kept its relationship with its suppliers despite the reduction of the purchases.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

[2]Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	NIL	#
Number of incidents in which employees were dismissed or disciplined for corruption	NIL	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	NIL	#

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach

organization's involvement in the impact?		
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	304,742	kWh

Reduction of energy consumption

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	-	kWh
Energy reduction (gasoline)	-	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are**	**Management Approach**

	affected?	
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	5,549	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Materials used by the organization

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Materials used by weight or volume	N/A	
• renewable	-	kg/liters
• non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/iesIdentified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
Habitats protected or restored	-	ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	-	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

[3] International Union for Conservation of Nature

Environmental impact management

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	-	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	-	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	-	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Air pollutants

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
NO_x	-	kg
SO_x	-	kg
Persistent organic pollutants (POPs)	-	kg
Volatile organic compounds (VOCs)	-	kg
Hazardous air pollutants (HAPs)	-	kg
Particulate matter (PM)	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/iesIdentified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Solid and Hazardous Wastes

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	-	kg
Reusable	-	kg
Recyclable	-	kg
Composted	-	kg
Incinerated	-	kg
Residuals/Landfilled	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	-	kg
Total weight of hazardous waste transported	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Effluents

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Total volume of water discharges	-	Cubic meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Environmental compliance

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	28	
a. Number of female employees	14	#
b. Number of male employees	14	#
Attrition rate[5]	(0.01)	rate
Ratio of lowest paid employee against minimum wage	580:570	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	21%	7%
PhilHealth	Y	-	-
Pag-ibig	Y	-	-
Parental leaves	Y	-	-
Vacation leaves	Y	93%	93%
Sick leaves	Y	79%	79%
Medical benefits (aside from PhilHealth))	Y	79%	71%
Housing assistance (aside from Pag-ibig)	Y	-	-
Retirement fund (aside from SSS)	Y	-	-
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	-	-
Flexible-working Hours	N	-	-
(Others)			
Group Life Insurance	Y	-	-
Mid-Year Incentive	Y	-	-
Year-End Bonus	Y	-	-

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Due to the temporary closure of business, the operation has downsized into skeletal workforce.	The Company has set its manning count on a minimum level.
What are the Risk/s Identified?	**Management Approach**
N/A	N/A
What are the Opportunity/ies Identified?	**Management Approach**
N/A	N/A

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	46	hours
b. Male employees	46	hours
Average training hours provided to employees		
a. Female employees	3.3	hours/employee
b. Male employees	3.3	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The improvement of the overall competence of the employees including the skills necessary for their jobs as well as improvement of their knowledge pertaining to the hotel and leisure industry.	There are external trainings being joined by the employees provided by the Company.
What are the Risk/s Identified?	**Management Approach**
Because of limited funding, not everyone could get external training.	Management exercises an echo training program wherein employees sent on outside trainings will be tasked to echo what they've learned from their trainings through mini-learning sessions with their peers.
What are the Opportunity/ies Identified?	**Management Approach**
Continuous and sustained trainings will ensure quality of work.	Each department are evaluated every period for the number of training hours that the department has undertaken.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Diversity and Equal Opportunity

The Company currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

Disclosure	Quantity	Units
% of female workers in the workforce		%
% of male workers in the workforce		%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	**56,943**	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	3	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact lies in the overall safety of the employees when they are performing their tasks.	Management provides for policies that ensure that the workplace is a safe environment for its employees.
What are the Risk/s Identified?	**Management Approach**
Violations of the existing standard workplace conditions will result into penalties levied by the Department of Labour and Employment.	Each of the hotel properties has an established safety and security committee that ensures compliance with the standards set by the respective regulatory agencies.
What are the Opportunity/ies Identified?	**Management Approach**
To improve on the safety and security measures.	Regular evaluation of safety procedures including drills and trainings.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	
Child labor	Y	Policy on allowable age for hiring
Human Rights	Y	Policy on Anti Sexual Harassment

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This directly impacts the welfare of the employees. The organization can provide safety nets to ensure that employees are protected.	The Employee Company Policy set in the Employee Handbook provides in detail what are the rights of the employees whilst employed by the organization.
What are the Risk/s Identified?	**Management Approach**
Possibility of aired grievances and lawsuits	Management provides for a process to ensure that rights of employees are protected.
What are the Opportunity/ies Identified?	**Management Approach**
If the policies are religiously followed, a harmonious work environment can be achieved.	Consultation with legal counsel is always done before performing any activities that will affect employee welfare.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

____

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Relationship with Community

Significant Impacts on Local Communities

The Company currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
1. N/A					
2. N/A					
3. N/A					
4. N/A					

Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing	-	#
CP secured	-	#

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction Revinate Reviews	N/A	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Health and Safety

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**

N/A	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Customer privacy

The Company currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This impacts the confidentiality of customer information.	Management follows a set of strict procedures that safeguards the information provided by customers.
What are the Risk/s Identified?	**Management Approach**
Risks that customer information might get leaked.	Management has provided both manual and technological safety nets to protect customer information from getting leaked.
What are the Opportunity/ies Identified?	**Management Approach**
N/A	N/A

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The proper implementation of the Data Privacy Act of 2012 has been put into measures.	The Company has assigned a Data Privacy Officer in order to ensure that data security measures are implemented.
What are the Risk/s Identified?	**Management Approach**
N/A	N/A
What are the Opportunity/ies Identified?	**Management Approach**
N/A	N/A

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Hotel and Leisure Food and Beverage Service	Contributes in the generation of more decent work and economic growth.	Opportunities to offer jobs to the vulnerable sector are scarce.	Management can assess procedures and existing policies to find more opportunities to provide for the vulnerable sector.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*