

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, GRAND PLAZA HOTEL CORPORATION

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date & Time of Broadcast

17-Feb-2021 17:27:11

Status

New

Announcement Sub Title

Announcement by Subsidiary Company, Grand Plaza Hotel Corporation

Announcement Reference

SG210217OTHRAU0C

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the audited Financial Statements for the Year Ended 31 December 2020 submitted by Grand Plaza Hotel Corporation to the Securities and Exchange Commission of the Philippines on 17 February 2021.

Attachments

[02.17.2021_GPHC_2020_AFS.pdf](#)

Total size = 13122K MB

COVER SHEET

N / A

S.E.C Registration Number

Grand Plaza Hotel Corporation

(Company's Full Name)

c/o 12th Floor One/NEO Building, 26th Street corner 3rd Avenue

Crescent Park West, Bonifacio Global City, Taguig

Alain Charles J. Veloso

Contact Person

8819-4700

Company Telephone Number

SEC Form 17-A

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes



FOREIGN SERVICE OF THE
REPUBLIC OF THE PHILIPPINES

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

CERTIFICATE OF AUTHENTICATION


I, **LAARNI ZORAYDA S. GANDAROSA**, Consul of the Embassy of the Republic of the Philippines to Singapore, duly commissioned and qualified, do hereby certify that **LOW HUI MIN** before whom the annexed instruments have been examined by me, to wit:

NOTARIAL CERTIFICATE SIGNED BY HO SUK TSING LESLIE

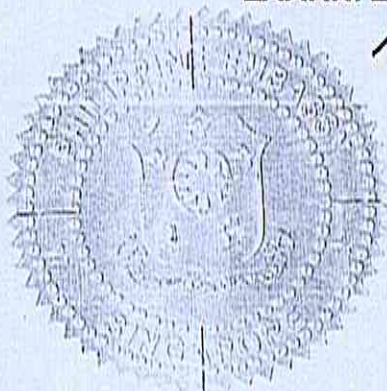
was at the time he/she signed the annexed instrument, was the authentication officer of the **SINGAPORE ACADEMY OF LAW** and that his/her signature affixed thereto is genuine.

The Embassy assumes no responsibility over the contents of the annexed document.

IN WITNESS HEREOF, I have hereunto set my hand and affixed the seal of the Embassy of the Philippines at Singapore, this 02 February 2021.


LAARNI ZORAYDA S. GANDAROSA
Consul

Service No : 961
Book No. : 1
Series of : 2021
OR No. : 1442673
Fee Paid : \$42 50



The validity of this certification shall follow the validity of the attached/underlying document.

Philippines XI - express



NC0L0S0FRE

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

I, Ho Suk Tsing Leslie, NOTARY PUBLIC duly admitted, authorised to practise in the Republic of Singapore, DO HEREBY CERTIFY

THAT I was present on the day hereof and did see KWEK EIK SHENG and YAM KIT SUNG the persons named and mentioned in the document "SEC FORM 17-A" hereunto annexed sign and execute the said document for and on behalf of GRAND PLAZA HOTEL CORPORATION and that the signatures therein subscribed are the proper handwritings of the said KWEK EIK SHENG and YAM KIT SUNG respectively.

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 29th day of January 2021.

NOTARY PUBLIC
SINGAPORE



By virtue of Rule 8(3)(c) of the Notaries Public Rules, a Notarial Certificate must be authenticated by the Singapore Academy of Law in order to be valid.



Verification code:
05125115

This *Authentication Certificate* only certifies the authenticity of the signature and the capacity of the person who signed the *Notarial Certificate*.

This *Authentication Certificate* is not valid if the seal of the Singapore Academy of Law is removed or altered in any way whatsoever. This *Certificate* does not authenticate or confirm the content of the Document attached to the annexed *Notarial Certificate*.

Authentication

1. Country:	Singapore
2. This public document has been signed by:	Ho Suk Tsing Leslie
3. Acting in the capacity of:	Notary Public
4. Bears the seal/stamp:	Notary Public

Certified

5. Authentication Cert No.:	ACOLO7OK1C
6. At:	Singapore Academy of Law
7. The:	29th January 2021
8. By:	Low Hul Min, Director, SAL
9. SAL Certification Seal:	10. Signature:



Certified True Signature

S020221SUK

Legalisation No.

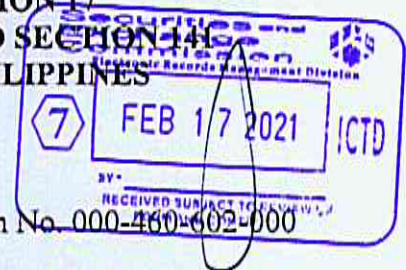
Nur Shaqirah Bte Shamsuri



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES



- 1. For the fiscal year ended 31 December 2020
- 2. SEC Identification Number 166878 3. BIR Tax Identification No. 000-460-602-000
- 4. Exact name of issuer as specified in its charter GRAND PLAZA HOTEL CORPORATION ("Company")
- 5. City of Pasay, Philippines
Province, Country or other jurisdiction of incorporation or organization
- 6. (SEC Use Only)
Industry Classification Code:
- 7. 10/F, The Heritage Hotel Manila, Roxas Blvd. Cor. EDSA Ext., Pasay City 1300
Address of principal office Postal Code
- 8. Tel No. (632) 854-8838 ; Fax No. (632) 854-8825
Issuer's telephone number, including area code
- 9 N/A
Former name, former address, and former fiscal year, if changed since last report.
- 10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	87,318,270 (Inclusive of 33,600,901 treasury shares)

- 11. Are any or all of these securities listed on a Stock Exchange.
Yes [x] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:
Stock Exchange : Philippine Stock Exchange
Securities : Common Shares

- 12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and

141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes No

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

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The share price of the Company as of 19 January 2021 is PhP10.60 and the total voting stock held by non-affiliates of the Company is 6,857,283. Therefore, the aggregate market value of the voting stock held by non-affiliates of the Company is PhP72,867,199.80.

**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. **N.A.**

Yes 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 proxy or information statement filed pursuant to SRC Rule 20 and 7.1(b);
- (c) Any prospectus filed pursuant to SRC Rule 8.1-1.

PART I – BUSINESS & GENERAL INFORMATION

ITEM 1. BUSINESS

General

The Company was registered with the Securities and Exchange Commission on 9 August 1989 primarily to own, lease or manage one or more hotels, inns or resorts, all adjuncts and accessories thereto and all other tourist oriented businesses as may be necessary in connection therewith.

The Company owns The Heritage Hotel Manila ("Hotel"), a deluxe class hotel which offers 467 rooms and deluxe facilities such as restaurants and ballrooms.

The Hotel opened on 2 August 1994 and the Company has continued to own and operate the Hotel since then.

For the fiscal year ended 31 December 2020, the Company reported a net profit after tax of about PhP12.06 million as against a net profit after tax of PhP2.3 million in 2019 and loss after tax of PhP23.10 million in 2018.

There is no bankruptcy, receivership or similar proceedings involving the Company. There are no material reclassifications, mergers, and consolidation involving the Company, nor purchases or sales of a significant amount of assets not in the ordinary course of business of the Company.

The Company's main source of income is revenue from the Hotel operations. The market for the Hotel services varied. The bulk of the room guests are corporate clients from various countries. The majority of the room guests are Americans, Japanese, Koreans, Filipinos and guests from Southeast Asian nations, while food and beverage guests are mainly Filipinos.

Competitive Position

The main competitors of The Heritage Hotel Manila are Sofitel Philippine Plaza Manila, Hotel Jen Manila, Pan Pacific Manila, Diamond Hotel Philippines, New World Manila Bay Manila, and Microtel Inn & Suites (Mall of Asia).

Based on information made available to us, for the year 2020, our Heritage Hotel occupancy was 63.8% versus competitor's occupancy of 50%. Our Average Room Rate was PhP2,692 while competitor rate was PhP3,161. The resultant Revpar of our Hotel was PhP1,717 versus competitor of PhP1,581.

Raw Materials and Services

The Hotel purchases its raw material for food and beverage ("F&B") from both local and foreign suppliers. The top 3 suppliers for raw materials are JC Seafood Supplies, Sofia Seafood and Erickel Enterprises.

Dependence on Single Customer

The Company's main source of income is revenue from the operations of the Heritage Hotel. The operations of the Hotel are not dependent on a single or a few customers.

Related Party Transactions

The Company in the normal course of business has entered into transactions with its related parties, principally consisting of cash advances. These advances are shown as “Due to related company”, “Due to immediate holding company”, and “Due to intermediate holding company” in the balance sheets.

The Company also leases its Hotel site from a related company. The lease contract on the Hotel site requires the Company to deposit PhP78 million to answer for any and all unpaid obligations that the Company may have under said contract.

On 11 August 2014, the Company and the related company, Harbour Land Corp. (“**HLC**”), agreed to amend the Lease Contract to increase the rent from PhP10,678,560 to PhP17,797,608 effective 1 January 2014 and to extend the lease contract from 2015 to 2040 for a period of another 25 years with no escalation of rent for the first 5 years but on the 6th year, HLC will propose a revision depending on the market condition.

The Company has entered into a Management Contract with Elite Hotel Management Services Pte. Ltd.’s Philippines Branch for the latter to act as the Hotel’s administrator. Under the terms of the agreement, the Company is required to pay monthly basic management and incentive fees based on a certain percentage of revenue and gross operating profit.

Policy on Related Party Transactions

In compliance with SEC Memorandum Circular No. 10, Series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies which took effect on 27 April 2019, the Company adopted its Material Related Party Transactions Policy (“**Material RPT Policy**”) on 24 October 2019.

Under the Company’s Material RPT Policy, the term “related parties” is defined as “the reporting Company’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the reporting Company. It also covers the reporting Company’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party”. Any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Company’s total assets based on the Company’s latest audited financial statement shall be deemed as a Material Related Party Transaction (“**Material RPT**”) which is covered by the Material RPT Policy.

Under the Company’s Material RPT Policy, the following approvals shall be required for transactions deemed as Material RPTs:

a. Approval of individual Material RPTs

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

b. Approval of aggregate RPT transactions

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction are mandated to abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

In accordance with the Company's Material RPT Policy and the relevant rules and regulations of the SEC on Material RPTs, the Company is required to submit the following reports and disclosures to the SEC:

- a. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30.
- b. Advisement Report in the form prescribed by the SEC of any Material RPT filed within three calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.
- c. At a minimum, the disclosures in both (a) and (b) above shall include the following information:
 - i. complete name of the related party;
 - ii. relationship of the parties;
 - iii. execution date of the Material RPT;
 - iv. financial or non-financial interest of the related parties;
 - v. type and nature of transaction as well as a description of the assets involved;
 - vi. total assets (consolidated assets, if the reporting company is a parent company);
 - vii. amount or contract price;
 - viii. percentage of the contract price to the total assets of the reporting Company;
 - ix. carrying amount of collateral, if any;
 - x. terms and conditions;
 - xi. rationale for entering into the transaction; and
 - xii. the approval obtained (i.e., names of directors present, name of directors who approved the Material RPT and the corresponding voting percentage obtained).

Section 5.2 of the Company's Revised Manual on Corporate Governance requires all material information to be publicly and timely disclosed through the appropriate mechanisms of the PSE and submitted to the SEC. Such information includes, among others, related party transactions. All such information should be disclosed.

In compliance with the 2015 Implementing Rules and Regulations of the Securities Regulation Code (“**SRC Rules**”), the Company must disclose the following details for a related party contract:

- a. the nature of the related party relationship;
- b. the type of transaction (e.g. supply or services contract, loans, guarantees);
- c. the total amounts payable and receivable in the transaction from or to the related party; and
- d. the elements of the transaction necessary to understand the listed company's financial statements.

The Company must also disclose its transactions in which related persons, such as directors, officers, substantial shareholders or any of their immediate families have a direct material interest, such as the related person’s beneficial ownership of the counterparty or share in the profits, bonus, or commissions out of the transaction.

No disclosure is needed for any transaction where:

- a. The transaction involves services at rates or charges fixed by law or governmental authority;
- b. The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;
- c. The amount involved in the transaction or a series of similar transactions has an aggregate value of less than PhP2,500,000; or
- d. The interest of the person arises solely from the ownership of securities of the registrant and the person receives no extra or special benefit that was not shared equally (pro rata) by all holders of securities of the class.

In compliance with the provisions of the Corporation Code, a contract of the Company with one or more of its directors or officers must be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock if any of the following conditions are absent:

- a. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.
- b. The vote of such director was not necessary for the approval of the contract.

Full disclosure of the adverse interest of the directors or officers involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances.

Furthermore, the Company must comply with the provision of the Corporation Code which requires a contract between two or more corporations having interlocking directors, where (i) the interest of the interlocking director in one corporation is substantial and his interest in the other corporation is merely nominal, and (ii) any of the following conditions are absent:

- a. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.

b. The vote of such director was not necessary for the approval of the contract.

to be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation where the interlocking director's interest is nominal. Similarly, full disclosure of the adverse interest of the interlocking director/s involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances. Stockholdings exceeding twenty (20%) percent of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.

Patents, Trademarks, Etc.

The Company registered the tradename "The Heritage Hotel Manila" with the Intellectual Property Office on 12 July 2000 under registration number 41995105127. Under current laws, the registration is valid for a term of 20 years, or up to 12 July 2020. The registration is renewable for another 10 years.

The Company is also authorized to use "The Heritage Hotel Manila" as its business name under its Articles of Incorporation.

The Company does not hold any other patent, trademark, copyright, license, franchise, concession or royalty agreement.

Government Approval and Regulation

The Hotel applies for Department of Tourism ("DOT") accreditation annually. The accreditation is based on the 2012 Rules and Regulations to Govern the Accreditation of Accommodation Establishments of the DOT. The DOT inspects the Hotel to determine whether the Hotel meets the criteria of the DOT. The DOT certificate of accreditation has been renewed in 2020.

The Company is not aware of any new government regulation that may have a material impact on the operations of the Company during the fiscal year covered by this report.

Development Activities

The Company did not undertake any development activities during the last three fiscal years.

Number of Employees

The Hotel employed a total of 154 employees for the year ended 31 December 2020. Out of the 154 employees, 130 are regular employees and 24 are casual employees.

The number of employees per type of employment is, as follows:

	REGULAR	CASUAL	TOTAL
Hotel Operating Staff (All operating dept)	81	6	87
Management/Admin/Security (A&G Dept)	19	14	33
Sales & Marketing	13		13
Repairs & Maintenance	17	4	21
Total	130	24	154

Barring any unforeseen circumstance, for the year 2021, the Company will maintain more or less the same number of employees as in year 2020.

There are no existing collective bargaining agreements between the Company and its employees.

ITEM 2. PROPERTIES

The Company leases its Hotel site from HLC, a related company. The Hotel site is located at the corner of Roxas Blvd. and EDSA Extension, Pasay City.

The lease for the Hotel site is for a period of 25 years renewable for another 25 years. The lease commenced on 1 January 1990. The Company has renewed its lease effective 1 January 2014 for another 25 years with monthly rental of PhP1,483,134.

The annual rental expenses for the Hotel site and is PhP17,797,608 million.

The Company has no intention of acquiring additional property within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

(1) Grand Plaza Hotel Corporation versus Commissioner of Internal Revenue (“BIR”) – Court of Tax Appeal (“CTA”) Case No. 8992

This case is a Petition for Review with the CTA to invalidate the tax deficiency assessment in relation to year 2008 ("Deficiency Tax Case").

On 20 February 2015, the Company filed a Petition for Review with the CTA to invalidate the collection proceedings of the BIR. The Petition is based on the Company's position, as advised by tax counsel, that the collection proceedings initiated by the Commissioner of Internal Revenue (“CIR”) is void because the assessment, from which the collection proceedings arose, did not comply with the requirements of law and lacked factual and legal bases.

The Deficiency Tax Case seeks to have the CTA review the Collection Letter that the Company received from the BIR on 12 December 2013. As far as the Company is aware, the Collection Letter was issued by the BIR in connection with a Formal Letter of Demand for alleged deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for the year 2008, in the aggregate amount of PhP508,101,387.12 consisting of PhP262,576,825.03 for basic tax, and interest of PhP245,524,562.09 from 20 January 2009 to 30 September 2013.

On 24 July 2015, the Company received a Warrant of Dstraint and/or Levy dated 24 July 2015 from the BIR (“Warrant”). The Warrant relates to the tax case for year 2008. Considering that a Petition for Review has been earlier filed with the CTA on 20 February 2015 to question the validity of the collection proceedings initiated by the CIR and that the matter is currently being litigated at the CTA, the Company has taken

appropriate legal measures to ensure that such Warrant is not implemented during the course of the trial proceedings.

During the CTA hearing on 21 September 2015, the Company presented 2 witnesses and they were able to finish their testimonies on the same day. The BIR, on the other hand, did not present any witnesses and opted to submit the case for the resolution of the CTA.

On 6 November 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated 04 January 2016 and 11 March 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

On 15 April 2016, the Company filed its Memorandum with the CTA.

Meanwhile, on 8 June 2016, management of the Company was informed by Metropolitan Bank & Trust Company ("Metrobank") via email, that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 dated 2 June 2016 against the Company in connection with the Deficiency Tax Case. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with Metrobank, which are currently in the amount of PhP499,049.64, as may be necessary to satisfy the alleged tax deficiency of the Company.

In addition, on 10 June 2016, management of the Company was also informed by the Lank Bank of the Philippines ("Land Bank"), that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 against the Company in connection with the Deficiency Tax Case. To date, the Company has not received the original Warrant from the BIR. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with the Land Bank, which are currently in the amount of PhP71,718.54 as may be necessary to satisfy the alleged tax deficiency of the Company.

In a Manifestation dated 01 September 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

Thus, on 6 September 2016, the Company's tax counsel received a Resolution from the CTA stating that the case has been submitted for decision.

On 7 March 2017, the Company filed an Urgent Motion to Allow Payment of Taxes with the CTA. This is with respect to the Warrant of Garnishment with Land Bank. The Company uses this bank account for its tax payments.

On 24 August 2017, the Company withdrew its "Urgent Motion to Allow Payment of Taxes" with CTA and instead requested the CTA to submit the case for decision. On 31 August 2017, CTA granted the withdrawal of the Motion and submitted the case for decision.

On 4 July 2018, the CTA rendered its Decision.

In the Decision, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the

reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PHP508,101,387.12 for taxable year 2008.

In its Amended Decision, the CTA held that it had jurisdiction to review collection proceedings by the CIR pursuant to its powers under Section 7(a)(1) of the Tax Code, and in particular, "other matters" arising under the National Internal Revenue Code. The CTA held that while there is no disputed assessment, it can assume jurisdiction over the Petition under "other matters".

After a careful scrutiny of the Formal Letter of Demand and Final Assessment Notice, the CTA held that the same was not valid for failure to indicate a definite due date for payment by the taxpayer, which negates the CIR's demand for payment.

MR filed by CIR

On 20 November 2018, the MR filed by the CIR seeks to pray for a reconsideration of the Amended Decision and to uphold the Decision dated 4 June 2018 on the following grounds:

- (1) The "other matters" clause of Section 7 of Republic Act No. 9282 does not include assessment cases.
- (2) A challenge to the collection procedure under "other matters" cannot reach back and examine an undisputed assessment.
- (3) Even assuming that the present case falls under the scope of "other matters", the Petition was filed out of time.

The Corporation filed its Comment to the CIR's MR on 12 December 2018 and prayed that the same be denied for lack of merit. On 14 March 2019, the CTA issued a decision denying the CIR Motion for Reconsideration as the Court finds no cogent reasons to reverse or modify the Amended Decision.

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the CTA En Banc to file its comments to Petition of CIR. The corporation filed its comment on 20 June 2019.

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by Philippine Mediation Center – Court of Tax Appeals, the mediation proceedings are terminated and the case is submitted for decision by the CTA En Banc.

On 29 September 2020, CTA En Banc promulgated a decision affirming the CTA decision and denied the Petition of CIR for lack of merit. CIR, dissatisfied with the decision, filed a Motion for Reconsideration on 20 October 2020 and the Corporation has filed its Response to CIR’s Motion for Reconsideration on 11 November 2020. As at 4 January 2021, there is no decision yet from CTA En Banc.

On 26 January 2021, the Corporation received from its counsel the Decision of CTA En Banc denying again the Motion for Reconsideration of CIR for lack of merit.

Other than the above tax case, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere which had not been previously disclosed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the security holders during the fourth quarter of the fiscal year covered by this report.

In the 8 July 2020 annual stockholders’ meeting, the following were elected as directors of the Company:

Kwek Eik Sheng;
Bryan Cockrell;
Yam Kit Sung;
Wong Kok Ho;
Antonio Rufino
Mia Gentugaya; (independent director); and
Rene Y. Soriano; (independent director)

Please refer to the discussion in item 9 of this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common shares of the Company are listed on the Philippine Stock Exchange.

The following are the high and low share prices of the Company for the year 2020 and 2019:

Amount in Peso:

	HIGH	LOW	HIGH	LOW

	Year 2020	Year 2020	Year 2019	Year 2019
First Quarter	13.48	9.12	12.48	9.52
Second Quarter	18.98	9.11	11.86	9.83
Third Quarter	13.16	10.26	12.48	9.70
Fourth Quarter	12.70	10.1	14.00	10.54

The last recorded trade of the shares of the Company during the fiscal year covered by this report occurred on 29 December 2020. The share price was PhP10.96.

Holders of Securities

The Company has only one class of shares, i.e., common shares. The total outstanding common shares as of 31 December 2020 is 87,318,270 inclusive of 33,600,901 treasury shares.

As of 31 December 2020, the number of shareholders of the Company is 16,057.

The list of the top 20 shareholders is as follows:

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDING (EXCLUDING TREASURY SHARES)
01	The Philippine Fund Limited	29,128,932	54.23%
02	Zatrio Pte Ltd	17,727,149	33.00%
03	PCD Nominee Filipino	3,833,278	7.14%
04	PCD Nominee Non-Filipino	235,467	0.44%
05	Alexander Sy Wong	34,505	0.06%
06	Cabanatuan Electric Corporation	11,084	0.02%
07	Asia Overseas Transport Co. Inc.	7,614	<0.01%
08	Naquines Fee Luna	6,869	<0.01%
09	School of St Anthony	6,608	<0.01%
10	Lua Zenaida Teo	6,559	<0.01%
11	Yam Kum Cheong	6,000	<0.01%
12	Yam Poh Choo	6,000	<0.01%
13	Phoon Lin Mui	6,000	<0.01%
14	Yam Kit Seng	6,000	<0.01%
15	Lim Rogelio Roleda	5,361	<0.01%
16	Chinjen Mary Dee	4,878	<0.01%
17	Uy Herbert Gochan	4,801	<0.01%
18	Nunag Lucas M	4,713	<0.01%
19	Amador Vicente Bernardo	4,093	<0.01%
20	Palawan Pawn Shop Inc	4,002	<0.01%
	Total	51,049,913	95.03%

Dividends

No dividends were declared for FY2020 and FY2019.

Dividend Policy

The nature of the dividend, the dividend payment date and the amount of the dividend are determined and approved by the Company's Board of Directors.

Recent Sales of Unregistered Securities

The Company does not have any unregistered securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(A) Full Fiscal Year

Top 5 Key Performance Indicators of the Company for the last 3 years:

	2020	2019	2018
Current ratio (Solvency ratio)	2.97	2.49	2.77
Debt/Equity	0.41	0.44	0.19
Assets/Equity	1.41	1.45	1.19
Profit/(Loss) before tax margin ratio	2.65%	(0.17%)	(4.5%)
Earnings before interest, tax, depreciation & amortization (EBITDA) Peso	55.12 million	55.18million	(2.99 million)

Note: The Company has no loans due to third party or related parties.

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. The current ratio improved by 0.48 (19.2%) compared to the same period of last year. Current liabilities has decreased by PhP24.8 million or 13.6% over prior year while current assets have risen by PhP14.2 million or 3.1% only. The increase in current assets is mainly due to higher receivables while liabilities decreased due to lower accounts payable. The higher accounts receivables is due to the slowdown in collection as a result of Covid-19.

Debt to equity ratio measures a company's financial leverage. It is derived by dividing total liabilities over equity. There is no material change in this indicator as compared to 2019.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There is a marginal decrease by 0.04 (2.7%) this year versus last year.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. The Company reported a profit before tax of PhP8.7 million this year as compared to 2019 loss of PhP0.7 million.

EBITDA is a measure of the company profitability without interest, depreciation and, taxes. This ratio has maintained similar to 2019 at PhP55m despite the drop in revenue. This is due to better cost containment.

Management is not aware of:

- a. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company is not having or anticipate having within the next 12 months any cash flow or liquidity problems; and the Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Company's trade payables that have not been paid within the stated trade terms.
- b. Any events that will trigger direct or contingent financial obligations that is material to the Company, including any default or novation of an obligation.
- c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. There are no material commitments for capital expenditures.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

Please see attached chart for the relationship between the Company and its ultimate parent company.

Results of Operations:

Revenue and Net Income/(loss) After Tax ("NIAT") of the Company during the last 3 years are as follows:

YEAR	REVENUE – PHP'000	NIAT – PHP'000
2020	329,900	12,065
2019	441,315	2,369
2018	413,796	(23,185)

2020 Results of Operations

For the year under review 2020, the Company reported a net income after tax of PhP12.0 million as compared to PhP2.3 million in 2019.

Revenue:

Total revenue fell from PhP441.3 million in 2019 to PhP329.9 million or a decrease of 33.7%. The global Covid-19 pandemic has severely impacted the hospitality business. With international borders closed and restricted travelling or movements in the country, the Company's business is impacted.

Room revenue registered a drop in revenue from PhP292.2 million in 2019 to PhP258.8 million or a decrease of PhP33.4 million (11.4%). Philippines felt the impact of Covid-19 in February 2020 and occupancy started to plummet. The Hotel was able to remain open throughout the year by focusing on essential workers, quarantine and returning Filipinos businesses. This allowed the Hotel to maintain about the same occupancy of 63% as in 2019. However, Average Room Rate fell from PhP2,765 to PhP2,476. This resulted in a drop in Revpar of 11.7%.

Food and Beverage ("F&B") business is more severely impacted than Rooms as government implemented restricted movements and social distancing. This resulted in Hotel closing its restaurant and reduced weddings and meetings in 2020. F&B revenue fell by PhP70.3 million (52.3%).

Other operated departments and others income are also impacted as there were lesser ancillary revenue.

Cost of sales and services:

F&B cost of sales decreased by PhP68.7 million or 45.1%. This is consistent with the drop in F&B revenue.

Selling and Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance fell by PhP57.2 million or 20.6% versus same period last year. At the onset of Covid-19, the Hotel embarked on various cost containment measures to reduce costs and cash burn. All non-essential capital expenditure and expenses were deferred.

Other income/(expenses):

This balance fell from a loss of PhP13.2 million in 2019 to loss of PhP18.2 million in 2020. This is mainly due to foreign exchange loss of PhP12.0 million versus PhP7.8 million in 2019. During the year 2020, the Peso has strengthen against the US dollar so when the Company translates its US deposits to Peso, it suffer an unrealized exchange loss.

2019 Results of Operations

For the year under review 2019, the Company reported a 6.7% growth in total revenue and reported a net income after tax after 3 years of losses. There is also no impairment loss in 2019.

Revenue:

Room revenue improved from PhP267.4 million to PhP292.2 million or 9.2% growth over prior year. This is due to an increase in occupancy from 59% to 64% and Average Room Rate has also increased from PhP2,690 to PhP2,725. Consequently, the Revpar registered an increase of PhP151 or 9.2% over 2018. Several key market segments such as Third Party Intermediary, Unmanaged Premium showed strong growth of 50% and 87% respectively over

the prior year. However, this increment is offset by lower contribution from Wholesale and Association market segments.

Food and Beverage (“F&B”) showed a minor improvement from PhP132.0 million to PhP134.3 million or 1.7% over 2018. The improvement in F&B mainly comes from Banquet and Lobby Lounge while offset by the lower contribution from Riviera. Banquet has a strong year especially in November and December 2019 due to major events and South East Asian Games held in Manila. Banquet increased its revenue from PhP47.7 million to PhP53.1 million or 17.4%.

Cost of sales and services:

F&B cost of sales increased by PhP1.9 million or 4.5%. This is consistent with the higher F&B revenue.

Selling and Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance fell by PhP30.2 million or 9.8% versus same period last year. The main reason for the decrease is due to absence of lease rental expense amounting to PhP17.7 million, lower professional fee by PhP26.4 million but offset by higher management fee of PhP1.6 million which is consistent with the higher revenue and GOP. In addition, depreciation also increased by about PhP6 million and insurance by PhP2.5 million.

Other income/(expenses):

There is a decrease in this item by PhP33.5 million (163%) relative to last year and this due to a foreign exchange loss of PhP7.8 million this year versus last year exchange gain of PhP11.7 million. During the year 2019, the Peso has strengthen against the US dollar so when the Company translates its US deposits to Peso, it suffer an unrealized exchange loss. In addition, the Company also has to recognize interest expense of PhP14.4 million this year due to adoption of new accounting standard on lease.

2018 Results of Operations

For the year 2018, the Company reported revenue of PhP413.7 million as compared to PhP382.7 million in 2017. The Company recorded a loss after tax of PhP23.1 million this year versus a loss of PhP75.2 million in 2017. The better result is due to higher revenue and there is no impairment loss in year 2018 while in year 2017, there was an impairment loss of about PhP34.8 million.

Revenue:

Room revenue recorded an improvement from PhP236.5 million in 2017 to PhP267.4 million in current year or increase of PhP30.9 million (13.1%). The improvement is driven by higher room occupancy of 59% in 2018 compared to 52% in 2017. The Hotel strategy for 2018 was to work on the occupancy so the average room rate was reduced in accordance to market. Average room rate fell by PhP15 (0.5%) as compared to prior year. However, the overall Revpar showed an improvement of PhP188 (13%). The Philippines economy continued to show positive growth in 2018 and Asian Development Bank (ADB) forecast the GDP to grow 6.4%. This positive growth also translates to higher tourist arrival. For the first 3 quarters of 2018, tourist arrivals increased by 8.3% or 5.4 million compared to the same period in 2017.

Food and Beverage (F&B) revenue registered an improvement of PhP3.2 million (2.5%). The increased in room occupancy also bring about higher breakfast revenue for the F&B sector and room service and lobby lounge. Room service improved significantly from PhP4.2 million to PhP5.8 million or 38% over last year. Lobby lounge also showed promising improvement from PhP11.2 million to PhP13.4 million or 20% growth over prior year.

Cost of sales and services:

Cost of sales and services registered a drop of PhP2.2 million (5%) over 2017 even though revenue has increased by 2.5%. This is due to better control over purchases.

Gross Operating Income:

Gross profit showed an increase by PhP33.1 million (14.1%) due to higher revenue.

Property operations and maintenance:

This pertains mainly to cost incurred in maintaining the Hotel building. This expense has dropped by PhP2.2 million (15.2%) over the same period of last year.

Administrative Expenses:

Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance and energy. This item registered a drop of PhP6.9 million (2.9%). The 2 key items that contributed to this fall are depreciation charges decreased by PhP6.8 million (15.7%) and impairment loss on property and equipment by a decrease of PhP34.7 million (100%). There is no impairment in this year. The 2 variances are offset by higher salaries and wages by PhP4 million (6.5%) and professional fees PhP24.8 million (>100%),

Other income/(expenses):

There is an increase in this item by PhP11 million (115%) relative to last year and this due to a significantly higher in foreign exchange gain of PhP11.7 million this year versus last year of PhP1.7 million. The weaker Peso helps to bring about a higher exchange gain when the Company translates its US\$ deposit.

Income Tax Expense:

Although the Company is in a loss position, the Company has a tax expense of PhP4.1 million due to higher non-tax deductible items.

Financial Conditions:

The total assets and liabilities of the Company for the last 3 years are as follows:

YEAR	ASSETS - PHP'000	LIABILITIES – PHP'000
2020	1,238,786	371,952
2019	1,240,450	382,723
2018	1,023,837	164,716

2020 Financial Conditions

Total assets for the year 2020 decreased by PhP1.6 million (0.13%) as compared to 2019 while total liabilities also decreased by PhP10.8 million (2.8%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash decreased by PhP30.3 million (9.6%) versus end of last fiscal year. With a lower revenue versus 2019 and slower in collection due to the restricted movements in the Philippines, cash balance has decreased.
- Accounts receivables – net: This balance increased from PhP88.3 million to PhP120.8 million or 36.8% higher than prior year. As explained in previous paragraph, due to the restricted movements mandated by government in Philippines, collection has slow down and this caused accounts receivables to increase.
- Due from related parties: This balance increased from PhP0.075 million to PhP13.4 million as related parties have not settled its outstanding liabilities to the Company.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is a drop in this balance by PhP2.3 million (30.6%) and this is due to lower inventories in food and beverage and general supplies which is consistent with the lower revenue.
- Prepaid expenses and other current assets: This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased marginally from PhP26.6 million to PhP27.6 million. The increase is mainly due to the net variance between Creditable Withholding Tax and Prepaid Income Tax.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance increased by PhP6.7 million (25.6%) as a result of higher retirement benefit and actuarial loss.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year decreased marginally by PhP1.1 million (1.2%) as a result of higher advances to suppliers/contractors. This pertains to reduction in some capital expenditures that are still work in progress and had not been capitalized yet.
- Accounts payable and accrued expenses: There is a decrease of PhP35.3 million 38.8% versus prior year. As business has slowed down significantly during the year, trade payables also fell by PhP22.7 million (42.83%) versus 2019. Similarly, accruals for payroll and others also reduced by PhP12.62 million (22.86%).
- Due to related parties: As at end of year 2020, this balance has increased by PhP15.5 million (42.9%) as the Company has not settled its outstanding liability with related companies of which the majority pertains to rental expense to an associate.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. As a result, we have

to recognize lease liability amounting to PhP3.9 million in current portion and PhP167.7 million for non-current portion.

- Accrued retirement benefits liability: This balance increased by PhP5.0 million or 17.3% from prior year. The increment is mainly due to actuarial loss of PhP3.4 million.

2019 Financial Conditions

Total assets for the year 2019 increased by PhP217 million (21.2%) as compared to 2018 while total liabilities also increased by PhP218 million (132%). The main reason for the increase in both assets and liabilities is due to the adoption of IFRS 16 on accounting for leases in 2019. Due to this new accounting standard, the Corporation has to recognize a Right-of-Use asset and liability.

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP55 million (21.2%) versus end of last fiscal year. The improvement in trading coupled with less capital expenditure for the year caused cash balance to show a healthy increase of 21.2%.
- Accounts receivables – net: This balance increased from PhP78 million to PhP88.3 million or 13.2% higher than prior year. The higher room revenue in November and December due to major events in Manila increase the revenue and consequently, accounts receivables also increased.
- Due from related parties: This balance fell by PhP0.124 million or 62.1% versus same period last year as the related companies have settled some of its outstanding liabilities to the Company.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is a drop in this balance by PhP1.7 million (18.4%) and this is due to lower inventories in beverage and general supplies.
- Prepaid expenses and other current assets: This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased from PhP23.5 million to PhP26.6 million. The increase in prepaid income tax and reduction in input tax are the cause of the variance.
- Investment in associate: There is a drop in this balance by PhP0.2 million and this is mainly due to the dividends received amounting to PhP1.6 million.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance increased by PhP7.5 million (40.3%) as a result of higher retirement benefit and actuarial loss.

- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased by PhP4.1 million (4.6%) as a result of higher advances to suppliers/contractors. This pertains to some capital expenditures that are still work in progress and had not been capitalized yet.
- Accounts payable and accrued expenses: There is an increase of PhP23.6 million 35.1% versus prior year. Trade payables increased by PhP20.8 million (64.5%) due to increase in revenue. In addition, accrued liabilities PhP4.3 million (42.1%) as a result of higher commissions and other accrued expenses.
- Due to related parties: As at end of year 2019, this balance has increased by PhP4.7 million (14.9%) as the Company has not settled its outstanding liability with related companies.
- Lease liability – current portion and non-current portion: As discussed earlier, this is due to the adoption of IFRS 16 on accounting of lease. As a result, we have to recognize a Right-of-use liability amounting to PhP3.5 million in current portion and PhP28.4 million for non-current portion.
- Accrued retirement benefits liability: This balance increased by PhP7.9 million or 37.6% from prior year. The increment is mainly due to actuarial loss of PhP5.3 million versus a gain in 2018 of PhP6.6 million.

2018 Financial Conditions

Total assets for the year decreased by PhP40 million (3.7%) while total liabilities decreased by PhP22 million (11.08%). The fall in total assets is mainly due to decrease in property and equipment, receivables (net) and other assets.

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP17 million (7%) versus end of last fiscal year. The Company holds cash deposit at banks in US\$ and the Philippines peso has depreciated from PhP50.05: US\$1 as at year end 2017 to PhP53.02:US\$1 as at year end 2018. This equates to a depreciation of PhP2.97 or 5.9%. As such, when the Company translates the US\$ deposit to Peso, it has a higher balance.
- Accounts receivables net: This balance decreased by PhP24.3 million (23.7%) versus end of last year. This is mainly a result of lower city ledger balance by PhP32 million (47%) due to higher collection from customers this year end and offset by higher other receivables.
- Inventories: This balance increased from PhP8.2 million to PhP9.2 million or 12.1% compared to the same period of last year. The higher balance is mainly due to higher food inventory which is consistent with higher F&B revenue.

- Prepayments and other current assets: This balance registered an increment of PhP3.3 million (16.3%) relative to same period of last year. The increment is due to higher prepaid tax, input and creditable withholding taxes.
- Property and equipment –net: As compared to the same period of last year, there is a fall in this balance by PhP28.7 million (5.6%). The drop is due to depreciation charges for the year offset by additions and disposal of fixed assets. There is no impairment loss for this year.
- Deferred tax assets: Deferred tax assets is lower this year by PhP4 million (17.6%) due to the absence of impairment loss. In 2017, there was an impairment loss of PhP34.8 million.
- Other assets: This balance decreased from PhP93.2 million to PhP88.9 million or 4.6%. The variance is due to a reclassification of construction-in-progress to property and equipment.
- Accounts payable and accrued expenses: This balance fell by PhP10.2 million (13.1%) as a result of lower dues and subscription due to reversal of old accruals and lower amount for unreleased checks at year end.
- Due to related parties: This balance has dropped by PhP5.2 million (14.2%) over the same period of last year and this is due to settlement of outstanding liabilities with related parties at year end.
- Other current liabilities: Other current liabilities decreased by PhP1.6 million (8.8%) due to lower accounts payable for distributable service charges.
- Accrued retirement liability: This balance fell by PhP5.1 million (19.5%) as a result of higher discount rate used in actuarial study compared to last year. The higher discount rate is consistent with the higher interest rate environment in year 2018.

Risks

The Company has exposure to various risks, including liquidity risk, credit risk and market risk. For discussions of these risks, see *Note 25 – Financial Risks and Capital Management* to the accompanying audited financial statements in Item 7.

ITEM 7. FINANCIAL STATEMENTS

Please see attachments.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no changes and/or disagreements with Accountants on any matter relating to accounting principles or practices, financial disclosures, auditing scope and procedure during the last two fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES OF THE REGISTRANT

NAME	OFFICE	CITIZENSHIP	FAMILY RELATION (*)	AGE
Kwek Eik Sheng (appointed on 1 Jan 2020)	Chairman & President	Singapore	No relation	39
Bryan Cockrell	Vice Chairman/Director	American	No relation	73
Wong Kok Ho	Director	Chinese	No relation	72
Rene Y. Soriano	Independent Director	Filipino	No relation	75
Mia Gentugaya	Independent Director	Filipino	No relation	69
Antonio Rufino	Director	Filipino	No relation	74
Yam Kit Sung (appointed on 1 Jan 2020)	Director, General Manager of the Company / Chief Finance Officer / Compliance Officer / Chief Audit Executive	Singaporean	No relation	50
Farid Schoucair	General Manager The Heritage Hotel Manila Management Executive Committee	Swiss	No relation	64
Geraldine Nono Gaw	Director of Marketing / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	53
Juancho Baltzar	Director of Human Resources/ Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	60
Alain Charles J. Veloso	Corporate Secretary	Filipino	No relation	41
Ariane Mae V. Vallada	Assistant Corporate Secretary	Filipino	No relation	33
Arlene De Guzman	Treasurer	Filipino	No relation	60

(*) Up to the fourth civil degree either by consanguinity or affinity.

Under Article IV, Section 2 of the By-Laws of the Company, the directors shall hold office for one year and until their successors are duly elected and have qualified.

None of the directors and executive officers are related within the 4th civil degree of consanguinity or affinity of each other.

None of the following events occurred during the past five years that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, promoter or control person of the registrant:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two year prior to that time;
- b) Conviction by final judgment in a criminal proceeding;
- c) Being subject to any order, judgment or decree limiting such person's involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by domestic or foreign court of competent jurisdiction in a civil action to have violated any securities or commodities law.

Business Experience

KWEK EIK SHENG

CHAIRMAN & PRESIDENT

Mr. Kwek served as Chairman and President of the Board of Grand Plaza Hotel Corporation since his appointment on 1 January 2020. Mr. Kwek is currently the Group Chief Strategy Officer of City Developments Limited ("CDL") and has been in that role since 2018. Mr. Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. He assumed his role as Chief Strategy Officer in 2014 and was additionally appointed Head, Asset Management in April 2016. Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specializing in corporate finance roles since 2006.

He currently also holds the position of Executive Director in Millennium & Copthorne Hotels Limited, previously listed on the London Stock Exchange under the name "Millennium & Copthorne Hotels plc". He is also a Non-Executive Director of Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited, both of which are listed on New Zealand's Exchange.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a Master of Philosophy in Finance from Judge Business School, Cambridge University.

BRYAN K. COCKRELL

DIRECTOR

Mr. Bryan Cockrell, an American national, has been a Director of the Company since May 1997. Mr. Cockrell is the Chairman of the Pathfinder Group in the Philippines which has interests in tourism-related ventures, properties and other joint ventures undertakings of the Group. Before his stint in the Philippines, he held numerous positions in Singapore, Indonesia and Saudi Arabia.

RENE SORIANO
INDEPENDENT DIRECTOR

Mr. Soriano is a Past President of the Employers Confederation of the Philippines (ECOP). He is also a Past President of the ASEAN Confederation of Employers (ACE) and the People Management Association of the Philippines (PMAP). He was a member of the Board of Trustees, representing the employers, of the Overseas Workers Welfare Administration (OWWA). At present, he sits as Employer's Representative in the National Tripartite Industrial Peace Council (NTIPC), the Tripartite Labor Code Review Committee (TLRC) and the Tripartite Security Industry Group (TSIG). He has represented the employers in various labor management conferences here and abroad including the annual International Labor Conference(s) in Geneva, Switzerland.

MIA G. GENTUGAYA
INDEPENDENT DIRECTOR

Mia Gentugaya is of counsel in SyCip Salazar Hernandez & Gatmaitan. She was a Senior Partner, a member of the Executive Committee, and the head of its Banking, Finance & Securities Group as of her retirement from the law firm in 2016. She is a member of the faculty of the Lyceum of the Philippines University – College of Law and University of the Philippines – College of Law. She is also a Bangko Sentral-accredited lecturer on corporate governance for banks/quasi banks. She has been a Director of the Company since August 1992 and has served as independent director since 2005. She was admitted to the Philippine Bar in 1978 after completing her legal education at the University of the Philippines (LL.B.). Ms. Gentugaya practices corporate and commercial law and has been named by Chambers & Partners, International Financial Law Review 1000, and The Legal 500 as one of the world's leading lawyers in banking and finance, and commercial law. She also serves in the Board of Directors of various companies.

ANTONIO RUFINO
DIRECTOR

Mr. Rufino is currently the Director and President of Rufson Enterprises, Inc., Mercedes Realty & Dev. Corporation, and R.A. Rufino Holdings, Inc. He is also a director of other private corporations. He is the Consul General of Portugal and a member of the executive board of the Consular Corps of the Philippines. He completed his college and graduate studies in the University of San Francisco, California, U.S.A.

WONG KOK HO
DIRECTOR

Mr. Wong Kok Ho has been an executive director of Asia Financial Holdings Limited, a public listed company in Hong Kong Stock Exchange, since 2nd May 2007 and has served the Group for over 40 years. Mr. Wong is an executive director of Asia Insurance and a director of several other subsidiaries of the Company. Mr. Wong was the Chief Executive Officer of Asia Insurance until October 2016 and has extensive experience in the insurance industry. He sits on the boards of AFH Charitable Foundation Limited, AR Consultant Service (HK) Limited,

Professional Liability Underwriting Services Limited and Asia Insurance (Philippines) Corporation. Mr. Wong is also an independent non-executive director of Sompo Insurance (Hong Kong) Company Limited, and an adviser to both BE Reinsurance Limited and BC Reinsurance Limited. Mr. Wong was educated in Hong Kong and Deakin University, Melbourne, Australia and is a fellow member of The Chartered Insurance Institute, London.

YAM KIT SUNG

DIRECTOR, GENERAL MANAGER, CHIEF FINANCE OFFICER, COMPLIANCE OFFICER & CHIEF AUDIT EXECUTIVE

Mr. Yam Kit Sung has been appointed Director of the Corporation on 1 January 2020. He obtained his Bachelor of Accountancy (Honors) degree from Nanyang Technological University in Singapore. Upon graduation, he joined the international accounting firm, Price Waterhouse based in Singapore as an auditor and later joined CDL Hotels International Limited (now known as Millennium & Copthorne Hotels International Limited) as an Internal Auditor. In 1996, he joined The Heritage Hotel Manila as an Operations Analyst and was appointed General Manager of the Company in April 2000. In June 2006, Mr. Yam was appointed General Manager –Asset Management (China) for HL Global Enterprises Limited, a company listed on the Singapore Stock Exchange and he stepped down from this position on 15 January 2020.

He was appointed Vice President Operational Finance Asia and North America for Millennium Hotels and Resorts, which is the parent company of the Corporation, in September 2019. He also sits on the Board of several companies in Millennium Hotels and Resorts.

ARLENE DE GUZMAN

TREASURER

Ms. Arlene de Guzman has been the Company's Treasurer since August 1997. She is also a former director and president of the Company. She graduated with a B.S. Business Economics (cum laude) degree from the University of the Philippines in 1981. Her business experience includes: Senior Project Evaluation Officer, National Development Company, Head, Financial Risk Management, Philippine Associated Smelting and Refining Corporation (PASAR) and currently Senior Vice President of the Pathfinder Group. She is presently a director and/or officer of the various companies under the Pathfinder Group and Grand Plaza Hotel Corporation.

ALAIN CHARLES J. VELOSO

CORPORATE SECRETARY

Mr. Alain Charles Veloso is a partner of the law firm Quisumbing Torres and heads the Firm's capital markets practice. Mr. Veloso's practices corporate and commercial law, with focus on capital markets, M&A, healthcare, energy and natural resources, and real estate and infrastructure. Mr. Veloso also heads the Firm's Diversity & Inclusion and B-Green Committees.

He joined Quisumbing Torres in 2006 after graduating class valedictorian and *cum laude* from the University of the Philippines College of Law in 2006. He was also a recipient of the Dean's Medal for Academic Excellence, a member of the Order of the Purple Feather, a Chief Justice Fred Ruiz Castro Academic Scholar, an ACCRA – Violeta C. Drilon Merit Scholar, and a Member of the Pi Gamma Mu Honors Society and the Phi Kappa Phi Honors Society. Mr.

Veloso was admitted to the Philippine Bar in 2007 and ranked 10th in the 2006 Philippine Bar exams. Prior to obtaining his law degree, Mr. Veloso obtained his B.S. Accountancy from the University of the Philippines – Tacloban College in 2001, graduating *cum laude*. Mr. Veloso passed the Philippine licensure exam for Certified Public Accountants in 2001. He also taught Transportation and Public Utilities Law and Land Titles and Registration at Centro Escolar University School of Law and Jurisprudence. Mr. Veloso also lectures at the Mandatory Continuing Legal Education program of the UP Law Center on antitrust and corporate governance. He is cited as a Leading Practitioner in Capital Markets by The Legal 500 for the years 2020 and 2021.

Mr. Veloso is also the corporate secretary of various private companies. He is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC. Mr. Veloso is currently the Auditor and heads the Legal Education Committee of the Integrated Bar of the Philippines (IBP) Makati Chapter.

ARIANE MAE V. VALLADA
ASSISTANT CORPORATE SECRETARY

Ms. Ariane Mae V. Vallada is an associate of the law firm Quisumbing Torres. Ms. Vallada was appointed as the Assistant Corporate Secretary of the company on 6 May 2019. Ms. Vallada has five years of experience in the areas of mergers and acquisitions, capital markets, corporate reorganization and restructuring, commercial agreements and contracts, and general corporate and commercial work. She has participated in the conduct of legal due diligence on several target companies, including listed companies, and has drafted and assisted in the negotiations of transaction documents relating to mergers and acquisitions, commercial lending and project finance. Ms. Vallada likewise previously handled disclosure and regulatory requirements of a company listed on the PSE, and acted as Assistant Corporate Secretary for several companies, and performed various corporate secretarial work such as preparation of minutes of meetings, secretary's certificates, period reports submitted to the PSE and the SEC, preparation and issuance of stock certificates, and other general corporate housekeeping work. Ms. Vallada is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC

FARID SCHOUCAIR
GENERAL MANAGER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Farid Schoucair joined The Heritage Hotel Manila, as General Manager, in 17 December 2019. Farid was transferred from the Grand Copthorne Waterfront Hotel in Singapore to Manila. Half Lebanese and half Swiss, Farid got his diploma in Hotel & Tourism Management, from the Centre International de Glion, in Montreux, Switzerland back in 1980. He then joined the Hyatt Regency Dubai, back in 1981 as a Management trainee and climbed the ladder from banqueting department to various F&B management positions and then General Manager of the Hyatt Regency Jeju back in August 1996. Farid has spent 25-years with Hyatt International; moving from Macau to Saipan, Singapore, Kuala Lumpur, Manila, South Korea and back to Manila; where he was managing the Hyatt Regency Manila up to December 2006. In April 2007, he joined M&C, to renovate and rebrand the then-Regent Hotel in KL to the Grand Millennium KL. He then moved back to Manila to renovate and rebrand the Renaissance Hotel in Makati to the New World Makati Hotel, where he spent the last ten years; before moving back to Singapore at the helm of the Grand Copthorne Waterfront Hotel, back in March 2019.

GERALDINE NONO GAW

*DIRECTOR OF SALES & MARKETING, MEMBER – HERITAGE HOTEL MANILA
MANAGEMENT EXECUTIVE COMMITTEE*

Ms. Geraldine N. Gaw joined the company in 2003 as the Director of Catering and was promoted as Director of Sales and Marketing in 2008. Prior to joining the Heritage Hotel Geraldine held the position of Convention and Banquet Sales Manager from 1999 to 2003 at the Manila Midtown Hotel. She has also held several senior positions in various hotels in Metro Manila and Davao City, namely the Mandarin Oriental Hotel and the Davao Insular Intercontinental Inn. She is currently a member of the Hotel Sales and Marketing Association. She is also serving as the Director for Ways and Means for the recently formed Pasay City Alliance of Travel Advocates (PCATA). A group of Pasay City Hotels in partnership with the City Mayor’s Office whose advocacy is to promote Pasay City as a destination more than a just a transit city. Geraldine graduated at the Ateneo De Davao University with a Degree in Business Administration major in Accounting.

JUANCHO BALTAZAR

*DIRECTOR OF HUMAN RESOURCE , MEMBER – HERITAGE HOTEL MANILA
MANAGEMENT EXECUTIVE COMMITTEE*

An extensive background in the hospitality profession, Atty. Juancho Baltazar has exposure in almost all areas of hotel management and thus embedded in him the important aspect of the business which is “Customer Service”. His love for teaching has given him the ability to be an influence in the molding of the character of the people working in the organization. Through the years, he has acquired skills in the area of recruitment and selection, training and development, employee relations, coaching and counseling, motivation, public speaking, and strategy planning, among others. Rising from the ranks, Choy knows how people in the organization behave. As a lawyer, he has a good knowledge of Labor Law and Labor Relations. He has extensive experience in collective bargaining negotiations and dealing with the unions. He is a professional whose years of specialization in operation and human resource management and development have trained him to spot the right person for the right job and to consistently maintain and improve the quality of the workforce especially in the areas of work efficiency, training, and in the development of customer-oriented professionals. He is a graduate of the Philippine Christian University in 1983 with a degree in Business Administration and a Bachelor of Laws degree from the Lyceum of the Philippines University in 1988. He also has a diploma in Hotel Management from the Singapore Hotel and Tourism Education Centre (SHATEC) in 1996.

Attendance Record

Meeting Attendance of the Company’s Board of Directors in 2020:

Date of Board of Directors’ meetings	Name of Directors						
	Kwek Eik Sheng	Bryan Cockrell	Wong Ko Ho	Mia Gentugaya	Antonio Rufino	Yam Kit Sung	Rene Soriano
6 February 2020	Present	Present	Present	Present	Present	Present	Present

22 April 2020	Present	Present	Present	Present	Present	Present	Present
12 May 2020	Present	Present	Present	Present	Present	Present	Present
8 June 2020	Present	Present	Present	Present	Present	Present	Present
8 July 2020 (10:30 am)	Present	Present	Present	Present	Present	Present	Present
8 July 2020 (12:00 nn)	Present	Present	Present	Present	Present	Present	Present
5 August 2020	Present	Present	Present	Present	Present	Present	Present
26 October 2020	Present	Present	Present	Present	Present	Present	Present
17 December 2020	Present	Present	Present	Present	Present	Present	Present

Total	9/9	9/9	9/9	9/9	9/9	9/9	9/9
Percentage of Attendance	100%	100%	100%	100%	100%	100%	100%

Meeting Attendance of the Company's Audit Committee in 2020:

Date of the Audit Committee meetings	Name of Directors		
	Bryan Cockrell	Mia Gentugaya	Antonio Rufino
6 February 2020	Present	Present	Present
12 May 2020	Present	Present	Present
5 August 2020	Present	Present	Present
26 October 2020	Present	Present	Present

Total	4/4	4/4	4/4
Percentage of Attendance	100%	100%	100%

Meeting Attendance of the Company's Corporate Governance Committee in 2020:

Date of the Nomination's Committee meetings	Name of Directors				
	Kwek Eik Sheng	Rene Soriano	Bryan Cockrell	Antonio Rufino	Mia Gentugaya
6 February 2020	Present	Present	Present	Present	Present
17 March 2020	Present	Present	Present	Present	Present

Total	2/2	2/2	2/2	2/2	2/2
Percentage of Attendance	100%	100%	100%	100%	100%

ITEM 10. EXECUTIVE COMPENSATION

EXECUTIVE AND DIRECTORS COMPENSATION

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Schoucair	General Manager of Hotel	2020			
Yam Kit Sung	General Manager of the Company	2020			
Ederlinda F. Decano	Director of Finance	2020			
Gigi Gaw	Director of Sales & Marketing	2020			
Juancho Baltazar	Director of Human Resources	2020			
Total		2020	14,399,659	1,258,778	
Directors allowances		2020			826,133
All officers & Directors as a group		2020	14,399,659	1,258,778	826,133

The estimated total compensation for officers and directors in year 2021 is as follows:

Salary – PhP15 million
 Bonus – PhP1.5 million
 Other Fees – PhP0.9 million

FOR THE LAST 2 FINANCIAL YEARS – 2019 and 2018

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Eddie Yeo Ban Heng	General Manager of Hotel	2019			
Yam Kit Sung	General Manager of the Company	2019			
Ederlinda F. Decano	Director of Finance	2019			
Gigi Gaw	Director of Sales & Marketing	2019			
Juancho Baltazar	Director of Human Resources	2019			
Total		2019	19,227,566	3,002,043	
Directors allowances		2019			696,333
All officers & Directors as a group		2019	19,227,566	3,002,043	696,333

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Eddie Yeo Ban Heng	General Manager of Hotel	2018			
Yam Kit Sung	General Manager of the Company	2018			
Ederlinda F. Decano	Director of Finance	2018			
Gigi Gaw	Director of Sales & Marketing	2018			
Juancho Baltazar	Director of Human Resources	2018			
Total		2018	22,440,268	2,759,124	
Directors allowances		2018			832,853
All officers & Directors as a group		2018	22,440,268	2,759,124	832,853

In 2020, the directors were given the following per diem allowance for their attendance in meetings in 2019: for the regular directors, PhP15,000 per meeting of the Audit Committee and the Board, and for independent directors, PhP15,000 per meeting of the Audit Committee and PhP15,720 per meeting of the Board. The allowance and compensation of the directors (i.e., in 2019) do not involve any other form of remuneration. There are no arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as director.

There are no agreements that require, if any such executive officers resign or are terminated by the Company, or if there is a change in control of the Company, the executive officers of the Company to be compensated a total amount exceeding PhP2,500,000.

ITEM 11. SECURITY AND OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Management

The following table shows the shareholding beneficially held by the officers of the Company as at 31 December 2020.

TITLE OF CLASS	NAME OF BENEFICIAL OWNER / (CITIZENSHIP)	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common shares	Yam Kit Sung (Singaporean)	3,000 shares beneficial	Less than 1%
Common shares	Kwek Eik Sheng (Singaporean)	1 share beneficial	Less than 1%

The following entities are directly or indirectly the beneficial owners of more than 5% of the Company's voting shares (common) as of 31 December 2020.

S/N	NAME OF SHAREHOLDER	CITIZENSHIP	NO. OF SHARES	% OF SHAREHOLDING (EXCLUSIVE OF TREASURY SHARES)
1	The Philippine Fund Limited	Bermuda	29,128,932	54.23%
2	Zatrio Pte. Ltd.	Singapore	17,727,149	33.00%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Please see Note 14 of the audited financial statements for details.

ITEM 13. CORPORATE GOVERNANCE

Please refer to the attached Annual Corporate Governance Report of the Company for the year 2020.

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

None

Reports on SEC Form 17-C

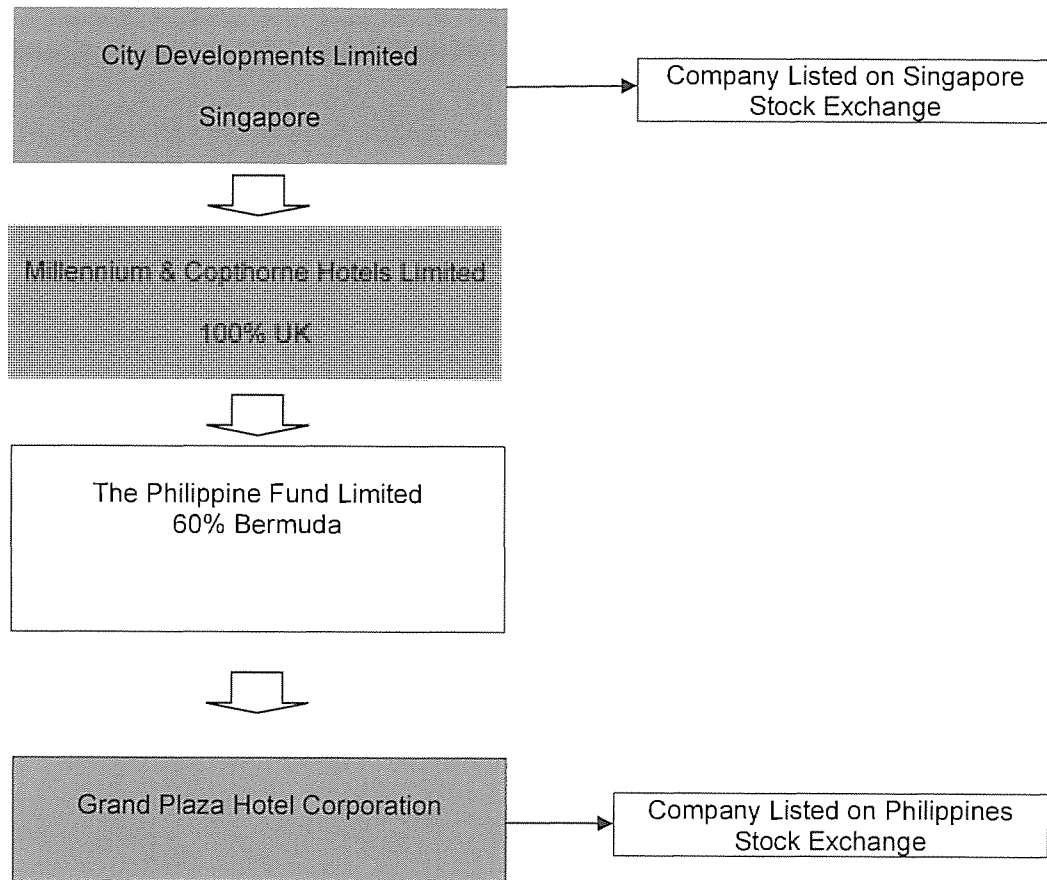
The following events were reported in SEC Form 17-C during the period January 2020 to December 2020:

Date of Filing of SEC Form 17-C	Summary of the matter disclosed
6 February 2020	Approval of date of Annual Stockholders' Meeting and Record Date
7 February 2020	Appointment of Mr. Farid Alain Schoucair as the General Manager of The Heritage Hotel
10 February 2020	Appointment of Ms. Cecille Bernardo as Assistant Compliance Officer of the Company
16 March 2020	Risks and impact of COVID-19 on the Company in compliance with SEC Notice dated 12 March 2020
23 April 2020	Postponement of Annual Stockholders' Meeting

26 May 2020	Approval of the rescheduled date of Annual Stockholders' Meeting and Record Date
8 July 2020	<ul style="list-style-type: none"> - Results of Annual Stockholders' Meeting - Results of the Organizational Meeting of the Board of Directors
12 October 2020	Decision of the Court of Tax Appeals En Banc on CTA Case No. 2039 (CTA Case No. 8992) entitled "Commissioner of Internal Revenue vs. Grand Plaza Hotel Corporation" – receipt of the decision of the Court of Tax Appeals En Banc in CTA EB No. 2039 (CTA Case No. 8992) entitled "Commissioner of Internal Revenue vs. Grand Plaza Hotel Corporation"
28 October 2020	Decision of the Court of Tax Appeals En Banc on CTA Case No. 2039 (CTA Case No. 8992) entitled "Commissioner of Internal Revenue vs. Grand Plaza Hotel Corporation" – receipt of the copy of the Motion for Reconsideration filed by the Commissioner of Internal Revenue with the Court of Tax Appeals En Banc.
4 November 2020	Resignation of Ms. Ederlinda F. Decano as Director of Finance, Member of The Heritage Hotel Manila Executive Committee and Data Privacy Officer

The Group Structure

The Philippine Fund Limited Group Structure



As at 31 December 2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 _____ on _____, 2021.

By:



Kwek Eik Sheng
Chairman and President



Yam Kit Sung
**Director and General Manager/
Chief Financial Officer**

Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2021
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
--------------	-------------------------	----------------------	-----------------------

Notary Public

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 _____ on _____, 2021.

By:

Kwek Eik Sheng
Chairman and President

Yam Kit Sung
**Director and General Manager/
Chief Financial Officer**


Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 9th day of February 2021 at Taguig City affiant exhibiting to me his competent evidence of identity, as follows:

Names	Passport No.	Date of Issue	Place of Issue
Alain Charles J. Veloso	P0173706B	9 January 2019	DFA NCR West

Doc. No. 352;
Page No. 72 ;
Book No. II ;
Series of 2021.


Notary Public

ALVIN R. TAN
Notary Public for Taguig City
Appointment No. 55, valid until December 31, 2021
12th Floor, One/NEO Building, 28th St., cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City 1634
Roll of Attorneys No. 73764
PTR No. A-4945194; 01/06/2021; Taguig City
IBP Membership Receipt No. 154757; 01/22/2021; Makati Chapter



Section 141
Signed,
2021.

GRAND PLAZA HOTEL CORPORATION

9 February 2021

Statement of Management's Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION

CCP Complex
Pasay City

The management of **Grand Plaza Hotel Corporation** (the "**Company**"), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended **December 31, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

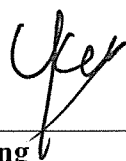
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Kwek Eik Sheng
Chairman and President



Yam Kit Sung
Director, General Manager & Chief Financial Officer

SINGAPORE

Subscribed and sworn to before me a notary public for and in the City of _____ this
_____ day of 29 JAN 2021 2021, the signatories exhibiting to me their Community Tax
Certificates/Passports details of which are as follows:

Name	Community Tax Certificate/ Passport Number	Date	Place of Issue
Kwek Eik Sheng	E6279813L	22 September 2016	Singapore
Yam Kit Sung	K0055917Z	22 November 2017	Singapore

Doc. No.
Page No.
Book No.
Series of 2021

Notary Public



COVER SHEET

For AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	6	8	7	8				
---	---	---	---	---	---	--	--	--	--

COMPANY NAME

G	R	A	N	D		P	L	A	Z	A		H	O	T	E	L		C	O	R	P	O	R	A	T	I	O	N		

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

1	0	t	h		F	l	o	o	r	,		T	h	e		H	e	r	i	t	a	g	e		H	o	t	e	l	
M	a	n	i	l	a	,		E	D	S	A		c	o	r	n	e	r												
R	o	x	a	s		B	o	u	l	e	v	a	r	d	,		P	a	s	a	y		C	i	t	y				

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

--

Secondary License Type, if Applicable

--

COMPANY INFORMATION

Company's email Address

--

Company's Telephone Number/s

854-8838

Mobile Number

--

No. of Stockholders

--

Annual Meeting (Month / Day)

--

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Yam Kit Sung

Email Address

--

Telephone Number/s

854-8838

Mobile Number

--

CONTACT PERSON'S ADDRESS

10 th Floor, The Heritage Hotel Manila EDSA corner Roxas Boulevard, Pasay City

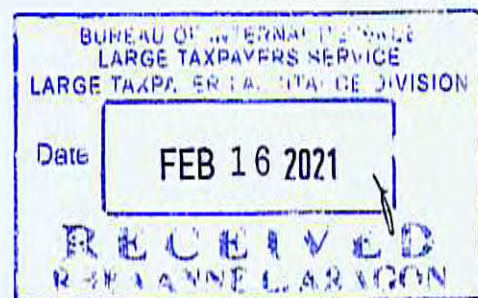
Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

GRAND PLAZA HOTEL CORPORATION

FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

With Independent Auditors' Report



GRAND PLAZA HOTEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Grand Plaza Hotel Corporation** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2020, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

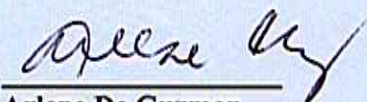
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company 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.



Bryan Cockrell
Vice Chairman

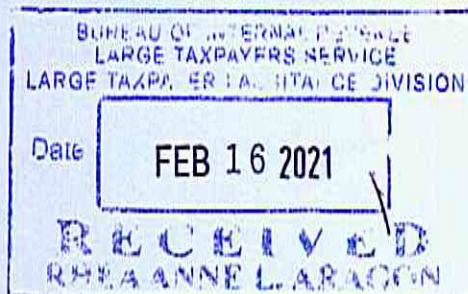


Arlene De Guzman
Treasurer



Yam Kin Sung
Chief Financial Officer

Signed this 15th day of February 2020.



SUBSCRIBED AND SWORN to before me this 16 FEB 2021 day of _____
2021 affiant(s) exhibiting to me his/her PASSPORTS, as follows:

<u>NAME</u>	<u>PASSPORTS</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
BRYAN COCKRELL	531055861	November 9, 2015	United States
ARLENE DE GUZMAN	P5616133A	January 15, 2018	Philippines
YAM KIT SUNG	K00559172	November 22, 2017	Singapore

BOC. NO. 321
PAGE NO. 66
BOOK NO. 1
SERIES OF 24



DELFIN C. AGCADILI
NOTARY PUBLIC
Until December 31, 2022
PTR No. 4930029 1-4-21 MLA.
Commission No. 306/Roll # 12099
MCLE Comp. No. V-0003636
Until 4-4-2022

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYER SERVICE DIVISION

Date **FEB 16 2021**

RECEIVED
ANNE L. ARAGON



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

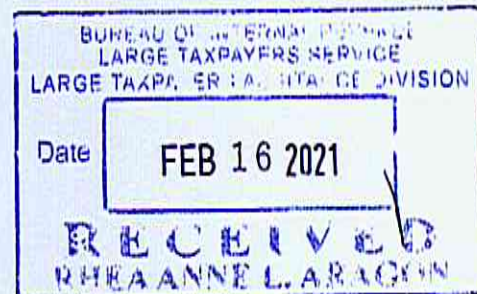
The Board of Directors and Stockholders
Grand Plaza Hotel Corporation
10th Floor, The Heritage Hotel Manila
EDSA corner Roxas Boulevard
Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand Plaza Hotel Corporation (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Plaza Hotel Corporation as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).



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)



Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 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.

Key Audit Matter

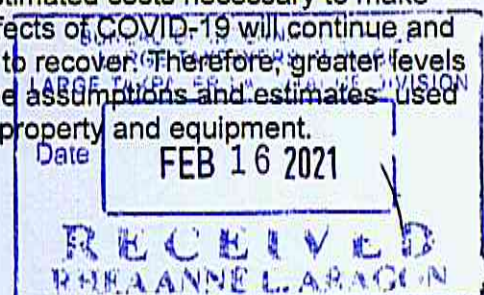
Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Property and equipment
Refer to Note 10 to the financial statements.

The risk

As at December 31, 2020, the carrying amount of the Company's property and equipment was P584.10 million which represents 48% of its total assets. The Company's property and equipment were considered at risk of impairment because the Company has experienced a difficult business environment in 2020 due to the Corona Virus Disease 2019 (COVID-19) pandemic. The fear of COVID-19 led to significant uncertainty and chaotic conditions in many industries. In the Philippines and in other countries, each government has implemented drastic measures including travel restrictions and home quarantine, to control the pandemic. Thus, this COVID-19 pandemic has affected every sector across the globe, and the hotel industry to which the Company belongs is an economic sector which is among those most severely affected.

In transitioning to return to its pre-pandemic normal operations, management exercises judgement in making an estimate of the recoverable amount of the asset against its carrying amount. The recoverable amount determined is based on cash flow projections prepared by management and highly dependent on its expectations of future hotel revenues and estimated costs necessary to make such revenues amidst a scenario that the effects of COVID-19 will continue and that it could take years for the hotel industry to recover. Therefore, greater levels of audit efforts were required in respect of the assumptions and estimates used in deriving the recoverable amount of these property and equipment.





Our response

Our audit procedures included, among others, obtaining an understanding of management's processes for impairment testing and assessing management's determination of the recoverable amount of the Company's property and equipment, which mainly consist of its hotel assets, by reviewing the fair value as reported by an independent appraiser who carried out the valuation using the *Income Approach*. We also performed evaluation of the competence, capabilities and objectivity of the independent appraiser and involved our own valuation specialists to assess the appropriateness of the valuation techniques and the reasonableness of the inputs and assumptions in the valuation report such as the projected economic growth, inflation rate, discount rate, and occupancy and room rates used in determining the recoverable amount of the Company's property and equipment. We assessed the main future cash flow inputs and corroborated them by comparing them to internal forecasts and strategic plans that were approved by management and compared these inputs against historical data and industry forecasts. We also assessed the adequacy of the relevant disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

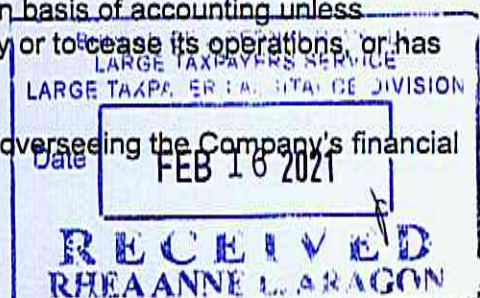
In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 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 ~~increase its 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 PSA 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 the financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic 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 financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Enrico E. Baluyut.

R.G. MANABAT & CO.

EB

ENRICO E. BALUYUT

Partner

CPA License No. 065537

SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021

Tax Identification No. 131-029-752

BIR Accreditation No. 08-001987-026-2020

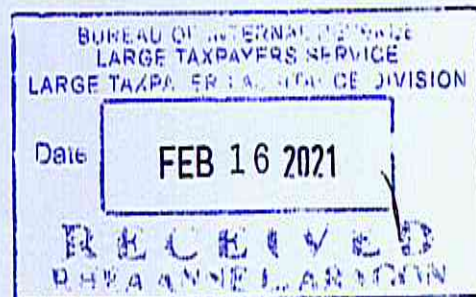
Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 8533892

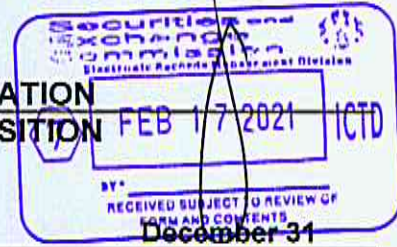
Issued January 4, 2021 at Makati City

February 15, 2021

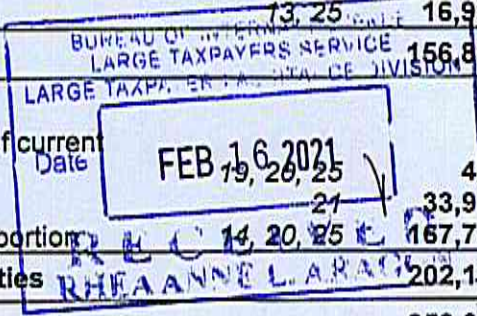
Makati City, Metro Manila



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF FINANCIAL POSITION



	<i>Note</i>	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	4, 25	P284,101,843	P314,446,524
Receivables - net	5, 25	127,183,475	88,333,299
Loan receivable	9, 14, 25	15,500,000	15,500,000
Due from related parties	14, 25	7,054,105	75,625
Inventories	6	5,265,257	7,507,086
Prepaid expenses and other current assets	7	27,625,186	26,685,489
Total Current Assets		466,729,866	452,548,023
Noncurrent Assets			
Property and equipment - net	10	584,100,813	618,821,496
Investment in an associate	8, 14	50,211,824	49,880,711
Deferred tax assets - net	22	32,861,582	26,199,072
Other noncurrent assets	11, 14	91,957,767	93,001,521
Total Noncurrent Assets		759,131,986	787,902,800
		P1,225,861,852	P1,240,450,823
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	12, 25	P56,918,972	P90,876,041
Refundable deposits - current portion	19, 20, 25	27,419,221	27,955,761
Due to related parties	14, 25	42,134,727	36,170,270
Lease liability - current portion	14, 20, 25	13,424,707	3,594,928
Other current liabilities	13, 25	16,991,622	23,031,054
Total Current Liabilities		156,889,249	181,628,054
Noncurrent Liabilities			
Refundable deposits - net of current portion	19, 20, 25	468,000	468,000
Retirement benefits liability	21	33,908,459	28,962,682
Lease liability - noncurrent portion	14, 20, 25	167,762,117	171,665,104
Total Noncurrent Liabilities		202,138,576	201,095,786
Total Liabilities		359,027,825	382,723,840
Equity			
Capital stock	24	873,182,700	873,182,700
Additional paid-in capital		14,657,517	14,657,517
Remeasurement gains on retirement benefits liability	21	8,032,225	10,990,889
Retained earnings	23	1,650,981,955	1,638,916,247
Treasury stock	24	(1,680,020,370)	(1,680,020,370)
Total Equity		866,834,027	857,726,983
		P1,225,861,852	P1,240,450,823

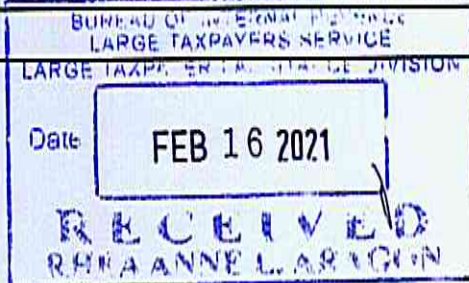


See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF PROFIT OR LOSS

		Years Ended December 31		
	Note	2020	2019	2018
REVENUES				
Rooms		P258,805,062	P292,242,478	P267,468,313
Food and beverage		64,024,822	134,309,229	132,045,896
Other operating departments		2,098,822	5,907,127	4,796,111
Others		4,971,881	8,856,283	9,486,639
		329,900,587	441,315,117	413,796,959
COST OF SALES AND SERVICES				
	16	83,396,982	152,059,414	146,373,124
GROSS OPERATING INCOME				
		246,503,605	289,255,703	267,423,835
ADMINISTRATIVE EXPENSES				
	17	219,500,745	276,796,695	306,981,904
NET OPERATING INCOME (LOSS)				
		27,002,860	12,459,008	(39,558,069)
OTHER INCOME (EXPENSES)				
Interest income	4, 9, 14	6,440,213	7,704,414	7,535,398
Equity in net income of an associate	8	1,531,113	1,425,677	1,769,526
Interest on lease liability	20	(14,202,680)	(14,486,420)	-
Foreign exchange (loss) gain - net		(12,001,059)	(7,889,878)	11,726,376
Loss on disposal of property and equipment	10	-	-	(746,743)
Others		-	-	226,208
		(18,232,413)	(13,246,207)	20,510,765
INCOME (LOSS) BEFORE INCOME TAX				
		8,770,447	(787,199)	(19,047,304)
INCOME TAX EXPENSES (BENEFIT)				
	22	(3,295,261)	(3,156,688)	4,138,603
NET INCOME (LOSS)				
		P12,065,708	P2,369,489	(P23,185,907)
Basic and Diluted Earnings (Loss) Per Share				
	18	P0.22	P0.04	(P0.43)

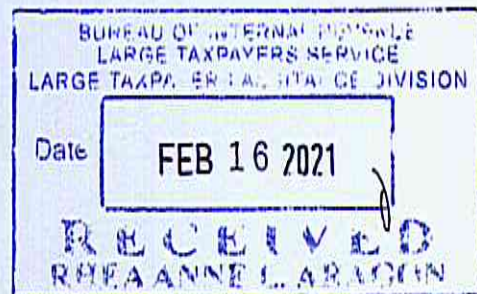
See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
NET INCOME (LOSS)		P12,065,708	P2,369,489	(P23,185,907)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability	21	(4,226,663)	(5,376,619)	6,693,513
Income tax relating to an item that will not be reclassified subsequently	21	1,267,999	1,612,986	(2,008,054)
		(2,958,664)	(3,763,633)	4,685,459
TOTAL COMPREHENSIVE INCOME (LOSS)		P9,107,044	(P1,394,144)	(P18,500,448)

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	Capital Stock (Note 24)	Additional Paid-in Capital	Remeasurement Gains on Retirement Benefits Liability - net of tax	Retained Earnings (Note 23)	Treasury Stock (Note 24)	Total Equity
Balance at January 1, 2018		P873,182,700	P14,657,517	P10,069,063	P1,659,732,665	(P1,680,020,370)	P877,621,575
Net loss for the year	21	-	-	-	(23,185,907)	-	(23,185,907)
Other comprehensive income for the year		-	-	4,685,459	-	-	4,685,459
Total comprehensive income (loss) for the year		-	-	4,685,459	(23,185,907)	-	(18,500,448)
Balance at December 31, 2018		P873,182,700	P14,657,517	P14,754,522	P1,636,546,758	(P1,680,020,370)	P859,121,127
Balance at January 1, 2019		P873,182,700	P14,657,517	P14,754,522	P1,636,546,758	(P1,680,020,370)	P859,121,127
Net income for the year		-	-	-	2,369,489	-	2,369,489
Other comprehensive loss for the year	21	-	-	(3,763,633)	-	-	(3,763,633)
Total comprehensive income (loss) for the year		-	-	(3,763,633)	2,369,489	-	(1,394,144)
Balance at December 31, 2019		P873,182,700	P14,657,517	P10,990,889	P1,638,916,247	(P1,680,020,370)	P857,726,963
Balance at January 1, 2020		P873,182,700	P14,657,517	P10,990,889	P1,638,916,247	(P1,680,020,370)	P857,726,963
Net income for the year		-	-	-	12,065,708	-	12,065,708
Other comprehensive loss for the year		-	-	(2,958,664)	-	-	(2,958,664)
Total comprehensive income (loss) for the year		-	-	(2,958,664)	12,065,708	-	9,107,044
Balance at December 31, 2020		P873,182,700	P14,657,517	P8,032,225	P1,650,981,955	(P1,680,020,370)	P866,834,027

See Notes to the Financial Statements.

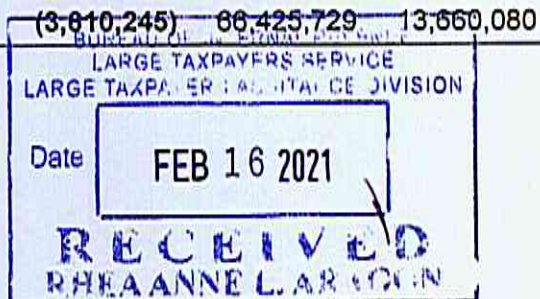
BUREAU OF INTERNAL REVENUE
 LARGE TAXPAYER SERVICE DIVISION
 Date: FEB 16 2021
 RECEIVED

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CASH FLOWS

Years Ended December 31

	Note	2020	2019 As restated Note 20	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P8,770,447	(P787,199)	(P19,047,304)
Adjustments for:				
Depreciation and amortization	10, 17	43,283,263	42,728,166	36,560,148
Interest expense on lease liability	20	14,202,680	14,486,420	-
Unrealized foreign exchange loss (gain)		11,095,968	(7,588,718)	(9,939,577)
Retirement benefits cost	21	3,176,687	2,997,044	2,997,640
Provision for (reversal of) impairment losses on receivables	5, 17, 25	693,795	(118,294)	1,516,148
Loss on disposal of property and equipment - net	10	-	-	746,743
Interest income	4, 9, 14	(6,440,213)	(7,704,414)	(7,535,398)
Equity in net income of an associate	8	(1,531,113)	(1,425,677)	(1,769,526)
Operating income (loss) before working capital changes		73,251,514	42,587,328	3,528,874
Decrease (increase) in:				
Receivables		(40,585,088)	(10,725,643)	19,855,936
Due from related parties		(6,978,480)	124,012	(199,637)
Inventories		2,241,829	1,722,569	(1,002,745)
Prepaid expenses and other current assets		(939,697)	(1,402,839)	(1,490,281)
Other noncurrent assets		1,043,754	(4,015,471)	4,277,923
Increase (decrease) in:				
Accounts payable and accrued expenses		(33,957,069)	23,649,993	(10,216,119)
Refundable deposits		(536,540)	(64,321)	493,064
Due to related parties		5,964,457	4,724,516	(5,189,378)
Other current liabilities		(6,039,432)	6,532,978	(1,538,068)
Net cash generated from (used in) operations		(6,534,752)	63,133,122	8,519,569
Interest received		7,481,330	8,299,196	10,443,181
Income taxes paid		(2,099,250)	(4,536,830)	(3,941,144)
Retirement benefits paid	21	(2,457,573)	(469,759)	(1,361,526)
Net cash provided by (used in) operating activities		(3,610,245)	66,425,729	13,660,080

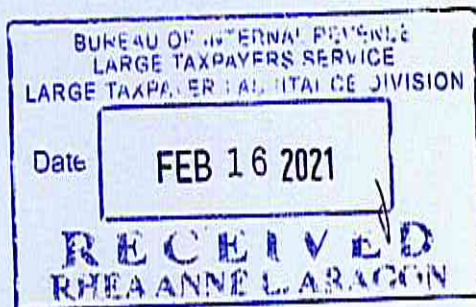
Forward



Years Ended December 31

		2019		
			As restated	
	Note	2020	Note 20	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	10	(P8,562,580)	(P2,867,343)	(P8,554,990)
Dividends received from an associate	8	1,200,000	1,600,000	2,000,000
Net cash used in investing activities		(7,362,580)	(1,267,343)	(6,554,990)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment of lease liability	20	(7,101,340)	(14,486,420)	-
Principal payment of lease liability	20	(1,174,548)	(3,311,188)	-
Net cash used in financing activities		(8,275,888)	(17,797,608)	-
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(11,095,968)	7,588,718	9,939,578
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(30,344,681)	54,949,496	17,044,668
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	314,446,524	259,497,028	242,452,360
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P284,101,843	P314,446,524	P259,497,028

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Grand Plaza Hotel Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 9, 1989 primarily to own, lease or manage one or more hotels, inns or resorts, all adjuncts and accessories thereto, and all other tourist-oriented businesses as may be necessary in connection therewith. The Company is a public company under Section 17.2 of the Revised Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE). The immediate parent of the Company is The Philippine Fund Limited (TPFL) owning 54%, a corporation organized in the Islands of Bermuda. The ultimate parent of the Company is Hong Leong Investment Holdings Pte Ltd., a corporation organized in Singapore. The Company's intermediary parents are Hong Leong Limited, City Developments Limited and Millenium & Copthorne Hotels Limited.

The Company owns and operates The Heritage Hotel (the "Hotel"), its only operating segment, which is a deluxe class hotel that offers 450 rooms and facilities and amenities such as restaurants, function halls, and a coffee shop. The address of the Company's registered and principal office is the 10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 9, 2021 and subsequently reapproved on February 15, 2021.

Basis of Measurement

The financial statements have been prepared on the historical cost basis of accounting except for retirement benefits liability which is the present value of the defined benefit obligation less fair value of assets, if any.

Functional and Presentation Currency

The Company's financial statements are presented in Philippine peso, which is also the Company's functional currency. All amounts have been rounded-off to the nearest peso, unless otherwise indicated.

Use of Estimates and Judgments

The preparation of the financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

Judgments are made by management on the developments, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following presents the summary of these judgments and estimates which have the most significant effect on the amounts recognized in the financial statements:

Determining whether an Agreement Contains a Lease

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment of whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Company.

Operating Lease

The Company has entered into various lease arrangements either as a lessor or as a lessee. In determining whether all significant risks and rewards of ownership remain with the lessor or transferred to the lessee, the following factors are considered:

- a. the ownership of the asset does not transfer at the end of the lease term;
- b. there is no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- c. the lease term is not for the major part of the economic life of the asset even if title is not transferred;
- d. at the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset; and
- e. the leased assets are not of such a specialized nature that only the lessee can use them without major modifications.

Company as Lessor

The Company has entered into a lease of its commercial spaces. The Company has determined that it retains all significant risks and rewards of ownership of these spaces which are leased out under operating lease arrangements (see Note 20).

Company as Lessee

The Company has entered into a lease of land. All the significant risks and rewards of ownership of the leased land remain with the lessor, since the leased property, together with the buildings thereon, and all attached permanent fixtures will be returned to the lessor upon the termination of the lease (see Note 20).

Estimating Allowance for Impairment Losses on Receivables

The Company uses the expected credit losses 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 expected to be received discounted at the original effective interest rate. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Company's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses is similar. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Expected credit losses on receivables amounted to P639,795, nil and P1,516,148 for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 17). As at December 31, 2020 and 2019, allowance for expected credit losses on receivables amounted to P16,716,364 and P16,022,569, respectively (see Notes 5 and 25). The carrying of receivables - net amounted to P127,183,475 and P88,333,299 as at December 31, 2020 and 2019, respectively (see Notes 5 and 25).

Estimating 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 assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of 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 factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2020 and 2019, the carrying amount of property and equipment amounted to P584,100,813 and P618,821,496 respectively (see Note 10).

Estimating Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly.

As of December 31, 2020 and 2019, the Company's unrecognized deferred tax assets amounted to P15,212,689 and P24,838,634, respectively. Management does not expect to have sufficient future taxable profit against which the Company can utilize the benefits therefrom. As at December 31, 2020 and 2019, recognized deferred tax assets amounted to P36,303,964 and P30,909,453, respectively (see Note 22).

Estimating Retirement Benefit Obligations

The determination of the retirement benefit obligation and retirement benefits cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates.

The Company's retirement benefits liability amounted to P33,908,459 and P28,962,682 as at December 31, 2020 and 2019, respectively. The retirement benefits cost recognized in profit or loss amounted to P3,176,687, P2,997,044 and P2,997,640 for the years ended December 31, 2020, 2019 and 2018, respectively. Cumulative actuarial gain amounted to P11,474,607 and P15,701,270 as at December 31, 2020 and 2019, respectively (see Note 21).

Estimating Allowance for Impairment Losses on Nonfinancial Assets

The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. 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.

If any indicator exists, the asset's recoverable amount is estimated. Determining the recoverable amount of the assets requires estimation of cash flows expected to be generated from continued use and ultimate disposal of such assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses would increase recorded operating expenses and decrease noncurrent assets.

The Company's property and equipment were considered at risk of impairment because the Company has experienced a difficult business environment in 2020 due to the Corona Virus Disease 2019 (COVID-19) pandemic. The fear of COVID-19 led to significant uncertainty and chaotic conditions in many industries. In the Philippines and in other countries, each government has implemented drastic measures including travel restrictions and home quarantine, to control the pandemic. Thus, this COVID-19 pandemic has affected every sector across the globe, and the hotel industry to which the Company belongs is an economic sector which is among those most severely affected (see Note 27).

In 2017, the Company recognized an impairment loss amounting to P34,756,269 on its property and equipment. No impairment loss was recognized for the years ended December 31, 2020, 2019 and 2018 (See Note 10).

Estimating Provisions and Contingencies

The Company is currently involved in tax case and assessment arising from the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the defense in these matters and is based upon an analysis of potential results. The Company's management and its legal counsel believe that the lawsuits and claims will not have material effect on the Company's financial position and performance. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as at December 31, 2020 and 2019 (see Note 26).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of Revised Standards, Amendments to Standards and Interpretations

The Company has adopted the following revised standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:
 - a new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (IASB) in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Definition of Material (Amendments to PAS 1 Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:
 - (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - (d) clarifying the explanatory paragraphs accompanying the definition; and
 - (e) aligning the wording of the definition of material across PFRS Standards and other publications.

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

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective June 1, 2020

- *COVID-19-Related Rent Concessions (Amendment to PFRS 16 Leases)*. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient apply if:
 - the revised consideration is substantially the same or less than the original consideration;
 - the reduction in lease payments relates to payments due on or before June 30, 2021; and
 - no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. 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.

Effective January 1, 2022

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

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

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

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

Financial Instruments

Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, receivables, loan receivable, due from related parties, deposits (included under other current and noncurrent assets), accounts payable and accrued expenses, due to related parties, refundable deposits, and other current liabilities except for output VAT payable and other statutory payables.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at 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.

Classification and Subsequent Measurement. On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

The Company has no financial assets classified as measured at: FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Included in this category are the Company's cash and cash equivalents, receivables, loan receivable, due from related parties and deposits.

Cash includes 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 three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Business Model Assessment. 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:

- a. the stated policies and objectives for the portfolio 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, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. 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
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if its is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's accounts payable and accrued expenses, refundable deposits, due to related parties, lease liability - current portion and other current liabilities except for output VAT payable and other statutory payables.

Impairment of Financial Assets

The Company uses the expected credit losses ("ECL") model which is applied to all debt instruments measured at amortized cost or FVOCI as well as to issued loan commitments and most financial guarantee contracts. The ECL model is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or which have low credit risk at the reporting date. For these items, 12-month ECL are recognized. The 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit impaired. For these items, lifetime expected credit losses are recognized which are the weighted average credit losses with the probability of default as the weight. Stage 3 includes financial assets that are credit impaired at the reporting date. For these items, lifetime expected credit losses are recognized.

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and including forward-looking information.

The information analyzed by the Company includes the following, among others:

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities;
- payment record - this includes overdue status as well as a range of variables about payment ratios; and
- existing and forecast changes in the business, financial and economic conditions

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Company.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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 not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, 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, cancelled or has expired. When 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, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary. 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in, first-out (FIFO) principle, and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. NRV is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Obsolete inventories are disposed of and related costs are recognized in profit or loss.

Investment in an Associate

An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The Company's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Company's share in the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Company discontinues applying the equity method when its investment in the investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Company has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Company will resume applying the equity method but only after its share in net income equals the share in net losses not recognized during the period when the equity method was suspended.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. The costs of day-to-day servicing an asset are recognized in profit or loss in the period in which they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of property and equipment. Leasehold improvements are amortized over the estimated useful lives or the term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Building and building improvements	46 - 50
Right-of-use asset	21
Furniture, fixtures and equipment	5 - 10
Transportation equipment	5
Leasehold improvements	5 or term of the lease, whichever is shorter

Estimated useful lives and depreciation and amortization methods are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from these assets.

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, amortization 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 amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs of disposal. Value-in-use is the present value of the future cash flows expected to be derived from an asset or CGU, while fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Treasury Stock

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own 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 presented in additional paid-in capital.

Retained Earnings

The amount included in retained earnings includes earnings attributable to the Company's equity holders and reduced by dividends, if any, on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Company's stockholders. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue

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 statements of profit or loss.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the service 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.

Other Operating Departments

Revenue from other operating departments is recognized at the point in time when the service has been rendered. This pertains to the revenue from telephone use, internet and laundry services.

Other Income

Other income is recognized at the point in time when the service has been rendered.

Interest income which is presented net of tax, is recognized when earned.

Costs and Expenses

Costs and expenses are recognized when incurred.

Determination of whether the Company is Acting as a Principal or an Agent

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and does not control the specified good or service before that good or service is transferred to the customer. The Company additionally assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the goods and services;
- whether the Company has inventory risk; 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 an 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.

Foreign Currency Transactions

Transactions in foreign currencies are translated to Philippine peso based on the prevailing exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the reporting date. The resulting foreign exchange gains or losses are recognized in profit or loss.

Operating Segment

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

The Company determines and presents operating segments based on the information that is internally provided to the Chief Financial Officer, who is the Company's chief operating decision maker. The Company assessed that its hotel business represents its only operating segment.

Leases

At inception of a contract, the Company 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:

As a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

As a 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 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.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxes

Income tax expense is composed of current and deferred taxes. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at reporting date.

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 PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Deferred Tax

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carryforward tax benefits of unused net operating loss carryover (NOLCO) and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of unused NOLCO and unused tax credits from excess MCIT can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and the deferred taxes relate to the same tax authority on the same taxable entity.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services are not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with amount of VAT included.

The input and output VAT are presented at gross and included under prepaid expenses and other current assets and other current liabilities, respectively, in the statements of financial position.

Earnings per Share

The Company presents basic and diluted earnings per share (EPS) for its common shares. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year, if any. Diluted EPS is determined by adjusting the net income for the effects of all dilutive potential shares.

Related Parties

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Employee Benefits

Retirement 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 defined benefit obligations is performed on a periodic basis by a qualified actuary appointed by the Company 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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 other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans 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.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

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

Events After the Reporting Date

Any event after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting event) is recognized in the financial statements when material. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the financial statements when material.

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2020	2019
Cash on hand and in banks		P90,746,196	P112,661,294
Short-term investments		193,355,647	201,785,230
	25	P284,101,843	P314,446,524

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments consist mainly of time deposits which earn annual interest ranging from 1.79% to 0.05%, 1.30% to 2.05% and 1.20% to 1.80% in 2020, 2019 and 2018, respectively. Interest income earned from this account amounted to P1,765,213, P3,029,414 and P2,860,398 for the years ended December 31, 2020, 2019 and 2018, respectively.

5. Receivables - net

This account consists of:

	<i>Note</i>	2020	2019
Trade:			
Charge customers	25	P20,983,714	P51,886,465
Others		82,617,439	24,202,549
		103,601,153	76,089,014
Utility charges		32,437,816	21,051,276
Advances to employees		1,430,839	194,379
Interest		34,272	1,075,389
Others		6,395,759	5,945,810
		143,899,839	104,355,868
Less allowance for impairment losses on trade receivables	25	(16,716,364)	(16,022,569)
	25	P127,183,475	P88,333,299

Trade receivables are non-interest bearing and are generally on a 15 to 30-day credit term.

Trade - charge customers and others include receivables from Philippine Amusement and Gaming Corporation (PAGCOR) amounting to P29,409,140, in 2020 and 2019 which mainly consist of unpaid billings from the contract with PAGCOR which was terminated in July 2013. The collection of the remaining receivables from PAGCOR is subject to the ongoing reconciliation of records between the Company and PAGCOR who have not yet reached an agreement as to the net amount of settlement due to each party.

It also includes receivables from Overseas Workers Welfare Administration (OWWA) amounting to P60,752,020 and nil as at December 31, 2020 and 2019, respectively, which consist of unpaid billings from the contract with OWWA to cater to repatriated Overseas Filipino Workers who are waiting for swab test results.

The Company's exposure to credit risks and impairment losses related to trade receivables from charge customers is disclosed in Note 25.

6. Inventories

Inventories carried at cost consists of:

	2020	2019
Engineering supplies	P2,338,891	P3,033,968
General supplies	1,354,235	1,489,824
Food	1,124,414	2,198,076
Beverage and tobacco	213,220	481,876
Others	234,497	303,342
	P5,265,257	P7,507,086

There was no write down of inventories to NRV in each of the three years in the period ended December 31, 2020.

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2020	2019
Prepaid income tax	P12,315,118	P9,047,419
Prepaid expenses	7,599,921	6,945,608
Input VAT	7,343,692	9,599,301
Deposits:		
Utilities deposit	366,455	366,453
Others	-	726,708
	P27,625,186	P26,685,489

Input VAT is current and can be applied against output VAT.

Prepaid expenses consist of insurance premiums, maintenance and dues and subscriptions.

8. Investment in an Associate

This account pertains to the 40% ownership in Harbour Land Corporation (HLC), a Philippine corporation engaged in the real estate business (see Note 14).

This account consists of:

	2020	2019
Acquisition cost	P48,200,000	P48,200,000
Accumulated share in net earnings:		
Balance at beginning of year	1,680,711	1,855,034
Equity in net income	1,531,113	1,425,677
Dividends received	(1,200,000)	(1,600,000)
Balance at end of year	2,011,824	1,680,711
	P50,211,824	P49,880,711

A summary of the information of HLC as follows:

	2020	2019
Current assets	P36,490,932	P27,461,328
Noncurrent assets	121,830,382	121,830,382
Current liabilities	(8,791,754)	(589,932)
Noncurrent liability	(78,000,000)	(78,000,000)
Net assets (100%) - net	71,529,560	71,529,560
Add: Subscription receivable	54,000,000	54,000,000
	P125,529,560	P124,701,778
Company's share of net assets (40%)	P50,211,824	P49,880,711
Revenue	P17,797,608	P17,797,608
Net income/total comprehensive income (100%)	P3,827,782	P3,564,193
Company's share in net income/total comprehensive income (40%)	P1,531,113	P1,425,677

9. Loan Receivable

This pertains to the loan granted to Rogo Realty Corporation (RRC), a company under common control, collateralized by RRC's investment in shares of stock of HLC with a carrying value of P72,300,000 as at December 31, 2020 and 2019 and is collectable on demand with interest rate of 5% per annum (see Note 14).

Interest income earned in 2020, 2019 and 2018 amounted to P775,000 for each year.

10. Property and Equipment - net

The movements and balances in this account are as follows:

	Building and Building Improvements	Furniture Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Right-of-Use Asset	Total
Cost						
Balance, January 1, 2019	P1,020,286,347	P301,800,205	P7,438,511	P385,157	P -	P1,427,010,310
Additions	207,057	2,599,488	-	-	178,571,220	181,436,365
Balance, December 31, 2019	1,020,554,204	304,099,781	7,438,511	385,157	178,571,220	1,609,048,873
Additions	4,382,489	4,189,111	-	-	-	8,562,600
Balance, December 31, 2020	1,032,936,673	308,279,892	7,438,511	385,157	178,571,220	1,617,611,463
Accumulated Depreciation and Amortization						
Balance, January 1, 2019	540,733,680	368,860,431	4,754,674	385,157	-	912,742,942
Depreciation and amortization during the year	26,949,773	8,685,002	656,062	-	8,637,260	42,228,166
Balance, December 31, 2019	567,683,453	373,454,493	5,410,736	385,157	8,637,260	955,471,108
Depreciation and amortization during the year	27,020,715	7,061,217	656,062	-	8,637,260	43,283,253
Balance, December 31, 2020	594,712,168	380,515,710	6,066,798	385,157	17,074,538	998,754,371
Impairment Loss						
Balance, January 1, 2019	32,956,783	1,703,373	96,113	-	-	34,756,269
Impairment during the year	-	-	-	-	-	-
Balance, December 31, 2019	32,956,783	1,703,373	96,113	-	-	34,756,269
Impairment during the year	-	-	-	-	-	-
Balance, December 31, 2020	32,956,783	1,703,373	96,113	-	-	34,756,269
Carrying Amount						
December 31, 2019	P427,913,968	P18,041,915	P1,931,662	P -	P170,033,951	P616,921,496
December 31, 2020	P405,287,722	P18,066,009	P1,275,600	P -	P161,496,682	P684,100,813

The Company recognized loss on disposals of property and equipment amounting to nil, nil and P746,743 for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company has obtained the services of an independent appraiser to determine the fair value of its property and equipment which primarily consists of hotel assets.

Valuation Techniques and Significant Unobservable Inputs

The fair value of property and equipment was arrived at using the Income Approach. The aforementioned approach is a method used to derive a value indication for an income producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished by discounted cash flow analysis. The Discounted Cash Flow Analysis involves the projection of a series of periodic cash flows to a business. Periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. The series of net incomes, along with an estimate of reversion/terminal value, anticipated at the end of the projection period, is then discounted. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 3).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the independent appraiser's assessment of future trends in the relevant industries.

Gross Revenue. Gross revenues of the Company over the next ten (10) years are projected to grow in line with the economy. This assumes that the market share of the Company will be flat on the assumption that it will also grow at par with the economy.

Operating Expenses. Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount Rate. The Company uses the weighted-average cost of capital as the discount rate. In determining the appropriate discount rate, regard has been given to various market information, including but not limited to, 10-year government bond yield, bank lending rates, market premium. The discount rate used is 11% in 2020.

Growth Rate. The long-term rate used to extrapolate the cash flow projections of the property and equipment beyond the period covered by the cash flow excludes capital acquisitions and expansions in the future. The growth rate used is 2% in 2020.

In 2017, the carrying amount of the property and equipment exceeded is estimated recoverable amount. The Company recognized impairment loss amounting to nil in 2020, 2019 and 2018 (see Note 17). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount..

	Change Required for Carrying Amount to Equal Recoverable Amount
Discount rate	2.5%
Terminal value growth rate	10.3%

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2020	2019
Lease deposit	14, 20, 25	P78,000,000	P78,000,000
Miscellaneous deposits		8,582,719	8,582,719
Advances to suppliers		4,365,048	5,408,802
Others		1,010,000	1,010,000
		P91,957,767	P93,001,521

Miscellaneous deposits consist of utility and rent deposits.

12. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2020	2019
Trade		P30,333,222	P53,005,943
Accrued payroll		12,080,948	18,562,446
Accrued other liabilities		11,462,461	14,532,529
Accrued utilities		3,052,351	4,775,123
	25	P56,918,972	P90,876,041

Trade payables have normal terms of 30 to 45 days.

Accrued other liabilities consists of dues and subscriptions, credit card commission, insurance, maintenance, professional fee, commissions and other accrued expenses.

The Company's exposure to liquidity risk related to trade and other payables is discussed in Note 25.

13. Other Current Liabilities

This account consists of:

	<i>Note</i>	2020	2019
Output VAT payable		P8,093,765	P6,789,225
Deposits for utilities		5,184,148	5,184,148
Payable to employees		2,257,526	5,031,263
Payable to government agencies		997,428	3,944,511
Rewards redemption payable		172,912	975,224
Others		285,843	1,106,683
	25	P16,991,622	P23,031,054

14. Related Party Transactions

In the normal course of business, the Company has transactions with its related parties. These transactions and account balances as at December 31 are as follows:

Category/ Transaction	Year	Note	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Due from Related Parties	Due to Related Parties		
Associate							
• Lease deposit	2020	11, 20	P -	P78,000,000	P -	Required lease deposit on the leased land	Collectable upon termination of the contract
	2019		-	78,000,000	-		
	2018		-	78,000,000	-		
• Interest income	2020	14b, 20	3,900,000	-	-	5% per annum of the lease deposit	Unsecured; no impairment
	2019		3,900,000	-	-		
	2018		3,000,000	650,000	-		
• Rent expense	2020	17, 20	-	-	-	Due and demandable; non interest bearing	Unsecured
	2019		-	-	-		
	2018		17,797,608	-	4,760,860		
• Rent income	2020	14c	180,000	-	-	Due and demandable; non interest bearing	Unsecured
	2019		180,000	-	-		
	2018		180,000	-	-		
Under Common Control							
• Management and incentive fees	2020	14d, 17	17,472,042	-	40,488,334	Due and demandable; non interest bearing	Unsecured
	2019		10,350,770	-	34,690,665		
	2018		17,772,470	-	20,120,020		
• Advances	2020	14a	7,146,268	7,054,105	1,648,303	Due and demandable; non interest bearing	Unsecured; no impairment
	2019		016,830	75,025	1,479,005		
	2018		7,057,770	199,637	563,074		
• Loan	2020	9, 14c	-	15,500,000	-	Due and demandable; interest bearing	Unsecured; no impairment
	2019		-	15,500,000	-		
	2018		-	15,500,000	-		
• Interest income	2020	9, 14c	775,000	-	-	5% per annum of the loan receivable	Unsecured; no impairment
	2019		775,000	-	-		
	2018		775,000	130,167	-		
• Rent income	2020	14e	420,000	-	-	Due and demandable; non interest bearing	Unsecured
	2019		420,000	-	-		
	2018		420,000	-	-		
Key Management Personnel of the Entity							
• Short term employee benefits	2020	14g	16,668,438	-	-		
	2019		22,220,609	-	-		
	2018		26,199,393	-	-		
TOTAL	2020			P100,554,105	P42,134,727		
TOTAL	2019			P93,575,025	P36,170,270		
TOTAL	2018			P94,479,004	P31,445,754		

Due from related parties is included in the following accounts:

	Note	2020	2019
Loan receivable	9	P15,500,000	P15,500,000
Due from related parties		7,054,105	75,625
Other noncurrent assets	11, 20	78,000,000	78,000,000
		P100,554,105	P93,575,625

- The Company grants/obtains advances to/from related parties for working capital purposes. These advances are non-interest bearing, unsecured and receivable/payable on demand.
- The interest receivable from HLC, an associate, represents the uncollected interest on the lease deposit of the Company to HLC at 5% a year (see Note 20). The related interest income amounted to P3,900,000 annually for the three-year period ended December 31, 2020.
- The interest receivable from RRC, an entity under common control, represents the uncollected interest on the loan granted by the Company to RRC at 5% per annum (see Note 9). The related interest income amounted to P775,000 annually for the three-year period ended December 31, 2020.

- d. The Company has a Management Agreement with Elite Hotel Management Services Pte. Ltd - Philippine Company (Elite), an entity under common control, under which the latter provides management, technical and administrative services. In return, the Company pays monthly basic management and incentive fees based on a percentage of the hotel's revenue (2%) and gross operating profit (7%), respectively, starting April 2011.
- e. The rent income from HLC, RRC and Elite represents the sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel. The lease covers a period of 2.5 years until December 31, 2016, and was renewed for another three (3) years until December 31, 2019. The contract was further renewed for another one (1) year from January 1 until December 31, 2020.
- f. The Company leases the land occupied by the Hotel from HLC (see Note 20).
- g. Transactions with Key Management Personnel
The total remuneration of key management personnel in the form of short-term employee benefits is shown below:

	2020	2019	2018
Executive officers	P14,399,659	P16,127,721	P19,762,814
Directors of hotel operations	1,258,779	6,101,888	5,436,579
	P15,658,438	P22,229,609	P25,199,393

The compensation and benefits of one of key management personnel are paid by Millennium & Corpthorne Hotels (M&C) from Singapore.

The Company does not provide post-employment and equity-based compensation benefits to its BOD and expatriates.

Due from and to related parties are normally settled in cash. As at December 31, 2020 and 2019, the Company determined that due from related parties are fully recoverable, hence, no impairment loss has been recognized.

15. Payroll and Employee Benefits

This account consists of:

	2020	2019	2018
Rooms	P19,971,028	P32,665,997	P31,082,380
Food and beverage	14,069,796	28,084,584	27,727,103
Hotel overhead departments:			
Administrative and general	27,724,771	40,175,422	38,486,550
Sales and marketing	7,842,800	13,599,168	14,220,837
Engineering	7,676,356	9,408,448	9,846,194
Human resources	2,548,832	2,897,412	2,810,414
Other operating departments	443,650	1,024,537	1,093,404
	P80,277,233	P127,855,568	P125,266,882

Payroll and employees benefits charged in the statements of profit or loss were allocated as follows:

	<i>Note</i>	2020	2019	2018
Cost of sales and services	16	P34,484,474	P61,775,118	P59,902,887
Administrative expenses	17	45,792,759	66,080,450	65,363,995
		P80,277,233	P127,855,568	P125,266,882

Payroll and employee benefits charged to cost of sales and services are recorded under "Rooms", "Food and Beverage" and "Other Operating Departments"

16. Cost of Sales and Services

This account consists of:

	<i>Note</i>	2020	2019	2018
Payroll and employee benefits	15	P34,484,474	P61,775,118	P59,902,887
Food and beverage		20,730,014	43,536,549	41,637,848
Guest supplies		5,716,667	9,578,397	8,583,772
Operating supplies		3,878,999	2,210,283	2,599,622
Permits and licenses		2,967,672	467,580	1,425,106
Cleaning supplies		2,807,744	1,062,587	716,664
Commission		2,777,322	6,655,534	6,595,058
Kitchen fuel		1,149,273	2,273,439	2,082,093
Printing and stationary		1,008,165	2,284,169	1,620,060
Online selling and marketing tools		963,486	3,997,794	2,334,052
Transport charges		882,747	5,521,828	6,013,096
Laundry and dry cleaning		763,404	708,975	1,040,160
Housekeeping expenses		608,099	1,710,735	1,796,429
Other operating departments		473,421	2,806,472	2,662,873
Music and entertainment		292,499	889,154	885,285
Miscellaneous		3,892,996	6,580,800	6,478,119
		P83,396,982	P152,059,414	P146,373,124

17. Administrative Expenses

This account consists of:

	Note	2020	2019	2018
Hotel Overhead Departments				
Payroll and employee benefits	15	P45,792,759	P66,080,450	P65,363,995
Management and incentives fees	14	17,472,942	19,350,770	17,772,470
Credit card and commission		2,531,002	5,168,175	4,393,272
Data processing		2,767,444	2,747,314	3,248,337
Dues and subscription		818,000	3,932,484	2,366,710
Advertising		1,228,204	4,769,837	1,885,345
Telecommunications		3,120,347	1,203,476	1,223,731
Awards and social activities		234,968	1,396,031	1,201,088
Entertainment		133,735	705,419	582,334
Miscellaneous		2,186,413	5,203,460	3,581,872
		76,285,814	110,557,416	101,619,154
Corporate Office				
Depreciation and amortization	10	43,283,263	42,728,166	36,560,148
Professional fees		5,716,830	5,741,280	32,107,172
Corporate office payroll and related expense		1,960,081	7,556,630	13,582,893
Property tax		9,265,841	9,265,721	9,265,681
Insurance		8,832,798	10,101,214	7,615,837
Office supplies		2,143,146	3,074,381	2,867,126
Director's fees/allowances		826,133	299,655	882,853
Provision for impairment losses on receivables	25	693,795	-	1,516,148
Transportation and travel		51,343	175,870	298,516
Taxes and licenses		118,996	138,053	122,064
Leased land rental	14, 20	-	-	17,797,608
Miscellaneous		5,602,343	1,102,577	1,598,645
		78,494,569	80,183,547	124,214,691
Power light and and water		54,660,961	72,504,123	68,851,374
Property operations and maintenance		10,059,401	13,551,609	12,296,685
		P219,500,745	P276,796,695	P306,981,904

18. Earnings Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	<i>Note</i>	2020	2019	2018
Weighted average number of common shares:				
Balance at beginning and end of year	24	P53,717,369	P53,717,369	P53,717,369
	<i>Note</i>	2020	2019	2018
Net income (loss) for the year		P12,065,708	P2,369,489	(P23,185,907)
Divided by weighted average number of outstanding shares	24	53,717,369	53,717,369	53,717,369
		P0.22	P0.04	(P0.43)

There are no potential dilutive common shares in the years presented.

19. Refundable Deposits

This account consists of:

	<i>Note</i>	2020	2019
PAGCOR	25	P25,349,438	P25,349,438
Others		2,537,783	3,074,323
		27,887,221	28,423,761
Less: Current portion		27,419,221	27,955,761
		P468,000	P468,000

The refundable deposit pertains to the deposit paid by the lessee to the Company as required in the lease agreement.

The refundable deposit from PAGCOR is not yet returned to PAGCOR due to the pending reconciliation of account between both parties (see Note 5).

20. Leases

Company as Lessor

The Company leases certain portions of the Hotel premises to third parties with options for extension/renewal upon mutual agreement of the parties. The leases include provisions for rental increment of 5% upon renewal of the contracts subject to renegotiations of both parties.

The lease agreements with the third parties required the latter to give the Company lease deposits which amounted to a total of P27,887,221 and P28,423,761 as at December 31, 2020 and 2019, respectively, and are shown as "Refundable deposits" in the statements of financial position (see Note 19). Rent income amounted to P2,649,737, P2,483,556 and P2,933,144 in 2020, 2019 and 2018 respectively, and is included in "Others" under Revenue in the statements of profit or loss.

On February 15, 2012, the BOD of PAGCOR decided not to renew the contract of lease which ended on July 10, 2013. Refundable deposit from PAGCOR amounting to P25,349,438 is not yet returned to the latter due to the pending reconciliation of account between both parties. The Company and PAGCOR have not yet reached an agreement as to the net amount of settlement due to each party (see Note 5).

In 2020 and 2019, the Company has sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel. HLC, RRC and Elite (Note 14).

Contractual cashflows are as follows:

	2020	2019
Due within one year	P600,000	P2,488,139

Company as Lessee

The Company leases the land occupied by the Hotel from HLC, its associate, for a period of 25 years up to January 1, 2015. On August 1, 2004, the Company, as lessee, and HLC, as lessor, agreed to amend the Contract of Lease with Option to Purchase executed by the parties on November 12, 1991 covering the lease of the land. The amended contract provides for the following:

- a. Annual rental on the land of P10,678,560;
- b. Required lease deposit (shown as part of "Other noncurrent assets" in the statements of financial position) of P78,000,000; and
- c. Interest rate of 5% or P3,900,000 per annum on the lease deposit which the lessor is obligated to pay to the Company.

On August 11, 2014, the Company and HLC agreed to amend the original contract to increase the yearly rent from P10,678,560 to P17,797,608 and to renew the original lease for a further term of twenty-five (25) years.

	2020	2019
Beginning balance	P175,260,032	P178,571,220
Interest expense during the year	14,202,680	14,486,420
Payments made	(8,275,888)	(17,797,608)
Ending balance	P181,186,824	P175,260,032

Payments made include as follows:

	2020	2019
Interest payment	P7,101,340	P14,486,420
Principal payment	1,174,548	3,311,188
	P8,275,888	P17,797,608

Lease liability included in the statements of financial position is as follows:

	2020	2019
Current	P13,424,707	P3,594,928
Non-current	167,762,117	171,665,104
	P181,186,824	P175,260,032

Contractual cashflows are as follows:

Lease Liability under PFRS 16	2020	2019
Due within one year	P26,696,412	P17,797,608
After one year but not more than five years	71,190,432	71,190,432
More than five years	249,166,512	266,964,120
	P347,053,356	P355,952,160

Leases under PAS 17	2018
Due within one year	P17,797,608
After one year but not more than five years	88,988,040
More than five years	266,964,120
	P373,749,768

The prior year statement of cash flows was adjusted to consider the non-cash impact of the ROU asset (as part of additions to PPE) and lease liability amounting to P178,571,220, which were presented as part of the net cash flows used in investing activities and net cash flows provided by financing activities, respectively. However, there was no impact on the total cash and cash equivalents of the Company as at December 31, 2019.

21. Retirement Cost

The Company has an unfunded, noncontributory, defined benefit retirement plan covering substantially all of its employees, except for its BOD and expatriates (See Note 14). It provides a retirement benefit equal to eighty-six (86%) of monthly salary per year of services payable to an employee who retires at age of 60 with at least 5 years in service. Annual cost is determined using the projected unit credit method. The Company's latest valuation date is December 31, 2020.

The recognized liability representing the present value of the defined benefit obligation presented as "Retirement benefits liability" in the Company's statements of financial position amounted to P33,908,459 and P28,962,682 as at December 31, 2020 and 2019, respectively.

The movements in the present value of the defined benefit obligation are as follows:

	2020	2019
Balance at January 1	P28,962,682	P21,058,778
Included In Profit or Loss		
Current service cost	1,699,590	1,312,342
Interest cost	1,477,097	1,684,702
	3,176,687	2,997,044
Included in Other Comprehensive Income (OCI)		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	3,893,709	5,405,668
Experience adjustment	332,954	(29,049)
	4,226,663	5,376,619
Others		
Benefits paid	(2,457,573)	(469,759)
Balance at December 31	P33,908,459	P28,962,682

The amounts of retirement benefits cost which are included in "Payroll and employee benefits" under Cost of Sales and Services in the statements of profit or loss for the years ended December 31 are as follows:

	2020	2019	2018
Current service cost	P1,699,590	P1,312,342	P1,665,715
Interest cost	1,477,097	1,684,702	1,331,925
Retirement benefits cost	P3,176,687	P2,997,044	P2,997,640

The actuarial gains, before deferred income taxes, recognized under "Other comprehensive income" in the statements of comprehensive income and statements of changes in equity are as follows:

	2020	2019	2018
Cumulative actuarial gain at the beginning of the year	P15,701,270	P21,077,889	P14,384,376
Actuarial gain (loss) arising from:			
Financial assumptions	(3,893,709)	(5,405,668)	5,385,043
Experience adjustment	(332,954)	29,049	1,308,470
Cumulative actuarial gain at the end of the year	P11,474,607	P15,701,270	P21,077,889

The net accumulated actuarial gain, net of deferred tax amounted to P8,032,225, P10,990,889 and P14,754,522 as at December 31, 2020, 2019 and 2018, respectively, as presented in the statements of changes in equity.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2020	2019	2018
Discount rate	4%	5%	8%
Future salary increases	2%	2%	2%

Assumptions regarding future mortality have been based on published statistics and mortality rates of the 1985 Unisex Annuity table.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

2020	Increase	Decrease
Discount rate (1% movement)	(P2,522,351)	P2,864,237
Future salary increase rate (1% movement)	2,683,656	(2,411,175)
2019	Increase	Decrease
Discount rate (1% movement)	(P1,587,393)	1,587,393
Future salary increase rate (1% movement)	1,587,393	(P1,587,393)

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit plan exposes the Company to actuarial risks, such as longevity risk and interest rate risk.

The weighted-average duration of the defined benefit obligation is ten (10) years as at December 31, 2020 and 2019.

The maturity analysis of the benefit payments is as follows:

	2020				
	Carrying Amount	Contractual Cash Flows	1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P33,908,459	P81,301,582	P10,103,918	P26,096,142	P45,101,522
	2019				
	Carrying Amount	Contractual Cash Flows	1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P28,962,682	P82,647,416	P9,953,947	P22,210,114	P50,483,355

The Company is not required to pre-fund the future defined benefits payable under the Retirement Fund before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Company's discretion. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

22. Income Tax

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

	2020	2019	2018
Current tax expense	P2,099,250	P2,824,498	P2,073,471
Deferred tax expense (benefit)	(5,394,511)	(5,981,186)	2,065,132
	(P3,295,261)	(P3,156,688)	P4,138,603

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

	2020	2019	2018
Income (loss) before income tax	P8,770,447	(P787,199)	(P19,047,304)
Income tax expense (benefit) at statutory tax rate (30%)	P2,631,134	(P236,160)	(P5,714,191)
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets on NOLCO and MCIT	(5,324,676)	(2,446,443)	10,288,941
Remeasurement of previously recorded DTA	(1,567,825)	-	-
Income subjected to final tax	(80,993)	(46,382)	(48,563)
Equity in net income of an associate	(459,334)	(427,703)	(530,858)
Non deductible expense	1,506,433	-	143,274
	(P3,295,261)	(P3,156,688)	P4,138,603

The components of the Company's deferred tax assets (liabilities) are as follows:

2020	Net Balance at January 1	Recognized In Profit or Loss	Recognized In OCI	December 31		
				Net Balance	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P13,399,187	P215,735	P -	P13,614,922	P13,614,922	P -
Allowance for impairment loss on property and equipment	10,426,880	-	-	10,426,880	10,426,880	-
Allowance for impairment loss on receivables	4,806,770	208,138	-	5,014,908	5,014,908	-
Excess of ROU asset over lease liability	-	3,918,463	-	3,918,463	3,918,463	-
Unrealized foreign exchange gain	2,276,816	1,052,175	-	3,328,791	3,328,791	-
Actuarial gain on defined benefit plan	(4,710,381)	-	1,267,999	(3,442,382)	-	(3,442,382)
Net tax assets and liabilities	P26,199,072	P5,394,511	P1,267,999	P32,861,582	P36,303,964	(P3,442,382)

2019	Net Balance at January 1	Recognized In Profit or Loss	Recognized In OCI	December 31		
				Net Balance	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P12,641,001	P756,186	P -	P13,399,187	P13,399,187	P -
Allowance for impairment loss on receivables	4,842,259	(35,489)	-	4,806,770	4,806,770	-
Allowance for impairment loss on property and equipment	10,426,880	-	-	10,426,880	10,426,880	-
Unrealized foreign exchange gain	(2,981,873)	5,258,489	-	2,276,816	2,276,816	-
Actuarial gain on defined benefit plan	(6,323,387)	-	1,812,986	(4,710,381)	-	(4,710,381)
Net tax assets and liabilities	P18,604,900	P5,981,186	P1,812,986	P26,199,072	P30,900,453	(P4,710,381)

The Company's temporary differences, the net deferred tax assets of which have not been recognized, consist of:

	2020	2019
NOLCO	P27,384,900	P58,911,340
MCIT	6,997,219	7,165,232
	P34,382,119	P66,076,572

Realization of future tax benefit related to deferred tax assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion not to recognize deferred tax asset since it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Details of the Company's NOLCO which are available for offset against future taxable income are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2018	P27,384,900	P -	P27,384,900	December 31, 2021
2017	31,526,440	31,526,440	-	December 31, 2020
	P58,911,340	P31,526,440	P27,384,900	

The Company applied P24,746,419 against its taxable income.

Details of the Company's excess MCIT over RCIT which are available for offset against future income tax liabilities are as follows:

Year Incurred	Amount	Expired	Unexpired	Expiry Date
2020	P2,099,250	P -	P2,099,250	December 31, 2023
2019	2,824,498	-	2,824,498	December 31, 2022
2018	2,073,471	-	2,073,471	December 31, 2021
2017	2,267,263	2,267,263	-	December 31, 2020
	P9,264,482	P2,267,263	P6,997,219	

The Bicameral Committee had settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357 of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

Among the reforms, the following are the significant provisions:

- Adoption of graduated regular corporate income tax (RCIT) rate effective 01 July 2020 based on total assets of domestic corporations as follows:
 - domestic corporations with total assets of Php100 million and below
 - with taxable income of Php5 million and below - 20% RCIT
 - with taxable income of more than Php5 million - 25% RCIT
 - domestic corporations with total assets of more than Php100 million - 25% RCIT
- Adoption of 25% RCIT for resident foreign corporations effective 01 July 2020
- Adoption of 25% tax rate for nonresident foreign corporations effective 01 July 2020
- Reduction of minimum corporate income tax (MCIT) from 2% to 1% for a period of three years (effective 01 July 2020 until 30 June 2023)

- Existing enterprises under income tax holiday (ITH) shall be allowed to continue availing the ITH until the remaining period ends. Existing enterprises enjoying the 5% tax based on gross income shall be allowed to continue to enjoy the 5% tax for a period of 10 years, regardless of number of years it has been enjoying the 5% tax rate. After the expiration of the transitory period, they have the option to avail of the tax incentives under CREATE.

This approval of CREATE Act in the Bicameral Committee is an important step towards its enactment into law. This has been endorsed for the President's signature.

23. Retained Earnings

Retained earnings are restricted from being declared and issued as dividend in relation to the treasury shares amounting to P1,680,020,370.

24. Share Capital

a. Capital Stock

	2020	2019
Authorized - 115,000,000 shares at 10 par value shares:		
Issued	87,318,270	87,318,270
Less treasury stock	33,600,901	33,600,901
Total Issued and outstanding	53,717,369	53,717,369

b. Treasury Stock

As at December 31, 2020 and 2019, the Company's treasury stock consists of 33,600,901 shares of stock.

25. Financial Risk and Capital Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD, through the Executive Committee, is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee assists the BOD in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the Company's financial statements and financial reporting process and the Company's systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance by the Company with legal and regulatory requirements, including the Company's disclosure control and procedures; e) evaluation of management's process to assess and manage the Company's enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee also prepares the reports required to be included in the Company's annual report.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's trade receivables.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and money market placements exposes the Company to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating. The treasury policy sets aggregate credit limits of any one counterparty and management annually reviews the exposure limits and credit ratings of the counterparties.

Receivable balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The carrying amount of financial assets as of December 31, 2020 and 2019 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	Note	2020	2019
Cash and cash equivalents*	4	P279,887,761	P306,855,991
Receivables - net**	5, 14	127,155,228	88,305,052
Lease deposit	11	78,000,000	78,000,000
Loan receivable	14	15,500,000	15,500,000
Due from related parties	14	7,054,105	75,625
		P507,597,094	P488,736,668

*Excluding cash on hand of P4,214,082 and P7,590,533 in 2020 and 2019, respectively.

**Excluding deposits to suppliers of P28,247 in 2020 and 2019.

Details of trade receivables from charge customers as at December 31, 2020 and 2019 by type of customer are as follows:

	Note	2020	2019
Travel agencies		P13,036,612	P4,486,963
Airlines		2,740,356	6,971,790
Credit cards		902,233	7,475,489
Corporations		827,829	2,514,754
Embassy and government		55,116	27,946,628
Others		3,421,568	2,490,841
	5	20,983,714	51,886,465
Less allowance for impairment losses on trade receivables - charge customers		(3,791,864)	(3,098,069)
		P17,191,850	P48,788,396

The Company's most significant customer, travel agencies accounts for 62% the trade receivables from charge customer as at December 31, 2020.

The aging of trade receivables from charge customers as at December 31, 2020 and 2019 is as follows:

	2020		2019	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P13,961,092	P -	P21,840,340	P -
Over 30 days	114,439	-	14,114,380	-
Over 60 days	360,921	-	2,647,537	-
Over 90 days	6,547,262	3,791,864	13,284,208	3,098,069
	P20,983,714	P3,791,864	P51,886,465	P3,098,069

As at December 31, 2020 and 2019, receivables from PAGCOR amounted to P8,078,665. Included in over 90 days are still collectable based on management's assessment of collection history, thus, no allowance for impairment was provided. In addition, any amount outstanding from PAGCOR can be offset against the deposit received from it as discussed in Note 20.

The movements in the allowance for impairment losses in respect of trade receivables during the year are as follows:

	<i>Note</i>	Amount
Balance at January 1, 2019		P16,140,863
Reversal in 2019	16	(118,294)
Balance at December 31, 2018	5	16,022,569
Provision in 2020	17	693,795
Balance at December 31, 2020	5	P16,716,364

The allowance for impairment losses on trade receivables as of December 31, 2020 and 2019 is P16,716,364 and P16,022,569, respectively. This relates to outstanding accounts of customers that are more than 90 days past due and portion of receivable from PAGCOR account recorded in Other trade receivables account.

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtors.

	As at December 31, 2020			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P279,887,761	P -	P -	P279,887,761
Receivables	902,233	14,695,728	128,301,878	143,899,839
Loan receivable	-	15,500,000	-	15,500,000
Loan deposit	78,000,000	-	-	78,000,000
	P358,789,994	P30,195,728	P128,301,878	P617,287,600

	As at December 31, 2019			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P300,855,991	P -	P -	P300,855,991
Receivables	20,508,345	23,884,211	52,163,312	104,355,888
Loan receivable	-	15,500,000	-	15,500,000
Loan deposit	78,000,000	-	-	78,000,000
	P413,364,338	P39,184,211	P52,163,312	P504,711,859

Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Cash in banks is considered of good quality (Grade A) as this pertains to deposits in reputable banks.

Estimating ECL

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets as at December 31, 2020 and 2019 by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

Financial Assets at Amortized Cost					
December 31, 2020	12-Month ECL	Lifetime ECL not Credit Impaired	Total	ECL	Carrying Amount
Cash in banks and cash equivalents	P279,887,761	P -	P279,887,761	P -	P279,887,761
Receivables	143,899,839	-	143,899,839	(16,716,364)	127,183,476
Loan receivable	15,500,000	-	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000	-	78,000,000
	P517,287,600	P -	P517,287,600	(P16,716,364)	P517,287,600

Financial Assets at Amortized Cost					
December 31, 2019	12-Month ECL	Lifetime ECL not Credit Impaired	Total	ECL	Carrying Amount
Cash in banks and cash equivalents	P300,855,991	P -	P300,855,991	P -	P300,855,991
Receivables	104,355,068	-	104,355,068	(16,022,569)	88,333,200
Loan receivable	15,500,000	-	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000	-	78,000,000
	P504,711,859	P -	P504,711,859	(P16,022,569)	P488,689,290

The Company computes impairment loss on trade and other receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience. Any adjustments to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for ECL prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix.

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in a reputable bank. Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external credit ratings of the counter parties.

Receivables and lease deposits are considered of good quality since these are transacted with counterparties with high external credit ratings. the credit quality of these financial assets is considered to be high grade.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The Company's total current liabilities as at December 31, 2020 and 2019 amounted to P156,889,249 and P181,628,054, respectively, which are less than its total current assets of P466,729,866 and P452,548,023, respectively. Thus, the Company has sufficient funds to pay for its current liabilities and has minimal liquidity risk. Maturity analysis of lease liabilities is disclosed in Note 20.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in room rates, interest rates and currency exchange rates.

Room Rates

The risk from room rate changes relates to the Company's ability to recover higher operating costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine hotel industry and the willingness of customers to avail of hotel rooms at higher prices.

The Company minimizes its exposure to risks in changes in room rates by signing contracts with short period of expiry so this gives the Company the flexibility to adjust its room rates in accordance to market conditions. Also, there are minimal changes in room rates in the hotel industry.

Interest Rate Risk

The Company has no interest-bearing debt obligations to third parties and its receivables are subject to fixed interest rates. As such, the Company has minimal interest rate risk.

Foreign Currency Risk

The Company is mainly exposed to foreign currency risk on its cash and cash equivalents that are a denominated in a currency other than the Company's functional currency. The currencies giving rise to this risk are primarily the Philippine peso (PHP) and United States (US) dollar. The Company ensures that its exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

As at December 31, 2020 and 2019, assets denominated in US\$ include cash in banks amounting to P3,203,382 (US\$66,659) and P6,252,084 (US\$123,030) respectively; short-term investment amounting to P193,355,647 (US\$4,026,565) and P201,785,230 (US\$ 3,984,700), respectively.

In translating foreign currency-denominated monetary assets into Php amounts, the exchange rates used were P48.02 and P50.64 to US\$1 as at December 31, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Php to US\$ exchange rates, with all other variables held constant, of the Company's income before tax. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase (Decrease) in US\$ Exchange Rate	Effect on Income before Income Tax	Effect on Equity
2020	5%	P10,169,398	P7,118,576
	(5%)	(10,169,398)	(7,118,576)
2019	4%	7,252,184	5,076,529
	(4%)	(7,252,184)	(5,076,529)

The increase in US\$ rate means stronger US\$ against Php while the decrease in US\$ means stronger Php against the US\$.

Fair Values

The fair values together with the carrying amounts of the financial assets and liabilities shown in the statements of financial position are as follows:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P284,101,843	P284,101,843	P314,446,524	P314,446,524
Receivables - net**	127,155,228	127,155,228	88,305,052	88,305,052
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Accounts payable and accrued expenses	56,918,972	56,918,972	90,876,041	90,876,041
Lease liabilities***	181,186,824	181,186,824	175,260,032	175,260,032
Due to related parties	42,134,727	42,134,727	36,170,270	36,170,270
Refundable deposits	27,887,221	27,887,221	28,423,761	28,423,761
Other current liabilities*	7,900,429	7,900,429	12,297,318	12,297,318

*Excluding payables to government and Output VAT Payable of P9,091,193 and P10,733,736 in 2020 and 2019, respectively.

**Excluding deposits to suppliers of P28,247 in 2020 and 2019.

***Including current and noncurrent portion.

Estimation of Fair Values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Cash and Cash Equivalents

The carrying value of cash and cash equivalents approximates its fair value due to the short-term nature of this asset.

Receivables - net /Loan Receivable/Accounts Payable and Accrued Expenses/Due to Related Parties/Refundable Deposits/Other Current Liabilities Except for Output VAT Liability and Other Statutory Payables/Lease liability - Current Portion

Current receivables are reported at their net realizable values, at total amounts less allowances for estimated uncollectable accounts. Current liabilities are stated at amounts reasonably expected to be paid within the next twelve months or within the Company's operating cycle. Due to/from related parties and loan receivable are payable on demand.

Lease Deposit

The lease deposit is interest-bearing and its carrying value approximates its fair value as the impact of discounting using the applicable discount rates based on current market rates of identical or similar quoted instruments is immaterial.

Lease Liability - Noncurrent Portion

The carrying amount of lease liability - noncurrent portion approximates fair value at year-end. The management believes that the effect of discounting and future cash flows for these instruments using the prevailing market rates is not significant.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, due to related parties, other current liabilities, refundable deposits and retirement benefits liability. Total equity comprises mainly of the capital stock, additional paid-in capital and retained earnings.

There were no changes in the Company's approach to capital management during the year.

As at December 31, 2020 and 2019 the Company is compliant with the minimum public float requirement by the PSE.

The Company has 115,000,000 shares registered with the SEC on August 9, 1989, the effective date of registration statement. The registered shares with the SEC remain the same as at December 31, 2020 and 2019. The original issue/offer price was P10.00 per share. There were no additional shares registered with the SEC as at December 31, 2020 and 2019.

Based on the Philippine Stock Exchange's website, , the Company's traded price per share was P10.96 and P10.66 as at December 31, 2020 and 2019, respectively. The total number of shareholders was 15,485 and 16,242 as at December 31, 2020 and 2019, respectively.

26. Other Matter - BIR 2008 Tax Case

On 20 February 2015, the Company filed a Petition for Review with the CTA to invalidate the collection proceedings of the BIR. The Petition is based on the Company's position, as advised by tax counsel, that the collection proceedings initiated by the Commissioner of Internal Revenue ("CIR") is void because the assessment, from which the collection proceedings arose, did not comply with the requirements of law and lacked factual and legal bases.

The Deficiency Tax Case seeks to have the CTA review the Collection Letter that the Company received from the BIR on 12 December 2013. As far as the Company is aware, the Collection Letter was issued by the BIR in connection with a Formal Letter of Demand for alleged deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for the year 2008, in the aggregate amount of P508,101,387 consisting of P262,576,825 for basic tax, and interest of P245,524,562 from 20 January 2009 to 30 September 2013.

On 24 July 2015, the Company received a Warrant of Dstraint and/or Levy dated 24 July 2015 from the BIR ("Warrant"). The Warrant relates to the tax case for year 2008. Considering that a Petition for Review has been earlier filed with the CTA on 20 February 2015 to question the validity of the collection proceedings initiated by the CIR and that the matter is currently being litigated at the CTA, the Company has taken appropriate legal measures to ensure that such Warrant is not implemented during the course of the trial proceedings.

During the CTA hearing on 21 September 2015, the Company presented 2 witnesses and they were able to finish their testimonies on the same day. The BIR, on the other hand, did not present any witnesses and opted to submit the case for the resolution of the CTA.

On 6 November 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated 04 January 2016 and 11 March 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

On 15 April 2016, the Company filed its Memorandum with the CTA.

Meanwhile, on 8 June 2016, management of the Company was informed by Metropolitan Bank & Trust Company ("Metrobank") via email, that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 dated 2 June 2016 against the Company in connection with the Deficiency Tax Case. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with Metrobank, in the amount of P499,050, as may be necessary to satisfy the alleged tax deficiency of the Company.

In addition, on 10 June 2016, management of the Company was also informed by the Lank Bank of the Philippines ("Land Bank"), that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 against the Company in connection with the Deficiency Tax Case. To date, the Company has not received the original Warrant from the BIR. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with the Land Bank, in the amount of P71,719 as may be necessary to satisfy the alleged tax deficiency of the Company.

In a Manifestation dated 01 September 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

Thus, on 6 September 2016, the Company's tax counsel received a Resolution from the CTA stating that the case has been submitted for decision.

On 7 March 2017, the Company filed an Urgent Motion to Allow Payment of Taxes with the CTA. This is with respect to the Warrant of Garnishment with Land Bank. The Company uses this bank account for its tax payments.

On 24 August 2017, the Company withdrew its "Urgent Motion to Allow Payment of Taxes" with CTA and instead requested the CTA to submit the case for decision. On 31 August 2017, CTA granted the withdrawal of the Motion and submitted the case for decision.

On 4 July 2018, the CTA rendered its Decision.

In the Decision, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of P508,101,387 for taxable year 2008.

In its Amended Decision, the CTA held that it had jurisdiction to review collection proceedings by the CIR pursuant to its powers under Section 7(a)(1) of the Tax Code, and in particular, "other matters" arising under the National Internal Revenue Code. The CTA held that while there is no disputed assessment, it can assume jurisdiction over the Petition under "other matters".

After a careful scrutiny of the Formal Letter of Demand and Final Assessment Notice, the CTA held that the same was not valid for failure to indicate a definite due date for payment by the taxpayer, which negates the CIR's demand for payment.

MR Filed by CIR

On 20 November 2018, the MR filed by the CIR seeks to pray for a reconsideration of the Amended Decision and to uphold the Decision dated 4 June 2018 on the following grounds:

- (1) The "other matters" clause of Section 7 of Republic Act No. 9282 does not include assessment cases.
- (2) A challenge to the collection procedure under "other matters" cannot reach back and examine an undisputed assessment.
- (3) Even assuming that the present case falls under the scope of "other matters", the Petition was filed out of time.

The Corporation filed its Comment to the CIR's MR on 12 December 2018 and prayed that the same be denied for lack of merit.

On 14 March 2019, the CTA issued a decision denying the CIR Motion for Reconsideration as the Court finds no cogent reasons to reverse or modify the Amended Decision.

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the CTA En Banc to file its comments to the Petition of CIR. The Corporation filed its comment on 20 June 2019.

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by the Philippine Mediation Center - Court of Tax Appeals, the mediation proceedings are terminated and the case is submitted for decision by the CTA En Banc.

On 29 September 2020, CTA En Banc issued a Decision affirming the CTA Division's Decision cancelling the deficiency tax assessment in the amount of P508,101,387.12.

On 28 October 2020, the Company received a copy of the MR filed by the CIR with the CTA En Banc. The MR sought to move for the reconsideration of the Decision promulgated by the CTA En Banc on 29 September 2020. The MR filed by the CIR has already been denied by the CTA En Banc in a Resolution dated 19 January 2021.

27. Impacts of COVID-19

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the COVID-19. To manage the spread of the disease, the entire Luzon has been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. The ECQ was further extended until May 15, 2020. On May 12, 2020, the President has approved the proposal of the Inter-Agency Task Force for the Management of Emerging Infectious Disease (IATF-EID) to place Metro Manila, Laguna Province, and Cebu City under Modified ECQ until May 31, 2020. On May 29, 2020, the President approved the IATF Resolution No. 41 changing the MECQ status of Metro Manila to General Community Quarantine (GCQ) effective June 1, 2020 to June 15, 2020. The GCQ was further extended until February 28, 2021.

The Company is one of the hotels accredited to become a quarantine facility by Department of Health during this pandemic. Contract with Overseas Workers Welfare Administration (OWWA) which started in May 2020 was extended until June 2021 to cater repatriated and returning Overseas Filipino Workers. The Company also secured a contract with Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO) companies to serve as a temporary shelter during lockdown. However, there was also a slow down on collection of its receivables and payment of its obligations.

For 2020, the concentration of revenue was from the contracts with Overseas Workers Welfare Administration (OWWA), Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO) companies as the Company served as a quarantine facility for those repatriated and returning OFWs. In addition to this, the Company had a contract with maritime companies to serve as quarantine facility for returning seafarers. The Company also served as a temporary shelter for POGO and BPO employees during lockdown. The Company was able to generate net income in 2020 as compared to the net loss incurred in 2019. The Company sees that the contract with these companies will continue until the end of the second quarter of 2021. The Company is now planning their actions to transition from a quarantine facility back to its pre-pandemic normal operations which is catering guests for business and leisure purposes.

Management has implemented all measures to mitigate the risks on their business operations. Hence, the financial statements have been prepared on a going concern basis of accounting as of reporting date.

28. Supplementary Information Required by Bureau of Internal Revenue (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 financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. The following is the tax information/disclosures required for the taxable year ended December 31, 2020:

Based on RR No. 15-2010

A. Value Added Tax (VAT)

1. Output VAT	P33,747,781
<i>Account title used:</i>	
Basis of the Output VAT:	
Vatable sales	P199,740,094
Sales to Government	81,491,438
Zero rated sales	47,404,851
Exempt sales	1,264,205
	P329,900,588
2. Input VAT	
Beginning of the year	P9,599,300
Input tax deferred on capital goods from previous period	2,023,776
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	3,750,934
b. Services lodged under other accounts	16,140,111
Claims for tax credit/refund and other adjustments	
a. Claims for tax credit/refund	-
b. Input tax on sale to Government	(274,996)
Less: Applied input VAT during the year	23,895,433
Balance at the end of the year	P7,343,692

B. Withholding Taxes

Tax on compensation and benefits	P10,232,698
Creditable withholding taxes	6,332,286
	P16,564,984

C. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized under Administrative Expenses</i>	
Real estate taxes	P9,265,841
License and permit fees	3,086,668
	P12,352,509

D. Deficiency Tax Assessments and Tax Cases

As at December 31, 2020, the Company has pending deficiency tax assessments amounting to P508,101,387 for the tax period 2008 as discussed under Note 26.

On September 29, 2020, CTA En Banc issued a Decision affirming the CTA Division's Decision cancelling the deficiency tax assessment in the amount of P508,101,387.12.

On October 28, 2020, the Company received a copy of the MR filed by the CIR with the CTA En Banc. The MR sought to move for the reconsideration of the Decision promulgated by the CTA En Banc on September 29, 2020. The MR filed by the BIR has already been denied by the CTA En Banc in a Resolution dated 19 January 2021.