COVER SHEET

CS200342649
S.E.C. Registration Number

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

(Company's Full Name)

10F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, CYBERTOURISM ECONOMIC ZONE, PASAY CITY
(Business Address: No. Street/City/Province)

Bernard Than Boon Teong
Contact Person

(632) 7908-8000
Company Telephone Number

1	2		3	1
Month			*Day*	

Fiscal Year

Definitive Information Statement
FORM TYPE

Second Friday of December
Month *Day*
Annual Meeting

N/A
Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter:
   TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

3. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES

4. SEC Identification Number: **CS200342649**

5. BIR Tax Identification Code: **246-099-058-000**

6. Address of principal office
   10/F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, NEWPORT CYBERTOURISM ECONOMIC ZONE, PASAY CITY, PHILIPPINES

   Postal Code: **1309**

7. Registrant's telephone number, including area code: **(+632) 7908-8000**

8. Date, time and place of the meeting of security holders:
   10 DECEMBER 2021, 9:00 A.M., VIA REMOTE COMMUNICATION

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **18 NOVEMBER 2021**.

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	14,434,814,345

10. Are any or all of registrant's securities listed in a Stock Exchange? **NO**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
10/F Newport Entertainment & Commercial Centre, Newport Boulevard,
Newport Cybertourism Economic Zone, Pasay City, Philippines
Telephone Number: (+632) 7908-8000

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting ("ASM") of Travellers International Hotel Group, Inc. (the "Corporation") will be held on **10 December 2021, at 9:00 a.m.** Given the current circumstances, the ASM will be conducted virtually and voting conducted *in absentia* through the link that may be accessed at the Corporation's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

In light of the current conditions, the Presiding Officer shall call and prescribe the ASM at the Corporation's principal office, while stockholders may attend the meeting and vote via remote communication only. The Corporation is in the process of finalizing the details of the online facilities and the procedures for the pre-registration of the stockholders of the Corporation. The Corporation will immediately provide the necessary information, disclosure, and notices as soon as the foregoing details are finalized.

The agenda of the meeting shall be as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the previous Annual Stockholders' Meeting
4. Approval of Annual Management Report
5. Amendment of Sections 4 & 6, Article 1 and Section 2, Article II of the Amended By-Laws
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management
7. Appointment of External Auditor
8. Election of Directors for 2021-2022
9. Other Matters
10. Adjournment

Please refer to **Annex A** for a brief explanation of each agenda items for approval.

The Board of Directors has fixed the close of business on 15 October 2021 as the record date for the determination of stockholders entitled to the notice of meeting, participate via remote communication, and vote *in absentia* at such meeting and any adjournment thereof.

The conduct of the meeting will be streamed, and stockholders may attend the meeting by registering via https://travellers.com.ph/annual-stockholders-meeting-2021/ and submitting the supporting documents listed there until **30 November 2021**. All information submitted shall be verified and validated by the Corporate Secretary.

We are not soliciting your proxy. If, however, you will appoint a proxy to represent you in the Annual Stockholders' Meeting, you may submit a proxy form, a copy of which is attached hereto for your convenience, on or before **30 November 2021**. Given the current circumstances, scanned forms will be accepted via e-mail at legal@rwmanila.com. Paper copies shall be sent to the office of the Corporate Secretary at the 10th Floor, Newport Entertainment and Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City, Philippines. Validation of proxies shall be on 03 December 2021.

Stockholders who successfully registered can cast their votes *in absentia* through the Corporation's secure online voting facility for this meeting. In order to participate remotely, they will also be provided with access to the meeting that will be held virtually. The ***"Guidelines for Participation via Remote Communication and Voting in Absentia"*** as indicated in Item 19 of the Definitive Information Statement, which will be posted in the Corporation's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

For queries, please contact Atty. Roberto Rey S. Rodrigo at telephone no. 7908-8000, local 8116, or via e-mail to robert.rodrigo@rwmanila.com.

Pasay City, Philippines, 16 November 2021.

RONALD MARK C. LLENO
Corporate Secretary

ANNEX A
Rationale for Agenda Items

Agenda Item 3: Approval of Minutes of previous Annual Stockholders' Meeting

The draft minutes of the previous Annual Stockholders' Meeting were posted and is available on the Corporation's website at https://travellers.com.ph/annual-stockholders-meeting-2021/. These minutes are subject to stockholders' approval during this year's stockholders' meeting.

Agenda Item 4: Approval of Annual Management Report

The Corporation's performance results have been duly summarized in the Annual Report, which includes the Audited Financial Statements (**AFS**) of the Corporation for the year ended December 31, 2020. The AFS, as audited by the external auditor, Punongbayan & Araullo, which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board of Directors of the Corporation. Any stockholder who would like to receive a soft copy of the 2020 Annual Management Report may do so by sending an email request to the Office of the Corporate Secretary at legal@rwmanila.com. The 2020 Annual Report is also posted on the Corporation's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

Agenda Item 5: Approval of the Amendment of Sections 4 & 6, Article 1 and Section 2, Article II of the Amended By-Laws

Stockholders' approval is being sought for the amendment of Sections 4 & 6, Article 1 and Section 2, Article II of the Amended By-Laws to allow the stockholders to participate and vote in the Annual Meeting through remote communication or alternative modes of communication, and also allow the Board of Directors to participate and vote in the board meetings through remote communication.

Agenda Item 6: Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management

Actions and proceedings of the Board of Directors, the Board Committees, and the Management during their term or from the previous Annual Stockholders' Meeting to the date of this year's meeting will be subject to stockholders' ratification.

Agenda Item 7: Appointment of External Auditor

Upon recommendation of the Audit Committee, the Board approved and endorses for stockholders' approval the appointment of Punongbayan & Araullo as external auditor for 2021. Punongbayan & Araullo is one of the top auditing firms in the country.

Agenda Item 8: Election of Directors for 2021-2022

Nominees for election as members of the Board of Directors for 2021-2022, including the independent directors, have been pre-qualified by the Nomination Committee. The Nominees' proven competence, expertise and qualifications based on current regulatory standards, will help sustain the Corporation's solid performance for the benefit of all its stockholders. The profiles of the nominees are presented in the Definitive Information Statement for reference. Directors for 2021-2022 will be elected during this year's stockholders' meeting.

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE NOT REQUESTED TO SEND US A PROXY**

SAMPLE PROXY ONLY

I/We hereby name and appoint ______________________________, or in his absence, the Chairman of the meeting, as my/our proxy at the Annual Stockholders' Meeting ("ASM") of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** (the "Company") on 10 December 2021 at 9:00 a.m., conducted virtually and voting conducted *in absentia* through the Company's secure online voting facility. The said appointment shall be valid for any postponement or adjournment of the abovementioned ASM of the Company, which appointment shall not exceed five (5) years from the date of execution hereof.

My/our proxy is directed to vote my shares on the particular items in the agenda of the ASM, which is indicated by an "X" on the appropriate box:

Item No.	Subject	Action		
		For	Against	Abstain
5	Election of Directors			
	a. Andrew L. Tan			
	b. Tan Sri Lim Kok Thay			
	c. Chua Ming Huat			
	d. Kingson U. Sian			
	e. Jose Alvaro D. Rubio			
	f. Jesus B. Varela (Independent Director)			
	g. Enrique M. Soriano III (Independent Director)			
7	Amendment of Sections 4 & 6, Article 1 and Section 2, Article II of the Amended By-Laws			
15	Ratification of Acts of the Board of Directors, Board Committees and Officers			
17	Appointment of External Auditor			
18	Approval of the Minutes of the previous Annual Stockholders' Meeting dated 14 June 2019			

______________________________ ______________________________

No. of Shares Name and Signature of Stockholder

____

Date and Place Signed

Proxy Guidelines:

1) The Office of the Corporate Secretary should receive this proxy on or before **5:00 p.m. of 30 November 2021.**
2) This proxy should be properly executed in the manner prescribed by the stockholder/s. If the stockholder/s fail/s to provide instructions, the proxy shall be voted electing all nominees to the Board of Directors and approving all matters stated in the abovementioned table.
3) The stockholder/s who issued a proxy may revoke it any time prior to the exercise of the right. The proxy is automatically revoked if the stockholder is personally present during the meeting and has expressed his/her intention to vote in person.
4) No notarization is needed to validate this proxy.
5) Stockholders which are partnerships, corporations, or associations should attach the necessary documents certifying that the proxies or representatives are the authorized signatories.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

The Annual Stockholders' Meeting ("ASM") of Travellers International Hotel Group, Inc. (the "Company") will be held on 10 December 2021, at 9:00 a.m., conducted virtually and voting conducted *in absentia* through the Company's secure online voting facility. Notice of the ASM was published on the Company's website: https://travellers.com.ph/annual-stockholders-meeting-2021/, and in the business sections of both Malaya Business Insights and Manila Standard, in print and online, on November 17 & 18, 2021, in compliance with the Notice dated 16 March 2021 issued by the Securities and Exchange Commission. Given the current circumstances, the meeting will be conducted virtually via remote communication and the presiding officer shall call and preside over the stockholders' meeting in Pasay City.

The Company's principal office and mailing address is at the 10th Floor, Newport Entertainment and Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City, Philippines.

The Company has set 18 November 2021 as the approximate date on which copies of this Information Statement will be published and made available to all the stockholders on record as of 15 October 2021 on the Company's website: https://travellers.com.ph/annual-stockholders-meeting-2021/.

The Company is not soliciting proxies. We are not asking for a proxy. Neither are the stockholders required to send a proxy.

Item 2. Dissenters' Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the Annual Stockholders' Meeting that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Revised Corporation Code of the Philippines.

Stockholders of the Company shall have appraisal right, or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 80 of Title X of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, under any of the following circumstances:

- In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code;
- In case of merger or consolidation; and
- In case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. Failure to make the demand within such 30-day period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the Company of the agreed or awarded price, the dissenting stockholder shall forthwith transfer the shares to the Company.

The matters being submitted for approval by the stockholders at the special meeting will not give rise to the dissenter's right of appraisal.

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

No director or officer of the Company, or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than the election to office.

No director or security holder has informed the Company in writing of his/her intention to oppose any matter to be acted upon at the ASM.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

No. of Shares Outstanding

As of 31 October 2021, the Company has a total of 24,434,814,345 common and preferred shares outstanding.

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the ASM is 15 October 2021.

Manner of Voting

Every stockholder shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Company. Voting by proxy shall be allowed, provided that the instrument authorizing a proxy shall be filed with the Corporate Secretary on or before 5:00 p.m. of 30 November 2021. The election must be by ballots in accordance with Section 6, Article I of the Amended By-Laws of the Company.

For the election of directors, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their shares shall equal, or distribute them on the same principle among as many candidates as they shall see fit.

Common Shareholders

The following data obtained from Banco de Oro, as Stock and Transfer Agent of the Company, sets forth the twenty largest common shareholders of the Company as of 31 October 2021:

Rank	*Stockholder*	*No. of Shares Held*	*Per Cent to Total*
1	Alliance Global Group, Inc.	3,971,112,838	27.511

2	Adams Properties Inc.	3,539,750,000	24.522
3	Star Cruises Philippines Holdings B. V.	2,831,799,980	19.618
4	Asian Travellers Ltd.	1,784,034,000	12.359
5	Premium Travellers Ltd.	1,047,766,000	7.259
6	First Centro, Inc.	707,949,970	4.904
7	Megaworld Corporation	290,587,162	2.013
8	Megaworld Cebu Properties, Inc.	190,000,000	1.316
9	Deutsche Bank Ag Manila Obo UBS AG-SG A/C 12105824001	38,000,000	0.263
10	PCD Nominee Corp. (Non-Filipino)	13,430,281	0.093
11	Citibank N.A. Manila Obo AC 1100218234	4,749,500	0.033
12	PCD Nominee (Filipino)	3,350,580	0.023
13	Deutsche Bank Ag Manila Obo UBS AG-HK A/C 12105904001	2,813,700	0.019
14	Deutsche Bank Ag Manila Obo DB SING DCS A/C 12069864001	2,019,600	0.014
15	Genting Securities	1,200,000	0.008
16	Chan Fun Chee Holdings Limited	1,000,000	0.007
17	Deutsche Bank Ag Manila Obo BNYM SA Non TTY A/C 12140004162	800,000	0.006
18	Sim Li Lian Vivian	585,400	0.004
19	Hooi Ban Hoe	548,500	0.004
20	Lie Kiem Lan	546,400	0.004

Foreign Ownership of Shares

As of 31 October 2021, the foreign ownership levels of common and preferred shares in the Company are as follows:

Issuer	Total Outstanding Shares	Shares Owned by Foreigners	% Owned by Foreigners
TOTAL	**24,434,814,345**	**7,396,387,105**	**30.27%**
RWM – Preferred B	10,000,000,000	1,666,666,667	16.67%
Php 0.01 par value			
RWM – Common	14,434,814,345	5,729,720,438	39.69%
Php 0.10 par value			

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5%

As of 31 October 2021, the security ownership of Holders of more than 5% of the Company's common stock is set forth below:

TITLE	NAME AND ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	BENEFICIAL OWNER/S OF RECORD OWNER & RELATIONSHIP WITH ISSUER	CITIZENSHIP OF RECORD OWNER	NO. OF COMMON SHARES HELD BY RECORD OWNER	% TO OUTSTANDING COMMON SHARES
Common	Alliance Global Group, Inc. Stockholder	Andrew L. Tan Director and Stockholder	Filipino	3,971,112,838	27.51%
	(To be voted by the person to be determined by				

	the Board, usually the Chairman or President, or the Chairman of the Company's meeting)				
Commo n	Adams Properties, Inc. Stockholder	Andrew L. Tan Director and Stockholder and Tan Sri Lim Kok Thay Director and Stockholder	Filipino	3,539,750,00 0	24.52%
	(To be voted by the person to be determined by the Board, usually the Chairman or President, or the Chairman of the Company's meeting)				
Commo n	Star Cruises Philippines Holdings B.V. Stockholder	Tan Sri Lim Kok Thay Director and Stockholder	Netherlands	2,831,799,98 0	19.62%
	(To be voted by the person to be determined by the Board, usually one of its directors)				
Commo n	Asian Travellers, Ltd. Stockholder	Tan Sri Lim Kok Thay Director and Stockholder	British Virgin Islands	1,784,034,00 0	12.36%
	(To be voted by the person to be determined by the Board, usually one of its directors)				
Commo n	Premium Travellers Ltd. Stockholder	Tan Sri Lim Kok Thay Director and Stockholder	British Virgin Islands	1,047,766,00 0	7.26%
	(To be voted by the person to be determined by the Board, usually one of its directors)				

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings in the Company of the Company's directors and executive officers of the Company as of 31 October 2021:

A. Directors

TITLE OF CLASS	NAME OF BENEFICIAL OWNER/ADDRESS	CITIZENSHIP	AMOUNT AND NATURE OF RECORD/BENEFICIAL OWNERSHIP	PERCENTAGE OF OWENERSHIP
Common	Kingson U. Sian Horizon Condominium, Ortigas Center Pasig City	Filipino	1,000 (Direct)	-nil-
Common	Chua Ming Huat c/o at Summit Investment Partners Limited Unit 1620, 16/F, One Island South, 2 Heung Yip Road, Aberdeen, Hong Kong	Malaysian	1,000 (Direct)	-nil-
Common	Andrew L. Tan Corinthian Gardens Quezon City	Filipino	1,000 (Direct) 5,070,223,977 (Indirect)	20.75%
Common	Tan Sri Lim Kok Thay 25/F Wisma Genting Jalan, Sultan Ismail 50250 Kuala Lumpur, Malaysia	Malaysian	1,000 (Direct) 9,143,507,528 (Indirect)	37.42%-
Common	Jose Alvaro D. Rubio Bridgestone Park Pasig City	Filipino	1,000 (Direct)	-nil-
Common	Jesus B. Varela Rolling Hills Subdivision, New Manila, Quezon City	Filipino	1,000 (Direct)	-nil-
Common	Enrique M. Soriano III Hillsborough Village, Cupang, Muntinlupa City	Filipino	1,000 (Direct)	-nil-

B. Executive Officers

TITLE OF CLASS	NAME OF BENEFICIAL OWNER/ ADDRESS	POSITION	CITIZENSHIP	AMOUNT AND NATURE OF RECORD/BENEFICIAL OWNERSHIP	%AGE TO TOTAL OUTSTANDING COMMON SHARES
-	Bernard Than Boon Teong Kensington Place Condominium, Fort Bonifacio Taguig City	Treasurer, CFO, Investor Relations Officer, & Corporate Information Officer	Malaysian	-	-
-	Ronald Mark C. Lleno	Corporate Secretary	Filipino	-	-

	Yanoi Bldg., Royal Palm Residences, Acacia Estates, Taguig City				
-	Walter L. Mactal Pinecrest Residential Resort, Pasay City	Assistant Corporate Secretary	Filipino	-	-
-	Stephen James Reilly Bel-Air Makati	Chief Operating Officer	British	-	-

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of a class of shares of the Company under a voting trust or similar agreement as of the date of this report.

Change in Control

The Company has no knowledge of any arrangements among stockholders that may result in a change in control of the Company.

There has been no change in the control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Background of Directors and Executive Officers

Set forth hereunder are the information on the business experience of the members of the Board of Directors and Executive Officers of the Company for the last five (5) years.

The following are the incumbent members of the Board of Directors of the Company:

Name	Age	Nationality	Position
Chua Ming Huat	58	Malaysian	Chairman and Director
Kingson U. Sian	60	Filipino	President, Chief Executive Officer and Director
Dr. Andrew L. Tan	72	Filipino	Director
Tan Sri Lim Kok Thay	70	Malaysian	Director
Jose Alvaro D. Rubio	68	Filipino	Director
Jesus B. Varela	64	Filipino	Director (Independent)
Enrique Soriano III	54	Filipino	Director (Independent)

The following are the incumbent Executive Officers of the Company:

Name	Age	Nationality	Position
Stephen James Reilly(1)	55	British	Chief Operating Officer
Bernard Than Boon Teong(1)	50	Malaysian	Chief Financial Officer, Treasurer, Investor Relations Officer, and Corporate Information Officer
Hakan Dagtas(1)	52	Turkish	Chief Gaming Officer
Walter L. Mactal	38	Filipino	Chief Legal Officer and Assistant Corporate Secretary
Jose Erwin Toledo Villacorte	59	Filipino	Chief Security Officer
Ravi D. Ganesan(1)	55	Malaysian	Chief Resorts Administration and Training Officer
Allan Martin L. Paz	50	Filipino	Chief Integrated Marketing Officer
Mary Ann E. Moreno	52	Filipino	Senior Director for Gaming Treasury
Carlito B. Banaag	56	Filipino	Director for Internal Audit and Systems & Methods
Maria Ryna P. Inocencio	54	Filipino	Director for Risk Management

(1) Engaged as consultants pursuant to an operations and management agreement between Star Cruises Hong Kong Management Services (Philippines), Inc. and the Company.

Below are the summaries of the business experience and credentials of the Board of Directors and key Executive Officers of the Company:

Chua Ming Huat
Director and Chairman

Mr. David Chua Ming Huat was appointed Chairman and Chief Executive Officer of the Company in 2008. In October 2014, Mr. David Chua Ming Huat ceased the position of Chief Executive Officer. He was the former President of Genting Hong Kong Limited (GHK) and was also a director of Norwegian Cruise Line Holdings Ltd., a company listed on the NASDAQ Global Select Market. Prior to that, he held key management positions in various international securities companies in Malaysia, Singapore and Hong Kong with extensive knowledge in the management of securities, futures and derivatives trading, asset and unit trust management, corporate finance and corporate advisory business. He was a director and member of the Listing Committee of the MESDAQ market of Bursa Malaysia Securities Berhad. He has a Bachelor of Arts degree in Political Science and Economics from the Carleton University in Ottawa, Canada. Mr. Chua is currently the Executive Director and Chief Executive Officer of Summit Ascent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also on the Board of Directors at Suntrust Home Developers, Inc.

Kingson U. Sian
Director, President and Chief Executive Officer

Mr. Kingson Uy Shiok Sian was promoted to Chief Executive Officer in October 2014. He was appointed Director and President of the Company in 2008. Mr. Sian has also been the President and Director of AGI since February 2007. He is currently a member of the board and executive director of Megaworld Corporation. Mr. Sian is concurrently the Chairman and President of Prestige Hotels & Resorts, Inc. He graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics and has a Master's Degree in Business Administration for Finance and Business Policy from the University of Chicago.

Dr. Andrew L. Tan
Director

Dr. Andrew L. Tan was appointed Director of the Company in 2008. He pioneered the live-work-play-learn model in the real estate industry through development of integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage, and quick service restaurants. Dr. Tan serves as the Chairman, CEO, and President of Megaworld Corporation. He also serves as the Chairman of the Board of publicly-listed Empire East Land Holdings and Suntrust Properties, Inc., both subsidiaries of Megaworld engaged in the development of affordable to mid-income housing projects. He is also the Chairman of Emperador Inc., a public-listed company which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines.

Dr. Tan also serves as the Vice Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation.

Dr. Tan graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

Tan Sri Lim Kok Thay
Director

Tan Sri Lim Kok Thay was appointed Director of the Company in 2009. Tan Sri Lim spearheads the Genting Group, a Malaysian based conglomerate and one of the most dynamic companies in this region. Since his appointment as a director of Genting Berhad in August 1976 and re-designation as the Chairman and Chief Executive of Genting Berhad in July 2007, he has expanded the Genting Group's presence globally and his commitment to excellence, innovation and growth has resulted in the birth of premier global leisure brands. These include Resorts World Genting, the Genting Group's prime integrated resort in Malaysia and one of the leading integrated resort destinations in the region; Resorts World Sentosa in Singapore, an award-winning destination resort and one of the largest integrated resort destinations in Asia; Genting UK Plc, one of the leading casino operators in the UK with over 30 casinos, including Crockfords Cairo in Egypt; Resorts World Casino New York City, the first and only video gaming machine facility in New York City, Resorts World Catskills, a premium destination resort situated within the scenic Catskills Mountains, in the US; Resorts World Bimini in the Bahamas, a 750-acre beachfront resort and casino located on the beautiful island of North Bimini; and Resorts World Las Vegas, the first ground-up resort built on the Las Vegas Strip in more than a decade. Tan Sri Lim pioneered the Asian cruise industry by founding Star Cruises in the 1990s and subsequently expanded Star Cruises' focus from sea to land-based operations. As an entrepreneur, Tan Sri Lim focuses on innovation, re-invention and redefining the leisure and hospitality industry. He has led the Genting Group to develop prominent consumer brands in the leisure and hospitality sector, such as "Resorts World", "Maxims", "Crockfords", "Crystal Cruises", "Dream Cruises" and "Star Cruises".

Jose Alvaro D. Rubio
Director

Mr. Jose Alvaro D. Rubio was appointed Director of the Company in 2009. Mr. Rubio was Senior Vice President at Philippine National Bank ("PNB") and has over 35 years of banking industry experience, including various positions in international banking, remittance, budgeting, corporate planning, controllership, systems design/improvement, branch banking, audit and lending operations including the head of the corporate banking group at PNB, overseeing the financing activities for major corporate accounts in areas including real estate, construction, telecommunications, power and energy, manufacturing, hotels, tourism and services. He was a former member and Director of the Bank Administration Institute of the Philippines, an association of local and foreign banks. Mr. Rubio has a Bachelor of Science in Business Administration in Accounting from the University of the East in Manila (cum laude). He is also a Certified Public Accountant and currently a Director for WCRWI.

Jesus B. Varela
Independent Director

Mr. Jesus B. Varela graduated with an Economics Degree in 1979 from the Ateneo de Manila University. He also completed several training courses in Labor Administration and Policy Formulation under the International Labor Organization, Foreign Exchange Training by the Metrobank and Forex Club of the Philippines, and Corporate Planning Course at the Center for Research Communication of the Philippines. Mr. Varela holds key positions in various corporations and well-respected organizations such as the Universidad de Manila (Regent), Academy of Multi-Skills, UK (Doctorate Fellow), Philippine Chamber of Commerce and Industry (Director), International Chamber of Commerce of the Philippines (Director General), Philippine Greek Business Council (President), Philippine Peru Business Council (President), GS1 Philippines (Barcode of the Philippines) (Chairman), Megaworld Corporation (Independent Director), Global-Estate Resorts, Inc. (Independent Director), Suntrust Resorts Holding Inc. (Independent Director) and Megaworld Real Estate Investment Trust (Independent Director), among others. He is also presently a member of the Board of Governor of the Employers' Confederation of the Philippines, President of the Foundation for Crime Prevention, and a former President and Chief Executive Officer of the Advancement of Workers' Awareness Regarding Employment (AWARE) Foundation, Inc. Mr. Varela has also been previously appointed to several government positions such as Labor Attaché to Kobe, Japan, Labor Attaché to the Commonwealth of Northern Marianas Island with jurisdiction over Guam, Palau, Federated States of Micronesia, Labor Attaché to Athens with jurisdiction over Cyprus, Chief of Staff to a former Cabinet Secretary of the Department of Labor and Employment, Labor Sector Head of the Presidential Management Staff, Chairman of the Executive Committee of the National Irrigation Administration, Acting Undersecretary of the Department of Agriculture, Special Assistant to the Presidential Adviser on Human Resources and International Labor Affairs, Chairman of the Management Committee of the Strategic Investment and Development Corporation, Chairman of the Agriculture Anti-Smuggling Task Force, Convenor and Member of the Nautical Highway Board, and Consultant of the Experimental Cinema of the Philippines, among others.

Enrique M. Soriano III
Independent Director

Prof. Enrique Soriano was a former World Bank/IFC Governance Consultant, Columnist, Book Author, former Chair of the Marketing Cluster, Program Director for Real Estate and Professor of Global Marketing at the ATENEO Graduate School of Business. After more than three decades of combining academic work and occupying senior executive positions, Prof Soriano is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific based Strategic Advisory firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor of the Family In Business Strategic Group, Senior Fellow on Governance at the IPMI International Business School in Jakarta, Indonesia and an active member of the Singapore Institute of Directors (SID).

Now "living his third professional life", his advocacy related to Leadership, Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family owned businesses in Asia and resource speaker in International Conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of Universities in Asia and North America, notably Harvard University and the University of San Francisco.

Prof Soriano holds a B.A. in History from the University of the Philippines, an MBA from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing in Behavioral Finance at the Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. Presently, he sits as Lead Independent Director Emperador Inc., MREIT Fund Managers and provides board level advisory to Ultra High Net Worth (UHNW) Family Businesses in Asia.

Stephen James Reilly
Chief Operating Officer

Mr. Stephen James Reilly has served as the Chief Operating Officer of the Company since January 1, 2013 and has served as Executive Vice President of the Company from May 1, 2011 to December 31, 2012. Mr. Reilly is responsible for the day to day operations and projects of the Company.

Mr. Reilly has also served as Country Head (Philippines) and Senior Vice President of GHK Group and was responsible for the regional operating headquarters and GHK Group support services. Mr. Reilly joined GHK Group in January 1995, initially in the Surveillance Department where he was promoted to Director of Surveillance in 1997 and Vice President of Corporate Surveillance in 2003. Prior to joining the Company, Mr. Reilly had seven years of experience working in the United Kingdom, where he held the positions of Chief Security Officer and Surveillance Officer in London casinos, responsible for the security and surveillance of gaming operations.

Bernard Than Boon Teong
Chief Financial Officer, Treasurer, Investor Relations Officer, Corporate Information Officer and Compliance Officer

Mr. Bernard Than Boon Teong is the Chief Financial Officer and Treasurer of the Company. He was appointed as Investor Relations Officer on May 30, 2015. Prior to becoming Chief Financial Officer, he held the position of Vice President for Treasury. He has over 20 years of working experience in external audit, hospitality industry and casino/ gaming/ cruise line industries. He joined Star Cruises as an Accountant in 1997 and eventually served as the company's Assistant Vice President until his departure in 2008. He was responsible for introducing a Computerized Tracking Program for the calculation of VIP players, level of gaming, and calculation of commission. He earned his business degree from Monash University in Melbourne, Australia.

M. Hakan Dagtas
Chief Gaming Officer

Mr. M. Hakan Dagtas is the Chief Gaming Officer of the Company. He has over 30 years of working experience in the hospitality industry and casino/gaming/cruise line industries. He joined the gaming industry whilst he was a university student. After his study, Mr. Dagtas served under various capacities throughout his career with Star Cruises. During his cruise life, he worked in different jurisdictions and gained experience in training, set up activities as well as in operational areas. He joined Travellers International Hotel Group, Inc. in 2008. He graduated from the School of Tourism and Hotel Management of Cukurova University and has received a Hospitality diploma from New South Wales University of Australia.

Walter L. Mactal
Chief Legal Officer and Assistant Corporate Secretary

Atty. Walter L. Mactal is the Chief Legal Officer and Assistant Corporate Secretary of the Company. He obtained his Bachelor of Arts Degree in Economics from the Ateneo De Manila University. He received his Juris Doctor Degree from the Ateneo De Manila University – School of Law, graduating with Second Honors. He oversees the following corporate functional areas: Tax and Legal Compliance, Special Projects, Corporate Compliance and Contracts, Litigation and Labor. He started his law practice in a seasoned Makati-based law firm until he joined Travellers International Hotel Group, Inc. in March 2012 where he has established an accomplished career as corporate in-house counsel, and is currently the Chief Legal Officer, with specific emphasis on preventive and actual litigation, labor relations, contract drafting and negotiation, and representation before courts, tribunals, and various governmental instrumentalities. He also has broad experience in corporate compliance functions with focus in ensuring that the Company observes its Articles of Incorporation and By Laws and complies with all reportorial requirements of the Securities and Exchange Commission and other regulatory agencies. He currently sits on the board of several corporations and acts as Corporate Secretary in a number of them.

Jose Erwin Toledo Villacorte
Chief Security Officer

Mr. Jose Erwin Toledo Villacorte is the Vice President for Safety and Security of Resorts World Manila. He is a graduate of the Philippine Military Academy, Class of 1983. He was commissioned as 2LT of the Philippine Constabulary and later absorbed in the Philippine National Police in 1991. He held various positions in the military and police organizations as platoon leader, Intel Officer, Company Commander, Provincial Commander, Deputy Director of CIDG, Regional Director of Region 8, Vice President for Admin of the Philippine Public Safety College and concurrent Director of the National Police Training Institute until his retirement in 2017. He retired with a rank of Police Chief Superintendent (Police Brigadier General). He spent 38 years with the military and police organizations. He is also a law graduate of Jose Rizal College in 2000.

Ravi D. Ganesan
Chief Resorts Administration and Training Officer

Mr. Ravi Ganesan is the Chief Resorts Administration and Training Officer of the Company. He has approximately 32 years of working experience in the casino/gaming/cruise line industries. Mr. Ganesan completed his Course in Matriculation at TAR College, Malaysia.

Allan Martin L. Paz
Chief Integrated Marketing Officer

Mr. Allan Martin L. Paz is the Chief Integrated Marketing Officer of the Company. To date, Mr. Paz has over 30 years of extensive integrated marketing communications experience. He has a solid track record in professional advertising and marketing, digital media, public relations, special events and media management. He was a major part of the advertising industry for 20 years starting off with Ace Saatchi & Saatchi in the 90s and Draft FCB afterwards. He then served as an expatriate in Vietnam with the Ogilvy Group and went on to China working for Leo Burnett in the mid 2000s. In 2009, he came back to the Philippines as Client Service Director for DDB Worldwide. Mr. Paz received an A.B. degree in Communication Arts, with emphasis on Advertising and Marketing from the Pontifical and Royal University of Santo Tomas.

Mary Ann E. Moreno
Senior Director for Gaming Treasury

Ms. Mary Ann Moreno is the Senior Director for Gaming Treasury of the Company. She has over 20 years of experience in the casino/gaming industry. Ms. Moreno graduated from Polytechnic University of the Philippines with a Bachelor in Computer Data Processing Management.

Carlito B. Banaag
Director for Internal Audit and Systems & Methods

Mr. Carlito Banaag was appointed in July 2010 as Director for Audit and Risk Management Department, now referred to as Internal Audit and Systems & Methods Department. Mr. Banaag was previously the Operational Risk Management Officer at China Banking Corporation, where he participated in risk awareness campaigns and bank personnel training. He served as Internal Audit Head for Philippine Deposit Insurance Corporation and as Risk Management/Compliance Officer for several private banks. He is a Certified Public Accountant with a bachelor's degree in Accountancy from the Polytechnic University of the Philippines.

Maria Ryna P. Inocencio
Director for Risk Management

Ryna Inocencio was named Director for Risk Management since July 2018. She is responsible for overseeing the Company's Enterprise Risk Management operations including Business Continuity Management and Sustainability Practices.

Her team provides independent oversight and guidance for managing risk including the development and implementation of risk management measures across the Company. Her team leads efforts to build and sustain a culture in which all employees understand the importance of managing risk to deliver responsible growth and serve the Company's customers, clients and communities.

Prior to joining the Company, she spent over twenty years with Philippine National Bank and China Bank working as a Credit Policy/Risk Officer where she specialized in policy formulation and institution of internal controls for both institutions. She graduated from University of Santo Tomas with a bachelor's degree in Commerce, major in Business Administration.

Significant Employees

The Company does not have significant employees, *i.e.*, persons who are not executive officers but expected to make significant contribution to the business.

Family Relationships

No director or executive officer is related to each other up to the fourth civil degree, either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of ability or integrity of any of its directors, nominees for election as director, or executive officers:

(1) Had any 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 a two-year period of that time;

(2) Convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;

(3) Subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or

(4) Found by a domestic or foreign court of competent jurisdiction (in a civil action), to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Related Transactions

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with its related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from third parties. Intercompany transactions between and among the Company and its subsidiaries are eliminated in consolidation and thus are no longer reflected in the consolidated financial statements.

Transactions with related parties include investments in and advances granted to or obtained from subsidiaries, associates and other related parties. Advances granted to and obtained from subsidiaries, associates and other related parties are for working capital requirements and other related purposes. Other related parties include investees which investments are accounted for under the equity method and other entities which are owned and managed by investors/owners of the Company.

Major related party transactions have been disclosed in Note 23 to the consolidated financial statements as of period ended 31 December 2020. Other than those disclosed in the consolidated financial statements, the Company has not entered into any other related party transactions.

Resignation/Disagreement

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the previous Annual Stockholders' Meeting because of disagreement/s with the Company on any matter relating to the Company's operations, policies or practices, and no director has furnished the Company a letter describing such disagreement.

Procedure for Nomination and Election of Independent Directors

The Board of Directors organized a Nomination Committee composed of three (3) members of the Board of Directors, one of whom is an independent director, in accordance with the requirements of the Company's Revised Manual on Corporate Governance that was submitted to the SEC on 31 May 2017. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors and other appointments that require approval from the Board of Directors. It shall also assess the effectiveness of the processes and procedures in the election and replacement of the Board of Directors. The Nomination Committee reports directly to the Board of Directors, and is required to meet at least twice a year.

The Nomination Committee is required to evaluate and pass upon the qualifications of the nominees to the Board of Directors in accordance with Section 2.3 (m) (i) of the Company's Revised Manual on Corporate Governance.

The Company adheres to SRC Rule 38, which provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of

candidates shall have been prepared. No further nominations shall be entertained or allowed during the actual annual stockholders' meeting.

5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.

In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nomination Committee

The Board organized a Nomination Committee composed of three (3) members of the Board, one of whom is an independent director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election and replacement of directors. The Nomination Committee reports directly to the Board and is required to meet at least twice a year.

The Nomination Committee is required to evaluate and pass upon the qualifications of the nominees to the Board of Directors in accordance with Section 2.3 (m) (i) of the Company's Revised Manual on Corporate Governance.

The Nomination Committee is composed of Mr. Kingson U. Sian as Chairman, Mr. Jose Alvaro D. Rubio, and Mr. Enrique M. Soriano III (Independent Director) as members thereof.

The nominees for election as independent directors of the Board of Directors for 2021-2022 are as follows:

Name	Age	Nationality
Jesus B. Varela	64	Filipino
Enrique M. Soriano III	54	Filipino

Information on the nominees is stated in pages 14 - 15 of this Information Statement.

The Company has not received any written notice from any director of any intention to oppose any action to be taken up at the ASM.

Directors and Executive Officers

The following have been nominated as members of the Board of Directors (excluding independent directors) for the ensuing year:

Name	Age	Nationality
Dr. Andrew L. Tan	72	Filipino
Tan Sri Lim Kok Thay	70	Malaysian
Kingson U. Sian	60	Filipino
Chua Ming Huat	58	Malaysian
Jose Alvaro D. Rubio	68	Filipino

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table

Below is a summary of the total compensation of the named executive officers, and in the aggregate as to all officers and directors for the years 2019, 2020 and 2021.

Name and Principal Position	Year	Total

President/CEO and top four (4) executive officers, as a group: 1. **Sian, Kingson U.** President & CEO 2. **Bernabe, Ethel Asido**, Senior Director for VIP Marketing 3. **Moreno, Mary Ann Encabo**, Senior Director for Gaming Treasury 4. **Paz, Allan Martin Liwag** Chief Integrated Marketing Officer 5. **Villacorte, Jose Erwin Toledo** Chief Security Officer		
President/CEO and 4 Most Highly Compensated Officers	2019 (Actual)	52,831,975
	2020 (Actual)	37,714,144
	2021 (Estimate)	29,671,068
All Other Officers and Directors, as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	2019 (Actual)	331,021,943
	2020 (Actual)	227,126,241
	2021 (Estimate)	186,972,337

The Company cannot accurately estimate the aggregate remuneration to be paid to its key management personnel and senior executives as a group for the year ending December 31, 2021. The estimated aggregates indicated are subject to market rates for the gaming, leisure, hospitality and entertainment industries.

Compensation of Directors

The members of the Board receive a standard per diem for attendance in Board meetings. Other than the payment of per diem, there are no arrangements pursuant to which Directors are compensated, directly or indirectly, for any services provided as Director.

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

There is no compensatory plan or arrangement with respect to any of the Company's executive officers that will result from the resignation, retirement or termination of such executive officer or from a change of control in the Company, except as may be provided by pertinent labor laws.

Warrants and Options Outstanding

No warrants or stock options are held by the Company's executive officers or directors, nor are there any plans for extending warrants or options in the near future.

Item 7. Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee composed of Mr. Jesus B. Varela as Chairman, and with Mr. Kingson U. Sian and Mr. Jose Alvaro D. Rubio as members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for the ensuing year.

In compliance with SEC Memorandum No. 8, Series of 2003 and the Company's Revised Manual of Corporate Governance, which require that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier, **Mr. Nelson J. Dinio** of Punongbayan and Araullo was designated as handling partner for the audit of the financial statements of the Company starting the year ending 31 December 2020. Therefore, should Punongbayan & Araullo be elected as the Company's external auditor for the ensuing year, **Mr. Nelson J. Dinio** will continue to be the handling partner. Punongbayan & Araullo was the external auditor of the Company for the years 2009 – 2020.

It is expected that representatives from Punongbayan & Araullo will be present during the ASM. They shall be given the opportunity to make a statement, if desired. They are likewise expected to be present to respond to appropriate questions relating to their reports, if any.

1. External Audit Fees and Services

	2020	2019	2018	2017	2016
Audit fees	6,563,000	6,233,000	5,445,000	4,921,000	4,525,000
Out of Pocket Costs	1,050,500	1,050,000	816,750	738,150	678,750
Total Fees	**7,613,000**	**7,283,000**	**6,261,750**	**5,659,150**	**5,203,750**

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

   To the best of the Company's knowledge, the Company hereby warrants that:

   a. In the two most recent fiscal years or any subsequent interim period, the independent accountant has not resigned, nor was dismissed nor otherwise ceased performing services;

   b. There were no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor; and,

   c. The Company has not found any reason to file as an exhibit a letter from a former accountant who has agreed and/or disagreed with the Company's statements in its reports submitted to the Commission.

3. Tax fees and all other fees.

   There were no separate tax fees billed and no other products and services provided by the external auditor to the Company for the last two fiscal years.

   All the services of the external auditor have been approved by the Audit Committee through the internal policies and procedures of approval.

   The selection of external auditors and approval of external audit fees and services are made on the basis of credibility, professional, reputation, and accreditation with the Securities and Exchange Commission. The appointment and engagement of the external auditors was approved by the Board of Directors and by the stockholders of the Company.

Item 8. Compensation Plans

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid.

Warrants and Options Outstanding

The Company did not have any outstanding warrants as of December 31, 2020 and 2019.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There is no action to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Consolidated Financial Statements of the Company and its subsidiaries as of 31 December 2020 is filed as part of this Information Statement and incorporated as Annex "B". Also included in the Company's Management Report is the Management's Discussion and Analysis of Results of Operations and Financial Condition for the applicable periods.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders' action to be taken with regard to the following: (a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale of all or any substantial part of the assets of the Company; and (e) the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There is no action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included, among others, in the Agenda for the ASM on 10 December 2021 for the approval of the stockholders of the Company:

1. Approval of the Minutes of the Previous Annual Meeting
2. Amendment of Sections 4 & 6, Article 1 and Section 2, Article II of the Amended By-Laws
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management
4. Appointment of External Auditors
5. Election of Directors

The Management shall seek the approval and ratification by the Stockholders of all acts, contracts and resolutions of the Board of Directors, Board Committees, and Management of the Company, since the previous ASM. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission, and in the Annual and Quarterly Reports submitted by the Company.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts and resolutions of the Board of Directors and Management from the date of the previous ASM of the Company, which includes the following, among others:

1. Appointment of authorized signatories for contracts, accounts, reports, pleadings, and applications;
2. Application for permits, licenses, clearances, accreditations, and registration of projects;
3. Operation of bank accounts and other bank transactions and appointment of authorized signatories for the same;
4. Appointment of proxies and nominees;
5. Authority to hold Annual Stockholders' Meetings;
6. Authority to declare cash dividends;
7. Authority to approve the Audited Financial Statements of the Company for the year ending 31 December 2020;
8. Other corporate actions entered into in the ordinary course of business.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-Laws or Other Documents

Amendment of Sections 4 & 6 of Article 1 and Section 2 of Article 2 of the Company's Amended By-laws

On 11 October 2021, the Board of Directors approved the amendment of Sections 4 and 6, Article I and Section 2, Article II of the Company's Amended By-laws. The amendment will allow the stockholders to participate and vote in the Annual Meeting through remote communication or alternative modes of communication, and also allow the Board of Directors to participate and vote in the board meetings through remote communication. The Company's By-laws shall be amended as follows:

ARTICLE I

x x x

Section 4. Quorum. A quorum for any meeting of the stockholders shall consist of a majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question at such meeting, save and except in those matters where the Corporation Code requires the affirmative vote of a greater proportion. **Stockholders, voting through remote communication or in absentia, electronically or otherwise, shall be deemed present for purposes of determining the existence of quorum**.

x x x

Section 6. Votation. At every meeting of stockholders of the Corporation, every stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Corporation. **Stockholders may vote in person, though remote communication or in absentia, electronically or otherwise, subject to compliance with such rules and regulations as may be issued by the Securities and Exchange Commission.** Voting by proxy shall **also** be allowed, provided the instrument authorizing a proxy shall be filed with the Secretary before or during the meeting. The election must be by ballots.

x x x

ARTICLE II

x x x

Section 2. Board Meetings; Notice. The Board of Directors shall hold regular monthly meetings, at such time and place as said Board may prescribe. Special meetings of the Board may be called by the President, or by written request of any two (2) Directors. Notice of any special meeting of the Board of Directors shall be mailed to each Director at his last known post-office address or delivered to him personally or left at his office, or transmitted by telegraph or telephone at least three (3) days previous to the date fixed for the meeting. No notice need be given of regular meetings of the Board at a time and place previously fixed by the Board of Directors. **Directors may participate and vote in their meetings through remote communication, such as videoconferencing or teleconferencing, and shall be deemed present for purposes of determining the existence of quorum.**

x x x

Item 18. Other Proposed Action

Approval of the Minutes of the previous Annual Stockholders' Meeting

The Minutes of the previous Annual Stockholders' Meeting will be submitted for the approval by the Company's Stockholders. Such action on the part of the Stockholders will not constitute an approval or disapproval of the matters referred to in said Minutes since Stockholder approval and action on those items had already been obtained in that meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days.

Item 19. Voting Procedures

Voting Procedures

Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be elected at least two (2) independent directors in the Company's board of directors.

For all other matters proposed to be acted upon, the vote of a majority of the outstanding capital stock will be required for approval.

Method of Counting of Votes

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; provided, that in the election of directors , each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected .

There will be seven (7) persons to be elected to the Company's board of directors, including at least two (2) independent directors. In the event that the number of nominees to the board of directors exceeds the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors does not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditor.

Given the current circumstances, the Company shall allow attendance, participation and voting by stockholders via remote communication or *in absentia* pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6- 2020.

The detailed guidelines for participation and voting for this meeting are set forth below:

Guidelines for Participating via Remote Communication and Voting *in Absentia*

STEP 1. PRE-ASM REGISTRATION/VALIDATION/VOTING PROCEDURES

Stockholders must notify the Office of the Corporate Secretary of their intention to participate in the ASM via remote communication or to exercise their right to vote in absentia by sending the scanned copies of the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary VIA EMAIL to legal@rwmanila.com with return-receipt.

The following complete/accurate documentary requirements, as indicated below, with transmittal letter MUST BE SENT TO AND RECEIVED by the Office of the Corporate Secretary **no later than 30 November 2021**:

• ***For Certificated Individual Stockholders***

1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active e-mail address and contact number of stockholder
4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

   If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• ***For Certificated Multiple Stockholders or Joint owners***

1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active email-address and contact number of authorized representative
4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

   If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• ***For Certificated Corporate/Partnership Stockholders***

1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership
2. Stock certificate number/s
3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address

4. A valid and active email-address and contact number of authorized representative
5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

   If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• ***For Stockholders with Shares under PCD Participant/Broker Account***

1. Certification from broker as to the number of shares owned by stockholder
2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
3. A valid and active email-address and contact number of stockholder or proxy
4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

   If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

The documents submitted will then be verified by the Office of the Corporate Secretary. Stockholders will receive an e-mail reply from the Company within three (3) business days from receipt. The Company's e-mail reply will either confirm successful registration and provide the link/meeting details to the Company's 2021 ASM OR require submission of deficient documents. If you have not received any email reply within three (3) business days from receipt, please send an e-mail to legal@rwmanila.com.

STEP 2: VOTING *IN ABSENTIA* PROCEDURE

Stockholders who have successfully registered shall be notified via e-mail from the Office of the Corporate Secretary of their log-in credentials for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by accomplishing the print-out of the Company's ballot form. The ballot form can be accessed and downloaded from the Company's website at https://travellers.com.ph/annual-stockholders-meeting-2021/.

1. Upon accessing and downloading the ballot, the stockholder can vote on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval are appended as Annex A to the Notice of Annual Meeting.

   1.1. A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

2. Once the stockholder has finalized his vote, he can proceed to submit his ballot by sending in JPG or PDF format to legal@rwmanila.com **no later than 30 November 2021.**

   If sending via e-mail, should be clear scanned copies in JPG or PDF format, with each file size no larger than 2MB.

STEP 3: ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the e-mails provided to the Company.

Video recordings of the ASM will be adequately maintained by the Company.

QUESTIONS FROM STOCKHOLDERS

Stockholders should send any question that they may have in advance by sending an email bearing the subject "ASM 2020 Open Forum" to legal@rwmanila.com not later than **5:00 p.m. of 30 November 2021**.

During the virtual meeting, the meeting's moderator will read the questions submitted in accordance with the immediately preceding paragraph and representatives of the Company shall endeavor to answer as many of the questions as time will allow.

Questions/comments received but not entertained during the ASM due to time constraints will be addressed separately by the Company through the stockholders' email addresses.

For any clarifications, please contact Atty. Roberto Rey S. Rodrigo at telephone no. 7908-8000, local 8116, or via e-mail to robert.rodrigo@rwmanila.com, or you may email the Office of the Corporate Secretary legal@rwmanila.com.

Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
Approval of the Minutes of the previous meeting	Majority of votes cast
Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management for the Year 2019.	Majority of votes cast
Appointment of Independent Auditors	Majority of votes cast
Election of Directors	Top seven (7) nominees with the most number of votes cast are elected

Item 20. Proxies:

Not Applicable

Attached herewith are the following:

Annex "A"	Management Report;
Annex "B"	Audited Financial Statements of the Company as of the period ended December 31, 2020;
Annex "C"	Interim Financial Statements as of the period ended September 30, 2021
Annex "D"	Certification of Non-Involvement of Directors and Executive Officers with Government Agencies or its Instrumentalities; and
Annex "E"	Certificates of Independent Directors

Undertaking to Provide Annual Report

The Company shall provide, without charge, to each stockholder a copy of its Annual Report on SEC Form 17-A upon written request addressed to:

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Office of the Corporate Secretary
10/F Newport Entertainment & Commercial Centre,
Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City, Philippines.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report are true, complete and correct. This report is signed in the City of Pasay on 16 November 2021.

By:

RONALD MARK C. LLENO
Corporate Secretary

ANNEX "A"

MANAGEMENT REPORT

Management's Discussion and Analysis (MD&A) or Plan of Operation

The following discussion and analysis relate to the financial condition and results of operations of Travellers International Hotel Group, Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and should be read in conjunction with the accompanying audited financial statements and related notes as of and for the year ended 31 December 2020.

Overview of the Company

Travellers International Hotel Group, Inc. (the "Company") is the developer and operator of Resorts World Manila ("RWM"), an integrated tourism resort in the Philippines. The Company was awarded one of the first licenses issued by the Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. In August 2009, the Company began operations at RWM, the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities.

RWM is an approximately 11.5-hectare integrated tourism resort owned by the Company, which is strategically located across the Ninoy Aquino International Airport ("NAIA") Terminal 3 ("NAIA-3") in Pasay City, Manila and approximately five kilometers away from each of NAIA Terminal 1 ("NAIA-1") and NAIA Terminal 2 ("NAIA-2") and directly linked to highways leading to other cities in Metro Manila. It is accessible from NAIA-3 by foot through the Company's Runway Manila, a 220-meter pedestrian link bridge connecting NAIA-3 and Newport City, which is open to the public, free of charge. RWM is a 24-hour, one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices developed by Megaworld Corporation ("Megaworld"), an Alliance Global Group, Inc. ("AGI") subsidiary listed on the Philippine Stock Exchange ("PSE"). RWM features a themed shopping and entertainment center, five (5) operational hotels as of 30 September 2021 – the Marriott Hotel Manila, a five-star hotel catering to international business and leisure travelers; Holiday Inn Express Manila Newport City (formerly Remington Hotel); the Hilton Manila; Sheraton Manila Hotel and Hotel Okura Manila. RWM also has a MICE (meetings, incentives, conventions and exhibitions) venue with over 8,000 square meters of function space called the Marriott Grand Ballroom.

The development of RWM commenced in 2005. In August 2009, RWM opened its gaming facilities and casino along with the Newport Mall, which includes a retail mall, a 1,710 seat performing arts theater (the "Newport Performing Arts Theater"), and a four-screen cinema. The Marriott Hotel Manila opened in October 2009 with 342 rooms and suites and, in November 2016, an additional 228 rooms were opened at the Marriott West Wing. Remington Hotel (now Holiday Inn Express Manila Newport City) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, RWM partially opened the Grand Wing, the gaming facility of its Phase 3 development project. Furthermore, the Hilton brand marked its return in the Philippines with the official opening of Hilton Manila in October 2018. Also in 2018, the Company ventured outside Metro Manila and opened the first international hotel in Iloilo City – the Courtyard by Marriott Iloilo ("Courtyard"). In January 2019, Sheraton Manila Hotel officially opened its doors to the public, while Hotel Okura Manila began its operations in the last quarter of 2020.

The Company has designed RWM to cater to a broad range of local and international visitors, including the following:

- Mass Market players, who represent the highest profit margin gaming segment and are generally characterized by non-rolling chip and slot machine play; Premium Mass Market players, a sub-segment of

Mass Market players, are characterized by table game play with relatively higher minimum bets than general Mass Market customers but relatively lower bets than VIP players; and,

- VIP players, who patronize premium gaming facilities, luxury accommodations and amenities, and are characterized by either rolling chip play or cash play and high minimum bets.

The Company is a joint venture partnership between AGI, which is listed on the PSE, and Genting Hong Kong Limited ("GHK"), a company with shares listed on The Stock Exchange of Hong Kong Limited and traded on the GlobalQuote of Singapore Exchange Securities Trading Limited. The partnership between AGI and GHK commenced in July 2008 following the Company's award of a gaming license from PAGCOR on June 2, 2008 (the "Provisional License"). Prior thereto, the Company was wholly-owned by AGI and held certain of its land intended for future hotel, restaurant, leisure park, and entertainment center projects, as well as other related businesses. The partnership combines AGI's expertise in the Philippine mixed-use township development, food and beverage ("F&B") and quick service restaurants, and GHK's international experience as an owner and operator of casino and gaming businesses, operator of passenger cruise ships and provider of cruise-related leisure, entertainment and hospitality services. GHK is affiliated with Genting Berhad and its subsidiaries and associates (the "Genting Group").

Subsidiaries and Associate

As of September 30, 2021, the Company holds interests in the following subsidiaries and associate:

	Date of Incorporation	Percentage Ownership
Subsidiaries:		
Agile Fox Amusement and Leisure Corporation (AFALC)	May 15, 2015	100%
APEC Assets Limited (APEC)	February 23, 2000	100%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	May 18, 2015	100%
Brightleisure Management Inc. (BLMI)	December 12, 2008	100%
Bright Pelican Leisure and Recreation Inc.	September 4, 2013	100%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	May 18, 2015	100%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	May 18, 2015	100%
Deluxe Hotels and Recreation Inc. (DHRI)	August 3, 2012	100%
Entertainment City Integrated Resorts & Leisure Inc.	November 16, 2012	100%
FHTC Entertainment & Productions Inc. (FHTC)	February 15, 2013	100%
Golden Peak Leisure and Recreation Inc. (GPLRI) (formerly Yellow Warbler Leisure and Recreation Inc.)	September 9, 2013	100%
Grand Integrated Hotels and Recreation Inc. (GIHRI)	October 19, 2011	100%
Grandservices Inc. (GSI)	December 12, 2008	100%
Grandventure Management Services Inc. (GVMSI)	December 16, 2008	100%
Lucky Panther Amusement and Leisure Corporation (LPALC)	May 18, 2015	100%
Lucky Star Hotels and Recreation Inc. (LSHRI)	August 3, 2012	100%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	May 15, 2015	100%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	May 18, 2015	100%
Majestic Sunrise Leisure & Recreation Inc.	November 16, 2012	100%
Netdeals, Inc.	May 25, 2012	100%
Newport Star Lifestyle, Inc. (NSLI)	August 3, 2012	100%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	November 16, 2012	100%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	May 18, 2015	100%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	May 15, 2015	100%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	May 18, 2015	100%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	May 18, 2015	100%
Vermillion Triangulum Amusement and Leisure		

Corporation (VTALC)	May 15, 2015	100%
Westside Theatre Inc. (WTI)	August 14, 2015	100%
Westside City Resorts World Inc. (WCRWI) (formerly Resorts World Bayshore City, Inc.)	April 30, 2013	95%
Associate:		
Manila Bayshore Property Holdings, Inc.	October 14, 2011	32.6%
Joint Venture:		
Front Row Theatre Management Inc.	October 13, 2015	50%

APEC owns a yacht for RWM's needs. BLMI employs staff for certain positions in the casino operations of the Company. GVMSI employs staff for Holiday Inn Express Manila Newport City (formerly Remington Hotel) and staff for food and beverage operations. GSI employs staff for Marriott Hotel Manila, Marriott Grand Ballroom, Courtyard and Sheraton Manila Hotel. RBHAI employs staff for Hotel Okura Manila. NSLI is the company that is targeted to house the membership cards of RWM members. DHRI is the owner of Hilton Manila. LSHRI is the owner of Sheraton Manila Hotel. FHTC houses music recording, theater productions and other entertainment activities of the Company. WCRWI is the owner of Westside City Resorts World. LPALC operates the video streaming activities of the Company. The Company also has subsidiaries that are not yet operating as of September 30, 2021, which the Company may utilize for some of its operations in the future.

Principal Products or Services and Market

RWM, the Philippines' first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming in one grand arena, a one-stop non-stop destination. RWM operates gaming facilities: (i) in Garden Wing, which includes the Genting Club (a members-only lifestyle club, with a private gaming area, dining options and other fabulous lifestyle features); (ii) at the ground floor of Holiday Inn Express Manila Newport City (formerly Remington Hotel); and (iii) at the ground floor and second floor of Grand Wing, with an aggregate area of 44,631.37 square meters. As of the end of September 2021, RWM has 477 casino tables and 2,150 slot machines/electronic gaming machines (EGMs). RWM also features the upscale Newport Mall (89 retail stores, services, and food-and-beverage outlets with a mix of high-end boutiques and mass market option), 32 restaurants and bars (with 21 restaurants in the Newport Mall and 11 restaurants in Resorts World Manila's gaming areas and hotels), Newport Cinemas, the 1,710-seat Newport Performing Arts Theater (a majestic venue for concerts, plays, musicals and exclusive productions), the Limitless Barcade, an office space (which also features a training academy) and hotels.

The five hotels currently in operation at RWM are the following - the five-star Marriott Hotel Manila, the mid-range Holiday Inn Express Manila Newport City (formerly Remington Hotel), the Hilton Manila which opened in 2018, the Sheraton Manila Hotel which opened in 2019, and the newly-opened Hotel Okura Manila. Operating outside Metro Manila is Courtyard by Marriott Iloilo located in Iloilo City which provides an additional 326 rooms to the Company's hotel operations.

RWM also boasts of the Marriott Grand Ballroom, a MICE venue with a 3,000-square meter pillar-less ballroom. It is the largest and most versatile luxury space within Metro Manila and has taken center stage as the preferred venue for conventions and social affairs including internationally acclaimed performances, making full use of the impressive high-tech column free ballrooms. The facility holds 20 individual meeting rooms and its ballroom features 6 VIP multi-use skyboxes, offering a large array of flexibility in hosting multiple events.

Foreign Sales

The principal foreign market consistently contributing for 2021 were from China, Korea, and Singapore. Foreign guests at the following hotels are as follows: Holiday Inn Express Manila Newport City (formerly Remington Hotel): United States, China, Japan, and Canada; Marriott: United States, China, Canada, and Korea; Hilton: United States, Thailand, Korea and China; Sheraton: China, Korea, United States, and India; while for Courtyard are from the United States, Thailand, Canada, and Finland.

Distribution Methods

The Company engages in direct relationship-based marketing, which is targeted at specific market segments. The marketing team focuses on market research, surveys, promotions and events that can drive visitations and convert them to returning guests. The sales team is responsible for sales revenues and channel performance. In addition, the Company advertises in many types of media both domestically and overseas, including television, radio, newspapers, magazines, social media and billboards to promote general market awareness.

RWM uses a mix of different channels to reach the specific targets on gaming, lifestyle, and entertainment, such as:

- Direct sales - that comprises of three levels to provide clients with full service: (i) traditional sales; (ii) a business development team; and (iii) in-house VIP host services.
- Indirect sales through junkets – from the well-established relationships of Genting Group, among others, to source high-end players in different regions.
- Indirect sales through travel and tour operators – these accredited operators create group travel packages with discounts, to bring in guests in RWM as part of their itineraries, and in return, receive commissions.
- City shuttles – free, convenient, hassle-free shuttle transport for member-players and member-consumers to RWM. The key locations are Quezon City, Manila, Laguna, Rizal and Marikina.

The Company uses a comprehensive membership management and customer database system. It uses the Dynamic Reporting System ("DRS"), a fully integrated real-time table games and slots monitoring system.

New Products or Services

The Company is committed to continuously improve and refresh the current facilities at RWM to create unique customer experience across a variety of gaming and non-gaming amenities.

In April 2017, the Company officially opened the Runway Manila, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and Newport City, which the public can use free of charge. The project, which stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevators. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day. Runway Manila is fully financed by the Company and costs approximately P1.9 billion.

In 2018, the Company opened its first hotel outside Metro Manila – Courtyard by Marriott Iloilo located in Iloilo Business Park, Iloilo City. It also opened a portion of the gaming facilities of Phase 3, which includes the ground floor gaming area and food and beverage outlets. In October 2018, Hilton Manila was officially opened to the public which offers 357 rooms, a ballroom, an all Filipino buffet restaurant, a beverage lounge, and a high end Chinese restaurant.

In January 2019, the Company added 386 rooms to its hotel portfolio with the opening of Sheraton Manila Hotel, which features stylish guest rooms that include suites, lofts and deluxe rooms with private gardens, a ballroom, a Korean barbecue restaurant with state of the art smokeless grills, a spa, kid's club and a business hub called ColLab. In the 4th quarter of 2019, the newly renovated 2nd Floor retail area of the Newport Mall opened to the public.

In the 4th quarter of 2020, Hotel Okura Manila, a luxury hotel managed by the Japanese hotel group Okura Hotels & Resorts opened its doors. Epitomizing the essence of elegance and refined Japanese hospitality, the luxury hotel will offers additional rooms and suites, and a variety of dining options.

The Company is also developing the Newport Link, an office building that will connect to the RunWay Manila.

Competition

The Company, being the first integrated resort with world-class gaming in the Philippines, has been the industry benchmark. The group competes with both Philippine and foreign owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by the government and other private companies.

In particular, there are facilities already built by three developers other than the Company that have been granted provisional licenses by PAGCOR in Entertainment City, all of which are already open to the public. These three other licensees similarly partnered with international resorts and gaming companies are: Melco Resorts and Entertainment (Philippines) Corporation; Tiger Resorts, Leisure and Entertainment, Inc., Bloomberry Resorts Corporation. In addition, Westside City will be developed in Entertainment City and the licensee for the said project is WCRWI, a subsidiary of the Company.

While it has the first-mover advantage, the Company continues to develop other leisure and entertainment attractions to complement its gaming business expanding its hotel offerings by partnering with various international hotel brands, making it suited for a family destination.

In addition, PAGCOR operates 9 gaming facilities across the Philippines and 29 satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including seven licensed private casino operators in special economic zones ("Ecozones"). The Philippine gaming market is also composed of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators and other smaller-scale gaming operators.

Sources and Availability of Raw Materials

The Company has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one contractor or supplier. In 2020, the ten (10) largest suppliers are: Global Matrix Concept Group, Aristocrat (Macau) PTY Limited, Top Source Maintenance and Contracting Services, Crimson Group Inc., Technolux Equipment and Supply, Empire Automation Philippines Inc., Air Beyond Satisfaction, ARL Power Connect Corp., Gabrien Food Company, R.P. Flores System Technology – accounted for 42.64% of the total purchases for the year.

Customer Dependence

The Company's businesses are not dependent upon a single or a few customers or tenants, the loss of which would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

Transactions with and/or Dependence on Related Parties

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with its related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into terms comparable to those available from third parties. Intercompany transactions between and among the Company and its subsidiaries are eliminated in consolidation and are thus no longer reflected in the consolidated financial statements.

Transactions with related parties include investments in and advances granted to or obtained from subsidiaries, associates and other related parties. Advances granted to and obtained from subsidiaries, associates and other related parties are for working capital requirements and other related purposes. Other related parties include investees whose investments are accounted for under the equity method and other entities which are owned and managed by investors/owners of the Company.

Major related party transactions have been disclosed in Note 23 to the consolidated financial statements appearing elsewhere in this report. Other than those disclosed in the consolidated financial statements, the Company has not entered into any other related party transactions.

Licenses, Trademarks, Franchises

The Company holds a PAGCOR license to operate casinos and engage in gaming activities in two sites – in Newport City (Site B) where RWM is situated, and in Entertainment City (Site A) where Westside City is set to rise. The term of the license is co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR charter.

On March 18, 2013, WCRWI entered into a Deed of Accession which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCRWI acceded to the rights, title, interests and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCRWI as a co-licensee and co-holder of the Provisional License and other relevant agreements.

Further, on June 10, 2013, the Company and WCRWI entered into a Cooperation Agreement which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements. Specifically, the parties agreed that WCRWI would have all the rights and obligations under the Provisional License with respect to Site A (Westside City Resorts World) and that the Company would have all the rights and obligations with respect to Site B (Resorts World Manila).

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCRWI as co-licensees and co-holders of the Provisional License and other relevant agreements.

On September 23, 2014, the Company subscribed to common and preferred shares in WCRWI making it the effective owner of ninety five percent (95%) of WCRWI.

The Company also has a non-exclusive non-transferable right and license within Metro Manila to the use of Marriott trademarks for hotel services and other related goods and services offered in connection with the hotel.

It has registered trademarks over "Passion," "Gamezoo," "Remington Hotel Newport City," "Remington Hotel Manila," "Remington Hotel Manila with Chinese Characters," "Newport Performing Arts Theater," "Grand Opera House," "Grand Opera House Manila," "Fun Fiesta Jackpot," "Manila Millions Poker," "Noodle Works," "Thrill Like No Other," "iGrab everything I want," "iGrab," "Impressions," "Café Maxims," "Mercado," "Bar 360," "Ginzadon," "Newport Performing Arts Theater Bar," "The Terrace," "Laugh Laff Fun," "Kami Naman ang Taya," "Kami Naman ang Taya Beautiful Concert for Typhoon Yolanda Victims," "Musikat Records," "Oak Tree Inn," "Regal Inn," "Hotel Gran Palacio," "El Castillo de Manila," "Castillo Manila," "The Grand Theatre of Manila," "Grand Theater Manila and Device," "Chill," "Grand Fiesta Manila," "R88," "Manila Bayshore Heritage Foundation, Inc.," "The World of Luck," "Franks Craft Beers Manila," "Westford Inn," "Full House Theater Company," "Victoria Harbour Cafe," "Bayshore City Resorts World," "Westside City," "Westside Theatre," "Herald Theatre," "Fortissimo Theatre," "Galaxy Theatre," "Excelsior Theatre," "Diamond Theatre," "Bohemia Theatre," "Crown Theatre," "Apollo Theatre," "OPPA Original Pilipino Performing Arts," "H House Manila," "Silogue All-Day Pinoy Comfort Food," "The Grand Bar and Lounge," "El Calle," "El Calle Food and Music Hall," "Newport Garden Wing," "Newport Grand Wing," "Newport Resorts Manila," "Silk Road Southeast Asian Cuisine," "Children of Newport Resorts Manila Foundation," "Resorts World Philippines Cultural Heritage Foundation," "Brain Boost Coffee Energy In A Cup," "Port Bar," "Kusina Sea Kitchens," "Freestyle Pool Bar," "Vega Pool Club," "I.C.E. Indoor Cold Experience," "Limitless," "BOLAhan," "Eats-a-wrap," "Its-a-wrap," "Eats-Sarap," "Horizon Center," "Hua Yuan Brasserie Chinoise," "Casa Buenas," "Buenas," "Make Each Moment Count," "Steeg," "Steeg Records," "Top Note Records," "Matsuri: Experience Japan," "The L.O.V.E. Project," "The L.O.V.E. Stream," "Thrills 2.0," "Buffet 2.0," "Casino 2.0," "Gaming 2.0," "Concerts 2.0," "Conventions 2.0," "Events 2.0," "Shopping 2.0," "Theater 2.0," "Dining 2.0," "Meetings 2.0," "78REV," "REV78," "So Bad, It's Good," "RWM Exclusives," "The Exclusives Store," "Garden Wing Café," "Delishes," "Delishvery," "Pinoy Delish," "Pinas Muna Tayo," "It's All Good," "Newport Beats," "Vubble," "KTALK," "Sidekick," "Unabakuna," "Newport Parklet," "KTalks," "Bad Burger," and their related devices which will expire on various dates in 2021-2031, and are renewable thereafter.

Government Approval of Principal *Products or Services*

The Company operates its gaming activities through the license granted by PAGCOR, a government-owned and controlled corporation, which was granted the franchise to operate and license gaming casinos, gaming clubs and other similar recreation or amusement places, gaming pools, whether on land or sea, within the Philippines. The franchise of PAGCOR is extended for another 25 years after July 11, 2008, its original term.

The activities and operations of RWM are closely monitored by the PAGCOR Monitoring Team (PMT) which maintains an office inside RWM where officials are stationed 24 hours a day. The Company is in continuous close coordination with PAGCOR regarding compliance with its gaming concession and all applicable Philippine laws. The Company is also required to provide periodic reports to PAGCOR.

Shopping malls are regulated by the local government unit of the city or municipality where the shopping mall is located. Retail stores in shopping malls must secure a business permit before operating and must comply with the fire safety provisions and other applicable local ordinances. Operators of restaurants and other food establishments in shopping malls must obtain a sanitary permit from the same local government unit where the shopping mall is located.

Effect of Existing or Probable Government Regulations

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. The Supreme Court, on August 10, 2016, in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, confirmed the legality of the provision of the Provisional License subjecting the Company to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. The Supreme Court affirmed that: "*exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), associations(s), agency(ies) or individual(s) with whom the PAGCOR or the operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos*". This Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, which denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

Republic Act No. 10927 was passed and became effective in July 2017 designating casinos as covered persons under Republic Act No. 9160 (Anti Money Laundering Act), as amended. The Casino Implementing Rules and Regulations was issued by the Anti-Money Laundering Council ("AMLC") and Appropriate Government Agencies ("AGA") in October 2017. Casinos shall report to the AMLC all suspicious transactions as defined by law and single casino cash transaction (*i.e.*, receipt or pay out of cash by and of a casino, paid or received by or on behalf of a customer, or such other cash transactions that may be determined by AMLC and the AGA) involving an amount in excess of Five Million Pesos (Php5,000,000.00) or its equivalent in any other currencies within five (5) working days, unless the AMLC prescribes a different period not exceeding fifteen (15) working days, from the occurrence thereof. In August 2018, casinos were required to submit covered and suspicious transactions to the AMLC following the effectivity of AMLC's Registration and Reporting Guidelines for Casinos. Casinos are likewise required to conduct customer due diligence (CDD) in accordance with PAGCOR's CDD Guidelines for Land-Based Casinos effective November 2018.

The Company is registered with PEZA as a Tourism Economic Zone. Its PEZA-registered activities include Maxims Hotel, Newport Entertainment and Commercial Center, Marriott Hotel Manila, Holiday Inn Express Manila Newport City (formerly Remington Hotel), Marriott Grand Ballroom, Marriott West Wing, Courtyard by Marriott Iloilo, and Hotel Okura Manila. As such, it is entitled to certain tax incentives. Hilton Manila and Sheraton Manila Hotel, through the Company's subsidiaries, are also included in the Group's PEZA-registered activities.

Research and Development

The regular research and development activities of the Company for the past three years have not amounted to a significant percentage of revenues. There are no new products or design being developed that would require a material amount of the Company's resources.

Compliance with Environmental Laws

The Company and its subsidiaries have incurred minimal costs to comply with environmental laws.

Number of Employees

As of September 30, 2021, the Group has a total workforce of 4,418 personnel categorized as follows:

	Actual as of December 31, 2020	Actual as of September 30, 2021
Gaming	3,265	3,050
Management & Admin	843	721
Hotel	122	101
F&B	369	368
Marketing	220	178
Total	**4,819**	**4,418**

There is no existing collective bargaining agreement between the Company and any of its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and Management believes that the Company's relationship with its employees in general is satisfactory.

Potential Business Risks

Risks are integral part of business. Opportunity for advancement cannot be achieved without taking risks. This is why the Company and its subsidiaries adopted a policy whereby risks are identified before they cause significant trouble for the business. They carefully prepare structured/strategic plans to anticipate the inherent risks in their activities and set up methods to mitigate the effects of these risks.

Role of the Board

The primary role of the Board is to promote the Company's long-term health and prosperity. The Board is committed to oversee the Company's performance, risk management and culture and to promote the creation of enduring value by supporting its purpose to realize opportunities for the benefit of our clients, community, shareholders and our people. The Board is ultimately responsible for the framework, including oversight of its operation by Management.

Role of Management

The Group Heads of the business units are responsible for the implementation of the risk management framework in their groups. They are required semi-annually to attest that key risks have been identified and are adequately controlled in their groups.

Risk Management Department (RMD)

RMD is an independent and centralized function responsible for assessing and managing risks across the Company. RMD designs and oversees the implementation of the risk management framework and employs an integrated approach to risk analysis and management across risk classes.

The potential risks that the present business faces include:

- *Hazards and natural or other catastrophes.* The Company and its subsidiaries' assets are exposed to losses or impairment through fire and natural or man-made disasters and accidents, including the outbreak of infectious diseases that may materially disrupt operations and result in losses. In particular, damage to the Company's project structures resulting from such natural catastrophes could also give rise to claims from third parties or for physical injuries or loss of property.

  Safety measures are undertaken and implemented within the Company's operations. Adequate insurance policies are likewise in place to cover from these risks. Any material uninsured loss or loss materially in excess of insured limits could materially and adversely affect the Company's business, financial condition and results of operations, while remaining liable for any financial obligations related to the business.

- *Regulatory developments.* The Philippine integrated tourism industry is highly regulated. The Company is subject to gaming and non-gaming regulations for its operations. The Company's results of operations could be affected by the nature and extent of any new legislation, interpretation or regulations, including the relative time and cost involved in procuring approvals for projects. If the Company fails to meet safety, health and environmental requirements, it may also be subject to administrative, civil and criminal proceedings initiated by the Philippine Government (the Government), which could result in substantial fines and penalties against the Company, as well as orders that could limit or halt its operations. The Company, thus, keeps abreast of current developments and immediately institute measures to contain any adverse effect on the Company.

- *Win rate, money laundering and cheating at gaming areas.* The gaming industry is characterized by an element of chance. Win rates for the Company's gaming operations depend on a variety of factors. Casino and gaming activities are cash intensive and involve significant amounts of revenue daily. Customers may seek to influence their gaming returns through cheating or other fraudulent methods. Fraudulent activities, including collusion and automated play, could cause the Company and its customers to experience losses, harm its reputation and ability to attract customers, and materially and adversely affect its business, goodwill, financial condition and results of operations. The Company takes numerous preventive and mitigating measures for the handling of chips, cash and gaming equipment. It also uses special technologies to prevent and detect potential fraudulent and counterfeiting activities as well as high value and suspicious transactions.

- *Supply of raw materials/Construction.* As the Company currently has significant ongoing expansion and construction projects within the Newport area, the Company sources construction materials such as lumber, steel and cement, and may experience shortages or increases in prices. Rising price changes will result in unexpected increases in construction costs. The Purchasing group, therefore, keeps posted about supply sufficiency in the market and always looks out for new potential sources. Construction, equipment, staffing and difficulties in obtaining requisite licenses, permits, and authorization from regulators could increase the total cost, delay project completion, or affect the design and features

- *Competition.* The Company's primary business operation is subject to intense competition. Some competitors may have substantially greater financial and other resources than the Company, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets and in consumer preferences. In addition, the entry of new competitors into any of the Company's primary business segments may reduce the Company's sales and profit margins.

- *Philippine economic/political conditions.* The Company's business is highly dependent on the Philippine economy. The Company's results of operations are expected to vary from period to period in accordance with fluctuations in the Philippine economy which is, in turn, influenced by a variety of factors, including political developments among others. Political instability in the Philippines could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on the Company's business, financial condition and results of operation. While the Philippine economy has generally registered positive economic growth, there can be no assurance that current or future Government will adopt economic policies conducive to sustaining economic growth.

- *Global economic, political, and social environment.* A portion of the Company's revenue comes primarily from foreign visitors. Any global economic disruption or contractions could impact the number of foreign customers who visit our property or the amount which they may be willing to spend. Changes brought about by fears of war, future acts of terrorism, and varying degrees of travel restrictions may severely disrupt international travel, reduce demand for luxury amenities and leisure activities and may have significant impact on the Company's operational results. Demand for hotels, trade shows, conventions, and other entertainment activities that the Company offers are sensitive to swings in the global economy, which impacts discretionary spending.

- *Cyber security.* The Company relies on information technology and other systems to maintain and transmit large volumes of customer information and transactions, employee information and information concerning the Company's operations. The systems and processes that have been implemented to protect this information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees or employees of third-party vendors. A significant theft, loss or fraudulent use of customer or company data could have an adverse effect on the Company's reputation, cause material disruption to operations and the management team, and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on the Company's business, results of operations and cash flows. The Company, in close consultation with international cyber experts, is continuously working towards developing a proactive approach in dealing with potential and emerging security threats to prevent any untoward incidents from happening. This includes strict implementation of, and adherence to, information security policies such as firewall security and data privacy policies, and timely software or system upgrades.

- *Anti-Money Laundering Act.* Any violation of the Anti-Money Laundering Act, as amended, which designated casinos as covered persons or the Casino Implementing Rules and Regulations may result to the imposition of penalties and could have an adverse effect on the Company's reputation. The Company has taken appropriate steps to fully comply therewith. Internal control policies and procedures, employee training, and compliance programs are also continuously being implemented.

A further discussion on financial risk management objectives and policies is presented in the notes to the consolidated financial statements.

A. Key performance indicators

For months ended September 30, 2021 and 2020, and as of September 30, 2021 and December 31, 2020

Presented below are the key performance indicators for the nine months ended September 30, 2021 and 2020, and as of September 30, 2021 and December 31, 2020:

In Million Pesos	2021	2020
NET REVENUES	9,928.7	8,588.0
NET PROFIT	2,141.3	(5,441.7)
EBITDA	6,192.1	(1,063.0)
TOTAL ASSETS	117,727.9	120,744.0
CURRENT ASSETS	18,041.3	18,708.3
CURRENT LIABILITIES	47,229.4	46,992.2
TOTAL DEBT	54,837.4	57,334.0
NET CASH/(DEBT)	(46,299.6)	(48,032.5)
Net profit margin (%)	21.6%	-63.4%
EBITDA margin (%)	62.4%	-12.8%
Net revenues growth (%)	15.6%	-59.2%
EBITDA growth (%)	682.5%	-126.8%

Net profit growth (%)	139.4%	-795.4%

Note: Net profit and EBITDA margins are over net revenue.

Discussion of results of operations for the nine months ended September 30, 2021 and 2020

In Million Pesos	**2021**	**2020**	**% Change**
NET REVENUES	9,928.7	8,588.0	15.6%
Gaming	12,826.8	9,335.1	37.4%
Promotional allowance	(4,828.8)	(2,904.7)	66.2%
	7,998.0	6,430.5	24.4%
Hotel, food, beverage and others	1,559.8	1,711.2	-8.8%
Other revenues - net	370.9	446.3	-16.9%
GROSS PROFIT	2,729.9	1,173.7	132.6%
OPERATING PROFIT (LOSS)	(1,930.1)	(3,634.1)	46.9%
NET PROFIT (LOSS)	2,141.3	(5,441.7)	139.4%
EBITDA	6,192.1	(1,063.0)	682.5%

COVID-19 Pandemic

Philippine lockdown levels are as follows:

Enhanced Community Quarantine (ECQ)
Modified Enhanced Community Quarantine (MECQ)
General Community Quarantine (GCQ)
Modified General Community Quarantine (MGCQ)
No Community Quarantine

Alert Level 4
Alert Level 3
Alert Level 2
Alert Level 1

An outbreak of a respiratory disease caused by a novel coronavirus was identified in January 2020. It has spread rapidly across the world prompting governments to halt non-essential travel restricting international travel and suspension of non-essential operations to help contain the spread of the virus. The Philippine government implemented its Enhanced Community Quarantine (ECQ) covering the entire island of Luzon on

March 16, 2020 which suspended all non-essential air, sea, and land travel as well as the temporary closure of non-essential shops and businesses.

The ECQ was set to end on April 12, 2020 but was extended to April 30, 2020 upon recommendation of the Inter-Agency Task Force (IATF). This was followed by another two-week extension to May 15, 2020 for Metro Manila and other high-risk areas in the island of Luzon.

The General Community Quarantine (GCQ), a less restrictive lockdown, began on June 1, 2020 up to August 3, 2020. On August 4, 2020, Metro Manila reverted back to the Modified Enhanced Community Quarantine (MECQ) for two weeks due to the rising cases COVID-19. The move to GCQ began on August 18, 2020 to March 28, 2021.

On March 29, 2021, due to the rapidly rising number of daily cases of COVID-19, the government reverted back to ECQ over the National Capital Region (NCR) and nearby provinces dubbed "NCR plus". This was followed by the easing to MECQ last April 12, 2021 and to GCQ with restrictions last May 15, 2021.

The country began inoculations of the COVID-19 vaccine to front-line health workers on March 1, 2021. This was followed by the Senior and adults with comorbidities tier. With the increase in vaccine supply, the private sector, informal sector, and government employees started their vaccinations on June 1, 2021.

The number of daily cases of COVID-19 started to rise again at the tail end of July driven by the highly-transmissible Delta strain prompting the government to impose its strictest form of lockdown in NCR from August 6 to 20, 2021. During this period, the government stepped up its response to the pandemic while various local government units (LGUs) aggressively pushed its vaccination program which helped slow the spread of COVID-19. From August 21, 2021 to September 30, 2021, lockdown restrictions remained at MECQ which is one notch lower than ECQ. In mid-September, the government introduced its 5-tier alert level system over NCR.

Net revenues

Net revenues increased by 15.6% to P9,928.7 million for the nine months ended September 30, 2021 from P8,588.0 million for the same period last year. The increase was due to the longer less restrictive lockdown during period.

Net revenue split from gaming and non-gaming was 80.6% and 19.4%, respectively.

Promotional allowance increased by 66.2% to P4,828.8 million for the nine months ended September 30, 2021 from P2,904.7 million for the same period last year.

Gaming revenues

Gross gaming revenues increased by 37.4% to P12,826.8 million for the nine months ended September 30, 2021 from P9,335.1 million for the same period last year. The increase was due to the improvement in overall drops and higher gaming table capacity.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others decreased by 8.8% to P1,559.8 million for the nine months ended September 30, 2021 from P1,711.2 million for the same period last year. The decrease was primarily due to the lower room revenue due to the absence of local and international tourism.

Total room count at Resorts World Manila was 2,054 versus 2,226 as of September 30, 2021 as the Maxims hotel was temporarily used for housing essential employees of the Company. Occupancy rates for the four hotels were as follows: Marriott Hotel Manila – 73%, Holiday Inn Express Manila Newport City – 75%, Hilton Manila Hotel – 70%, and Sheraton Manila – 50%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 5%.

Other operating income

Other operating income decreased by 16.9% to P370.9 million for the nine months ended September 30, 2021 from P446.3 million for the same period last year. The decrease was due to the reclassification of payments received by a subsidiary for services abroad in relation to the Westside City project to non-operating income.

Other operating income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs decreased by 2.9% to P7,198.8 million for the nine months ended September 30, 2021 from P7,414.2 million for the same period last year. This decrease was primarily due to the following: (1) decrease in salaries, wages, and employee benefits, (2) cost of food and beverage, and (3) decrease in third party services.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit increased by 132.6% to P2,729.9 million for the nine months ended September 30, 2021 from P1,173.7 million for the same period last year.

Other operating income and expenses

General and administrative expenses decreased by 3.1% to P4,660.0 million for the nine months ended September 30, 2021 from P4,807.8 million for the same period last year. The decrease was primarily due to the following: (1) decrease in office related expenses, (2) decrease in salaries and wages, and (3) decrease in utilities expenses.

Operating profit/(loss)

Operating losses was P1,930.1 million for the nine months ended September 30, 2021 compared to a loss of P3,634.1 million for the same period last year.

Non-operating income and expenses

Non-operating incomes amounted to P4,079.5 million for nine months ended September 30, 2021 compared to an expense of P1,767.3 million for the same period last year. This was primarily due to a one-time gain in relation to a payment received by a subsidiary for services rendered abroad in relation to the Westside City project.

EBITDA

EBITDA ended at a gain of P6,192.1 million for the nine months ended September 30, 2021 from a loss of P1,063.0 million for the same period of 2020.

Profit/(loss) before tax

Profit before tax for the nine months ended September 30, 2021 amounted to P2,149.5 million.

Tax expense

Tax expense was P8.1 million for the nine months ended September 30, 2021 compared to P40.2 million for the same period of 2020.

Net profit/(loss)

Net profit for the nine months ended September 30, 2021 was P2,141.3 million compared to a net loss of P5,441.7 million for the same period of 2020.

FINANCIAL POSITION

September 30, 2021 vs. DECEMBER 31, 2020

Total assets

Total assets decreased by 2.5% or P3,016.1 million to P117,727.9 million as of September 30, 2021 from P120,744.0 million at the beginning of the year.

Current assets

Cash and cash equivalents decreased by 8.2% to P8,537.8 million as of September 30, 2021 from P9,301.5 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 3.8% to P1,708.4 million as of September 30, 2021 from P1,646.0 million at the beginning of the year.

Advances to related parties slightly increased by 0.9% or P13.2 million to P1,518.5 million as of September 30, 2021 from P1,505.2 million at the beginning of the year.

Inventories decreased by 4.4% or P5.4 million to P118.0 million as of September 30, 2021 from P123.4 million at the beginning of the year. Inventories mainly consist of casino supplies such as cards, seals and dice, as well as various hotel operating supplies.

Prepayments and other current assets slightly increased by 0.4% or P26.5 million to P6,158.7 million as of September 30, 2021 from P6,132.2 million at the beginning of the year.

Non-current assets

Property, plant and equipment increased by 1.3% or P1,156.4 million to P90,501.0 million as of September 30, 2021 from P89,344.6 million at the beginning of the year. The increase was primarily due to the completion of new gaming and non-gaming areas. As of September 30, 2021, the Company has spent P45,053.8 million for its Phase 3 project.

The Phase 3 project is close to completion with Hotel Okura Manila set to open in the fourth quarter of this year.

The Grand Wing is comprised of three luxury hotels – Sheraton Manila Hotel, Hilton Manila Hotel and Hotel Okura Manila. The Grand Wing also includes the following: (1) an approximately 30,000 sqm. of gaming area, (2) 3,200 sqm. of retail space and (3) six basement parking decks. The entire project is expected to be completed within 2021.

Total liabilities

Total liabilities decreased by 5.9% or P5,78.9 million to P82,268.8 million as of September 30, 2021 from P87,447.7 million at the beginning of the year.

Current liabilities

Trade and other payables decreased by 13.8% or P3,386.0 million to P21,182.4 million as of September 30, 2021 from P24,568.4 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by P3,016.3 million to P25,321.6 million as of September 30, 2021 from P22,305.3 million at the beginning of the year. The increase was primarily due to amortization payments which was drawn from available bridge facilities.

Advances from related parties increased by P606.9 million to P725.5 million as of September 30, 2021 from P118.5 million at the beginning of the year.

Non-current liabilities

Non-current loans and borrowings decreased to P29,515.9 million as of September 30, 2021 from P35,028.7 million at the beginning of the year.

Retirement benefit obligation increased to P796.2 million as of September 30, 2021 from P737.4 million at the beginning of the year. This relates to the defined benefit plan of retirements benefits for qualified employees.

Net cash/(debt)

The Company's net debt position amounted to P46,299.6 million as of September 30, 2021 from a net debt position of P48,032.5 million at the beginning of the year, as illustrated below:

In Million Pesos	**2021**	**2020**
Total Cash	8,537.8	9,301.5
Total Debt	54,837.4	57,334.0
Net Cash/(Debt)	(46,299.6)	(48,032.5)

Note: Total Debt covers interest-bearing loans and borrowing and

Equity

Total equity increased by P2,162.7 million to P35,459.1 million as of September 30, 2021 from P33,296.3 million at the beginning of the year.

For the years ended December 31, 2020, 2019 and 2018

Presented below are the key performance indicators for the years ended December 31, 2020, 2019 and 2018:

In Million Pesos	**2020**	**2019**	**2018**
NET REVENUES	12,181.1	28,279.0	20,566.1
NET PROFIT (LOSS)	(5,504.4)	941.2	1,439.4
EBITDA	425.4	6,107.7	3,877.1
TOTAL ASSETS	120,744.0	119,027.9	107,295.8
CURRENT ASSETS	18,708.3	19,913.2	17,370.3
CURRENT LIABILITIES	44,333.2	33,823.3	17,293.3
TOTAL DEBT	57,334.0	59,923.1	45,268.0
NET CASH/(DEBT)	(48,032.5)	(48,208.6)	(35,123.1)
Net profit (loss) margin (%)	-45.2%	3.3%	7.0%
EBITDA margin (%)	3.5%	21.6%	18.9%

Net revenues growth (%)	-56.9%	37.5%	10.6%
EBITDA growth (%)	-93.0%	41.7%	27.1%
Net profit growth (%)	-684.9%	-34.6%	414.4%

B. Discussion and analysis of operations

B.1. Results of operations for the year ended December 31, 2020 versus 2019

In Million Pesos	**2020**	**2019**	**% Change**
NET REVENUES	12,181.1	28,279.0	-56.9%
Gaming	13,291.4	27,644.8	-51.9%
Promotional allowance	(3,893.0)	(6,099.2)	-36.2%
Hotel, food, beverage and others	2,099.1	5,001.8	-58.0%
Other revenues – net	683.7	1,731.5	-60.5%
GROSS PROFIT	2,594.6	12,300.4	-78.9%
OPERATING PROFIT	(3,277.8)	2,324.0	-241.0%
NET PROFIT (LOSS)	(5,504.4)	941.2	-684.9%
EBITDA	425.4	6,107.7	-93.0%

COVID-19 Pandemic

Philippine lockdown levels are as follows:

Enhanced Community Quarantine (ECQ)
Modified Enhanced Community Quarantine (MECQ)
General Community Quarantine (GCQ)
Modified General Community Quarantine (MGCQ)
No Community Quarantine

Alert Level 4
Alert Level 3
Alert Level 2
Alert Level 1

An outbreak of a respiratory disease caused by a novel coronavirus was identified in January 2020. It has spread rapidly across the world prompting governments to halt non-essential travel restricting international travel and suspension of non-essential operations to help contain the spread of the virus. The Philippine government implemented its Enhanced Community Quarantine (ECQ) covering the entire island of Luzon on March 16, 2020 which suspended all non-essential air, sea, and land travel as well as the temporary closure of non-essential shops and businesses.

The ECQ was set to end on April 12, 2020 but was extended to April 30, 2020 upon recommendation of the Inter-Agency Task Force (IATF). This was followed by another two-week extension to May 15, 2020 for Metro Manila and other high-risk areas in the island of Luzon.

The General Community Quarantine (GCQ), a less restrictive lockdown, began on June 1, 2020 up to August 3, 2020. On August 4, 2020, Metro Manila reverted back to the Modified Enhanced Community Quarantine (MECQ) for two weeks due to the rising cases COVID-19. On August 18, 2020, Metro Manila was placed under the GCQ status.

Net revenues

Net revenues decreased by 56.9% to P12,181.1 million for the year ended December 31, 2020 from P28,279.0 million for the year ended December 31, 2019. Net revenues for the three months ended December 31, 2020 decreased by 50.2% to P3,593.2 million versus P7,220.2 million for the same period last year. The decrease was driven by the impact of COVID-19 which restricted the number of gaming capacity allowed to operate, travel restrictions, social distancing restrictions and amenity limitations. Net revenue split from gaming and non-gaming was 77.2% and 22.8% respectively for 2020.

Promotional allowance for the year ended December 31, 2020 decreased to P3,893.0 million from P6,099.2 million last year, while promotional allowance for the three months ended December 31, 2020 decreased to P988.4 million from P1,677.2 million for the same period last year. The decrease was primarily due to the lower gaming activity and part of the Company's cost reduction efforts during the year.

Gaming revenues

Gross gaming revenues decreased by 51.9% to P13,291.4 million for the year ended December 31, 2020 from P27,644.8 million last year. Gross gaming revenues for the three months ended December 31, 2020 decreased by 41.8% to P3,956.2 million compared to P6,793.9 million for the same period last year.

Casino drops for the year ended December 31, 2020 fell by 49.2% compared to last year driven by the 43.0% decline from the VIP segment, and 64.4% decrease from the non-VIP segment. Blended win rate for the year ended December 31, 2020 was at 4.8% compared to 5.1% last year.

Gaming capacity increased to 449 tables, 2,123 slot machines and 100 electronic table games (ETG) as of December 31, 2020 from 355 tables, 2,034 slot machines and 100 electronic table games (ETG) as of December 31, 2019. The increase was primarily due to the opening new gaming areas at the Garden and Grand Wings. Average daily property visitation decreased by 72.8% to 10,248 in 2020 from 37,627 in 2019.

The table below presents key operating summary of the casino and gaming facilities for the year ended December 31, 2020 and 2019:

Gaming metrics	Six months ended		FY 2020	Six months ended		FY 2019
	Jun 2020	Dec 2020		Jun 2019	Dec 2019	
Operating Days	182	184	**366**	181	184	**365**
Average Daily Property Visitation*	14,492	6,050	**10,248**	35,626	39,596	**37,627**
Average Gaming Units						
VIP Tables	212	226	**219**	167	187	**177**
Non VIP Tables	155	123	**139**	129	160	**144**
Slots	2,023	566	**1,295**	1,822	2,032	**1,927**
ETG	100	17	**58**	100	100	**100**

Gaming Units (as of period end) VIP Tables	217	246	**246**	169	188	**188**
Non-VIP Tables	155	203	**203**	132	167	**167**
Slots	2,018	966	**966**	1,802	2,034	**2,034**
ETG	100	100	**100**	100	100	**100**
Drop Volume (in PHP Million) Total Drop	143,647	133,474	**277,121**	263,319	282,711	**546,029**
VIP Tables	112,441	108,152	**220,593**	186,196	200,968	**387,164**
Non VIP Tables**	3,725	0	**3,725**	7,789	8,271	**16,060**
Slots	27,227	25,321	**52,548**	51,222	59,749	**110,971**
ETG	255	0	**255**	0	0	**0**
Win Rate, % Blended Win Rate	4.3%	5.4%	**4.8%**	5.3%	4.5%	**4.8%**
VIP Tables	2.5%	4.3%	**3.4%**	3.0%	2.5%	**2.7%**
Non VIP Tables	42.0%	0%	**68.6%**	31.0%	30.8%	**30.9%**
Slots	6.2%	6.0%	**6.1%**	6.4%	6.7%	**6.6%**
ETG	17.3%	-0.5%	**17.3%**	0%	0%	**0%**

* Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Holiday Inn Express Manila Newport (formerly Remington Hotel), House Manila, Hilton Manila, Sheraton Manila, Belmont Hotel, Savoy Hotel and Runway Manila.

** No drops were recorded at Non VIP Tables in 2H 2020 as chip purchases were done at the cage to lessen the person-to-person handling of cash.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others decreased by 58.0% to P2,099.1 million for the year ended December 31, 2020 from P5,001.8 million last year. While for the three months ended December 31, 2020, revenue from hotel, food, beverage and others decreased by 74.0% to P387.9 million from P1,493.4 million for the same period of 2019. The decrease was primarily due to lower average daily rates and lower occupancy rates as a result of the mobility restrictions caused by the COVID-19 pandemic.

Total room count at Resorts World Manila stood at 2,226 as of December 31, 2020. Blended occupancy rate for all hotels averaged 51%. Occupancy rates for the four hotels are as follows: Maxims Hotel at 37%, Marriott Hotel Manila at 54%, Holiday Inn Express Manila Newport City (formerly Remington Hotel) at 44%, Hilton Manila at 64%, and Sheraton Manila Hotel at 51%.

The 326-room Courtyard by Marriott in the province of Iloilo registered an occupancy rate of 32% in 2020.

Other revenues - net

Other revenues decreased by 60.5% to P683.7 million for the year ended December 31, 2020 from P1,731.5 million for the same period last year. Other revenues for the three months ended December 31, 2020 decreased by 61.1% to P237.4 million from P610.1 million for the same period last year. The decrease was primarily due to the implementation of restrictions impacting theater, cinema and mall operations during the lockdown period. Tenant count from retail and food and beverage was 89 for the year ended December 31, 2020 versus 92 in 2019.

Other revenues primarily consist of income from the parking, laundry, and rental income from the mall and commercial office space, and others

Direct costs

Direct costs decreased by 40.0% to P9,586.5 million for the year ended December 31, 2020 from P15,978.5 million last year. This decrease was primarily due to the following: (1) decrease in gaming license fees as a result of lower gaming revenues; (2) decline in casino operating expenses due to efficiency measures and business slowdown; and (3) a reduction in overall headcount.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2020 were P2,594.6 million and P1,420.9 million, respectively.

Other operating income and expenses

General and administrative expenses for the year ended December 31, 2020 decreased by 41.1% to P5,872.5 million from P9,976.4 million last year. The decrease was primarily due to (1) lower marketing expenses related to various promotional and advertising activities used to promote RWM; and (2) reduction in operating expenses in relation to managing both the Garden and Grand Wings.

Operating profit/(loss)

The Company's operating losses for the year ended December 31, 2020 was P3,277.8 million compared to a profit of P2,324.0 million in 2019.

Non-operating income and expenses

Non-operating expenses for the year ended December 31, 2020 was P2,200.2 million compared to P1,292.4 million last year. The increase was primarily due to the increase in interest expenses as a result of the increase in debt and lower capitalization of borrowing cost.

EBITDA

EBITDA for the year ended December 31, 2020 was P200.7 million compared to P5,494.4 million in 2019. EBITDA for the fourth quarter of 2020 amounted to P1,263.7 million compared to P1,314.3 million for the same period last year.

In Million Pesos	**2020**	**2019**
Operating profit	(3,277.8)	2,324.0
Depreciation + Amortization + Share in equity	3,703.3	3,783.7
EBITDA	425.4	6,107.7

Profit /(loss) before tax

Losses before tax for the year ended December 31, 2020 amounted to P5,478.1 million.

Tax expense

Tax expense for the year ended December 31, 2020 was P26.3 million compared to P90.4 million in 2019.

Net profit / (loss)

Net losses for the year ended December 31, 2020 was P5,504.4 million compared to a profit of P941.2 million in 2019.

B.2. Results of operations for the year ended December 31, 2019 versus 2018

In Million Pesos	**2019**	**2018**	**% Change**
NET REVENUES	28,279.0	20,566.1	37.5%
Gaming	27,644.8	20,015.9	38.1%
Promotional allowance	(6,099.2)	(4,134.5)	47.5%
Hotel, food, beverage and others	5,001.8	3,485.7	43.5%
Other revenues - net	1,731.5	1,199.0	44.3%
GROSS PROFIT	12,300.4	8,325.0	47.8%
OPERATING PROFIT	2,324.0	1,637.8	41.9%
NET PROFIT	941.2	1,439.4	-34.6%
EBITDA	6,107.7	3,877.1	57.5%

Net revenues

Net revenues increased by 37.5% to P28,279.0 million for the year ended December 31, 2019 from P20,566.1 million for the year ended December 31, 2018. Net revenues for the three months ended December 31, 2019 increased by 11.9% to P7,220.2million compared to P6,454.5 million the same period last year. The increase was driven by the improvement in revenues for both the gaming and non-gaming segments. Net revenue split from gaming and non-gaming was 76.2% and 23.8% respectively for 2019.

Promotional allowance for the year ended December 31, 2019 increased to P6,099.2 million from P4,134.5 million last year, while promotional allowance for the three months ended December 31, 2019 increased to P1,677.2 million from P1,262.3 million for the same period last year. The increase was primarily due to the increase in gaming activities during the year.

Gaming revenues

Gross gaming revenues increased by 38.1% to P27,644.8 million for the year ended December 31, 2019 from P20,015.9 million last year. Gross gaming revenues for the three months ended December 31, 2019 increased by 8.5% to P6,793.9 million compared to P6,261.2 million for the same period last year.

Casino drops for the year ended December 31, 2019 improved by 31.0% compared to last year driven by the 33.7% increase in the VIP segment, and 25.1% increase from the non-VIP segment. Blended win rate for the year ended December 31, 2019 was at 5.1% compared to 4.8% last year.

Gaming capacity increased to 355 tables, 2,034 slot machines and 100 electronic table games (ETG) as of December 31, 2019 from 299 tables and 1,822 slot machines as of December 31, 2018. The increase was primarily due to the opening of the second floor gaming area of the Grand Wing. Average daily property visitation increased by 32.1% to 37,627 in 2018 from 28,482 in 2018.

In 2018, the Company adopted Philippine Financial Reporting Standards ("PFRS") 9, which requires presentation of gaming revenues net of promotional allowances or expenses that are directly related to such revenues. Promotional allowance refers to the value of points earned by loyalty card members, revenue share of junket operators, and rebates granted to patrons. With the adoption, the Company reclassified rebates granted to patrons from general and administrative expenses into promotional allowances. Furthermore, the company excluded various prizes from promotional allowances, but included such as part of general and administrative expenses.

The table below presents key operating summary of the casino and gaming facilities for the year ended December 31, 2019 and 2018:

Gaming metrics	Six months ended		FY 2019	Six months ended		FY 2018
	Jun 2019	Dec 2019		Jun 2018	Dec 2018	
Operating Days	181	184	**365**	181	184	**365**
Average Daily Property Visitation*	35,626	39,596	**37,627**	25,670	31,248	**28,482**
Average Gaming Units						
VIP Tables	167	187	**177**	131	155	**143**
Non VIP Tables	129	160	**144**	126	133	**130**
Slots	1,822	2,032	**1,927**	1,449	1,674	**1,561**
ETG	100	100	**100**	0	0	**0**
Gaming Units (as of period end)						
VIP Tables	169	188	**188**	147	180	**180**
Non-VIP Tables	132	167	**167**	137	119	**119**
Slots	1,802	2,034	**2,034**	1,648	1,822	**1,822**
ETG	100	100	**100**	0	0	**0**
Drop Volume (in PHP Million)						
Total Drop	263,319	282,711	**546,029**	170,649	246,044	**416,693**
VIP Tables	186,196	200,968	**387,164**	111,638	178,024	**289,662**
Non VIP Tables	9,097	9,864	**18,961**	7,789	8,271	**16,060**
Slots	67,616	71,263	**138,879**	51,222	59,749	**110,971**
ETG	409	615	**1,025**	0	0	**0**
Win Rate, %						
Blended Win Rate	5.1%	5.0%	**5.1%**	5.3%	4.5%	**4.8%**
VIP Tables	3.3%	2.7%	**3.0%**	3.0%	2.5%	**2.7%**
Non VIP Tables	33.5%	38.9%	**36.3%**	31.0%	30.8%	**30.9%**
Slots	6.3%	6.6%	**6.4%**	6.4%	6.7%	**6.6%**
ETG	18.1%	20.2%	**19.4%**	0%	0%	**0%**

* Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Holiday Inn Express Manila Newport (formerly Remington Hotel), House Manila, Hilton Manila, Sheraton Manila, Belmont Hotel, Savoy Hotel and Runway Manila.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 43.5% to P5,001.8 million for the year ended December 31, 2019 from P3,485.7 million last year. While for the three months ended December 31, 2019, revenue from hotel, food, beverage and others increased by 30.9% to P1,493.4 million from P1,140.6 million for the same period of 2018. The increase was primarily due to higher average daily rates, higher occupancy rates and 390 additional rooms from the Sheraton Manila Hotel which opened in January 2019.

With the opening of Sheraton Manila Hotel, total room count at Resorts World Manila rose to 2,226 as of December 31, 2019. All hotels registered high occupancy rates averaging 80%. Occupancy rates for the four hotels are as follows: Maxims Hotel at 81%, Marriott Hotel Manila at 80%, Holiday Inn Express Manila Newport City (formerly Remington Hotel) at 88%, Hilton Manila at 75%, and Sheraton Manila Hotel at 63%.

An additional 326 rooms were added to the Company's hotel portfolio with the opening of Courtyard by Marriott Iloilo in May 2018. Courtyard is the first Marriott brand in the province of Iloilo located in Megaworld's township development in Iloilo City. It registered an occupancy rate of 28% in 2019.

Other revenues – net

Other revenues increased by 44.3% to P1,731.5 million for the year ended December 31, 2019 from P1,199.0 million for the same period for 2018. While other operating income increased by 93.6% to P610.1 million for the three months ended December 31, 2018 from P315.1 million for the same period for 2018.

The increase was primarily due to higher revenue from theater operations, mall and cinema. Tenant count from retail and food and beverage was 92 for the year ended December 31, 2019 versus 95 in 2018.

Other revenues primarily consist of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 30.5% to P15,978.5 million for the year ended December 31, 2019 from P12,241.1 million in 2018. This increase was primarily due to the following: (1) increase in gaming license fees as a result of higher gaming revenues, (2) increase in casino operating expenses due to the opening of Grand Wing second floor gaming area, and (3) increase in hotel operating expenses in connection with the opening of Sheraton Manila Hotel.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2019 were P12,300.4 million and P2,648.3 million, respectively.

Other operating income and expenses

General and administrative expenses for the year ended December 31, 2019 increased by 49.2% to P9,976.4 million from P8,291.9 million in 2018. The increase was primarily due to (1) increase in marketing expenses related to various promotional and advertising schemes used to promote RWM in 2019; and (2) increase in expenses in relation to the opening of the Grand Wing.

Operating profit

The Company's operating profit for the year ended December 31, 2019 was P2,324.0 million compared to P1,637.8 million in 2018.

Non-operating income and expenses

Non-operating expenses for the year ended December 31, 2019 was P1,292.4 million compared to P53.5 million in 2018. The increase was primarily due to the increase in interest expenses as a result of the increase in debt and lower capitalization of borrowing cost.

EBITDA

EBITDA for the year ended December 31, 2019 was P5,494.4 million compared to P3,877.1 million in 2018. EBITDA for the fourth quarter of 2019 amounted to P1,314.3 million compared to P634.2 million for the same period of 2018.

In Million Pesos	**2019**	**2018**
Operating profit	2,324.0	1,637.8
Depreciation + Amortization + Share in equity	3,783.7	2,239.3
EBITDA	6,107.7	3,877.1

Profit before tax

Profit before tax for the year ended December 31, 2019 amounted to P1,031.6 million.

Tax expense

Tax expense for the year ended December 31, 2019 was P90.4 million compared to P144.9 million in 2018.

Net profit

Net profit for the year ended December 31, 2019 was P941.2 million compared to P1,439.4 million in 2018.

B.3. Liquidity and Capital Resources

For the year ended December 31, 2020 and 2019

Total assets

Total assets increased by 1.4% or P1.716.1 million to P120,744.0 million for the year ended December 31, 2020 from P119,027.9 million at the beginning of the year.

Current assets

Cash and cash equivalents decreased by 20.6% to P9,301.5 million for the year ended December 31, 2020 from P11,714.5 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 59.4% to P1,646.0 million as of December 31, 2020 from P1,032.4 million at the beginning of the year.

Advances to related parties increased by 84.4% or P688.7 million to P1,505.2 million as of December 31, 2020 from P816.5 million at the beginning of the year.

Inventories slightly decreased by 0.2% to P123.4 million for the year ended December 31, 2020 from P123.6 million at the beginning of the year. Inventories remained relatively flat due to minimal gaming activity during the year. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets decreased by 1.5% or P94.1 million to P6,132.2 million as of December 31, 2020 from P6,226.3 million at the beginning of the year primarily due to the decline in prepaid taxes for construction related payments.

Non-current assets

Property, plant and equipment increased by 6.4% or P5,410.8 million to P89,344.6 million as of December 31, 2020 from P83,933.8 million at the beginning of the year. The increase was primarily due to: (1) completion of new gaming areas and (2) increase in construction progress in relation to one hotel and other gaming areas at the Phase 3 development. As of December 31, 2020, the Company has spent P36,354.0million for its Phase 3 development.

The Phase 3 development, called the Grand Wing, comprises of three luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing includes approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks. The entire project is expected to be completed within 2021.

Total liabilities

Total liabilities increased by 9.2% or P7,370.6 million to P87,447.7 million as of December 31, 2020 from P80,077.1 million at the beginning of the year.

Current liabilities

Trade and other payables increased by 79.7% or P10,901.2 million to P24,568.4 million as of December 31, 2020 from P13,667.2 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, unredeemed gaming chips and advance deposit.

Current loans and borrowings increased by P2,830.0 million to P22,305.3 million as of December 31, 2020 from P19,475.3 million at the beginning of the year. This was primarily due to related working capital related requirements and reclassification of the current portion of the long-term debt.

Advances from related parties decreased by P562.3 million to P118.5 million as of December 31, 2020 from P680.9 million at the beginning of the year. The decrease was primarily due to payments of the company to its related parties during the year.

Non-current liabilities

Non-current loans and borrowings declined by 13.4% or P5,419.0 million to P35,028.7 million as of December 31, 2020 from P40,447.8 million at the beginning of the year.

Retirement benefit obligation increased to P737.4 million as of December 31, 2020 from P518.0 million at the beginning of the year. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P48,032.5 million as of December 31, 2020 from a net debt position of P48,208.6 million at the beginning of the year, as illustrated below:

In Million Pesos	**2020**	**2019**
Total Cash	9,301.5	11,714.5
Total Debt	57,334.0	59,923.1
Net Cash/(Debt)	(48,032.5)	(48,208.6)

Note: Total Debt covers interest-bearing loans and borrowing and notes payables

Equity

Total equity decreased by 14.5% or P5,654.6 million to P33,296.3 million as of December 31, 2020 from P38,950.9 million at the beginning of the year. The decrease was primarily due to the net loss posted for the year.

For the year ended December 31, 2019 and 2018

Total assets

Total assets increased by 10.9% or P11,732.1 million to P119,027.9 million for the year ended December 31, 2019 from P107,295.8 million at the beginning of the year.

Current assets

Cash and cash equivalents increased by 15.5% to P11,714.5 million for the year ended December 31, 2019 from P10,144.9million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 15.2% to P1,032.4 million as of December 31, 2019 from P896.3 million at the beginning of the year.

Advances to related parties increased by 29.0% or P183.8 million to P817.2 million as of December 31, 2019 from P633.4 million at the beginning of the year. The increase was due to advances made to an associate during the year .

Inventories increased by 24.7% or P24.5 million to P123.6 million for the year ended December 31, 2019 from P99.1 million at the beginning of the year. The increase was primarily due to the opening of new gaming areas. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets increased to P6,224.4 million as of December 31, 2019 from P5,596.5 million at the beginning of the year. The increase was due to the increase in prepaid taxes for construction related payments.

Non-current assets

Property, plant and equipment increased by 13.2% or P10,231.4 million to P87,963.6 million as of December 31, 2018 from P77,732.3 million at the beginning of the year. The increase was primarily due to: (1) completion of Sheraton Manila Hotel in January 2019; (2) completion of new gaming areas at the Phase 3 development; and (3) increase in construction progress in relation to one hotel and other gaming areas at the Phase 3 development. As of December 31, 2019, the Company has spent P36,354 million for its Phase 3 development.

The Phase 3 development, called the Grand Wing, is comprised of three luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing also includes approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks. The entire project is expected to be completed within 2021.

Total liabilities

Total liabilities increased by 29.9% or P18,417.8 million to P80,075.8 million as of December 31, 2019 from P61,657.9 million at the beginning of the year.

Current liabilities

Trade and other payables increased by 28.3% or P3,011.7 million to P13,663.1 million as of December 31, 2019 from P10,651.4 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by P13,125.3 million to P19,475.3 million as of December 31, 2019 from P6,350.0 million at the beginning of the year. This was primarily due to the share reacquisition of shares of the Company and expansion related projects.

Advances from related parties increased by P389.6 million to P681.6 million as of December 31, 2019 from P292.0 million at the beginning of the year. The increase was due to the advances received from a related party for the development of the Site A project at Entertainment City.

Non-current liabilities

Non-current loans and borrowings rose to P40,447.8 million as of December 31, 2019 from P38,918.0 million at the beginning of the year after converting the Company's short-term borrowings.

Retirement benefit obligation decreased to P518.0 million as of December 31, 2019 from P321.5 million at the beginning of the year. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P48,208.6 million as of December 31, 2019 from a net debt position of P35,123.1million at the beginning of the year, as illustrated below:

In Million Pesos	**2019**	**2018**
Total Cash	11,714.5	10,144.9
Total Debt	59,923.1	45,268.0
Net Cash/(Debt)	(48,208.6)	(35,123.1)

Note: Total Debt covers interest-bearing loans and borrowing and notes payables

Equity

Total equity decreased by 14.7% or P6,686.8 million to P38,951.0 million as of December 31, 2019 from P45,637.9 million at the beginning of the year. The decrease was due to the dividend payment in 2019 and the reacquisition of shares.

For the years ended December 31, 2019, 2018 and 2017

Presented below are the key performance indicators for the year ended December 31, 2019, 2018 and 2017:

In Million Pesos	**2019**	**2018 (As Restated)**	**2017 (As Restated)**
NET REVENUES	28,279.0	20,566.1	18,592.9
NET PROFIT	941.2	1,439.4	279.8
EBITDA	5,494.4	3,877.1	3,049.6
TOTAL ASSETS	119,027.9	107,295.8	86,472.4
CURRENT ASSETS	19,913.2	17,370.3	14,584.3
CURRENT LIABILITIES	33,823.3	17,293.3	27,825.0
TOTAL DEBT	59,923.1	45,268.0	31,443.1
NET CASH/(DEBT)	(48,208.6)	(35,123.1)	(23,778.5)
Net profit margin (%)	3.3%	7.0%	1.5%
EBITDA margin (%)	19.4%	18.9%	16.4%
Net revenues growth (%)	37.5%	10.6%	-19.8%
EBITDA growth (%)	41.7%	27.1%	-52.6%
Net profit growth (%)	-34.6%	414.4%	-91.9%

B. Discussion and analysis of operations

B.1. Results of operations for the year ended December 31, 2019 versus 2018

In Million Pesos	2019	2018	% Change
NET REVENUES	28,279.0	20,566.1	37.5%
Gaming	27,644.8	20,015.9	38.1%
Promotional allowance	(6,099.2)	(4,134.5)	47.5%
Hotel, food, beverage and others	5,001.8	3,485.7	43.5%
Other revenues - net	1,731.5	1,199.0	44.3%
GROSS PROFIT	12,300.4	8,325.0	47.8%
OPERATING PROFIT	2,324.0	1,637.8	41.9%
NET PROFIT	941.2	1,439.4	-34.6%
EBITDA	5,494.4	3,877.1	41.7%

Net revenues

Net revenues increased by 37.5% to P28,279.0 million for the year ended December 31, 2019 from P20,566.1 million for the year ended December 31, 2018. Net revenues for the three months ended December 31, 2019 increased by 11.9% to P7,220.2million compared to P6,454.5 million the same period last year. The increase was driven by the improvement in revenues for both the gaming and non-gaming segments. Net revenue split from gaming and non-gaming was 76.2% and 23.8% respectively for 2019.

Promotional allowance for the year ended December 31, 2019 increased to P6,099.2 million from P4,134.5 million last year, while promotional allowance for the three months ended December 31, 2019 increased to P1,677.2 million from P1,262.3 million for the same period last year. The increase was primarily due to the increase in gaming activities during the year.

Gaming revenues

Gross gaming revenues increased by 38.1% to P27,644.8 million for the year ended December 31, 2019 from P20,015.9 million last year. Gross gaming revenues for the three months ended December 31, 2019 increased by 8.5% to P6,793.9 million compared to P6,261.2 million for the same period last year.

Casino drops for the year ended December 31, 2019 improved by 31.0% compared to last year driven by the 33.7% increase in the VIP segment, and 25.1% increase from the non-VIP segment. Blended win rate for the year ended December 31, 2019 was at 5.1% compared to 4.8% last year.

Gaming capacity increased to 355 tables, 2,034 slot machines and 100 electronic table games (ETG) as of December 31, 2018 from 299 tables and 1,822 slot machines as of December 31, 2018. The increase was primarily due to the opening of the second floor gaming area of the Grand Wing. Average daily property visitation increased by 32.1% to 37,627 in 2018 from 28,482 in 2018.

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The table below presents key operating summary of the casino and gaming facilities for the year ended December 31, 2019 and 2018:

Gaming metrics	Six months ended		FY 2019	Six months ended		FY 2018
	Jun 2019	Dec 2019		Jun 2018	Dec 2018	
Operating Days	181	184	**365**	181	184	**365**
Average Daily Property Visitation*	35,626	39,596	**37,627**	25,670	31,248	**28,482**
Average Gaming Units						
VIP Tables	167	187	**177**	131	155	**143**
Non VIP Tables	129	160	**144**	126	133	**130**
Slots	1,822	2,032	**1,927**	1,449	1,674	**1,561**
ETG	100	100	**100**	0	0	**0**
Gaming Units (as of period end)						
VIP Tables	169	188	**188**	147	180	**180**
Non-VIP Tables	132	167	**167**	137	119	**119**
Slots	1,802	2,034	**2,034**	1,648	1,822	**1,822**
ETG	100	100	**100**	0	0	**0**
Drop Volume (in PHP Million)						
Total Drop	263,319	282,711	**546,029**	170,649	246,044	**416,693**
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Non VIP Tables	9,097	9,864	**18,961**	7,789	8,271	**16,060**
Slots	67,616	71,263	**138,879**	51,222	59,749	**110,971**
ETG	409	615	**1,025**	0	0	**0**
Win Rate, %						
Blended Win Rate	5.1%	5.0%	**5.1%**	5.3%	4.5%	**4.8%**
VIP Tables	3.3%	2.7%	**3.0%**	3.0%	2.5%	**2.7%**
Non VIP Tables	33.5%	38.9%	**36.3%**	31.0%	30.8%	**30.9%**
Slots	6.3%	6.6%	**6.4%**	6.4%	6.7%	**6.6%**
ETG	18.1%	20.2%	**19.4%**	0%	0%	**0%**

* Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Ho (formerly Remington Hotel), House Manila, Hilton Manila, Sheraton Manila, Belmont Hotel, Savoy Hotel and Runw

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 43.5% to P5,001.8 million for the year ended December 31, 2019 from P3,485.7 million last year. While for the three months ended December 31, 2019, revenue from hotel, food, beverage and others increased by 30.9% to P1,493.4 million from P1,140.6 million for the same period of 2018. The increase was primarily due to higher average daily rates, higher occupancy rates and 390 additional rooms from the Sheraton Manila Hotel which opened in January 2019.

With the opening of Sheraton Manila Hotel, total room count at Resorts World Manila rose to 2,226 as of December 31, 2019. All hotels registered high occupancy rates averaging 80%. Occupancy rates for the four hotels are as follows: Maxims Hotel at 81%, Marriott Hotel Manila at 80%, Holiday Inn Express Manila Newport City (formerly Remington Hotel) at 88%, Hilton Manila at 75%, and Sheraton Manila Hotel at 63%.

An additional 326 rooms were added to the Company's hotel portfolio with the opening of Courtyard by Marriott Iloilo in May 2018. Courtyard is the first Marriott brand in the province of Iloilo located in Megaworld's township development in Iloilo City. It registered an occupancy rate of 28% in 2019.

Other revenues - net

Other revenues increased by 44.3% to P1,731.5 million for the year ended December 31, 2019 from P1,199.0 million for the same period for 2018. While other operating income increased by 93.6% to P610.1 million for the three months ended December 31, 2018 from P315.1 million for the same period for 2018.

The increase was primarily due to higher revenue from theater operations, mall and cinema. Tenant count from retail and food and beverage was 92 for the year ended December 31, 2019 versus 95 in 2018.

Other revenues primarily consist of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 30.5% to P15,978.5 million for the year ended December 31, 2019 from P12,241.1 million in 2018. This increase was primarily due to the following: (1) increase in gaming license fees as a result of higher gaming revenues, (2) increase in casino operating expenses due to the opening of Grand Wing second floor gaming area, and (3) increase in hotel operating expenses in connection with the opening of Sheraton Manila Hotel.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2019 were P12,300.4 million and P2,648.3 million, respectively.

Other operating income and expenses

General and administrative expenses for the year ended December 31, 2019 increased by 49.2% to P9,976.4 million from P8,291.9 million in 2018. The increase was primarily due to (1) increase in marketing expenses related to various promotional and advertising schemes used to promote RWM in 2019; and (2) increase in expenses in relation to the opening of the Grand Wing.

Operating profit

The Company's operating profit for the year ended December 31, 2019 was P2,324.0 million compared to P1,637.8 million in 2018.

Non-operating income and expenses

Non-operating expenses for the year ended December 31, 2019 was P1,292.4 million compared to P53.5 million in 2018. The increase was primarily due to the increase in interest expenses as a result of the increase in debt and lower capitalization of borrowing cost.

EBITDA

EBITDA for the year ended December 31, 2019 was P5,494.4 million compared to P3,877.1 million in 2018. EBITDA for the fourth quarter of 2019 amounted to P1,314.3 million compared to P634.2 million for the same period of 2018.

In Million Pesos	**2019**	**2018**
Operating profit	2,324.0	1,637.8
Depreciation	3,170.4	2,239.3
EBITDA	5,494.4	3,877.1

Profit before tax

Profit before tax for the year ended December 31, 2019 amounted to P1,031.6 million.

Tax expense

Tax expense for the year ended December 31, 2019 was P90.4 million compared to P144.9 million in 2018.

Net profit

Net profit for the year ended December 31, 2019 was P941.2 million compared to P1,439.4 million in 2018.

B.2. Results of operations for the year ended December 31, 2018 versus 2017 (As Restated)

In Million Pesos	**2018**	**2017 (As Restated)**	**% Change**
NET REVENUES	20,566.1	18,592.9	10.6%
Gaming	20,015.9	17,115.3	16.9%
Promotional allowance	(4,134.5)	(2,540.1)	62.8%
Hotel, food, beverage and others	3,485.7	2,850.7	22.3%
Other revenues - net	1,199.0	1,167.0	2.7%
GROSS PROFIT	8,325.0	8,672.2	-4.0%
OPERATING PROFIT	1,637.8	1,117.7	46.5%
NET PROFIT	1,439.4	279.8	414.4%
EBITDA	3,877.1	3,049.6	27.1%

Net revenues

Net revenues increased by 10.6% to P20,566.1 million for the year ended December 31, 2018 from P18,592.9 million for the year ended December 31, 2017. Net revenues for the three months ended December 31, 2018 increased by 28.1% to P6,454.5 million compared to P5,040.6 million the same period last year. The increase was driven by the improvement in revenues in both the gaming and non-gaming segments in the second half of the year. Revenue from gaming activities contributed 81.0% of the gross revenues for 2018, while 19.0% was contributed by non-gaming activities.

Promotional allowance for the year ended December 31, 2018 increased to P4.134.5 million from P2,540.1 million in 2017; while promotional allowance for the three months ended December 31, 2018 increased to P1,262.3 million from P391.4 million in the same period last year. The increase was primarily due to increase in gaming activities during the year.

Gaming revenues

Gross gaming revenues increased by 16.9% to P20,015.9 million for the year ended December 31, 2018 from P17,115.3 million in 2017. Gross gaming revenues for the fourth quarter of 2018 increased by 45.1% to P6,261.2 million compared to P4,314.4 million for the same period of 2017.

Casino drops for the year ended December 31, 2018 improved by 36.8% compared to last year. This is driven by the 59.1% increase in the VIP segment, and the 3.7% increase from the non-VIP segment. Blended win rate for the year ended December 31, 2018 was at 4.8% compared to 5.6% last year.

Gaming capacity increased to 299 tables and 1,822 slot machines as of December 31, 2018 from 244 tables and 1,381 slot machines as of December 31, 2017. The increase was primarily due to the opening of the ground floor gaming area of the Grand Wing. Average daily property visitation increased by 10.6% to 28,482 in 2018 from 25,747 in 2017.

In 2018, the Company adopted Philippine Financial Reporting Standards ("PFRS") 9, which is requires presentation of gaming revenues net of promotional allowances or expenses that are directly related to such revenues. Promotional allowance refers to the value of points earned by loyalty card members, revenue share of junket operators, and rebates granted to patrons. With the adoption, the Company reclassified rebates granted to patrons from general and administrative expenses into promotional allowances. Furthermore, the company excluded various prizes from promotional allowances, but included such as part of general and administrative expenses.

The table below presents key operating summary of the casino and gaming facilities for the year ended December 31, 2018 and 2017:

Gaming Metrics	Six Months Ended		FY 2018	Six Months Ended		FY 2017
	Jun 2018	Dec 2018		Jun 2017	Dec 2017	
Operating Days	181	184	**365**	154	184	**338**
Average Daily Property Visitat	25,670	31,248	**28,482**	26,585	24,922	**25,747**
Average Gaming Units						
VIP Tables	131	155	**143**	129	101	**115**
Mass Tables	126	133	**130**	163	124	**143**
Slots	1,449	1,674	**1,561**	1,704	1,412	**1,558**
ETG	0	0	**0**	193	18	**106**
Gaming Units (as of period en						
VIP Tables	147	180	**180**	113	120	**120**
Mass Tables	137	119	**119**	96	124	**124**
Slots	1,648	1,822	**1,822**	1,395	1,381	**1,381**
ETG	0	0	**0**	110	0	**0**
Drop Volume (in PHP Million)						
Total Drop	170,649	246,044	**416,693**	171,523	133,009	**304,532**
VIP Tables	111,638	178,024	**289,662**	107,269	74,778	**182,047**
Mass Tables	7,789	8,271	**16,060**	8,364	7,239	**15,603**
Slots	51,222	59,749	**110,971**	55,317	50,935	**106,253**
ETG	0	0	**0**	572	57	**629**
Win Rate, %						
Blended Win Rate	5.3%	4.5%	**4.8%**	5.4%	5.9%	**5.6%**
VIP Tables	3.0%	2.5%	**2.7%**	2.5%	3.1%	**2.8%**
Mass Tables	31.0%	30.8%	**30.9%**	30.9%	29.5%	**30.3%**
Slots	6.4%	6.7%	**6.6%**	7.0%	6.6%	**6.8%**
ETG	0%	0%	**0%**	22.6%	21.4%	**22.5%**

** Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Holiday Inn Express Manila Newport City (formerly Remington Hotel), House Manila, and Jardin.*

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 22.3% to P3,485.7 million for the year ended December 31, 2018 from P2,850.7 million in 2017. While for the three months ended December 31, 2018, revenue from hotel, food, beverage and others increased by 40.8% to P1,140.6 million from P810.2 million for the same period of 2017. The increase was primarily due to the P257.0 million increase in room revenue driven by higher average daily rates, higher occupancy rates and 357 additional rooms from the Hilton Manila Hotel which opened in October 2018.

With the opening of Hilton Manila in October 2018, total room count in RWM rose to 1,811 as of December 31, 2018. All hotels registered high occupancy rates averaging 79%. Occupancy rates for the four hotels in 2018 are as follows: Maxims Hotel at 85%, Marriott Hotel Manila at 79%, Holiday Inn Express Manila Newport City (formerly Remington Hotel) at 81% and Hilton Manila at 50%.

An additional 326 rooms was added to the Company's hotel portfolio with the opening of Courtyard by Marriott Iloilo in May 2018. Courtyard is the first Marriott brand in the province of Iloilo and located in Megaworld's township development in Iloilo City. It registered an occupancy rate of 28% in 2018.

Other revenues

Other revenues increased by 2.7% to P1,199.0 million for the year ended December 31, 2018 from P1,167.0 million in 2017. While other operating income increased by 2.5% to P315.1 million for the three months ended December 31, 2018 from P307.4 million for the same period of 2017. The increase was primarily due to higher revenue from theater operations, mall and cinema. Tenant count from retail and food and beverage was 95 for the year ended December 31, 2018 versus 91 in 2017.

Other revenues primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 23.4% to P12,241.1 million for the year ended December 31, 2018 from P9,920.8 million in 2017. This increase was primarily due to the following: (1) increase in gaming license fees as a result of higher gaming revenues, (2) increase in casino operating expenses due to the opening of Grand Wing ground floor gaming area, and (3) increase in hotel operating expenses in connection with the opening of Hilton Manila and Courtyard.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2018 were P8,325.0 million and P2,290.9 million, respectively.

Other operating income and expenses

General and administrative expenses for the year ended December 31, 2018 increased by 16.4% to P8,291.9 million from P7,124.1 million in 2017. The increase was primarily due to (1) increase in marketing expenses related to various promotional and advertising schemes used to promote RWM in 2018; and (2) increase in security and utilities expenses in relation to Phase 3 development.

In relation to the adoption of PFRS 9, the Company recognized P105.9 million impairment loss in relation to various receivables from customers in 2018.

Other income for the year ended December 31, 2018 amounted P1,710.6 million, while other expenses amounted to P430.4 million in 2017.

Operating profit

The Company's operating profit for the year ended December 31, 2018 was P1,637.8 million compared to P1,117.7 million in 2017.

Non-operating income and expenses

Non-operating expenses for the year ended December 31, 2018 was P53.5 million compared to P619.4 million in 2017. The decrease was primarily due to higher capitalization of borrowing cost and recognition of higher share in net profit from its associate and joint venture during the year.

EBITDA

EBITDA for the year ended December 31, 2018 was P3,877.1 million compared to P3,049.6 million in 2017. EBITDA for the fourth quarter of 2018 amounted to P634.2 million compared to P781.4 million for the same period of 2017.

Profit before tax

Profit before tax for the year ended December 31, 2018 amounted to P1,584.3 million.

Tax expense

Tax expense for the year ended December 31, 2018 was P144.9 million compared to P218.4 million in 2017.

Net profit

Net profit for the year ended December 31, 2018 was P1,439.4 million compared to P279.8 million in 2017.

B.3. Liquidity and Capital Resources

For the year ended December 31, 2019 and 2018

Total assets

Total assets increased by 10.9% or P11,732.1 million to P119,027.9 million for the year ended December 31, 2019 from P107,295.8 million at the beginning of the year.

Current assets

Cash and cash equivalents increased by 15.5% to P11,714.5 million for the year ended December 31, 2019 from P10,144.9million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 15.2% to P1,032.4 million as of December 31, 2019 from P896.3 million at the beginning of the year.

Advances to related parties increased by 29.0% or P183.8 million to P817.2 million as of December 31, 2019 from P633.4 million at the beginning of the year. The increase was due to advances made to an associate during the year.

Inventories increased by 24.7% or P24.5 million to P123.6 million for the year ended December 31, 2019 from P99.1 million at the beginning of the year. The increase was primarily due to the opening of new gaming areas. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets increased to P6,224.4 million as of December 31, 2019 from P5,596.5 million at the beginning of the year. The increase was due to the increase in prepaid taxes for construction related payments.

Non-current assets

Property, plant and equipment increased by 13.2% or P10,231.4 million to P87,963.6 million as of December 31, 2018 from P77,732.3 million at the beginning of the year. The increase was primarily due to: (1) completion of Sheraton Manila Hotel in January 2019; (2) completion of new gaming areas at the Phase 3 development; and (3) increase in construction progress in relation to one hotel and other gaming areas at the Phase 3 development. As of December 31, 2019, the Company has spent P36,354.0million for its Phase 3 development.

The Phase 3 development, called the Grand Wing, is comprised of three luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing will also include approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks. The entire project is expected to be completed within 2020.

Total liabilities

Total liabilities increased by 29.9% or P18,417.8 million to P80,075.8 million as of December 31, 2019 from P61,657.9 million at the beginning of the year.

Current liabilities

Trade and other payables increased by 28.3% or P3,011.7 million to P13,663.1 million as of December 31, 2019 from P10,651.4 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by P13,125.3 million to P19,475.3 million as of December 31, 2019 from P6,350.0 million at the beginning of the year. This was primarily due to the share buyback of the Company and expansion related projects. .

Advances from related parties increased by P389.6 million to P681.6 million as of December 31, 2019 from P292.0 million at the beginning of the year. The increase was due to the advances received from a related party for the development of the Site A project at Entertainment City.

Non-current liabilities

Non-current loans and borrowings rose to P40,447.8 million as of December 31, 2019 from P38,918.0 million at the beginning of the year after converting the Company's short-term borrowings.

Retirement benefit obligation decreased to P518.0 million as of December 31, 2019 from P321.5 million at the beginning of the year. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P48,208.6 million as of December 31, 2019 from a net debt position of P35,123.1million at the beginning of the year, as illustrated below:

In Million Pesos	**2019**	**2018**
Total Cash	11,714.5	10,144.9
Total Debt	59,923.1	45,268.0
Net Cash/(Debt)	(48,208.6)	(35,123.1)

Note: Total Debt covers interest-bearing loans and borrowing and

Equity
Total equity decreased by 14.7% or P6,686.8 million to P38,951.0 million as of December 31, 2019 from P45,637.9 million at the beginning of the year. The decrease was due to the dividend payment in 2019 and the reacquisition of shares.

For the year ended December 31, 2018 and 2017 (As Restated)

Total assets

Total assets increased by 24.1% or P20,823.4 million to P107,295.8 million for the year ended December 31, 2018 from P86,472.4 million at the beginning of the year.

Current assets

Cash and cash equivalents increased by 32.4% to P10,144.9 million for the year ended December 31, 2018 from P7,664.6 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables decreased by 42.4% to P896.3 million as of December 31, 2018 from P1,556.4 million as of December 31, 2017.. This decrease was primarily due to collection of insurance claims receivables related to June 2, 2017 incident.

Advances to related parties increased by 48.0% or P205.4 million to P633.4 million as of December 31, 2018 from P428.0 million at the beginning of the year. The increase was due to advance made to an associate during the year.

Inventories declined by 21.6% or P27.3 million to P99.1 million for the year ended December 31, 2018 from P126.4 million as of December 31, 2017. Inventories mainly consists of casino supplies such as cards, seals and dice.

Prepayments and other current assets increased to P5,596.5 million as of December 31, 2018 from P4,808.9 million at the beginning of the year. The increase was due to increase in advances made to suppliers and contractors in relation to the completion of the Phase 3 development.

Non-current assets

Property, plant and equipment increased by 28.6% or P17,264.0 million to P77,732.3 million as of December 31, 2018 from P60,468.3 million at the beginning of the year. The increase was primarily due to: (1) completion of Courtyard in May 2018 and Hilton Manila in October 2018; (2) completion of some gaming area in Phase 3 development; and (3) increase in construction progress in relation to two other hotels and other gaming areas in Phase 3 development. As of December 31, 2018, the Company has spent P29,819.0 million for its Phase 3 development.

The Phase 3 development, called the Grand Wing, is comprised of three luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing will also include approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks. The entire project is expected to be completed within 2019.

Total liabilities

Total liabilities increased by 46.3% or P19,506.3 million to P61,657.9 million as of December 31, 2018 from P42,151.6 million at the beginning of the year.

Current liabilities

Trade and other payables increased by 29.4% or P2,420.6 million to P10,651.4 million as of December 31, 2018 from P8,230.8 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings decreased by P13,150.0 million to P6,350.0 as of December 31, 2018 from P19,500.0 million at the beginning of the year. This was primarily due to conversion of short-term loans to fixed interest rate long-term loans.

Advances from related parties increased by P197.8 million to P292.0 million as of December 31, 2018 from P94.2 million at the beginning of the year. The increase was due to the advances received from a related party for the development of the Site A project at Entertainment City.

Non-current liabilities

Non-current loans and borrowings rose to P38,918.0 million as of December 31, 2018 from P11,943.1 million at the beginning of the year after converting the Company's short-term borrowings.

Retirement benefit obligation decreased to P321.5 million as of December 31, 2018 from P328.1 million at the beginning of the year. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P35,123.1 million as of December 31, 2018 from a net debt position of P23,778.5 million at the beginning of the year, as illustrated below:

In Million Pesos	**2018**	**2017**
Total Cash	10,114.9	7,664.6
Total Debt	45,268.0	31,443.1
Net Cash/(Debt)	(35,123.1)	(23,778.5)

Note: Total Debt covers interest-bearing loans and borrowing and

Equity

Total equity increased by 3.0% or P1,317.2 million to P45,637.9 million as of December 31, 2018 from P44,320.7 million at the beginning of the year. The increase was due to the net income reported for the year ended December 31, 2018 amounting to P1,439.4 million.

Tax Related Matters

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. The Supreme Court, on August 10, 2016, in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, confirmed the legality of the aforesaid provision of the Provisional License subjecting the Company to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. The Supreme Court affirmed that "*exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), associations(s), agency(ies) or individual(s) with whom the PAGCOR or the operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos*". This Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, which denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

The Company is registered with PEZA as a Tourism Economic Zone. Its PEZA-registered activities include Maxims Hotel, Newport Entertainment and Commercial Center, Marriott Hotel Manila, Holiday Inn Express Manila Newport City (formerly Remington Hotel), Marriott Grand Ballroom, Marriott West Wing, Courtyard by Marriott Iloilo, and Hotel Okura Manila. As such, it is entitled to certain tax incentives. Hilton Manila and Sheraton Manila Hotel, through the Company's subsidiaries, are also included in the Group's PEZA-registered activities.

Prospects for the Future

Looking ahead, the Company plans to develop the remaining two hectares of land at Newport City, completing Resorts World Manila's connectivity to RunWay Manila, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and Newport City bringing more retail alternatives.

The Company intends to convert and rebrand the former Maxims Hotel to Ritz-Carlton, one of the premium brands of Marriott International.

Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation

None. The Company does not foresee any event that may trigger material financial obligation to the Company, including default or acceleration of an obligation.

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

None. There were no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

The Company's major capital expenditures are mostly for the development of Phase 3, which includes new gaming areas and three luxury hotels – the Hilton Manila, the Sheraton Manila Hotel, and Hotel Okura Manila. The projects are funded through internally generated funds and loans from banks.

Any Known Trends, Events or Uncertainties (Material Impact on Sales)

The Company recognizes trends, events, and uncertainties which can affect revenues and profits. These include the ongoing unpredictable nature of the pandemic, natural catastrophes, regulatory development, money laundering and cheating at gaming areas, supply of raw materials, competition and Philippine economic/political condition.

Any Significant Elements of Income or Loss (from continuing operations)

None.

CAUSES FOR ANY MATERIAL CHANGES FROM PERIOD TO PERIOD OF FS WHICH SHALL INCLUDE VERTICAL AND HORIZONTAL ANALYSES OF ANY MATERIAL (5%)

Seasonal Aspects that has Material Effect on the FS

The occurrence of natural catastrophes could adversely affect the Company's business, financial condition or results of operations.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price Information

The Company's common shares were effectively delisted from the Philippine Stock Exchange on 21 October 2019.

Shareholders

The following data obtained from Banco de Oro, as Stock and Transfer Agent of the Company, sets forth the twenty largest common shareholders of the Company as of 30 September 2021:

Rank	*Stockholder*	*No. of Shares Held*	*Per Cent to Total*
1	Alliance Global Group, Inc.	3,971,112,838	27.511
2	Adams Properties Inc.	3,539,750,000	24.522
3	Star Cruises Philippines Holdings B. V.	2,831,799,980	19.618
4	Asian Travellers Ltd.	1,784,034,000	12.359
5	Premium Travellers Ltd.	1,047,766,000	7.259
6	First Centro, Inc.	707,949,970	4.904
7	Megaworld Corporation	290,587,162	2.013
8	Megaworld Cebu Properties, Inc.	190,000,000	1.316
9	Deutsche Bank Ag Manila Obo UBS AG-SG A/C 12105824001	38,000,000	0.263
10	PCD Nominee Corp. (Non-Filipino)	13,430,281	0.093
11	Citibank N.A. Manila Obo AC 1100218234	4,749,500	0.033
12	PCD Nominee (Filipino)	3,350,580	0.023
13	Deutsche Bank Ag Manila Obo UBS AG-HK A/C 12105904001	2,813,700	0.019
14	Deutsche Bank Ag Manila Obo DB SING DCS A/C 12069864001	2,019,600	0.014
15	Genting Securities	1,200,000	0.008

16	Chan Fun Chee Holdings Limited	1,000,000	0.007
17	Deutsche Bank Ag Manila Obo BNYM SA Non TTY A/C 12140004162	800,000	0.006
18	Sim Li Lian Vivian	585,400	0.004
19	Hooi Ban Hoe	548,500	0.004
20	Lie Kiem Lan	546,400	0.004

As of 30 September 2021, the Company had two (2) shareholders holding 10,000,000,000 Preferred B Shares. The following table sets forth Preferred B shareholders of the Company as of 30 September 2021.

Rank	***Stockholder***	***No. of Shares Held***	***Per Cent to Total***
1	Adams Properties Inc.	8,333,333,333	83.333
2	Star Cruises Philippines Holdings B. V.	1,666,666,667	16.667

Update on Tax Issues

As mentioned above, the Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR.

The issue on whether revenues from gaming operations of the Company are subject to income tax by the BIR under the National Internal Revenue Code of 1997 (NIRC), as amended, was settled in the case of *Bloomberry Resorts and Hotel, Inc. vs. Bureau of Internal Revenue,* G.R. No. 212530, August 10, 2016, where the Supreme Court ruled that: "*As the PAGCOR Charter states in unequivocal terms that exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), association(s), agency(ies), or individual(s) with whom the PAGCOR or operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall likewise be exempted from all other taxes, including corporate income tax realized from the operation of casinos.*" The Motion for Reconsideration filed by the BIR of the August 10, 2016 Resolution was denied with finality in an Order dated November 28, 2016. Consistent with the decision of the Supreme Court, last June 13, 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

Dividends in the Two Most Recent Years and Subsequent Interim Period

The Company is authorized under Philippine law to declare dividends, subject to certain requirements. The payment of dividends, either in the form of cash or shares, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its unimpaired capital, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issuance of shares. Dividends paid in cash are subject to the approval by the BOD. Dividends paid in the form of additional shares are subject to approval by both the BOD and at least two-thirds of the outstanding share capital of the shareholders at a shareholders' meeting called for such purpose.

The Company shall comply with the requirements of applicable laws and regulations, the terms and conditions of its loan facilities that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. Dividends must be approved by the BOD and may be declared only from the unrestricted retained earnings of the Company. The Company's BOD may, at any time, modify the Company's dividend policy, depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects.

On May 8, 2017, the Company's BOD approved the declaration of a cash dividend of P630.2 million to holders of the Company's common shares of record as of May 31, 2017, which was paid on various dates in 2017.

On May 6, 2019, the Company's BOD approved the declaration of a cash dividend of P187.3 million to holders of the Company's common shares of record date as of May 20, 2019, which was paid on June 14, 2019.

As of December 31, 2020, the Company's retained earnings are restricted to the extent of the cost of treasury shares as of the end of the reporting periods. The Company also has P890.5million and P6,409.1 million unrestricted retained earnings available for dividend distribution as of December 31, 2020 and 2019, respectively.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

None. The Company did not recently sell unregistered or exempt securities nor issued securities constituting an exempt transaction.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In accordance with the provisions of the Revised Manual on Corporate Governance, the Company is required to assess compliance of its Board of Directors and Management annually. There has been no material deviation from the Company's Revised Manual on Corporate Governance.

The following are measures that the Company has undertaken or will undertake to fully comply with the adopted leading practices on good governance:

1. Manual of Corporate Governance

    The Board of Directors has adopted the Revised Manual of Corporate Governance on 13 June 2014 and revised the same on 8 May 2017, which upholds the protection of stockholders' and stakeholders' rights, among others.

2. Board of Directors

    The essence of corporate governance is transparency. The Company has adopted a corporate governance policy, the thrust of which is to timely disclose to the Securities and Exchange Commission ("SEC") all material information about the Company which could adversely affect its viability or the interests of the stockholders and other stakeholders.

    It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

3. Audit Committee

    The Company's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities in providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. It performs oversight responsibilities for the following: (i) Financial Reporting; (ii) Risk Management; (iii) Internal Control; (iv) Internal Audit; and, (e) External Audit.

Further, it ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

Pursuant to the Company's Revised Manual of Corporate Governance, the Audit Committee is composed of three (3) members of the Board who have accounting and finance backgrounds, including one (1) independent director who serves as the committee chairman. As of the date of this report, the Audit Committee Chairman is Mr. Jesus B. Varela who serves with Mr. Kingson U. Sian and Mr. Jose Alvaro D. Rubio as members.

The 2021 attendance of the Audit Committee are as follows:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	**Jesus B. Varela**	**June 14, 2019**	**2**	**2**	**100%**	**3 years**
Member (ED)	**Kingson U. Sian**	**June 14, 2019**	**2**	**2**	**100%**	**5 years**
Member (NED)	**Jose Alvaro D. Rubio**	**June 14, 2019**	**2**	**2**	**100%**	**5 years**

4. Nomination Committee

The Board organized the Nomination Committee to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval. Further, the Nomination Committee assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors. As of the date of this report, the Nomination Committee Chairman is Mr. Kingson U. Sian who serves with Mr. Jose Alvaro D. Rubio and Mr. Enrique M. Soriano III as members.

5. Remuneration and Compensation Committee

The Remuneration and Compensation Committee ensures that the compensation policies and practices are consistent with the corporate culture, strategy and business environment under which the Company operates. It is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable the directors and officers to run the company successfully. Further, it evaluates and recommends to the Board incentives and other equity-based plans designed to attract and retain qualified and competent individuals. As of the date of this report, the Remuneration and Compensation Committee Chairman is Dr. Andrew L. Tan who serves with Mr. Kingson U. Sian and Mr. Jesus B. Varela as members.

6. Executive Committee

The Executive Committee advises and assists the officers of the Corporation in all matters concerning its interest and management of its business. As of the date of this report, the Executive Committee Chairman is Mr. Chua Ming Huat who serves with Dr. Andrew L. Tan, Mr. Tan Sri Lim Kok Thay, Mr. Kingson U. Sian, and Mr. Jose Alvaro D. Rubio as members.

7. Corporate Governance Committee

The Corporate Governance Committee reviews, evaluates and assesses the effectiveness and implementation of the processes and procedures provided for in the Corporate Governance Manual as well as the committees created pursuant to it. As of the date of this report, the Corporate Governance Committee Chairman is Mr. Jesus B. Varela who serves with Mr. Kingson U. Sian and Mr. Enrique M. Soriano III as members.

8. Board Risk Oversight Committee

The Board Risk Oversight Committee develops a formal enterprise risk management plan and oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. As of date of this report, the Board Oversight Committee Chairman is Enrique Soriano III who serves with Mr. Jesus B. Varela and Mr. Kingson U. Sian as members.

9. Related Party Transaction Committee

The Related Party Transaction Committee evaluates existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. As of date of this report, the Related Party Transaction Committee Chairman is Mr. Jesus B. Varela who serves with Mr. Enrique Soriano III and Mr. Jose Alvaro D. Rubio as members.

10. Continuing Improvements for Corporate Governance

The Company will continue to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance.

Undertaking to Provide Annual Report

The Company shall provide, without charge, to each stockholder a copy of its Annual Report on SEC Form 17-A written request addressed to:

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Office of the Corporate Secretary
10/F Newport Entertainment & Commercial Centre,
Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City, Philippines.

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Travellers International Hotel Group, Inc. and Subsidiaries

December 31, 2020, 2019 and 2018

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

Report of Independent Auditors

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

Opinion

We have audited the consolidated financial statements of Travellers International Hotel Group, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

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

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 17, 2021

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes		2020		2019
A S S E T S					
CURRENT ASSETS					
Cash	5	**P**	**9,301,537,697**	P	11,714,455,610
Trade and other receivables - net	6		**1,646,043,069**		1,032,431,416
Advances to related parties - net	23		**1,505,227,486**		816,495,467
Inventories	7		**123,374,146**		123,588,133
Prepayments and other current assets	8		**6,132,158,587**		6,226,278,592
Total Current Assets			**18,708,340,985**		19,913,249,218
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income	28		**127,200,000**		136,200,000
Investments in an associate and a joint venture	9		**2,714,934,494**		2,426,996,990
Advances for future investment	10		**1,538,277,765**		2,732,900,470
Property and equipment - net	11		**89,344,577,322**		83,933,759,658
Investment property - net	12		**1,231,650,942**		1,294,396,449
Deferred tax assets	22		**53,757,596**		42,461,270
Other non-current assets - net	14		**2,995,392,578**		4,518,102,605
Total Non-current Assets			**98,005,790,697**		95,084,817,442
NON-CURRENT ASSET HELD FOR SALE	13		**4,029,879,798**		4,029,879,798
TOTAL ASSETS		**P**	**120,744,011,480**	P	119,027,946,458
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15	**P**	**22,305,289,102**	P	19,475,274,056
Trade and other payables	16		**24,568,361,894**		13,667,201,257
Advances from related parties	23		**118,549,770**		680,862,387
Total Current Liabilities			**46,992,200,766**		33,823,337,700
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15		**35,028,735,809**		40,447,755,956
Retirement benefit obligation	21		**737,428,590**		518,018,354
Other non-current liabilities	16		**4,689,316,891**		5,287,941,872
Total Non-current Liabilities			**40,455,481,290**		46,253,716,182
Total Liabilities			**87,447,682,056**		80,077,053,882
EQUITY					
Equity attributable to parent company	24				
Capital stock			**10,000,000,000**		10,000,000,000
Additional paid-in capital			**22,417,157,066**		22,417,157,066
Treasury shares, at cost		**(**	**15,597,057,010)**	(	15,597,057,010)
Revaluation reserves - net		**(**	**236,265,060)**	(	86,058,521)
Retained earnings			**16,506,287,669**		22,006,183,090
Total equity attributable to shareholders of the parent company			**33,090,122,665**		38,740,224,625
Non-controlling interests	2, 9		**206,206,759**		210,667,951
Total Equity			**33,296,329,424**		38,950,892,576
TOTAL LIABILITIES AND EQUITY		**P**	**120,744,011,480**	P	119,027,946,458

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
NET REVENUES				
Gaming	2, 17	P 13,291,375,194	P 27,644,831,264	P 20,015,927,294
Less: Promotional allowances	2	(3,893,038,259)	(6,099,217,521)	(4,134,461,330)
		9,398,336,935	21,545,613,743	15,881,465,964
Non-gaming:				
Hotel, food, beverage and others	2, 17	2,099,135,128	5,001,809,238	3,485,728,855
Other revenues - net	17, 19	683,670,196	1,731,529,161	1,198,944,552
		12,181,142,259	28,278,952,142	20,566,139,371
DIRECT COSTS	18	9,586,492,659	15,978,525,229	12,241,113,873
GROSS PROFIT		2,594,649,600	12,300,426,913	8,325,025,498
OTHER OPERATING INCOME (EXPENSE)				
General and administrative expenses	28	(5,871,885,098)	(10,101,037,092)	(8,291,932,249)
Impairment recovery (losses) on financial assets	6, 23, 26	(603,677)	55,249,172	(105,885,395)
Other income - net	25	-	69,386,881	1,710,581,049
		(5,872,488,775)	(9,976,401,039)	(6,687,236,595)
OPERATING PROFIT (LOSS)		(3,277,839,175)	2,324,025,874	1,637,788,903
OTHER INCOME (CHARGES)				
Finance costs	20	(2,566,227,543)	(2,085,721,915)	(298,940,861)
Finance income	20	78,077,879	180,038,942	146,572,618
Share in net profit and dilution loss of an associate and a joint venture	9	287,937,504	613,273,759	98,893,092
		(2,200,212,160)	(1,292,409,214)	(53,475,151)
PROFIT (LOSS) BEFORE TAX		(5,478,051,335)	1,031,616,660	1,584,313,752
TAX EXPENSE	22	26,305,278	90,504,543	144,909,807
NET PROFIT (LOSS)		(5,504,356,613)	941,112,117	1,439,403,945
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	21, 24	(150,172,308)	(237,647,764)	33,280,302
Net unrealized fair value gains (losses) on financial assets at fair value through other comprehensive income	24, 28	(9,000,000)	33,000,000	25,000,000
Tax income (expense)	22, 25	8,965,769	12,902,405	(3,369,211)
		(150,206,539)	(191,745,359)	54,911,091
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(P 5,654,563,152)	P 749,366,758	P 1,494,315,036
Net profit (loss) attributable to:				
Parent company's shareholders		(P 5,499,895,421)	P 945,207,913	P 1,443,770,481
Non-controlling interests		(4,461,192)	(4,095,796)	(4,366,536)
		(P 5,504,356,613)	P 941,112,117	P 1,439,403,945
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		(P 5,650,101,960)	P 753,462,554	P 1,498,681,572
Non-controlling interests		(4,461,192)	(4,095,796)	(4,366,536)
		(P 5,654,563,152)	P 749,366,758	P 1,494,315,036
Earnings (loss) per share:				
Basic and diluted	30	(P 0.381)	P 0.061	P 0.092

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company							
	Capital Stock (see Note 24)	**Additional Paid-in Capital** (see Note 24)	**Treasury Shares** (see Note 24)	**Revaluation Reserves** (see Note 24)	**Retained Earnings** (see Note 24)	**Total**	**Non-controlling Interests** (see Note 9)	**Total**
Balance at January 1, 2020	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 86,058,521)	P 22,006,183,090	P 38,740,224,625	P 210,667,951	P 38,950,892,576
Total comprehensive loss for the year	-	-	-	(150,206,539)	(5,499,895,421)	(5,650,101,960)	(4,461,192)	(5,654,563,152)
Balance at December 31, 2020	**P 10,000,000,000**	**P 22,417,157,066**	**(P 15,597,057,010)**	**(P 236,265,060)**	**P 16,506,287,669**	**P 33,090,122,665**	**P 206,206,759**	**P 33,296,329,424**
Balance at January 1, 2019								
As previously reported	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 105,686,838	P 21,224,658,004	P 45,423,089,393	P 214,763,747	P 45,637,853,140
Effect of adoption of PFRS 16	-	-	-	-	23,646,208	23,646,208	-	23,646,208
As restated	10,000,000,000	22,417,157,066	(8,324,412,515)	105,686,838	21,248,304,212	45,446,735,601	214,763,747	45,661,499,348
Acquisition of treasury shares	-	-	(7,272,644,495)	-	-	(7,272,644,495)	-	(7,272,644,495)
Cash dividends	-	-	-	-	(187,329,035)	(187,329,035)	-	(187,329,035)
Total comprehensive income (loss) for the year	-	-	-	(191,745,359)	945,207,913	753,462,554	(4,095,796)	749,366,758
Balance at December 31, 2019	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 86,058,521)	P 22,006,183,090	P 38,740,224,625	P 210,667,951	P 38,950,892,576
Balance at January 1, 2018								
As previously reported	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 50,775,747	P 19,958,087,554	P 44,101,607,852	P 219,130,283	P 44,320,738,135
Effect of adoption of PFRS 9	-	-	-	-	(177,200,031)	(177,200,031)	-	(177,200,031)
As restated	10,000,000,000	22,417,157,066	(8,324,412,515)	50,775,747	19,780,887,523	43,924,407,821	219,130,283	44,143,538,104
Total comprehensive income (loss) for the year	-	-	-	54,911,091	1,443,770,481	1,498,681,572	(4,366,536)	1,494,315,036
Balance at December 31, 2018	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 105,686,838	P 21,224,658,004	P 45,423,089,393	P 214,763,747	P 45,637,853,140

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**(P 5,478,051,335)**	P 1,031,616,660	P 1,584,313,752
Adjustments for:				
Depreciation	18	**3,415,318,051**	3,170,381,239	2,239,286,602
Interest expense	20	**2,307,210,578**	1,952,473,214	259,292,385
Share in net profit and dilution loss of an associate and a joint venture - net	9	**(287,937,504)**	(613,273,759)	(98,893,092)
Unrealized foreign exchange losses (gains) - net		**154,940,892**	128,716,813	(20,456,500)
Impairment loss on property and equipment	11	**132,628,909**	-	-
Interest income	20	**(78,077,879)**	(180,027,495)	(146,572,618)
Loss (gain) on sale of property and equipment - net	20	**336,703**	(318,279)	(22,548,132)
Operating profit before working capital changes		**166,368,415**	5,489,568,393	3,794,422,397
Increase in trade and other receivables		**(613,611,653)**	(136,128,921)	(180,407,471)
Decrease (increase) in advances to related parties		**120,966,755**	(183,067,684)	(205,447,192)
Decrease (increase) in inventories		**213,987**	(24,455,177)	27,289,764
Decrease (increase) in prepayments and other current assets		**92,131,777**	(627,763,878)	(893,033,313)
Increase in trade and other payables		**10,647,448,882**	2,629,588,452	3,025,023,672
Increase in advances from related parties		**410,846,608**	388,890,697	197,766,748
Increase (decrease) in retirement benefit obligation		**52,265,411**	(47,908,340)	5,873,773
Increase (decrease) in other non-current liabilities		**(10,480,976,806)**	88,852,492	13,412,673
Cash generated from operations		**395,653,376**	7,577,576,034	5,784,901,051
Cash paid for income taxes		**(37,601,604)**	(91,829,380)	(81,741,846)
Net Cash From Operating Activities		**358,051,772**	7,485,746,654	5,703,159,205
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	**(5,383,337,901)**	(10,048,727,989)	(14,186,870,909)
Decrease (increase) in other non-current assets		**873,611,246**	1,430,614,737	(121,711,342)
Increase in advances for future investment	10	**(588,235,294)**	(588,235,294)	(588,235,294)
Interest received		**84,146,002**	182,810,512	141,177,620
Proceeds from sale of property and equipment	11	**620,815**	3,080,460	36,755,679
Net Cash Used in Investing Activities		**(5,013,195,132)**	(9,020,457,574)	(14,718,884,246)
Balance Carried Forward		**(P 4,655,143,360)**	(P 1,534,710,920)	(P 9,015,725,041)

	Notes	2020	2019	2018
Balance Brought Forward		**(P 4,655,143,360)**	(P 1,534,710,920)	(P 9,015,725,041)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposit received	16	**9,901,072,000**	-	-
Repayments of interest-bearing loans and borrowings	15	**(9,783,115,910)**	(2,413,750,000)	(24,500,000,000)
Proceeds from availment of interest-bearing loans and borrowings	15	**7,167,130,435**	17,000,000,000	38,293,749,700
Interest paid		**(5,104,897,840)**	(3,974,716,870)	(2,359,713,641)
Payments of lease liability	11	**(37,817,111)**	(40,519,188)	-
Acquisition of treasury shares	24	**-**	(7,272,644,495)	-
Dividends paid	24	**-**	(187,329,035)	-
Net Cash From Financing Activities		**2,142,371,574**	3,111,040,412	11,434,036,059
EFFECTS OF EXCHANGE RATES CHANGES ON CASH		**99,853,873**	(6,765,024)	61,966,832
NET INCREASE (DECREASE) IN CASH		**(2,412,917,913)**	1,569,564,468	2,480,277,850
CASH AT BEGINNING OF YEAR		**11,714,455,610**	10,144,891,142	7,664,613,292
CASH AT END OF YEAR		**P 9,301,537,697**	P 11,714,455,610	P 10,144,891,142

Supplemental Information on Non-cash Investing Activities:

1) In, 2019, The Group reclassified a portion of its Construction in Progress account amounting to P4,029.9 million to Non-current asset held for sale following the Co-Development Agreement with Suntrust Home Developers, Inc. (see Note 11).

2) The Group capitalized borrowing costs amounting to P2,864.5 million, P2,175.4 million, and P2,211.7 million in 2020, 2019 and 2018, respectively representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Group's properties (see Note 11).

3) In 2019, the Group recognized right-of-use assets and lease liabilities amounting to P1,117.9 million and P356.7 million, respectively (see Note 11)

4) In 2018, the Group acquired a certain hotel amounting to P3,056.2 million, which remained unpaid as of December 31, 2020 and 2019 (see Notes 11, 16, and 23).

5) In 2020, the Group recognized an impairment loss on its Property and Equipment amounting to P132.6 million (see Note 11).

6) In 2020 and 2019, the Group applied to Construction in Progress the advances to suppliers amounting to P649.1 million and P393.0 million, respectively, representing advanced payments for remaining fitout work, which was substantially completed in the current year (see Note 11).

7) In 2020, a receivable was recognized amounting to P1,782.9 million from Manila Bayshore Property Holdings, Inc. (MBPHI) for the transfer of land from PAGCOR. Advances from MBPHI prior to the transfer amounting to P973.2 million was offset against the amount of receivable recognized (see Notes 10 and 23).

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 and 2018
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Travellers International Hotel Group, Inc. (the Company or Parent Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc. (DHRI) Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc. (LSHRI). In 2020, Maxims ceases its operations and is temporarily converted as a dormitory to house essential employees of the Company. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008 (see Note 25.4).

The Parent Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE. The Parent Company is considered as a quasi-public entity because it still has more than 200 shareholders (see Note 24.1).

As at December 31, 2020 and 2019, the Company holds direct ownership interests in the following companies (together with the Company, collectively referred to as "the Group") that were established to engage in businesses related to the main business of the Company:

Name of Subsidiaries/Associate/Joint Venture	Explanatory Notes	Percentage of Ownership 2020	2019
Subsidiaries:			
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	**100.0%**	100.0%
APEC Assets Limited (APEC)	(b)	**100.0%**	100.0%

Name of Subsidiaries/Associate/Joint Venture	Explanatory Notes	Percentage of Ownership 2020	2019
Subsidiaries:			
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	**100.0%**	100.0%
Bright Pelican Leisure and Recreation, Inc. (BPLRI)	(a)	**100.0%**	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	**100.0%**	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	**100.0%**	100.0%
Captain View Group Limited (Captain View)	(g)	**100.0%**	-
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	**100.0%**	100.0%
DHRI	(a)	**100.0%**	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	**100.0%**	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	**100.0%**	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	**100.0%**	100.0%
Grand Integrated Hotels and Recreation, Inc. (GIHRI)	(a)	**100.0%**	100.0%
Grandservices, Inc. (GSI)	(c)	**100.0%**	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	**100.0%**	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	**100.0%**	100.0%
LSHRI	(a)	**100.0%**	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	**100.0%**	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	**100.0%**	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	**100.0%**	100.0%
Netdeals, Inc. (NDI)	(e)	**100.0%**	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	**100.0%**	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	**100.0%**	100.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a)	**100.0%**	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	**100.0%**	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	**100.0%**	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	**100.0%**	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	**100.0%**	100.0%
Westside Theatre Inc. (WTI)	(d)	**100.0%**	100.0%
Westside City Resorts World, Inc. (WCRWI)	(g)	**95.0%**	95.0%
Associate –			
Manila Bayshore Property Holdings, Inc. (MBPHI)	(h)	**32.6%**	32.6%
Joint Venture –			
Front Row Theatre Management Inc. (FRTMI)	(d), (i)	**50.0%**	50.0%

Explanatory Notes:

(a) Established to engage, operate and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.

(b) A foreign corporation established to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company. In 2019, RBHAI started its operations to provide manpower support for the pre-operation of Hotel Okura Manila.

(d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.

(e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.

(g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCRWI has three wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation (PFALC), Red Falcon Amusement and Leisure Corporation (RFALC), and the newly acquired subsidiary, Captain View Group Limited (Captain View). Captain View is a foreign entity incorporated in the British Virgin Islands and is engaged in rendering of consultancy and advisory services, among others. PFALC and RFALC have not yet started commercial operations as of December 31, 2020.

(h) Established to engage in real estate business, particularly construction of condominium units and buildings (see Note 9).

(i) FRTMI is a joint venture between FHTC and Viva Live, Inc., (VLI) each owning 50.0% interest and exercising joint control (see Note 9).

As at December 31, 2020, NDI has ceased operations while all other subsidiaries have not yet started commercial operations except for APEC, BLMI, Captain View, DHRI, FHTC, GIHRI, GSI, GVMSI, LSHRI and RBHAI.

The subsidiaries, associate and joint venture under the Group are all incorporated in the Philippines, except for APEC and Captain View which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries, associate and joint venture is within Metro Manila, Philippines.

As at December 31, 2020 and 2019, the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

Name of Stockholders	Explanatory Notes	Percentage of Effective Ownership
Alliance Global Group, Inc. (AGI)	(c)	27.5%
Adams Properties, Inc. (Adams)	(a)	24.5%
Star Cruises Philippines Holdings B.V. (SCP)	(b)	19.6%
Asian Travellers Ltd. (ATL)	(d)	12.4%
Premium Travellers Ltd. (PTL)	(d)	7.3%
First Centro, Inc. (FCI)	(e)	4.9%
Megaworld Corporation (Megaworld)	(f)	2.0%
Other related parties		1.3%
Public ownership		0.5%
		100%

Explanatory Notes:

(a) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(b) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(c) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. It has control over the Company through its power over the operations and policy arising from its substantive rights and current ability to direct the relevant activities of the Company. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

In line with the petition for voluntary delisting in 2019, the Parent Company bought back 1.3 billion common shares from the public shareholders in the stock market, resulting to changes in the effective ownership of the stockholders (see Note 24.1).

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

1.2 Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

The following are the impact of the COVID-19 pandemic to the Group's business:

- decline in total revenues in 2020 by 53% compared to that of 2019 since the Group's sustainability and profitability of operations significantly depended on customer foot traffic, local and international travel and tourism, and the ability to deliver commendable accommodation and dining experiences, which have been temporarily prevented by the enhanced quarantine measures mandated by the Philippine Government;
- recognition of impairment on capital assets; and,
- incurrence of additional administrative expenses to ensure health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for its employees.

In response to this matter, the Group has taken the following actions:

- provisionally converted the hotel rooms as temporary quarantine room facilities for Overseas Filipino Workers, which contributed to the revenue generation activities of the hotel during the community quarantine measures;
- re-arranged the casino layout to maximize capacity while strictly adhering to minimum health protocols;

- implemented cost saving measures like reduction of work week, non-regularization of probationary employees, and initiated the voluntary resignation program;
- shifted to remote environment and prepared for long-term remote work situations, for applicable functions, in the event of another government movement restriction, focusing on business continuity plan and scenario planning to manage potential threats another wave of COVID-19; and,
- negotiated for longer payment terms from suppliers and implemented cost savings measures such as reduction in marketing and advertising expenses, froze annual employee salary increase and bonuses, implemented four-day workweek, and sought deferment in the payment of the loans to manage the Group's cash flows.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. In addition, the Company has positive earnings before interests, taxes, depreciation, and amortization for the year. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

1.3 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2020 (including the comparative financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Parent Company's Board of Directors (BOD) on March 17, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following revisions and amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3 (Amendments)	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PFRS 3 (Amendments), *Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 7 (Amendments), *Financial Instruments: Disclosures,* and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2020 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(iii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iv) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(v) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The improvement merely removes potential for confusion regarding lease incentives.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Basis of Consolidation, Investments in Subsidiaries, Associate and Joint Venture

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries, associate and joint venture are prepared for the same reporting period as that of the Company, using consistent accounting policies.

The Parent Company accounts for its investments in subsidiaries, associate and joint venture as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Company controls an entity when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually for impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (see Note 2.13).

(b) *Investments in Associate*

Associate is an entity over which the Company is able to exert significant influence but which is neither a subsidiary nor interest in a joint venture. Investments in associate are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associate are subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Company's share in the associate is included in the amount recognized as investment in associate.

All subsequent changes to the ownership interest in the equity of the associate are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associate are reported as part of Share in Net Profit of an Associate and a Joint Venture account in profit or loss.

Impairment loss is provided when there is objective evidence that the investment in associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Company, as applicable. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company will resume recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized. If the investment in associate is subsequently sold, the Company will recognize in profit or loss the difference between the consideration received and the carrying amount of the investment.

Distributions received from the associate are accounted for as a reduction of the carrying value of the investments.

In computing for the share in net profit or loss of associate, unrealized gains or losses on transactions between the Parent Company and its associate are eliminated to the extent of the Parent Company's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a Group perspective.

(c) Investment in Joint Venture

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity. Each venturer usually contributes cash or other resources to the jointly controlled entity. Those contributions are included in the accounting records of the venturer and recognize in the venturer's financial statements as an investment in the jointly controlled entity.

Investments in joint venture are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in the jointly controlled entity is subject to the purchase method. The purchase method involves the recognition of the jointly controlled entity's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the venturer's share of the identifiable net assets of the joint venture at the date of acquisition. Any goodwill or fair value adjustment attributable to the venturer's share in the joint venture is included in the amount recognized as investment in joint venture.

All subsequent changes to the ownership interest in the equity of the joint venture are recognized in the venturer's carrying amount of the investments. Changes resulting from the profit or loss generated by the joint venture are credited or charged against the Share in Net Profit of an Associate and a Joint Venture in profit or loss.

Impairment loss is provided when there is objective evidence that the investments in joint venture will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the jointly controlled entity or items recognized directly in the jointly controlled entity's equity are recognized in other comprehensive income or equity of the venturer, as applicable. However, when the venturer's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the venturer does not recognize further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the venturer resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the jointly controlled entity are accounted for as a reduction of the carrying value of the investments.

(d) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 4, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash, Trade and Other Receivables, Advances to Related Parties, Restricted short-term placements and Investments in time deposits under Prepayments and Other Current Assets, and Refundable deposits, and Receivable from employees under Other Non-current Assets in the consolidated statement of financial position.

For purposes of cash flows reporting and presentation, cash includes cash on hand and demand deposits which are subject to insignificant risk of changes in value.

If applicable, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Finance income under Other Income (Charges).

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated its proprietary club shares as at FVOCI and is presented as Financial assets at FVOCI account in the consolidated statements of financial position.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for any debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

If applicable, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Any dividends earned on holding equity instruments are recognized in profit or loss, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost and financial guarantee contract. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and other financial assets carried at amortized cost. Allowance for ECL represents the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due (see Note 26.2).

The key elements used in the calculation of ECL are as follows:

- *Probability of default (PD)* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default (LGD)* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default (EAD)* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) *Derecognition of Financial Assets*

The financial assets are (or where applicable, a part of a financial asset or part of a group of financial assets) derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(d) Put Option Accounted for as a Financial Guarantee Contract

The put option meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option events). The put option transfers a risk to the Group, in which the Group is obligated to pay a specified amount if the holder chooses to exercise the put option upon the happening of any put option event (see Note 25.6).

In accounting for financial guarantee, the Group considers whether risk transferred is significant or not. When the risk is significant it is accounted for under PFRS 9, otherwise it is accounted for under PFRS 4, *Insurance Contracts*, wherein the general provision for accounting of insurance contracts shall apply.

When accounted for in accordance with PFRS 9, the financial guarantee is initially recognized at fair value, which is equivalent to the premium received at inception of the contract. Subsequent to initial recognition, financial guarantee is measured at the higher of the amount initially recognized or at the amount determined in accordance with the ECL model.

In measuring the put option under ECL model, the Group applies the general approach of ECL measurement, wherein the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period.

2.6 Derivative Financial Instruments

A derivative is a financial instrument wherein its value changes in response to a specified change in variable; it requires no initial net investment or on an initial investment that is smaller than would be required for other types of financial instruments that would be expected to have a similar response to changes in market factors; and, it is settled on a future date.

Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Group to or collected from the patron when the outcome of the wager has been determined. See Note 2.15 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statement of financial position (see Note 2.11).

The Group's derivative instruments provide economic hedges but are not designated as accounting hedges and any gains or losses arising from changes in fair value are recognized directly in profit or loss for the period.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which includes purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities, is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Advances to suppliers that will be applied as payment for purchase of inventories are classified and presented as part of Prepayments under Prepayments and Other Current Assets account. On the other hand, advances to suppliers that will be applied as payment for construction or acquisition of property and equipment, and investment properties are classified and presented under the Other Non-current Assets account. The classification and presentation are based on the eventual realization of the asset to which it was advanced for.

2.9 Property and Equipment

Land is measured at cost less any impairment in value. All other property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	30 years
Gaming machines and other equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2.21). The account is not depreciated until such time that the assets are completed and available for use.

The residual values, estimated useful lives and methods of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

An item of property and equipment, including the related accumulated depreciation and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property, which pertains to a portion of buildings and building improvements held under operating leases, is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 30 years.

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

Investment property, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers to investment property are made when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another property. Transfers from investment property are made when there is a change in use evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

The cost of property for purposes of subsequent accounting for transfers from investment property to owner-occupied property is the carrying amount at the date of change of use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy from the preceding paragraphs.

2.11 Financial Liabilities

Financial liabilities of the Group, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities, License fee payables, and Liability for unredeemed gaming points), Advances from Related Parties and Other Non-current Liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as expenses in profit or loss as Finance Costs under Other Income (Charges) in the consolidated statement of comprehensive income, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.21).

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges (except capitalized borrowing cost), including direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, advances from related parties and other non-current liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to stockholders are recognized as financial liabilities upon declaration by the Company's BOD.

Financial liabilities are classified at FVTPL if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

A substantial modification to the terms of a financial liability is accounted for as an extinguishment of the existing liability and the recognition of a new or modified liability at its fair value. A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability. The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the original effective interest rate. The difference between the carrying value of the original liability and fair value of the new liability is recognized as gain or loss on extinguishment of liability in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such a case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.12 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy, and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.13 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18).

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

The cost of an acquisition is measured at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.14 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent asset is not recognized but is only disclosed where an inflow of economic benefits is probable. The asset is only recognized when it is virtually certain that the inflow of economic benefits will arise to the Group.

2.15 Revenue and Expense Recognition

Revenue arises mainly from gaming transactions, hotel accommodations, food and beverage operations, and other incidental activities related to the main operations of the Group.

The Group participates in games of chance with customers, with both the Group and the customer having the chance to win or lose money or other items of economic value based on the outcome of the game. The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9 (see Note 2.6). Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gaming revenues generated from table games and slot machines are determined from the net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers and, for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances). Promotional allowances, presented as a reduction of gaming revenues in the consolidated statement of comprehensive income, include rebates under the casino rebates program and the provision for the value of the gaming points earned by members (i.e., using a membership card provided by the Group) by reference to the relative fair values of the complimentary goods or services. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions.

On the other hand, the Group also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Group receiving a fee for administering the game, rather than the Group being at risk to win or lose based on the outcome of the game (i.e., certain tournaments, including card games, and bingo operations). These gaming-related activities are covered under PFRS 15.

For revenue contracts covered by PFRS 15, and as an accounting policy to determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied over time when it meets one of the following criteria:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

Otherwise, a performance obligation is satisfied at a point in time.

The Group enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Group's contracts with customers have original expected duration of one year or less.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

(a) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(b) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(c) *Bingo and tournament income* – Revenues from these gaming-related activities are recognized over time as the services for administering the games are rendered. The amount of revenue recognized is equivalent to the fee collected for administering the game.

(d) *Rendering of services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from other non-gaming and incidental activities such as cinema and production shows, parking space, commissions, and other services (see Note 19).

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with accounting policies related to those financial reporting standards (see Notes 2.7 and 2.9).

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.16 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

(i) Accounting for Leases in Accordance with PFRS 16

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.18).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, right-of-use assets have been included as part of Property and Equipment account. On the other hand, lease liabilities have been included as part of Trade and Other Payables account and Other Non-current Liabilities account for the current portion and non-current portion, respectively.

(ii) Accounting for Leases in Accordance with PAS 17 (2018 consolidated statement of comprehensive income)

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance, and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.17 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.18 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, advances for future investment, property and equipment (including right-of-use assets), investment property and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's cash generating unit's recoverable amount exceeds its carrying amount.

2.19 Employee Benefits

The Group provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the consolidated profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued employee benefits under Trade and Other Payables account in the consolidated statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurement, comprising of actuarial gains and losses from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest), are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is included as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(c) Post-employment Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity (e.g., Social Security System). Under this plan, the Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are normally of a short-term nature.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Group for authorized causes before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Bonus Plans

The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(f) Compensated Absences and Other Employee Benefits

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. In addition, the Group recognizes a liability and an expense for other employee benefits based on a formula that takes into consideration the profit attributable to the Group's employees after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation. These are included in Accrued employee benefits under Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.20 Share-based Employee Remuneration

The Company has adopted an Employee Stock Option Plan (ESOP) that grants share options to eligible key executive officers. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. The fair value excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of options that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if the share options are ultimately not exercised.

Upon exercise of the share option, the proceeds received, net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC).

The Company's ESOP is exempt from the registration requirements of SEC's Securities Regulation Code with respect to the issuance of the common shares, not to exceed 945,352,491 common shares, to eligible employees pursuant to the Company's ESOP adopted by the Company's shareholders and BOD effective June 13, 2014.

The purpose of the ESOP is to (a) strengthen the alignment of interests between key employees and consultants of the Company and the Company's shareholders through the ownership of the Company's shares of common stock and thereby increase focus on the Company's share value; (b) motivate, attract and retain the services of key employees and consultants of the Company, upon whose judgment, valuable work and special efforts, the day-to-day and long-term success and development of the business and the operations of the Company are largely dependent; and, (c) encourage long-term commitment of the key employees and consultants of the Company to contribute to the long-term financial success of the Company.

The ESOP is being administered by the Remuneration and Compensation Committee of the BOD. The Company has not granted any option to its eligible optionees as of October 21, 2019 when the Company's delisting application was approved.

2.21 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.22 Income Taxes

The Group is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR [see Notes 22.2 and 25.4(e)].

For hotel operations, the Group is subject to the 5% gross income tax (GIT) on income solely derived from servicing foreign tourists (see Note 22.2).

For other sources of income, the Group is subject to the Regular Corporate Income Tax (RCIT) rate. The related income tax expense presented in profit or loss in the consolidated statement of comprehensive income is determined using the liability method of deferred tax accounting described in the succeeding paragraphs.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.24 Equity

Capital stock, which consists of common and preferred shares, represents the nominal value of shares that have been issued.

APIC includes any premiums received on the issuance of shares of stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated unrealized gains and losses due to the revaluation of financial assets at FVOCI and remeasurements of retirement benefit obligation.

Retained earnings include all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Parent Company's shareholders which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity.

2.25 Non-current Asset Held for Sale

Non-current asset classified as held for sale includes construction in progress that the Group intends to sell within one year from the date of classification as held for sale (see Note 13).

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Non-current asset held for sale is measured at the lower of its carrying amount, immediately prior to their classification as held for sale, and its fair value less costs to sell. The Group shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell. Gain from any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation.

If the Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the Group shall cease to classify the asset as held for sale.

2.26 Earnings (Loss) Per Share

Basic earnings or loss per share (EPS) is determined by dividing the net profit for the period attributable to common shareholders by the weighted average number of common shares issued and outstanding during the period, after giving retroactive effect to any stock dividends declared and stock splits in the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares.

2.27 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments presented below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15

The Company exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Company and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Company only receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game. When the Company takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9. Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9 while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Food, Beverage and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(ii) Hotel Accommodations

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. In determining the transaction price, the Group considers the effect of any sales incentives or discounts. In the allocation of the transaction price, the Group considers the amount at which it would sell or purchase the promotional merchandise, hotel, food and beverage, and other incentives separately as the stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties (i.e., VAT).

(d) Determination of ECL on Trade and Other Receivables, and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade and other receivables, and advances to related parties. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables, and advances to related parties are disclosed in Note 26.2(b) and (c), respectively.

(e) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For the lease of land, the renewal option is subject to mutual agreement of the lessor and the lessor. This type of renewal option is not considered under PFRS 16, since the option does not create an enforceable rights and obligations for the Group. Thus, only the 25 years non-cancellable term were considered.

For lease of commercial space, the factors considered relevant are (a) if renewal option creates a rights and obligations to the Group that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
The Group did not consider the renewal option over the lease of commercial space, as the option to renew is exclusive on the lessor, hence, does not create an enforceable rights and obligations to the Group.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(g) *Distinction Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2020 and 2019, management determined that its current lease agreements are operating leases.

(h) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions of contingencies are discussed in Note 2.14 and relevant disclosures are presented in Note 25.

(i) *Determination of Joint Control and Significant Influence*

Judgment is exercised in determining whether the Group has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Group determined that it has significant influence in MBPHI; hence, the investee is considered as an associate (see Note 9). On the other hand, the Group determined that it has joint control and rights to net assets of FRTMI, which is a joint arrangement based on the structure, legal form, terms and other facts and circumstances of the arrangement (see Note 9).

(j) *Determination of Accounting Treatment of Put Option*

The Group determined that the put option contract entered by the Group meets the definition of financial guarantee under PFRS 4 [(see Note 25.6(iv)]. Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Group determined that the risk transferred to the Group is significant, hence, the put option should be accounted for under PFRS 9 [see Note 2.5(d)].

3.2 Key Sources of Estimation Uncertainty

The following are the Group's key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 26.2(b) and (c).

Further, the measurement of the put option value under the ECL model requires the use of significant assumptions with regards to the possibility of any of the put option events from happening in the future and the possible change in the valuation of the collateral within the 12-month assessment. Explanation of the inputs and assumptions used are detailed in Note 25.6(iv).

(b) Determination of Net Realizable Values of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Group's inventories, which include perishable goods and operating supplies, are affected by certain factors which may cause inventory losses. Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of food and beverages and operating supplies. Both aspects are considered key sources of estimation uncertainty which may cause significant adjustments to the Group's inventories within the next reporting period.

In 2020, 2019 and 2018, no inventory write-down was recognized by the Group as management believes that the carrying value of inventories does not exceed its net realizable value (see Note 7).

(c) Estimation of Useful Lives of Property and Equipment, Right-of-use Assets, and Investment Property

The Group estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets 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.

The carrying amounts of property and equipment, and right-of-use assets are presented in Note 11, while the investment property is presented in Note 12. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above. There was no change in estimated useful lives of property and equipment and investment property in 2020 and 2019.

(d) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using the interest rate implicit in the lease if readily available or a reasonable rate deemed by management as equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(e) Fair Value Measurement of Derivative Financial Instruments

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

(f) Impairment of Non-Financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in Note 2.18. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment loss recognized on the property and equipment is discussed in Note 11.1. There were no other impairment losses recognized on the Group's investments in an associate and a joint venture, advances for future investment, property and equipment, right-of-use assets, investment property and other non-financial assets based on management's evaluation in 2020, 2019 and 2018.

(g) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 12 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 28.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of December 31, 2020 and 2019, the Group determined that there were no significant circumstances that may affect the fair value determination of investment property.

(h) Valuation of Retirement Benefit Obligation

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of retirement benefit obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 21.2.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. The carrying amount of net deferred tax assets and relevant disclosures as at December 31, 2020 and 2019 are presented in Note 22.1.

(j) Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points

The Group provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Group recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Group reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Group is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into two major business segments – casino and non-casino segments. These components of the Group, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other component, are reviewed regularly by the ExeCom, acting as the chief operating decision-makers of the Group. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Group in reporting its primary segment information.

(a) The Casino segment is engaged in casino operations. This segment includes the operation of Resorts World Manila.

(b) The Non-casino segment includes the operations of various brands of hotels (Maxims, Marriott, Holiday Inn Express, Courtyard by Marriott Iloilo, Hilton Manila, Sheraton Manila, and Hotel Okura), leasing (Newport Entertainment Commercial Center and others), convention center (MGB), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the casino operations.

The Group has not identified any segment based on geographical location (see Note 4.4).

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. They include all operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories, property and equipment and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables, and interest-bearing loans and borrowings.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transactions are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2020, and 2019 and 2018 can be analyzed as follows:

	Casino			Non-casino			Total		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
NET REVENUES									
Sales to external customers	**P 9,398,336,935**	P21,545,613,743	P15,881,465,964	**P 2,782,805,324**	P 6,733,338,399	P 4,684,673,407	**P 12,181,142,259**	P 28,278,952,142	P 20,566,139,371
Intersegment revenues	**-**	-	-	**1,076,649,562**	1,469,415,008	1,005,902,298	**1,076,649,562**	1,469,415,008	1,005,902,298
Segment revenues	**9,398,336,935**	21,545,613,743	15,881,465,964	**3,859,454,886**	8,202,753,407	5,690,575,705	**13,257,791,821**	29,748,367,150	21,572,041,669
COSTS AND OTHER OPERATING EXPENSES									
Cost of sales, services and expenses excluding depreciation	**9,965,413,438**	17,417,393,240	11,770,696,067	**2,301,630,223**	6,323,273,728	7,236,880,124	**12,267,043,661**	23,740,666,968	19,007,576,191
Depreciation	**700,932,567**	588,271,438	393,513,552	**2,714,385,484**	2,582,109,801	1,845,769,050	**3,415,318,051**	3,170,381,239	2,239,282,602
Other income – net	**-**	-	-	**(287,937,510)**	(69,386,881)	(1,710,581,049)	**(287,937,510)**	(69,386,881)	(1,710,581,049)
Finance costs and other charges (income) – net	**(10,767)**	1,514,365,580	25,479,592	**2,266,851,811**	(221,956,366)	27,995,559	**2,266,841,044**	1,292,409,214	53,475,151
Profit (loss) before tax	**(1,267,998,303)**	2,025,583,485	3,691,776,753	**(3,135,475,122)**	(411,286,875)	(1,709,487,979)	**(4,403,473,425)**	1,614,296,610	1,982,288,774
Tax expense	**-**	-	-	**26,305,278**	90,504,543	144,909,807	**26,305,278**	90,504,543	144,909,807
SEGMENT NET PROFIT (LOSS)	**(P 1,267,998,303)**	P 2,025,583,485	P 3,691,776,753	**(P 3,161,780,400)**	(P 501,791,418)	(P 1,854,397,786)	**(P 4,429,778,703)**	P 1,523,792,067	P 1,837,378,967
ASSETS AND LIABILITIES									
Segment assets	**P 9,256,889,792**	P10,716,332,314	P 9,443,911,050	**P111,487,121,688**	P108,311,614,144	P97,851,871,208	**P120,744,011,480**	P119,027,946,458	P107,295,782,258
Segment liabilities	**6,765,475,878**	5,215,641,067	4,824,471,119	**80,682,206,178**	74,861,412,815	56,833,457,999	**87,447,682,056**	80,077,053,882	61,657,929,118

Currently, the Group's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Group did not present any information related to geographical segments (see Note 4.1).

Revenues to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2020	2019	2018
Net revenues			
Total segment revenues	**P 13,257,791,821**	P 29,748,367,150	P 21,572,041,669
Elimination of intersegment revenues	**(1,076,649,562)**	(1,469,415,008)	(1,005,902,298)
Revenues as reported in consolidated profit or loss	**P 12,181,142,259**	P 28,278,952,142	P 20,566,139,371
Net profit or loss			
Segment net profit (loss)	**(P 4,429,778,703)**	P 1,523,792,067	P 1,837,378,967
Elimination of intersegment transactions	**(1,074,577,910)**	(582,679,950)	(397,975,022)
Net profit (loss) as reported in consolidated profit or loss	**(P 5,504,356,613)**	P 941,112,117	P 1,439,403,945
Assets			
Segment assets	**P 120,744,011,480**	P 119,027,946,458	P 107,295,782,258
Total assets reported in the consolidated statements of financial position	**P 120,744,011,480**	P 119,027,946,458	P 107,295,782,258
Liabilities			
Segment liabilities	**P 87,447,682,056**	P 80,077,053,882	P 61,657,929,118
Total liabilities reported in the consolidated statements of financial position	**P 87,447,682,056**	P 80,077,053,882	P 61,657,929,118

5. CASH

Cash includes the following components as at December 31:

	2020	2019
Cash on hand	**P 6,285,413,792**	P 7,467,929,533
Cash in banks	**3,016,123,905**	4,246,526,077
	P 9,301,537,697	P11,714,455,610

Cash in banks generally earn interest based on daily bank deposit rates.

The balance of Cash does not include Restricted short-term placements and Investments in time deposits, which are shown under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 8).

Interest income from Cash, Restricted short-term placements and Investments in time deposits for the years ended December 31, 2020, 2019 and 2018 is presented as Finance Income in the consolidated statements of comprehensive income (see Note 20).

6. TRADE AND OTHER RECEIVABLES

	Notes	2020	2019
Trade receivables		**P 1,745,476,352**	P 1,078,085,307
Note receivable	14	**21,040,182**	54,173,080
Interest receivables		**2,121,956**	8,190,079
Others	23.4	**97,446,346**	111,421,040
		1,866,084,836	1,251,869,506
Allowance for impairment	26.2(b)	**(220,041,767)**	(219,438,090)
		P 1,646,043,069	P 1,032,431,416

All trade receivables do not earn interest and are subject to credit risk exposure.

Note receivable pertains to a two-year unsecured interest-bearing advances granted by the Group in December 2018 to a certain third party.

Other receivables include certain non-trade receivables and receivables arising from availments of employees of certain condominium units and parking slots in accordance with the Group's employee housing program (see Note 23.4). The non-current portion amounting to P118.3 million as of December 31, 2020 and 2019 is presented as Receivables from employees under Other Non-current Assets account in the consolidated statements of financial position (see Note 14).

In 2020, certain trade receivables were found to be impaired using the provision matrix as determined by management; hence, an adequate amount of allowance for impairment has been recognized [see Note 26.2(b)]. The reconciliation below shows the details of the allowance for impairment at the beginning and end of each reporting period.

	Note	**2020**	2019
Balance at beginning of year		**P 219,438,090**	P 273,744,610
Impairment losses (recovery)		**603,677**	(54,306,520)
Balance at end of year	26.2(b)	**P 220,041,767**	P 219,438,090

Impairment losses or recovery is presented as part of Impairment Losses (Recovery) on Financial Assets in the 2020 and 2019 consolidated statements of comprehensive income.

7. INVENTORIES

Inventories as at the end of 2020 and 2019 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

	2020	2019
Operating supplies	**P 100,892,620**	P 102,189,091
Food and beverage	**19,735,531**	18,587,313
Others	**2,745,995**	2,811,729
	P 123,374,146	P 123,588,133

Inventories include membership program items representing supplies and other inventory items of the Group's loyalty and membership program. Operating supplies consists of cards, dice and seals, engineering and other supplies used in the operations of the Company.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2020**	2019
Restricted short-term placements	5, 25.4(c)	**P 2,954,766,368**	P 3,283,129,738
Input VAT		**2,361,374,950**	2,288,594,999
Prepayments		**658,580,685**	516,849,394
Investments in time deposits	5	**122,840,813**	118,531,543
Others		**34,595,771**	19,172,918
		P 6,132,158,587	P 6,226,278,592

Restricted short-term placements [see Note 25.4(c)] are made for varying periods ranging from 30 to 90 days in 2020 and 2019, and earn effective interests of 0.3% per annum in 2020, 5.6% to 6.2% per annum in 2019 and 4.0% to 4.1% per annum in 2018 (see Note 20).

Prepayments include prepaid taxes, insurance and short-term rentals, which are expected to be realized in the next reporting period.

Investments in time deposits are placed for a period of 360 days and earn effective interest of 1.9%, 2.6% and 1.5% in 2020, 2019, and 2018, respectively (see Note 20).

9. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE, AND NON-CONTROLLING INTERESTS

(a) Investments in an Associate and a Joint Venture

The movements in the carrying value of Investments in an Associate and a Joint Venture account as of December 31, which is accounted for under the equity method in the consolidated financial statements of the Group, are shown below.

	2020	2019
Balance at beginning of year	**P 2,426,996,990**	P 1,813,723,231
Share in net profit of an associate and a joint venture	**287,937,504**	613,273,759
Balance at end of year	**P 2,714,934,494**	P 2,426,996,990

In December 2018, the Group's equity ownership interest in MBPHI was diluted from 50.0% to 32.6% as a result of the co-investor's additional investment in such associate. The remeasurement of the Group's equity ownership interest resulted in the recognition of dilution loss amounting to P108.2 million, and is presented as part of Share in Net Profit and Dilution Loss of an Associate and a Joint Venture in the 2018 consolidated statement of comprehensive income.

The financial information of MBPHI, which is considered a significant associate, is shown in the succeeding page. MBPHI has no significant other comprehensive income or loss for the applicable periods.

	2020	2019
Current assets	**P15,887,514,202**	P14,114,058,033
Non-current assets	**1,960,669,560**	1,021,477,600
Total assets	**P17,848,183,762**	P15,135,535,633
Current liabilities	**P 6,654,747,906**	P 5,325,783,964
Non-current liabilities	**2,885,780,554**	2,386,284,609
Total liabilities	**P 9,540,528,460**	P 7,712,068,573
Revenue	**P 4,698,569,951**	P 9,655,915,233
Net profit	**P 884,188,242**	P 1,620,868,233

A reconciliation of the above summarized financial information to the carrying amount of the investment in MBPHI is shown below.

	2020	2019
Net assets of MBPHI	**P 8,307,655,302**	P 7,423,467,060
Proportion of ownership interest by the Group	**32.6%**	32.6%
Carrying amount of investment	**P 2,705,803,332**	P 2,417,823,221

In 2015, the Group entered into a joint venture agreement with VLI to form FRTMI, a joint venture and newly incorporated entity in the same year. The investment made by the Group amounting to P10.0 million is accounted for under the equity method and has a carrying value of P9.2 million as of December 31, 2020 and 2019. FRTMI started commercial operations in June 2016. FRTMI's existing assets and equity significantly represent capital infusion from the joint venturers.

There are no significant risks, commitments, or contingencies related to the Group's interests in associate and joint venture during the reporting periods.

(b) Non-controlling Interests

Non-controlling interests pertain to the 5.0% equity ownership of minority stockholders in WCRWI. The financial information of WCRWI is shown below.

	2020	2019
Assets	**P 15,013,381,248**	P 8,168,335,592
Liabilities	**11,303,680,075**	4,369,410,586
Equity	**3,709,701,173**	3,798,925,006

Management determined that the difference between the 5.0% equity ownership of minority stockholders over the equity of WCRWI and the amount of non-controlling interests recognized in the consolidated statements of financial position is not material to the consolidated financial statements.

10. ADVANCES FOR FUTURE INVESTMENT

Advances for future investment pertain to the advances made by the Company to PAGCOR starting 2014 in connection with the development of Site A (see Note 25.4). In 2020 and 2019, the Company made additional payments to PAGCOR amounting to P588.2 million in each year to fulfill the future investment. A portion of the annual payments made to PAGCOR is being shouldered by Manila Bayshore Property Holdings, Inc. (MBPHI), a related party under common ownership to the Company in the form of advances as part of their development agreement on the residential components of Site A.

In 2020 and 2016, MBPHI received parcels of land amounting to P1.7 billion and P3.7 billion, respectively. As consideration for the transfers, the advances for future investment was reduced by the value of the land received by MBPHI. At the same time, receivable from MBPHI was recognized by the Company for the same amount, which are settled through offsetting arrangements with MBPHI (see Note 23.5).

As of December 31, 2020 and 2019, the carrying values are presented as Advances for Future Investment in the consolidated statements of financial position.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2020 and 2019 are shown below.

	Note	**2020**	2019
Property and equipment	11.1	**P88,379,044,987**	P82,893,060,257
Right-of-use assets	11.2	**965,532,335**	1,040,699,401
		P89,344,577,322	P83,933,759,658

11.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2020 and 2019 are shown below.

	Land	Buildings and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
December 31, 2020							
Cost	P7,027,739,421	P 51,601,414,076	P 6,774,413,199	P 350,076,178	P 7,607,715,858	P 34,477,125,494	P107,838,484,226
Accumulated impairment loss	-	(132,628,909)	-	-	-	-	(132,628,909)
Accumulated depreciation	-	(9,697,465,680)	(4,039,567,060)	(248,613,344)	(5,341,164,246)	-	(19,326,810,330)
Net carrying amount	**P7,027,739,421**	**P 41,771,319,487**	**P 2,734,846,139**	**P 101,462,834**	**P 2,266,551,612**	**P 34,477,125,494**	**P 88,379,044,987**
December 31, 2019							
Cost	P7,027,739,421	P 49,937,483,331	P 6,508,258,045	P 350,076,178	P 7,159,797,983	P 28,018,644,167	P 99,001,999,125
Accumulated depreciation	-	(7,945,682,367)	(3,396,630,254)	(195,158,747)	(4,571,467,500)	-	(16,108,938,868)
Net carrying amount	P7,027,739,421	P 41,991,800,964	P 3,111,627,791	P 154,917,431	P 2,588,330,483	P 28,018,644,167	P 82,893,060,257

	Land	Buildings and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
January 1, 2019							
Cost	P7,341,454,147	P 42,140,822,336	P 5,174,433,221	P 346,888,677	P 5,882,000,823	P 29,990,761,777	P 90,876,360,981
Accumulated depreciation	-	(6,329,437,629)	(2,808,898,141)	(141,700,306)	(3,864,059,570)	-	(13,144,095,646)
Net carrying amount	P7,341,454,147	P 35,811,384,707	P 2,365,535,080	P 205,188,371	P 2,017,941,253	P 29,990,761,777	P 77,732,265,335

A reconciliation of the carrying amounts at the beginning and end of 2020 and 2019 of property and equipment is shown below.

	Land	Buildings and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
Balance at January 1, 2020, net of accumulated depreciation	P7,027,739,421	P 41,991,800,964	P 3,111,627,791	P 154,917,431	P 2,588,330,483	P 28,018,644,167	P 82,893,060,257
Additions	-	225,695,952	307,570,191	-	466,007,329	7,897,703,163	8,896,976,635
Reclassifications	-	1,439,221,836	-	-	-	(1,439,221,836)	-
Disposals	-	-	(360,682)	-	(596,836)	-	(957,518)
Impairment loss	-	(132,628,909)	-	-	-	-	(132,628,909)
Depreciation charges for the year	-	(1,752,770,356)	(683,991,161)	(53,454,597)	(787,189,364)	-	(3,277,405,478)
Balance at December 31, 2020, net of accumulated depreciation	**P7,027,739,421**	**P 41,771,319,487**	**P 2,734,846,139**	**P 101,462,834**	**P 2,266,551,612**	**P 34,477,125,494**	**P 88,379,044,987**
Balance at January 1, 2019, net of accumulated depreciation	P7,341,454,147	P 35,811,384,707	P 2,365,535,080	P 205,188,371	P 2,017,941,253	P 29,990,761,777	P 77,732,265,335
Additions	-	367,716,569	1,342,522,390	3,187,500	704,755,063	9,805,675,668	12,223,857,190
Reclassifications	-	7,461,997,931	-	-	599,630,275	(8,061,628,206)	-
Disposals	-	(10,117)	(1,474,058)	-	(1,278,006)	-	(2,762,181)
Reclassification to Non-current Asset as Held for Sale (see Note 13)	(313,714,726)	-	-	-	-	(3,716,165,072)	(4,029,879,798)
Depreciation charges for the year	-	(1,649,288,126)	(594,955,621)	(53,458,440)	(732,718,102)	-	(3,030,420,289)
Balance at December 31, 2019, net of accumulated depreciation	P7,027,739,421	P 41,991,800,964	P 3,111,627,791	P 154,917,431	P 2,588,330,483	P 28,018,644,167	P 82,893,060,257

Construction in progress pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Group's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 25.4(c)]. In 2019, the Group has completed the construction of Hilton Manila (see Note 1). Accordingly, the accumulated costs incurred for these facilities were reclassified from Construction in progress to Buildings and building improvements in 2019.

In 2020 and 2019, the Group applied to Construction in Progress the advances to suppliers amounting to P649.1 million and P393.0 million, respectively, representing advanced payments for remaining fitout work, which was substantially completed.

On October 28, 2019, a co-development agreement (CDA) was entered into by WCRWI and Parent Company with Suntrust Home Developers, Inc. (SUN), wherein WCRWI and the Parent Company are to lease the portion of Site A to SUN for the development and management of the hotel casino (see Note 25.6). Accordingly, construction activities at Site A was suspended on October 31, 2019, following the agreement. As part of the agreement, the construction costs already incurred by the Group on Site A are to be reimbursed by SUN (see Note 25.6). Accordingly, Construction in Progress amounting to P4.0 billion was reclassified to Non-current Asset as Held for Sale account in the 2019 consolidated statement of financial position, to reflect the intention of the management to sell the asset as of December 31, 2020 and 2019 (see Note 13).

Total property and equipment includes capitalized borrowing costs amounting to P2,864.5 million in 2020 and P2,175.4 million in 2019 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 15). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 4.5% to 8.8% and 5.3% to 8.3% in 2020 and 2019, respectively.

The Group sold certain property and equipment to third parties for a total consideration of P0.6 million, P3.1 million, P36.8 million in 2020, 2019, and 2018, respectively. The related loss on sale in 2020 amounting P0.3 million and gain on sale amounting to P0.3 million and P22.5 million in 2019 and 2018, respectively, are presented under Other Revenues - net in the consolidated statements of comprehensive income (see Note 19). There was no outstanding receivable related to these transactions as of December 31, 2020 and 2019.

The amount of depreciation is allocated as follows (see Note 18):

	2020	2019	2018
Direct costs	**P2,347,301,618**	P2,147,005,523	P 1,396,365,531
General and administrative expenses	**930,103,860**	883,414,766	780,175,564
	P 3,277,405,478	P 3,030,420,289	P 2,176,541,095

As of December 31, 2020 and 2019, fully depreciated assets amounting to P7.7 billion and P5.4 billion, respectively, are still being used in operations.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

11.2 Right-of-use Assets and Lease Liabilities

The Group has leases for certain piece of land, commercial space and gaming equipment. In 2014, the Group entered into a lease agreement with NPF covering certain parcels of land located at the Manila Bay Reclamation Area in Parañaque City for a period of 25 years. Upon effectivity of the lease agreement, the Group paid P1.0 billion to NPF applicable to the first 20 years of the lease; after which, the Group will have to pay the lessor on an annual basis for the last five years. The prepayment is presented as part of right-of-use asset, upon adoption of PFRS 16 on January 1, 2019 (see Note 24.2).

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statements of financial position as Right-of-use assets under Property and Equipment and as Lease liabilities under Trade and Other Payable and Other Non-current Liabilities for the current and non-current portion, respectively. The table in the succeeding page describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Remaining term	Number of leases with extension option
Commercial space	1	2 years	1
Land	2	16 years/19 years	1
Gaming equipment	1	4 years	-

The carrying amount of the Group's right-of-use assets as at December 31, 2020 and 2019 and the movement during the period is shown below.

	Commercial Space	**Land**	**Gaming Equipment**	**Total**
Balance at January 1, 2020	P 1,024,187	P 962,583,724	P 77,091,490	P1,040,699,401
Depreciation	(1,024,187)	(49,140,234)	(25,002,645)	(75,167,066)
Balance at December 31, 2020	**P -**	**P 913,443,490**	**P 52,088,845**	**P 965,532,335**
Balance at January 1, 2019	P 4,096,749	P1,011,723,960	P 102,094,135	P1,117,914,844
Depreciation	(3,072,562)	(49,140,236)	(25,002,645)	(77,215,443)
Balance at December 31, 2019	P 1,024,187	P 962,583,724	P 77,091,490	P1,040,699,401

The depreciation amounting to P75.2 million and P77.2 million in 2020 and 2019 respectively is presented as part of Depreciation under General and Administrative Expenses in the consolidated statements of comprehensive income (see Note 18).

As at December 31, 2020 and 2019, the outstanding lease liabilities are as follows:

	2020	2019
Current	**P 32,101,697**	P 30,973,246
Non-current	**286,727,963**	306,457,950
	P 318,829,660	P 337,431,196

The current portion of the lease liabilities are presented in Trade and Other Payables account, while the non-current portion is presented under Other Non-current Liabilities account in the 2020 consolidated statement of financial position (see Note 16).

The undiscounted maturity analysis of lease liabilities at December 31, 2020 and 2019 are as follows:

	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**5 to 10 years**	**10 to 19 years**	**Total**
December 31, 2020								
Lease payments	P 36,544,953	P 36,544,953	P 5,503,050	P 5,503,050	P 5,582,767	P 100,689,301	P 405,629,543	P 595,997,617
Finance charges	(4,443,256)	(1,921,567)	(459,809)	(436,586)	(411,291)	(1,590,524)	(267,904,924)	(277,167,957)
Net present value	**P 32,101,697**	**P 34,623,386**	**P 5,043,241**	**P 5,066,464**	**P 5,171,476**	**P 99.098.777**	**P 137,724,619**	**P 318,829,660**
December 31. 2019								
Lease payments	P 37,827,109	P 36,544,953	P 36,544,953	P 5,503,050	P 5,503,050	P 55,718,583	P 455,824,136	P 633,465,834
Finance charges	(6,853,863)	(4,443,256)	(1,921,567)	(459,809)	(436,586)	(1,619,423)	(280,300,134)	(296,034,638)
Net present value	P 30,973,246	P 32,101,697	P 34,623,386	P 5,043,241	P 5,066,464	P 54,099,160	P 175,524,002	P 337,431,196

The movements in the lease liabilities recognized in the consolidated statements of financial position are as follows:

	2020	2019
Balance at beginning of year	**P 337,431,196**	P 356,712,453
Interest expense	**19,215,575**	21,237,931
Repayment of lease liabilities	**(37,817,111)**	(40,519,188)
Balance at ending of year	**P 318,829,660**	P 337,431,196

The total interest expense incurred on the lease liabilities amounting to P19.2 million in 2020 and P21.2 million in 2019 is presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 20).

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases and low-value assets are presented as Rentals under General and Administrative Expenses in the consolidated statements of comprehensive income (see Note 18).

12. INVESTMENT PROPERTY

The Group's investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P232.5 million, P518.1 million and P450.6 million in 2020, 2019 and 2018, respectively, are presented as part of Rentals under Other Revenues - Net account in the consolidated statements of comprehensive income (see Note 19). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2020, 2019 and 2018, are presented as part of Depreciation under Direct Costs in the consolidated statements of comprehensive income (see Note 18).

The net carrying amounts of investment property as at the beginning and end of 2020 and 2019 are shown below.

	December 31, 2020	December 31, 2019	January 1, 2019
Cost	**P 1,892,772,408**	P 1,892,772,408	P 1,892,772,408
Accumulated depreciation	**(661,121,466)**	(598,375,959)	(535,630,452)
	P 1,231,650,942	P 1,294,396,449	P 1,357,141,956

A reconciliation of the carrying amounts at the beginning and end of 2020 and 2019 of investment property is shown below.

	Note	2020	2019
Balance at January 1, net of accumulated depreciation		**P 1,294,396,449**	P 1,357,141,956
Depreciation charges for the year	18	**(62,745,507)**	(62,745,507)
Balance at December 31, net of accumulated depreciation		**P 1,231,650,942**	P 1,294,396,449

In the latest appraisal report, the Group's investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P16.1 billion. Fair value is determined using the income capitalization approach, which uses a financial modeling technique based on explicit assumptions regarding the prospective cash flows from the properties. Under this method, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties.

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 28.4.

13. NON-CURRENT ASSET AS HELD FOR SALE

Asset held for sale consists of the land development cost made for the construction of Site A that the Group has discontinued in 2019, following the CDA with SUN. The sale did not take place in 2020. Certain obligations under the CDA relating to the development of properties, project management and other conditions have not yet been performed as of December 31, 2020. The Group, however, remains committed to its plan to sell the asset and estimates that the sale will take effect in 2021 [see Note 25.6(ii)].

The carrying value of the assets amounting to P4.0 billion as of December 31, 2020 and 2019 is equal to its fair value less cost to sell (see Note 11.1). Accordingly, the Group did not recognize any loss in connection with the reclassification of the assets.

14. OTHER NON-CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2020**	2019
Advances to suppliers		**P 2,514,149,971**	P 4,039,062,574
Receivables from employees	6, 23.4	**118,254,343**	118,254,343
Refundable deposits		**102,710,186**	96,187,307
Miscellaneous	23.4	**260,278,078**	264,598,381
		P2,995,392,578	P 4,518,102,605

Advances to suppliers which pertain to mobilization funds provided to the Group's suppliers for use primarily in the construction of the Group's buildings and building improvements and are reduced proportionately upon receipt of progress billings from the said suppliers.

Miscellaneous non-current assets include original advance payment made by the Group to a related party under common ownership for the purchase of certain condominium units and parking lots to be used by in-house entertainers and for employee housing program. In 2020 and 2019, certain employees availed of the condominium units. As of December 31, 2020 and 2019, the cost of the remaining units amounted to P196.2 million in both years. No transfer of title has been made yet as of said date (see Note 23.4). The remainder of miscellaneous non-current assets pertains to certain non-financial deposits which will be realized beyond 12 months from the end of the reporting periods.

15. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Group's outstanding loans is shown below.

	2020	2019
Current	**P 22,305,289,102**	P19,475,274,056
Non-current	**35,028,735,809**	40,447,755,956
	P 57,334,024,911	P59,923,030,012

The outstanding principal balance and other relevant details of the Group's outstanding loans, including explanatory notes are as follows:

	Principal	Interest Rate	Nature	Term	Notes
2020:					
	P2.2 billion	Fixed at 4.75%	Unsecured	90 days	(a)
	P2.0 billion	Floating rate subject to repricing	Unsecured	91 days	(c)
	P1.0 billion	Floating rate subject to repricing	Unsecured	90 days	(c)
	P1.0 billion	Floating rate subject to repricing	Unsecured	60 days	(c)
	P1.0 billion	Floating rate subject to repricing	Unsecured	90 days	(c)
	P1.0 billion	Fixed at 5.8%	Unsecured	180 days	(d)
	P1.0 billion	Fixed at 6.2%	Unsecured	140 days	(f)
	P12.1 billion	Fixed at 7.0%	Unsecured	7 years	(a)
	P7.4 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
	P6.1 billion	Fixed at 6.6%	Unsecured	7 years	(b)
	P3.7 billion	Fixed at 7.3% plus spread of 1.15% subject to floor rate of 5.3%	Unsecured	7 years	(c)
	P4.0 billion	Floating rate subject to repricing with a floor rate of 5.25%	Unsecured	5 years	(d)
	P4.1 billion	Fixed at 8.2%	Unsecured	5 years	(c)
	P3.5 billion	Fixed at 5.7%	Unsecured	5 years	(e)
	P7.5 billion	Fixed at 4.75%	Unsecured	7 years	(a)

Principal	Interest Rate	Nature	Term	Notes
2019:				
P7.5 billion	Fixed at 5.5%	Unsecured	90 days	(a)
P1.0 billion	Fixed at 6.0%	Unsecured	90 days	(b)
P2.0 billion	Fixed at 6.0%	Unsecured	91 days	(c)
P1.0 billion	Fixed at 5.8%	Unsecured	38 days	(c)
P1.0 billion	Fixed at 5.8%	Unsecured	180 days	(d)
P1.0 billion	Fixed at 6.2%	Unsecured	140 days	(f)
P15.0 billion	Fixed at 7.0%	Unsecured	7 years	(a)
P8.5 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
P7.0 billion	Fixed at 6.6%	Unsecured	7 years	(b)
P5.0 billion	Fixed at 7.3% plus spread of 1.15% subject to floor rate of 5.3%	Unsecured	7 years	(c)
P4.0 billion	Floating rate subject to repricing plus a spread of 1.0%	Unsecured	5 years	(d)
P5.0 billion	Fixed at 8.2%	Unsecured	5 years	(c)
P3.5 billion	Fixed at 5.7%	Unsecured	5 years	(e)

a) In prior years, a local bank approved a credit line which grants the Company to borrow P33.5 billion. Total drawdowns made in prior years, which included loans converted into long-term loan, totaled to P23.5 billion. In 2019, the Company made an additional drawdown amounting to P7.5 billion as a short-term loan. In 2020, the Company converted some of the omnibus loans into a long-term loan and made additional borrowings amounting to P2.2 billion. The loans are outstanding as of December 31, 2020 and 2019.

b) In 2016, the Company entered into a credit line agreement with a maximum loanable amount of P7.0 billion from a local bank. The Company fully utilized the said credit line in 2017. Total loans drawn remained outstanding as of December 31, 2020 and 2019.

In 2018, the Company also opened an omnibus credit facility with the bank in the amount of P5.0 billion and drew P1.0 billion. This was subsequently paid on the same year, resulting to a total unutilized credit line of P5.0 billion as of December 31, 2020 and 2019.

c) In 2017, the Company entered into various credit line agreements with a total maximum loanable amount of P10.0 billion from a local bank. As of December 31, 2018, total drawdowns amounted to P10.0 billion, half of which pertains to term loans and the other half to omnibus loans.

In 2019, the Company obtained another term loan facility with the bank amounting to P5.0 billion. This was utilized through the conversion of the P5.0 billion omnibus loan to a long-term loan. Following the conversion, the Company obtained other various short-term loans in 2019 amounting to P3.0 billion, which remained outstanding as of December 31, 2020 and 2019. In 2020, additional omnibus loans amounting to P2.0 billion were borrowed. These loans also remained outstanding as of December 31, 2020.

d) In 2018, the Company obtained a credit line of P5.0 billion from a local bank. The Company loaned P4.0 billion long term loan from such facility in 2018, which remained outstanding as of December 31, 2020 and 2019.

   In 2019, the Company also obtained an omnibus loan from the same bank amounting to P1.0 billion, thus fully utilizing the credit line. The loan remained outstanding as of December 31, 2020 and 2019.

e) In 2018, the Company executed a Credit Agreement with a local bank for an Omnibus Credit Line Facility for P3.5 billion. The Company has fully availed the line facility in 2018 and settled P2.5 billion in the same year. The remaining P1.0 billion was settled early in 2019.

   Further, in 2019, the Company renewed the credit line and availed the same through three separate drawdowns of omnibus loans, which upon maturity were converted into a long-term loan for the same amount. Said loan remained outstanding as of December 31, 2020.

f) In 2019, the Company procured a credit facility with a local bank which consist of an omnibus line amounting to P2.0 billion. The Company's utilized credit line of P1.0 billion remained outstanding as of December 31, 2020 and 2019.

The outstanding loans as of December 31, 2020 and 2019, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the consolidated statements of financial position. There are no assets used and/or required as collaterals as of December 31, 2020 and 2019 for the Group's interest-bearing loans and borrowings.

Starting in 2017, when the Company obtained certain long-term loans, the Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2020, the Company was not able to meet some financial covenants of certain loans and for which the Company was able to secure debt covenant waivers certified by the banks before December 31, 2020, except for one bank. However, the loan payable to this bank was retained as non-current due to the absence of written notice from the bank of a demand, which is provided in the loan agreement, to constitute reclassification of the loan to current. Nevertheless, a formal waiver was received from such bank subsequent to December 31, 2020 but prior to the issuance of the consolidated financial statements.

In 2019, the Company was not able to meet some financial covenants of the loans but management was able to secure a debt covenant waiver certified by the banks prior to December 31, 2019.

Certain portion of finance costs attributable to these loans amounting to P2,023.9 million, P1,884.1 million and P35.0 million in 2020, 2019 and 2018, respectively, are presented as part of Interest expense under the Finance Costs in the consolidated statements of comprehensive income (see Note 20).

The portion of finance costs for both 2020 and 2019 that were capitalized is included as part of additions to Construction in progress under Property and Equipment account in the consolidated statements of financial position (see Note 11.1). Unpaid interests as at December 31, 2020 and 2019 are presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16). The changes in the Interest-bearing Loans and Borrowings account are shown in the succeeding page.

	2020	2019
Balance at beginning of year	**P59,923,030,012**	P45,268,048,190
Cash flows from financing activities:		
Repayment of borrowings	**(9,783,115,910)**	(2,413,750,000)
Additional borrowing	**7,167,130,435**	17,000,000,000
Non-cash financing activities –		
Amortization of debt issuance costs	**26,980,374**	68,731,822
Balance at end of year	**P57,334,024,911**	P59,923,030,012

16. TRADE AND OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

This account consists of:

	Notes	2020	2019
Trade and other payables:			
Deposit from SUN	25.6(ii)	**P 9,901,072,000**	P -
Trade payables	23.2	**6,568,099,108**	5,346,893,677
Accrued expenses:			
Advertising		**1,272,939,064**	1,381,067,875
Employee benefits	23.6	**1,087,627,446**	1,494,232,375
Contract services		**895,553,999**	499,414,209
Casino operating expenses		**685,836,388**	891,588,768
License fee payables	22.1	**516,846,603**	501,653,588
Repairs and maintenance		**516,816,969**	484,237,916
Rental		**465,626,137**	382,471,404
Interest	15	**313,316,369**	291,498,900
Management fees	23.3, 23.6 25.3	**236,095,884**	150,854,052
Utilities		**168,037,758**	182,907,547
Donation	25.4(d)	**10,907,256**	20,388,752
Others		**410,014,713**	600,835,990
Retention payable		**382,454,425**	-
Slot jackpot liability	28.2(b)	**259,221,496**	346,234,075
Liability for unredeemed gaming points		**201,492,558**	256,299,339
Withholding taxes		**84,791,252**	204,630,515
Lease liabilities	11.2	**32,101,697**	30,973,246
Miscellaneous		**559,510,772**	601,019,029
		24,568,361,894	13,667,201,257
Other non-current liabilities:			
Non-trade payable to a related party	23.8	**3,055,613,559**	3,056,180,769
Retention payable		**1,086,954,229**	1,672,291,017
Lease liabilities	11.2	**286,727,963**	306,457,950
Security and miscellaneous deposits	23.7	**260,021,140**	253,012,136
		4,689,316,891	5,287,941,872
		P29,257,678,785	P 18,955,143,129

Trade payables include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips in custody or under the Group's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Group's obligations to its current and former employees that is expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrued salaries and other employee benefits at the end of the reporting period.

Other accrued expenses include accruals for local and overseas travel, training and recruitment, dues and subscription, flight operations and other incidental hotel operating expenses.

The liability for unredeemed gaming points represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Group.

Miscellaneous payables include other non-trade obligations under the ordinary course of business, and government-related liabilities.

Non-trade payable to a related party under common ownership pertains to the outstanding payable arising from the Courtyard Iloilo transaction (see Notes 11 and 23.8).

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Group to bind contractors in completing the agreed tasks. After the settlement of the applicable retention payables due during the reporting periods, the remainder is payable to the contractors for more than 12 months from the completion date of the construction or developments.

Security and miscellaneous deposits are perpetual in nature. Hence, the carrying amounts of these financial liabilities are reasonable estimation of their respective fair values.

17. REVENUES

When the Group prepares its investor presentations and when the Group's ExeCom evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's ExeCom can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time). A summary of additional disaggregation from the segment revenues, particularly on non-gaming revenues, is shown in the next page.

	Notes	2020	2019	2018
Net Revenues:				
Gaming	2.6, 2.15	**P13,291,375,194**	P27,644,831,264	P20,015,927,294
Less: Promotional allowances		**(3,893,038,259)**	(6,099,217,521)	(4,134,461,330)
		9,398,336,935	21,545,613,743	15,881,465,964
Non-gaming:				
Food, beverage and others	2.15	**903,734,415**	2,726,766,033	1,858,633,876
Hotel accommodations	2.15	**1,195,400,713**	2,275,043,205	1,627,094,979
Other revenues – net	2.15 2.16, 20	**683,670,196**	1,731,529,161	1,198,944,552
		2,782,805,324	6,733,338,399	4,684,673,407
		P 12,181,142,259	P28,278,952,142	P20,566,139,371

18. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2020 are shown below.

	Notes	**Direct Costs**	**General and Administrative Expenses**	**Total**
Depreciation	11, 12	P 2,410,047,125	P 1,005,270,926	P 3,415,318,051
Salaries, wages and employee benefits	21.1, 23.6	2,635,753,976	711,211,288	3,346,965,264
Gaming license fees	22.1	2,636,024,717	-	2,636,024,717
General marketing		-	1,318,339,261	1,318,339,261
Outside services		665,253,141	158,040	665,411,181
Repairs and maintenance		-	452,760,104	452,760,104
Utilities and communication		-	442,643,979	442,643,979
Food and beverage		441,031,308	-	441,031,308
Taxes and licenses		-	331,568,639	331,568,639
Casino operating expenses		318,685,528	-	318,685,528
Supplies		219,518,554	11,426,720	230,945,274
Transportation and travel		-	215,823,410	215,823,410
Security		-	214,169,897	214,169,897
Management fees	23.3, 23.6 25.3	-	180,709,178	180,709,178
Impairment loss on property and equipment	11	-	132,628,909	132,628,909
Donations and contributions	25.4(d)	-	119,647,530	119,647,530
Professional services		-	107,787,175	107,787,175
Dues and subscriptions		-	88,874,811	88,874,811
Rentals	11	5,316,910	75,464,119	80,781,029
Commission		-	50,553,937	50,553,937
Entertainment, amusement and recreation		31,548,612	-	31,548,612
Flight operations		19,138,932	-	19,138,932
Miscellaneous		204,173,856	412,847,175	617,021,031
		P 9,586,492,659	**P 5,871,885,098**	**P15,458,377,757**

The details of operating expenses by nature in 2019 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	22.1	P 5,908,762,626	P -	P 5,908,762,626
Salaries, wages and employee benefits	21.1, 23.6	4,663,215,999	1,045,469,092	5,708,685,091
General marketing		-	3,916,279,707	3,916,279,707
Depreciation	11, 12	2,209,751,030	960,630,209	3,170,381,239
Food and beverage		1,400,679,269	-	1,400,679,269
Casino operating expenses		1,056,185,565	-	1,056,185,565
Utilities and communication		225,787,763	737,228,969	963,016,732
Management fees	23.3, 23.6 25.3	-	544,495,296	544,495,296
Repairs and maintenance		-	495,508,024	495,508,024
Supplies		227,504,410	101,430,775	328,935,185
Security		-	289,204,252	289,204,252
Transportation and travel		-	284,647,374	284,647,374
Taxes and licenses		-	259,994,212	259,994,212
Entertainment, amusement and recreation		88,024,085	154,516,004	242,540,089
Donations and contributions	25.4(d)	-	234,453,338	234,453,338
Rentals	11	57,833,959	123,541,484	181,375,443
Professional services		-	169,844,572	169,844,572
Commission		-	165,723,141	165,723,141
Dues and subscriptions		-	96,120,556	96,120,556
Flight operations		45,164,491	-	45,164,491
Miscellaneous		95,616,032	521,950,087	617,566,119
		P 15,978,525,229	P 10,101,037,092	P 26,079,562,321

The details of operating expenses by nature in 2018 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Salaries, wages and employee benefits	21.1, 23.6	P 3,750,472,822	P 1,104,202,158	P 4,854,674,980
Gaming license fees	22.1	4,380,228,290	-	4,380,228,290
General marketing		-	2,706,278,657	2,706,278,657
Depreciation	11, 12	1,459,111,038	780,175,564	2,239,286,602
Food and beverage		945,880,317	-	945,880,317
Casino operating expenses		917,762,234	-	917,762,234
Utilities and communication		-	868,479,609	868,479,609
Repairs and maintenance		-	449,187,998	449,187,998
Flight operations		401,669,099	-	401,669,099
Management fees	23.3, 23.6 25.3(a)	-	345,216,241	345,216,241
Transportation and travel		-	292,634,997	292,634,997
Security		-	261,483,393	261,483,393
Rentals	11	53,798,507	206,575,566	260,374,073
Supplies		170,429,557	81,834,737	252,264,294
Taxes and licenses		-	193,021,823	193,021,823
Donations and contributions	25.4(d)	-	158,159,162	158,159,162
Professional services		-	152,632,709	152,632,709
Commission		-	126,118,792	126,118,792
Dues and subscriptions		-	71,652,435	71,652,435
Entertainment, amusement and recreation		61,803,637	-	61,803,637
Miscellaneous		99,958,372	494,278,408	594,236,780
		P 12,241,113,873	P 8,291,932,249	P 20,533,046,122

Miscellaneous under General and Administrative Expenses account in 2020, 2019 and 2018 include, among others, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

19. OTHER REVENUES

The breakdown of this account is as follows:

	Notes	**2020**	2019	2018
Rentals	12, 23.7, 25.1	**P 358,280,593**	P 668,412,286	P 505,307,303
Service fees		**47,847,963**	116,680,239	87,155,440
Tournament income	2.15	**23,249,525**	82,978,228	55,764,361
Bingo	2.15	**19,715,737**	111,021,402	94,796,447
Productions shows		**18,105,318**	268,606,383	151,381,048
Parking		**11,033,063**	114,602,864	75,082,836
Cinema		**7,810,984**	158,291,457	97,020,859
Laundry		**5,761,980**	42,183,595	10,258,522
Commissions		**3,144,740**	47,843,026	28,901,720
Gain on sale of property and equipment - net	11	**-**	318,279	22,548,132
Others - net	11	**188,720,293**	120,591,402	70,727,884
		P 683,670,196	P 1,731,529,161	P 1,198,944,552

Miscellaneous income includes revenues from limousine, dormitory, spa, and other service charges.

20. OTHER INCOME (CHARGES)

The details of this account are as follows:

	Notes	**2020**	2019	2018
Finance costs:				
Interest expense	11.2, 15, 21.2, 23.8	**P 2,307,210,578**	P 1,952,473,214	P 259,292,385
Foreign currency losses - net		**254,990,013**	121,951,790	35,574,514
Bank charges		**4,026,952**	11,296,911	4,073,962
		P 2,566,227,543	P 2,085,721,915	P 298,940,861
Finance income – Interest income	5, 8	**P 78,077,879**	P 180,038,942	P 146,572,618

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 18 and 23.6).

	Note	**2020**	2019	2018
Short-term employee benefits		**P 3,248,390,538**	P 5,645,016,703	P 4,801,793,230
Post-employment defined benefits	21.2	**98,574,726**	63,668,388	52,881,750
		P 3,346,965,264	P 5,708,685,091	P 4,854,674,980

21.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

In 2017, the Group established a partially-funded, non-contributory multi-employer post-employment benefit plan which is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's Remuneration and Compensation Committee, who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 10 years credited service subject to the approval of the Group's Retirement Committee. The post-employment benefit plan provides benefits ranging from 85% to 200% of the plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented below and in the succeeding page are based on the actuarial valuation reports obtained from an independent actuary in 2020, 2019 and 2018.

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	2020	2019
Present value of the obligation	**P 998,139,956**	P 740,748,955
Fair value of plan assets	**(260,711,366)**	(222,730,601)
	P 737,428,590	P 518,018,354

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2020	2019
Balance at beginning of year	**P 740,748,955**	P 405,586,159
Current service cost	**97,059,516**	63,668,338
Past service cost	**1,515,210**	-
Interest expense	**38,297,140**	30,610,118
Benefits paid	**(20,530,150)**	(2,171,596)
Remeasurements –		
Actuarial losses (gains) arising from:		
Experience adjustments	**(9,017,762)**	127,523,904
Changes in demographic assumptions	**19,715,313**	61,810,580
Changes in financial assumptions	**130,351,734**	53,721,452
Balance at end of year	**P 998,139,956**	P 740,748,955

The movements in the fair value of plan assets in 2020 and 2019 are presented below.

	2020	2019
Balance at beginning of year	**P 222,730,601**	P 84,060,108
Contribution to the plan	**55,259,190**	124,479,083
Interest income	**12,374,747**	10,954,834
Return on plan assets (excluding amounts included in net interest)	**(9,123,023)**	5,408,172
Benefits paid	**(20,530,149)**	(2,171,596)
Balance at end of year	**P 260,711,366**	P 222,730,601

The composition of the fair value of plan assets at the end of 2020 and 2019 by category and risk characteristics is shown below.

	2020	2019
Cash	**P 5,051,470**	P 9,695,463
Treasury bills	**139,236,051**	120,473,968
Unit investment trust fund (UITF)	**116,423,845**	92,561,170
Balance at end of year	**P 260,711,366**	P 222,730,601

The fair values of cash and treasury bills are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of the UITF are estimated by reference to net asset value published by the trust fund managers at the end of each reporting period and is categorized within Level 2.

The plan assets earned a return of P6.7 million in 2020 and P16.4 million in 2019.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

	Notes	**2020**	2019	2018
Reported in profit and loss:				
Current service cost	21.1	**P 97,059,516**	P 63,668,338	P 52,881,750
Net interest expense	20	**22,264,175**	19,655,284	17,498,142
Past service cost	21.1	**1,515,210**	-	-
		P120,838,901	P 83,323,622	P 70,379,892
Reported in other comprehensive loss (income):				
Actuarial losses (gains) arising from:				
Changes in financial assumptions		**P130,351,734**	P 53,721,452	(P 93,381,455)
Changes in demographic assumptions		**19,715,313**	61,810,580	11,189,220
Experience adjustments		**(9,017,762)**	127,523,904	44,954,449
Return on plan assets (excluding amounts included in net interest expense)		**9,123,023**	(5,408,172)	3,957,484
		P150,172,308	P 237,647,764	(P 33,280,302)

In 2020, the Group incurred past service cost amounting to P1.5 million. No similar transactions occurred in 2019 and 2018.

Actuarial loss in 2020 arising from the changes in financial assumptions pertains to the substantial decrease in discount rate, which increased the actuarially determined obligation as of December 31, 2020. The experience adjustment in 2019 and 2018 pertains to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The amounts of retirement benefit expense recognized in profit or loss are presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses (for current and past service cost) and the Finance Costs (for interest expense, net of interest income) accounts in the consolidated statements of comprehensive income (see Notes 18 and 20).

The amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2020	2019	2018
Discount rate	**3.95%**	5.22%	7.56%
Salary growth rate	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 25-31 years for males and 25-30 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Benefit Obligation

The Group is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) Investment and Interest Rate Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. Currently, the plan has relatively balanced investments in cash, treasury bills, and UITF. Due to the long-term nature of the plan obligation, a level of continuing investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(iii) Inflation Risk

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement benefit obligation are described as follows.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2020 and 2019:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2020			
Discount rate	**+/- 100 basis points**	**(P 132,732,360)**	**P 112,296,814**
Salary growth rate	**+/- 100 basis points**	**131,525,632**	**(113,931,224)**

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2019			
Discount rate	+/- 100 basis points	(P 92,143,962)	P 80,772,667
Salary growth rate	+/- 100 basis points	94,665,591	(82,374,024)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its Remuneration and Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government treasury bills or bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The plan assets as of December 31, 2020 and 2019 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P737.4 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding pay pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2020 and 2019 is as follows:

	2020	2019
Within one year	**P 11,330,752**	P 13,304,295
More than one to five years	**125,116,821**	124,625,127
More than five years to ten years	**597,613,259**	530,063,605
	P 734,060,832	P 667,993,027

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after ten years from the end of the reporting period. The weighted average duration of the retirement benefit obligation at the end of the reporting periods is 10 to 14 years.

22. TAXES

22.1 Current and Deferred Taxes

The components of tax expense (income) as reported in the consolidated statements of comprehensive income are as follows:

	2020	2019	2018
Reported in profit or loss			
Current tax expense:			
Final tax at 20% in 2020; 15% in 2019 and 2018	**P 13,714,258**	P 34,329,741	P 30,331,311
RCIT at 30%	**13,037,836**	28,920,943	31,078,361
Minimum corporate income Tax (MCIT) at 2%	**975,120**	14,245,926	60,202,660
GIT at 5%	**-**	5,626,839	29,060,169
	27,727,214	83,123,449	150,672,501
Deferred tax expense (income) arising from:			
Origination (reversal) of other temporary differences	**(1,421,936)**	7,381,094	(5,762,694)
Utilization of previously unrecognized deferred tax asset (DTA) on net operating loss carryover (NOLCO)	**-**	-	623,759,006
Reversal of previously unrecognized DTA on NOLCO	**-**	-	(623,759,006)
	(1,421,936)	7,381,094	(5,762,694)
	P 26,305,278	P 90,504,543	P 144,909,807
Reported in other comprehensive income (loss)			
Deferred tax expense (income) arising from origination and reversal of temporary difference	**(P 8,965,769)**	(P 12,902,405)	P 3,369,211

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Tax on pretax profit (loss) at 30%	**(P 1,742,862,067)**	P 309,484,998	P 475,294,126
Adjustment for income subjected to lower tax rates	**(7,310,342)**	(45,787,078)	(159,819,718)
Tax effects of:			
Non-deductible expenses	**4,433,414,660**	7,617,188,933	6,327,348,685
Non-taxable income	**(4,000,302,137)**	(8,585,886,601)	(6,040,610,634)
Unrecognized DTA on NOLCO	**1,305,462,560**	788,659,723	90,275,977
Change in unrecognized net DTA on other temporary differences	**43,143,194**	(7,401,358)	27,793,181
Utilization of previously unrecognized NOLCO	**(5,972,318)**	-	(623,759,006)
Unrecognized DTA on MCIT	**731,728**	14,245,926	60,202,660
Utilization of previously recognized NOLCO	**-**	-	(11,815,464)
	P 26,305,278	P 90,504,543	P 144,909,807

As of date of the issuance of the 2020 consolidated financial statements of the Group, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill is yet to be enacted into a law. The CREATE Bill aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. When enacted, based on the Bicameral Committee's approved version, the effective RCIT rate applicable to the Group from January 1, 2020 to June 30, 2020 and from July 1, 2020 to December 31, 2020 will be 30% and 25%, respectively. Pending the enactment of the CREATE Bill, the Group used the prevailing RCIT rate of 30% for its non-PEZA activities as of December 31, 2020 in determining its current and deferred taxes in its 2020 consolidated financial statements.

In 2020, the Group applied its NOLCO from previous years amounting to P19.9 million against its taxable income. Total recognized DTA of the Group arising from the retirement benefit obligation, MCIT and net unrealized foreign currency losses of certain subsidiaries amounting to P53.8 million and P42.5 million as of December 31, 2020 and 2019, respectively, is presented as Deferred Tax Assets account in the consolidated statements of financial position.

The Group did not recognize certain DTA on other deductible temporary difference as management has assessed that it may not be able to realize their related tax benefits. The net unrealized foreign currency gains arose from foreign currency denominated financial instruments that are significantly coming from casino transactions. Hence, the reversal of this taxable temporary difference significantly goes through profit or loss from gaming, which is not subject to corporate income tax. As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented in the succeeding page.

	2020 Amount	2020 Tax Effect	2019 Amount	2019 Tax Effect
NOLCO	**P 6,851,204,719**	**P 2,055,361,416**	P 3,227,631,373	P 968,289,412
Allowance for impairment under ECL model	**314,709,869**	**94,412,961**	314,846,930	94,454,079
Impairment of nonfinancial asset	**132,628,909**	**39,788,673**	-	-
Retirement benefit obligation	**74,443,366**	**22,333,010**	181,307,166	54,392,150
MCIT	**58,330,946**	**58,330,946**	98,325,923	98,325,923
Unrealized foreign currency gains - net	**10,920,953**	**3,276,286**	(1,058,417)	(317,525)
	P 7,442,238,762	**P 2,273,503,292**	P 3,821,052,975	P 1,215,144,039

The details of the Group's NOLCO incurred which can be claimed as deduction from their respective future taxable income within three years from the year the taxable loss was incurred are shown below. Futher, pursuant to Section 4(bbbb) of R.A 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable year 2020 shall be claimed as deduction within five years immediately following the year of such loss.

Year Incurred	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid Until
2020	P 4,095,420,177	P -	P -	P 4,095,420,177	2025
2019	2,491,407,871	(19,907,726)	-	2,471,500,145	2022
2018	284,450,304	(16,907)	-	284,284,397	2021
2017	1,163,463,615	(711,524,510)	(451,939,105)	-	
	P 8,034,741,967	**(P 731,598,143)**	**(P 451,939,105)**	**P 6,851,204,719**	

The Group is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT, whichever is higher. The details of the Group's MCIT are as follows:

Year Incurred	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid Until
2020	P 975,120	P -	P -	P 975,120	2023
2019	14,245,926	-	-	14,245,926	2022
2018	60,202,660	-	-	60,202,660	2021
2017	23,877,337	-	(23,877,337)	-	
	P 99,301,043	**P -**	**(P 23,877,337)**	**P 75,423,706**	

The Group opted to claim itemized deductions in computing for its income tax due for the reporting periods.

Under the Provisional License Agreement with PAGCOR, the Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues (see Note 2.22). The license fees are directly remitted by the Group to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 25.4(e)].

In August 2016, the Philippine Supreme Court (SC), in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR.

Total license fees recognized amounted to P2.6 billion, P5.9 billion and P4.4 billion in 2020, 2019 and 2018, respectively, and are presented as Gaming license fees as part of Direct Costs account in the consolidated statements of comprehensive income (see Note 18). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

22.2 Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with the PEZA on December 16, 2008 as a Tourism Economic Zone Enterprise as owner of the 172-room Maxims Hotel and 342-room Marriott Hotel in the Newport City Cybertourism Zone. In 2012, Remington Hotel (now known as Holiday Inn Express Manila Newport City) and the Newport Entertainment and Commercial Centre were also registered with the PEZA. As a PEZA-registered enterprise, the Company is entitled to certain tax incentives which include:

(a) Income tax holiday (ITH) for four years on income solely derived from servicing foreign tourists. Upon expiry of the ITH period, the Company shall pay the 5% GIT, in lieu of all national and local taxes, provided that the Company shall have the option to forego the ITH incentive entitlement and immediately avail of the 5% GIT incentive upon the start of commercial operations subject to the Company's submission to PEZA of its Board Resolution on said waiver of the ITH incentive;

(b) Value Added Tax (VAT) zero rating on transactions with local suppliers of goods, properties and services directly related to its registered operations; and,

(c) Tax and duty-free importation of capital requirement for use in the technical viability and operation of the registered activity of the Group.

The Group Company completed the construction of 228-room MWW in 2016, and MGB, a 4,000-seater convention center, in 2015. In 2016, the Company obtained the supplemental PEZA registration covering these additional facilities.

ITH for Maxims Hotel, Marriott Hotel, and Holiday Inn Express Manila Newport City have expired. Accordingly, the Company paid the GIT on income from servicing foreign tourists, which is presented as part of current tax expense under Tax Expense in the statements of comprehensive income (see Note 22.1). In 2019 and 2018, the Company registered Hotel Okura Manila and Courtyard by Marriott Iloilo, respectively, with PEZA. As the Company voluntarily waived the ITH incentive for Courtyard by Marriott Iloilo, it was directly made subject to the GIT incentive upon start of commercial operation in April 2018.

In addition, DHRI and LSHRI were also registered with PEZA in 2014 and 2013, respectively, as Tourism Economic Zone Enterprise at Newport City, Cybertourism Zone. As PEZA-registered entities, DHRI and LSHRI are also qualified enterprises for certain incentives granted by the PEZA Board as discussed in the foregoing.

23. RELATED PARTY TRANSACTIONS

The Group's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Group's key management personnel and others as described below and in the succeeding pages.

23.1 Summary of Related Party Transactions

The summary of the Group's transactions and outstanding balances with its related parties is as follows:

Related Party Category	Notes	Amount of Transaction 2020	2019	2018	Outstanding Balance 2020	2019
Related Parties Under Common Ownership:						
Repayment (obtaining) of cash advances, net	23.5	**P 19,081,902**	P 2,874,010	(P 8,136,935)	**(P 118,549,770)**	(P 99,467,868)
Management fees	23.3	**13,072,705**	32,617,619	87,277,632	**(39,455,745)**	(26,383,040)
Granting (collection) of cash advances, net	23.5	**(143,597,914)**	162,215,810	4,198,761	**73,836,948**	217,434,862
Prepayment of condominium units	23.4	**-**	-	-	**196,188,167**	196,188,167
Lease of office spaces	23.7	**-**	-	4,595,355	**-**	-
Reimbursement of construction costs	23.8	**188,310,128**	209,916,250	3,995,657,527	**3,056,180,769**	3,056,180,769
Purchase of land	23.10	**-**	-	370,315,000	**-**	-
Associate:						
Granting (collection) of cash advances, net	23.5	**809,698,775**	-	196,782,754	**1,309,689,775**	500,000,000
Obtaining of cash advances	23.5	-	(391,764,706)	(189,629,813)	**-**	(581,394,519)
Stockholder:						
Casino transactions	23.2	**23,697,780**	236,735,346	222,106,178	**(66,579)**	(742,847)
Management fees	23.6	**100,326,466**	312,928,400	200,375,091	**(96,767,702)**	(15,216,479)
Officers and Employees:						
Key management compensation	23.6	**267,540,892**	383,583,918	348,741,905	**(8,467,683)**	(12,421,145)
Receivables from employee housing program	23.4	**5,777,020**	2,927,640	40,039,156	**132,660,574**	126,883,554
Granting (collection) of cash advances, net	23.5	**23,333,262**	9,405,254	9,059,203	**111,490,091**	88,156,829
Other Related Parties Under Common Management or Control :						
Granting (collection) of cash advances, net	24.5	**(702,074)**	10,503,967	4,747,290	**18,599,835**	19,301,939
Donations	25.4(d)	**103,557,015**	234,453,338	156,673,203	**(10,907,256)**	(20,012,801)

Under the ECL model, the Company recognized impairment recovery in 2019 amounting to P0.9 million (see Note 23.5).

23.2 Casino Transactions

The Group recognized outstanding payables to GHL representing show money received by the Company from foreign patrons which the counterparty will later remit to the other. The outstanding balances, which are unsecured, noninterest-bearing and payable in cash upon demand, are presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.3 Management Fees to Related Parties

On July 19, 2010, the Group entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Group, such as the handling of billings to and collections from tenants, and overall administration of the Group's leasing operations.

As a consideration for such services, the Group shall pay the related party based on certain rates of collection, plus commission. The consideration for the services rendered by the related party is presented as part of Management fees under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 18).

In 2020 and 2019, the Group obtained certain management services from another related party under common ownership for the Group's ongoing construction and development activities. The consideration for the services rendered by the related party is capitalized as part of Construction in progress under Property and Equipment account in the consolidated statements of financial position (see Note 11.1).

The outstanding balances, which are unsecured, noninterest-bearing and payable in cash upon demand, of management fees are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.4 Advance Payment to a Related Party

The Group entered into a contract to buy and sell with a related party under common ownership, whereby the Group shall purchase condominium units and parking lots from the latter to be used by in-house entertainers and for employee housing program. Total consideration that was originally paid by the Group in prior years amounted to P437.9 million, and the remaining balance for each reporting period are presented as part of Miscellaneous under Other Non-Current Assets account in the consolidated statements of financial position (see Note 14).

In 2020 and 2019, certain employees availed of the condominium units. The outstanding receivables, secured to the extent of the related condominium units, noninterest-bearing and payable in lump sum payment or salary deductions, arising from the availment of certain employees amounting to P132.7 million and P126.9 million as of December 31, 2020 and 2019, respectively, are presented as part of Others under Trade and Other Receivables account with respect to the current portion and Other Non-current Assets account with respect to the non-current portion in the statements of financial position (see Notes 6 and 14). Management assessed that the related impact of discounting is not significant to the Group's consolidated financial statements.

23.5 Advances to and from Related Parties

In the normal course of business, the Group obtains from and grants cash advances to its related parties, including those under common ownership, and officers and employees which are subject for liquidation or salary deduction, for working capital requirements and other purposes. The details of Advances to Related Parties account as at December 31 are shown in the succeeding page.

	Note	2020	2019
Associate		**P1,309,698,775**	P 500,000,000
Officers and employees		**111,490,091**	88,156,829
Related parties under common ownership of stockholders		**73,836,948**	217,434,862
Other related parties under common ownership, management or control		**18,599,835**	19,301,939
		1,513,625,649	824,893,630
Allowance for impairment	26.2(c)	**(8,398,163)**	(8,398,163)
		P1,505,227,486	P 816,495,467

The changes in Advances to Related Parties account are shown below.

	Notes	2020	2019
Balance at beginning of year		**P 816,495,467**	P 633,427,783
Additions		**1,892,242,115**	190,591,701
Offsetting	10	**(973,159,225)**	-
Repayments		**(230,350,871)**	(8,466,669)
		1,505,277,486	815,552,815
Impairment recovery	26.2(c)	**-**	942,652
		P1,505,277,486	P 816,495,467

The net changes representing the effects of additions, offsetting, repayments, and impairment recovery and losses for 2020 and 2019, is shown under working capital changes of Advances to Related Parties in the consolidated statements of cash flows.

The details of Advances from Related Parties account are shown below.

	2020	2019
Related parties under common ownership of stockholders	**P 118,549,770**	P 99,467,868
Associate	**-**	581,394,519
	P 118,549,770	P 680,862,387

The changes in Advances from Related Parties account are shown below.

	2020	2019
Balance at beginning of year	**P 680,862,387**	P 291,971,690
Additions	**410,846,608**	393,593,665
Offsetting	**(973,159,225)**	-
Repayments	**-**	(4,702,968)
Balance at end of year	**P 118,549,770**	P 680,862,387

In 2018, the Group granted advances to MBPHI amounting to P500.0 million under similar purposes in prior years. The related offsetting arrangements made in 2018 amounted to P303.2 million. In 2020, the Group recognized a receivable from MBPHI for the transfer of another parcel of land for residential development amounting to P1.7 billion.

Outstanding advances from MBPHI before the transfer amounting to P973.2 million were set-off against the amount of receivable recognized. As of December 31, 2020 and 2019, the outstanding receivable from MBPHI amounted to P1.3 billion and P500.0 million, respectively and is presented as part of Advances to Related Parties account in the consolidated statements of financial position.

In 2020 and 2019, MBPHI granted advances to the Group and is presented as part of additions to Advances from Related Parties account in the consolidated statements of financial position (see Note 10).

The advances to and from related parties have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties (see Note 27.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Group.

23.6 Operations and Management Agreement with GHL/Key Management Personnel Compensation

Some of the Group's administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented as part of Management fees under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 18). The outstanding liability, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

The compensation of other key management personnel which is presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses account in the consolidated statements of comprehensive income is shown below (see Notes 18 and 21.1).

	2020	2019	2018
Short-term benefits	**P 237,192,084**	P 353,472,883	P 317,057,381
Post-employment defined benefits	**30,348,808**	30,111,035	31,684,524
	P 267,540,892	P 383,583,918	P 348,741,905

The short-term benefits are generally payable semi-monthly. The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.7 Operating Lease Agreements

The Company leases office spaces to certain related parties under common control and ownership with terms ranging from six to seven years, subject to renewal options. Total income recognized from these transactions are presented as part of Rentals under Other Revenues - Net in the consolidated statements of comprehensive income (see Note 19).

In 2019, lease of office spaces to related parties were terminated following a change in management strategy.

23.8 Reimbursement for Construction Costs

In 2018, a related party under common ownership turned over Courtyard Iloilo to the Company (see Note 11). The parties agreed that the Company will reimburse the costs incurred by the related party in constructing the hotel and its related facilities amounting to P4.0 billion. The unpaid portion, which is unsecured and repayable starting 2021, shall bear interest of 6% commencing in 2019. As of December 31, 2020 and 2019, the outstanding balance amounting to P3.1 billion is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the statements of financial position (see Note 16). The related interest expense amounting to P188.3 million is presented as part of finance costs under Other Income (Charges) in the 2020 statement of comprehensive income (see Note 20).

23.9 Retirement Plan

The Group's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash, treasury bills and UITF with a total fair value of P260.7 million and P222.7 million as of December 31, 2020 and 2019, respectively. The details of the contributions of the Group and the fair value of the plan assets are presented in Note 21.2.

23.10 Purchase of Land

In 2018, the Group purchased certain parcels of land amounting to P370.3 million from a related party under common ownership with similar transaction price and terms under exact business circumstance with third parties, which was fully paid in the same year (see Note 11).

24. EQUITY

24.1 Capital Stock

As of December 31, 2020 and 2019, the capital stock, net of portion in treasury, is as follows:

	Number of Shares	Amount
Preferred A – P0.10 par value		
Authorized	73,000,000,000	P 7,300,000,000
Issued	73,000,000,000	7,300,000,000
Treasury shares – at cost	(73,000,000,000)	(7,300,000,000)
Total outstanding	-	-
Preferred B –P0.01 par value		
Authorized	20,000,000,000	200,000,000
Issued	20,000,000,000	200,000,000
Treasury shares – at cost	(10,000,000,000)	(100,000,000)
Total outstanding	10,000,000,000	100,000,000
Common – P0.10 par value		
Authorized	25,000,000,000	2,500,000,000
Issued	25,000,000,000	2,500,000,000
Treasury shares – at cost	(10,565,185,650)	(1,056,518,565)
Total outstanding	14,434,814,350	1,443,481,435
		P 1,543,481,435

On June 8, 2013, the Parent Company approved the reclassification of its authorized capital from P10.0 billion divided into 9.9 billion voting, participating and reissuable preferred shares, redeemable at the option of the Parent Company, and 100.0 million common shares, both with a par value of P1.00 per share, into P10.0 billion divided into 25.0 billion common shares with par value of P0.10 per share, 73.0 billion redeemable, non-voting, non-participating and reissuable preferred A shares with par value of P0.10 per share; and, 20.0 billion redeemable, voting, participating and reissuable preferred B shares with par value of P0.01 per share. All the preferred shares are convertible into common shares and redeemable at the option of the Parent Company under such terms and conditions as may be determined by the Parent Company. The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Group's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the Parent Company's BOD approved the reissuance of 10.0 billion preferred B shares previously held under treasury at par value or P100.0 million. The preferred B shares are entitled to receive dividends at a rate, price, amount of participation, and other terms and conditions to be fixed by the Group prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the Parent Company issued through Initial Public Offering (IPO) 1,573,222,300 common shares and exercised its over-allotment option of 23,645,550 common shares, respectively, at an issue price of P11.28 per common share. Such issuances resulted in an increase in APIC of P16.6 billion, which is net of IPO-related expenses of P1.3 billion.

On August 13, 2019, the BOD of the Parent Company approved the voluntary delisting of the common shares from the main board of the PSE. The Parent Company made a tender offer for up to 1,582,867,900 common shares held by the public shareholders, at a tender offer price of P5.50 per common share. At the end of tender offer on September 23, 2019, the Parent Company was able to buy back 1,321,060,500 shares for P7.3 billion, which brings down the public ownership of common shares from 10% to 1.8%. Accordingly, the Parent Company received the PSE approval on its petition for voluntary delisting on October 21, 2019.

Following the delisting of shares in the PSE, the Company is still gathering the total number of shareholders of common shares owning at least 100 shares each. However, the management initially assessed that the Parent Company has breached the 200 or more shareholder, hence, qualifying as a quasi-public entity.

24.2 Retained Earnings

The information of approved cash dividends, which did not violate any of the Group's covenants related to its borrowings, are summarized below.

Date of Declaration	Date of Record	Date of Payment	Dividend Per Share	Amount
May 6, 2019	May 20, 2019	June 14, 2019	P 0.01	P 187,329,035

Cash dividends declared in 2019 and 2017 were fully paid in the same year. No dividends were declared in 2018 and 2020.

The Parent Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

In 2019, the Group has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard. The adoption of the standard has resulted in adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2019, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings amounting to P23.6 million.

In 2018, the Group adopted PFRS 9 using the transitional relief as allowed by the standard. This allowed the Group not to restate its prior period's financial statements with respect to the effect of this standard. Differences arising from the adoption of PFRS 9 in relation to classification and measurement, and impairment of financial assets amounting to P177.2 million are recognized in the opening balance of Retained Earnings in 2018.

24.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI [(see Note 28.2(a)]	**Retirement Benefit Obligation** (see Note 21.2)	**Total**
Balance as of January 1, 2020	P 87,451,080	(P 173,509,601)	(P 86,058,521)
Remeasurements of retirement benefit obligation	-	(150,172,308)	(150,172,308)
Fair value losses on financial assets at FVOCI	(9,000,000)	-	(9,000,000)
Tax effect	-	8,965,769	8,965,769
Other comprehensive loss	(9,000,000)	(141,206,539)	(150,206,539)
Balance as of December 31, 2020	**P 78,451,080**	**(P 314,716,140)**	**(P 236,265,060)**
Balance as of January 1, 2019	P 54,451,080	P 51,235,758	P 105,686,838
Remeasurements of retirement benefit obligation	-	(237,647,764)	(237,647,764)
Fair value gains on financial assets at FVOCI	33,000,000	-	33,000,000
Tax effect	-	12,902,405	12,902,405
Other comprehensive income (loss)	33,000,000	(224,745,359)	(191,745,359)
Balance as of December 31, 2019	P 87,451,080	(P 173,509,601)	(P 86,058,521)
Balance as of January 1, 2018	P 29,451,080	P 21,324,667	P 50,775,747
Remeasurements of retirement benefit obligation	-	33,280,302	33,280,302
Fair value gains on available for sale financial asset	25,000,000	-	25,000,000
Tax effect	-	(3,369,211)	(3,369,211)
Other comprehensive income	25,000,000	29,911,091	54,911,091
Balance as of December 31, 2018	P 54,451,080	P 51,235,758	P 105,686,838

Management determined that the deferred tax effect on the cumulative fair value gains of financial assets at FVOCI is not material to the consolidated financial statements as of December 31, 2020 and 2019.

25. COMMITMENTS AND CONTINGENCIES

25.1 Operating Lease Commitment – Group as Lessor

The Group is a lessor under non-cancellable operating lease agreements covering certain office, commercial and other spaces. The leases have terms ranging from three to seven years, with renewal options, and include annual escalation rate of 3% to 10%. The future minimum lease receivables, wherein significant renewals were entered into by the parties in 2020 and 2019, under these non-cancellable operating leases as at December 31 are presented below.

	2020	2019
Within one year	**P 283,692,935**	P 258,769,455
After one year but not more than five years	**365,400,506**	211,533,944
	P 649,093,441	P 470,303,399

Total rentals from these operating leases in 2020, 2019 and 2018 amounted to P232.5 million, P518.1 million, and P475.0 million, respectively, and presented as part of Rentals under the Other Revenues – net in the consolidated statements of comprehensive income (see Note 19).

25.2 Operating Lease Commitment – Group as Lessee (2018)

The Group is a lessee under a non-cancellable operating lease agreement covering certain parcels of land, commercial space and gaming equipment. The leases have terms ranging from three to 25 years, with renewal options, and include escalation rate ranging from 2% to 5%. The future minimum lease payments under these non-cancellable operating leases as of December 31, 2018 are as follows:

Within one year	P 128,931,046
After one year but not more than five years	131,415,028
More than five years	514,587,751
	P 774,933,825

The total rentals from these operating leases amounted to P256.5 million in 2018, of which the major portion was charged to General and Administrative expenses (see Note 18).

25.3 Various Hotel Agreements

(a) Marriott Group (Marriott and Courtyard Iloilo)

The Group has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as Marriott Group) for the license, supervision, direction, control and management of operations of the Group's Marriott, including the monitoring of its compliance with Marriott Group's standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants the Group a nonexclusive and nontransferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with the Group's Marriott hotels and brands.

(b) *Holiday Inn Express*

In 2017, the Group also entered into a Hotel Management Agreement (HMA) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards.

The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with the Group's Holiday Inn Express.

(c) *Hotel Okura Manila*

Also in 2017, the Company and Hotel Okura Co., Ltd (Okura) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants the Group a nonexclusive and nontransferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila.

In 2019, Hotel Okura Co., Ltd.'s wholly owned subsidiary, Okura Nikko Hotel Management Co., Ltd., entered into a Deed of Assignment and Assumption of Management Agreement with the Group relating to Okura.

(d) *Sheraton Manila Hotel*

In 2017, an Operating Services Agreement (OSA) was executed between LSHRI and Starwood Asia Pacific Hotels & Recreation PTE. LTD (Starwood), a fully-owned company of Marriott Group, for the license, supervision, direction, control and management of operations of the Sheraton Manila Hotel, including the monitoring of its compliance with Marriott Group's standards.

The OSA also includes certain services similar to those covered by the existing agreement with the Marriott Group. Likewise, the license and royalty agreement with Starwood grants LSHRI similar rights provided by Marriott Group to the Parent Company. In January 2019, Sheraton Manila Hotel started its commercial operations.

(e) Hilton Manila

Also in 2017, a Management Agreement (MA) was executed between DHRI and Hilton International Manage LLC (Hilton) for the license, supervision, direction, control and management of operations of Hilton Manila, including the monitoring of its compliance with Hilton's standards.

The MA includes design and decoration of the Hilton Manila, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Hilton employees, special services and programs, and the reservations system, property management system and other systems.

The MA grants DHRI a nonexclusive and nontransferable right to use the Hilton Trademarks for hotel services and other related goods and services offered only in connection with the Hilton Manila. The Hilton Manila started operations in October 2018.

Payments to be made by the Group for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2020, 2019 and 2018 totaled P59.4 million, P181.2 million and P117.1 million, respectively, and are presented as part of Management fees under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 18). As of 2020, there were no payments yet for the agreements with Okura.

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2020 and 2019 amounted to P17.4 million and P38.4 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

25.4 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Group to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Group's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement provides, among others, that the Group's License may be revoked or suspended upon failure of the Group to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 29). As at December 31, 2020 and 2019, the Group is in compliance with this provision.

(b) Accession of WCRWI to the Provisional License

On March 18, 2013, the Parent Company and WCRWI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCRWI acceded to the rights, title, interests and obligations of the Group under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCRWI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCRWI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCRWI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCRWI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCRWI are bound by certain investment commitments [see Note 25.4(c)].

(c) Investment Commitments

As required by the Provisional License Agreement, the Company and WCRWI are required to complete the U.S. $1.3 billion (about P66.0 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P55.8 billion) and U.S. $216.0 million (about P11.0 billion), respectively [see Note 25.4(b)]. The agreement with Suntrust covers a development of a portion of Site A. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project (see Notes 11 and 12).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Group in 2014, PAGCOR approved a revised project implementation plan for the Westside City Resorts World Project. WCRWI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Group transferred U.S. $100.0 million (about P5.1 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Group. At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.5 billion) (see Note 8).

If the funds fall below the maintaining balance at any given time, the Group is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Group to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained.

While the Project is on-going, all funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Group is allowed to use other funds. As at December 31, 2020, the Group has spent P92.1 billion for its casino projects pursuant to its investment commitments under the Provisional License Agreement.

The Group has restricted short-term placements amounting to U.S. $73.8 million (about P3.0 billion) and U.S. $64.7 million (about P3.3 billion) as at December 31, 2020 and 2019, respectively, to meet its requirements with PAGCOR in relation to the Company's investment commitments (see Note 8).

(d) Requirement to Establish a Foundation

The Group, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Resorts World Philippines Cultural Heritage Foundation Inc. (the Foundation), formerly Manila Bayshore Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the Group by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) restoration of cultural heritage; (ii) education infrastructure; and, (iii) environment and health. As of December 31, 2020, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to Typhoon Yolanda victims;

- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;

- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;

- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;

- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;

- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;

- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;

- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center; and,

- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 18). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2020 and 2019 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

(e) *Tax Contingencies of Casino Operations*

The Company is subject to license fees at 25% and 15% rates, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 22.2).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

25.5 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Group committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila. As at December 31, 2020 and 2019, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties account in the consolidated statements of financial position (see Note 23.5).

25.6 Co-Development Agreement between WCRWI and SUN

The principal terms of the co-development agreement are as follows (see Note 11.1):

(i) WCRWI and the Parent Company Shall Lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN.

WCRWI and Parent Company shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US$10.6 million (P540.6 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCRWI and the Parent Company entered into a lease agreement with SUN.

(ii) SUN Shall Finance the Development and Construction of a Hotel Casino.

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain a fixed amount to WCRWI for the initial cost of the project.

In 2020, the Group received the payment of US$200.0 million. However, as of December 31, 2020, the Group has yet to comply with certain conditions specified in the CDA (see Notes 13 and 16).

(iii) WCRWI Shall Enter into an Agreement with SUN, for the Latter to Operate and Manage a Hotel Casino.

WCRWI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms of the operations and management agreement to be mutually agreed between the WCRWI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

In accordance with the agreement, WCRWI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

(a) 1% of the gross gaming revenue on VIP of the Casino of the hotel casino; and,

(b) 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as is submitted to PAGCOR from time to time.

As of December 31, 2020, the hotel casino has not yet commenced its operation.

(iv) WCRWI and the Parent Company as Warrantors

Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCRWI and the Parent Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period. The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCRWI's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the Group, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.5(d)].

Applying the ECL model, the option price that the WCRWI and Parent Company is committed to pay amounting to P3.8 billion was compared with the value of the collateral or the shares of stock that they will received. In determining the value of the shares, management assessed that the price of SUN shares in the PSE of P1.66 per share or a total value of P6.1 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote [see Note 26.2(e)].

As of December 31, 2020, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SUN shares and that the probability of default was assessed to be remote.

25.7 Others

The Group has unutilized credit lines amounting to P6.3 billion and P10.5 billion as of December 31, 2020 and 2019, respectively (see Note 15).

On June 2, 2017, a certain individual entered the Group's premises, fired his assault rifle, and set ablaze gaming furniture and equipment in the casino which resulted to physical damages on a portion of the Group's properties. The individual forcibly entered the casino area with a clear motive to rob and he started fires as a diversionary tactic.

The smoke from the fires caused the death of several employees and guests, as well as physical injuries to a number of people.

In 2018, the Group fully collected the claims accrued as of December 31, 2017 and received additional recoveries for business interruption. Further in 2019, the Group received P69.4 million as recoveries for third party claims paid by the Group to the victims in 2017. The Company presented the income from these recoveries as part of Other Income – net in the 2019 and 2018 consolidated statements of comprehensive income.

Also, the Group, in the normal course of its business, makes other various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the consolidated financial statements.

26. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 27. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Group is exposed to are described below.

26.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated cash, trade and other receivables, trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are as follows:

	USD	PHP Equivalent	HKD	PHP Equivalent
2020				
Financial assets	$ **24,938,327**	**P 1,197,937,481**	**$ 339,234,336**	**P 2,101,047,856**
Financial liabilities	**(5,544,137)**	**(266,318,181)**	**(52,948,492)**	**(327,936,484)**
	$ 19,394,190	**P 931,619,300**	**$ 286,285,844**	**P 1,773,111,372**
2019				
Financial assets	$ 10,354,468	P 525,427,128	$ 419,221,640	P 2,731,732,048
Financial liabilities	(10,025,821)	(508,750,273)	(143,498,515)	(935,065,026)
	$ 328,647	P 16,676,855	$ 275,723,125	P 1,796,667,022

The sensitivity of the income before tax for the period with regard to the Group's financial assets and the USD – Philippine peso exchange rate assumes +/- 9.5% and +/- 12.9% changes in exchange rate for the years ended December 31, 2020 and 2019, respectively. The HKD – Philippine peso exchange rate assumes +/- 9.7% and +/- 13.0% changes for 2020 and 2019, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, loss before tax would have been higher by P88.6 million in 2020 while profit before tax would have decreased by P2.2 million 2019. If in 2020 and 2019, the Philippine peso had strengthened against the HKD, with all other variables held constant, consolidated loss before tax would have increased by P172.2 million in 2020 and profit before tax would have decreased by P233.6 million in 2019.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, consolidated profit before tax would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) *Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. At December 31, 2020 and 2019, the Group is exposed to changes in market interest rates through cash and certain interest-bearing loans and borrowings which are subject to variable interest rates (see Notes 5 and 15). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Group's profit (loss) before tax to a reasonably possible change in interest rates of +/- 2.3% and +/- 1.6% for Philippine pesos in 2020 and 2019, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence.

The sensitivity analysis is based on the Group's consolidated financial instruments held at the end of each reporting periods, with effect estimated from the beginning of the year. All other variables are held constant, if interest rate increased by 2.3% in 2020 and 1.6% in 2019, consolidated loss before tax in 2020 would have increased by P9.5 million and consolidated profit before tax in 2019 would have decreased by P3.9 million. Conversely, if the interest rate decreased by the same percentages, consolidated profit before tax would have been lower by the same amounts in 2020 and 2019.

26.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, placing deposits to banks and entering into financial guarantee contract.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized below.

	Notes	**2020**	2019
Cash	5	**P 9,301,537,697**	P 11,714,455,610
Restricted short-term placements	8	**2,954,766,368**	3,283,129,738
Trade and other receivables - net	6	**1,646,043,069**	1,032,431,416
Advances to related parties - net	23.5	**1,505,227,486**	816,495,467
Investments in time deposits	8	**122,840,813**	118,531,543
Financial guarantee contract	25.6(iv)	**3,801,526,769**	3,650,569,230
Other non-current assets:			
Receivables from employees	14	**118,254,343**	118,254,343
Refundable deposits	14	**102,710,186**	96,187,307
		P 19,552,906,731	P 20,830,054,654

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash as described as follows.

(a) Cash, Restricted Short-term Placements and Other Deposits in Bank, and Investments in Time Deposits

The credit risk for cash and similar financial assets herein is considered negligible or the probability of default from the reputable depository banks are remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution.

(b) Trade and Other Receivables

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties and government arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Group assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables over a period of 36 months before December 31, 2020, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2020 and 2019 was determined based on months past due, as follows:

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year	Total
December 31, 2020					
Expected loss rate	2.48%	62.62%	88.37%	100.00%	
Gross carrying amount	**P1,645,222,916**	**P 94,111,431**	**P 55,201,692**	**P 71,548,797**	**P1,866,084,836**
Loss allowance	**40,776,841**	**58,934,335**	**48,781,794**	**71,548,797**	**220,041,767**
December 31, 2019					
Expected loss rate	0.00%	57.16%	89.34%	100.00%	
Gross carrying amount	P 979,869,207	P 103,937,437	P 75,347,306	P 92,715,556	P1,251,869,506
Loss allowance	-	59,409,707	67,312,827	92,715,556	219,438,090

Other components of trade and other receivables such as note receivable, interest receivables and claim receivables are also evaluated by the Group for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Group identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Group considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

A reconciliation of the allowance for ECL as at December 31, 2020 and 2019 to the opening loss allowance is presented in Notes 6 and 23.5.

(c) *Advances to Related Parties*

Advances to related parties pertain to cash grants to the Group's officers and employees, associate and related parties under common ownership.

For officers and employees, the Group assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Group deemed that exposure at default is low as it has an outstanding advances from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Group did not provide an ECL on such balances.

With respect to its advances to related parties under common ownership, the Group did not recognize an impairment loss for 2020. Total impairment recovery in 2019 amounted to P0.9 million and is presented as part of Impairment Recovery (Losses) on Financial Assets account in the 2019 consolidated statement of comprehensive income (see Note 23.5).

(d) *Refundable Deposits*

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Group.

(e) *Other Assets with Exposure to Credit Risks*

Management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis [see Note 25.6(iv)].

26.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Current			Non-current
	Upon Demand	**Within 6 Months**	**6 to 12 Months**	**1 to 19 Years**
Interest-bearing loans and borrowings	P -	P 16,013,698,592	P 9,359,942,882	P40,282,122,855
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	91,170,737	13,363,755,310	14,164,546	9,901,072,000
Slot jackpot liability	-	259,221,496	-	-
Advances from related parties	118,549,770	-	-	-
Other non-current liabilities	-	-	-	4,903,157,565
	P 209,720,507	**P 29,636,675,398**	**P 9,374,107,428**	**P55,086,352,420**

This compares to the contractual maturities of the Group's financial liabilities as of December 31, 2019 as follows:

	Current			Non-current
	Upon Demand	Within 6 Months	6 to 12 Months	1 to 19 Years
Interest-bearing loans and borrowings	P -	P 17,066,124,575	P 6,020,422,372	P44,668,293,870
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	276,322,767	12,069,963,321	18,875,594	-
Slot jackpot liability	-	346,234,075	-	-
Advances from related parties	680,862,387	-	-	-
Other non-current liabilities	-	-	-	5,582,154,504
	P 957,185,154	P 29,482,321,971	P 6,039,297,966	P 50,250,448,374

The contractual maturities reflect the gross cash flows which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

27. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

27.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown in the succeeding page.

	Notes	2020 Carrying Values	2020 Fair Values	2019 Carrying Values	2019 Fair Values
Financial assets					
At amortized cost:					
Cash	5	**P 9,301,537,697**	**P 9,301,537,697**	P 11,714,455,610	P 11,714,455,610
Trade and other receivables - net	6	**1,646,043,069**	**1,646,043,069**	1,032,431,416	1,032,431,416
Advances to related parties - net	23.5	**1,505,227,486**	**1,505,227,486**	816,495,467	816,495,467
Restricted short-term placements	8	**2,954,766,368**	**2,954,766,368**	3,283,129,738	3,283,129,738
Investments in time deposits	8	**122,840,813**	**122,840,813**	118,531,543	118,531,543
Other non-current assets:					
Refundable deposits	14	**102,710,186**	**102,710,186**	96,187,307	96,187,307
Receivables from employees	14	**118,254,343**	**118,254,343**	118,254,343	118,254,343
		P 15,751,379,962	**P 15,751,379,962**	P 17,179,485,424	P 17,179,485,424
Financial assets at FVOCI		**P 127,200,000**	**P 127,200,000**	P 136,200,000	P 136,200,000
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	15	**P 57,334,024,911**	**P 57,334,024,911**	P 59,923,030,012	P 59,923,030,012
Trade and other payables	16	**23,506,948,793**	**23,506,948,793**	12,358,382,740	12,358,382,740
Advances from related parties	23.5	**118,549,770**	**118,549,770**	680,862,387	680,862,387
Other non-current liabilities	16	**4,689,316,891**	**4,689,316,891**	5,287,941,872	5,287,941,872
		P 85,648,840,365	**P 85,648,840,365**	P78,250,217,011	P 78,250,217,011
At fair value through profit or loss – Slot jackpot liability	2.6	**P 259,221,496**	**P 259,221,496**	P 346,234,075	P 346,234,075

See Notes 2.5, 2.6 and 2.11 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 26.

27.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2020 and 2019 and does not have relevant offsetting arrangements, except as disclosed in Note 23.5. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 23 can be potentially offset to the extent of their corresponding outstanding balances.

28. FAIR VALUE MEASUREMENT AND DISCLOSURE

28.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) 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,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

28.2 Financial Instruments Measured at Fair Value

(a) Financial assets at FVOCI

Golf club and other club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market and not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The fair value of these shares decreased by P9.0 million and increased by P33.0 million and P25.0 million in 2020, 2019 and 2018, respectively, which are presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income in the consolidated statements of comprehensive income.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves account in the statements of financial position (see Note 24.3).

(b) Financial liabilities arising from derivative transactions

Slot jackpot liability refers to the accrual for unsettled wagers related to the expected and eventual payouts of the Group as of the last trading day for the year. As the provision accumulates on a real-time basis based on pattern of play, less any payouts, the amount of the obligation as of the end of the reporting period represents its fair value (see Note 2.6). The outstanding amount as of December 31, 2020 and 2019 is presented under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2020 and 2019.

28.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
December 31, 2020:				
Financial assets:				
Cash	P 9,301,537,697	P -	P -	P 9,301,537,697
Trade and other receivables - net	-	-	1,646,043,069	1,646,043,069
Advances to related parties - net	-	-	1,505,227,486	1,505,227,486
Restricted short-term placements	2,954,766,368	-	-	2,954,766,368
Investment in time deposits	122,840,813	-	-	122,840,813
Other non-current assets:				
Refundable deposits	-	-	102,710,186	102,710,186
Receivables from employees	-	-	118,254,343	118,254,343
	P 12,379,144,878	**P -**	**P 3,372,235,084**	**P 15,751,379,962**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 57,334,024,911	P 57,334,024,911
Trade and other payables	-	-	23,506,948,793	23,506,948,793
Advances from related parties	-	-	118,549,770	118,549,770
Other non-current liabilities	-	-	4,689,316,891	4,689,316,891
	P -	**P -**	**P 85,648,840,365**	**P 85,648,840,365**

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Financial assets:				
Cash	P 11,714,455,610	P -	P -	P 11,714,455,610
Trade and other receivables - net	-	-	1,032,431,416	1,032,431,416
Advances to related parties - net	-	-	816,495,467	816,495,467
Restricted short-term placements	3,283,129,738	-	-	3,283,129,738
Investment in time deposits	118,531,543	-	-	118,531,543
Other non-current assets:				
Refundable deposits	-	-	96,187,307	96,187,307
Receivables from employees	-	-	118,254,343	118,254,343
	P15,116,116,891	P -	P 2,063,368,533	P 17,179,485,424
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 59,923,030,012	P 59,923,030,012
Trade and other payables	-	-	12,358,382,740	12,358,382,740
Advances from related parties	-	-	680,862,387	680,862,387
Other non-current liabilities	-	-	5,287,941,872	5,287,941,872
	P -	P -	P 78,250,217,011	P 78,250,217,011

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

28.4 Fair Value for Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment property (see Note 12) was determined by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate and other relevant considerations. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment property is their current use.

As of December 31, 2020 and 2019, the fair value of the Group's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a 15-year discounted cash flow model with 16th year reversion value. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The approach involves the projection of the discounting revenues, outgoing expenses over the future 15 years with reference to the anticipated revenues.

The reversion value at the 16th year is capitalized at an appropriate capitalization rate to determine the terminal value of the asset. The adopted capitalization for the asset may reflect the quality and market position of the asset at the end of the cash flow.

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern entity and to provide an adequate return to stockholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the Parent Company's statements of financial position. The Group's goal in capital management is for the Group to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 25.4(a)]. Capital of the Parent Company for the reporting periods and the computation of debt – equity structure as at December 31, 2020, 2019 and 2018 are shown as follows.

	2020	2019	2018
Total debt from financing:			
Interest-bearing loans and borrowings	**P57,334,024,911**	P59,923,030,012	P 45,268,048,190
Advances from related parties	**6,432,728,109**	274,744,969	261,042,013
	63,766,753,020	60,197,774,981	45,529,090,203
Total equity of Parent Company	**33,903,342,779**	39,121,575,368	46,177,717,787
Debt-equity ratio	**65% - 35%**	61% – 39%	50% – 50%

All ratios as at December 31, 2020, 2019 and 2018 are in line with the Group's Provisional License Agreement with PAGCOR [see Note 25.4(a)].

The Group sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

30. EARNINGS (LOSS) PER SHARE

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

	2020	2019	2018
Basic and diluted:			
Net profit (loss) attributable to Parent Company's shareholders	**(P 5,499,895,421)**	P 945,207,913	P 1,443,770,481
Divided by weighted average number of outstanding common shares	**14,434,814,350**	15,425,609,725	15,755,874,850
	(P 0.381)	P 0.061	P 0.092

In relation to the approved ESOP for key executive officers, there are no potentially dilutive shares since the Company has not granted any share options to its eligible optionees. There were no other potentially dilutive shares as at December 31, 2020, 2019 and 2018. Accordingly, the basic and diluted EPS are the same for all periods presented.

P&A
Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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The Board of Directors and Stockholders
Travellers International Hotel Group, Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Travellers International Hotel Group, Inc. and subsidiaries (the Group) for the year ended December 31, 2020, on which we have rendered our report dated March 17, 2021. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission, and is not a required part of the consolidated basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 17, 2021

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2020
(Amounts in Philippine Pesos)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount	Amount Shown in the Statement of Financial Position	Income Received and Accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
	Not Applicable		
AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Equity Securities			
Manila Golf and Country Club, Inc. (Lifetime Membership)	One (1)	P 75,000,000	(P 1,000,000)
Wack Wack Golf and Country Club	One (1)	34,000,000	(8,000,000)
Sta. Elena Golf Club Shares Class "A"	Two (2)	11,000,000	-
Manila Southwoods Golf Club Class "A" Shares	Six (6)	6,600,000	-
Manila Yacht Club	Two (2)	300,000	-
Sherwood Hills Golf Shares Class "C"	Two (2)	300,000	-
		127,200,000	(9,000,000)
HELD-TO-MATURITY INVESTMENTS			
	Not Applicable		
GRAND TOTAL		**P 127,200,000**	**(P 9,000,000)**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-J
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affliates)
December 31, 2020
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Amounts Receivable from Related Parties							
Officers and employees	P 88,156,829	P -	P -	P -	P 88,156,829	P -	P 88,156,829
Andersons Global Inc.	31,904,832	-	-	-	31,904,832	-	31,904,832
Genting Hong Kong Limited	14,508,087	-	-	-	14,508,087	-	14,508,087
Starcruises	5,255,701	-	-	-	5,255,701	-	5,255,701
Megaworld Corporation	2,507,618	-	-	-	2,507,618	-	2,507,618
Manila Bayshore Property Holdings, Inc.	500,000,000	-	-	-	500,000,000	-	500,000,000
Front Row Theatre Management. Inc.	101,500	-	-	-	101,500	-	101,500
Entertainment City Estate Mgt. Inc.	1,250,000	-	-	-	1,250,000	-	1,250,000
Resorts World Philippines Cultural Heritage Foundation Inc., formerly Manila Bayshore Heritage Foundation Inc.	2,363,124	-	-	-	2,363,124	-	2,363,124
Children of Resorts World Foundation, Inc.	9,787,148	-	-	-	9,787,148	-	9,787,148
Original Pilipino Performing Arts Foundation Inc.	1,156,734	-	-	-	1,156,734	-	1,156,734
Others	-	-	-	-	-	-	-
TOTAL	**P 656,991,574**	P **-**	P **-**	P **-**	**P 656,991,574**	P **-**	**P 656,991,574**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule C - Amounts Receivable from or Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Amounts Receivable from or Payable to Related Parties Eliminated During Consolidation:							
Brightleisure Management Inc.	P 4,604,123	P -	P -	P -	P 4,604,123	P -	P 4,604,123
Grandventure Management Services Inc.	(149,978,147)	-	-	-	(149,978,147)	-	(149,978,147)
Grand Services Inc.	123,631,805	-	-	-	123,631,805	-	123,631,805
Apec Assets Limited	844,837,044	-	-	-	844,837,044	-	844,837,044
Grand Integrated Hotels And Recreation Inc	(25,298,954)	-	-	-	(25,298,954)	-	(25,298,954)
Netdeals, Inc	4,917,882	-	-	-	4,917,882	-	4,917,882
Lucky Star Hotels And Recreation Inc	7,680,887,410	-	-	-	7,680,887,410	-	7,680,887,410
Deluxe Hotels And Recreation Inc	7,752,652,081	-	-	-	7,752,652,081	-	7,752,652,081
Newport Star Lifestyle, Inc	144,813	-	-	-	144,813	-	144,813
Royal Bayshore Hotels And Amusement Inc	18,727,859	-	-	-	18,727,859	-	18,727,859
Entertainment City Integrated Resorts And Leisure Inc	503,315	-	-	-	503,315	-	503,315
Majestic Sunrise Leisure And Recreation Inc	27,154,511	-	-	-	27,154,511	-	27,154,511
FHTC Entertainment & Production Inc.	111,208,969	-	-	-	111,208,969	-	111,208,969
Golden Peak Leisure And Recreation	29,003,722	-	-	-	29,003,722	-	29,003,722
Bright Pelican Leisure &	1,108,150	-	-	-	1,108,150	-	1,108,150
Westside City Resorts World Inc.	3,416,451,790	-	-	-	3,416,451,790	-	3,416,451,790
Formerly Resorts World Bayshore City Inc.		-	-	-		-	
Lucky Panther Amusement And Leisure Corporation	703,950	-	-	-	703,950	-	703,950
Valiant Leopard Amusement And Leisure Corporation	703,965	-	-	-	703,965	-	703,965
Agile Fox Amusement And Leisure Corporation	704,100	-	-	-	704,100	-	704,100
Coral Primrose Leisure And Leisure Corporation	603,950	-	-	-	603,950	-	603,950
Sapphire Carnation Leisure And Recreation Corporation	703,965	-	-	-	703,965	-	703,965
Aquamarine Delphinium Leisure And Recreation Corporation	703,950	-	-	-	703,950	-	703,950
Westside Theater Inc.	151,946	-	-	-	151,946	-	151,946
Red Falcon Amusement And Leisure Corporation	500	-	-	-	500	-	500
Purple Flamingos Amusement And Leisure Corporation	500	-	-	-	500	-	500
Scarlet Milky Way Amusement And Leisure Corporation	604,100	-	-	-	604,100	-	604,100
Vermillion Triangulum Amusement And Leisure Corporation	703,950	-	-	-	703,950	-	703,950
Magenta Centaurus Amusement And Leisure Corporation.	704,065	-	-	-	704,065	-	704,065
Sparkling Summit Hotels And Leisure Corporation	604,950	-	-	-	604,950	-	604,950
Luminescent Vertex Hotels And Leisure Corporation	703,950	-	-	-	703,950	-	703,950
Brilliant Apex Hotels And Leisure Corporation	704,100	-	-	-	704,100	-	704,100
Front Row Theatre Management Inc.	500	-	-	-	500	-	500
	P 19,848,858,817	**-**	**-**	P **-**	**P 19,848,858,317**	P **-**	**P 19,848,858,817**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule D - Long-term Debt
December 31, 2020
(Amounts in Philipine Pesos)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Long Term-Loans (7 Years) - China Bank	P 3,500,000,000	P 872,557,525	P 2,185,176,114
Long Term-Loans (7 Years) - China Bank	3,500,000,000	871,600,702	2,183,641,625
Long Term-Loans (7 Years) - Union Bank	3,500,000,000	697,496,733	1,747,133,990
Long Term-Loans (7 Years) - Union Bank	1,500,000,000	298,773,044	898,264,761
Long Term-Loans (5 Years) - Union Bank	5,000,000,000	1,241,159,570	2,804,005,124
Long Term-Loans (7 Years) - Banco De Oro	15,000,000,000	2,836,881,393	9,259,276,613
Long Term-Loans (7 Years) - Banco De Oro	8,500,000,000	1,466,101,320	5,889,042,150
Long Term-Loans (5 Years) - Asia United Bank	2,000,000,000	331,612,980	664,827,312
Long Term-Loans (5 Years) - Asia United Bank	1,000,000,000	663,402,126	1,329,294,537
Long Term-Loans (5 Years) - Asia United Bank	1,000,000,000	331,410,019	664,617,391
Long Term-Loans (5 Years) - Bank of Commerce	3,500,000,000	867,412,882	2,616,353,222
Long Term-Loans (7 Years) - Banco De Oro	7,500,000,000	-	7,446,094,088
Total	**P 55,500,000,000**	**P 10,478,408,295**	**P 37,687,726,927**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule E - Indebtedness to Related Parties (Current Liabilities)
December 31, 2020
(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Year		Balance at End of Year		Purpose
Star Cruises Limited	P	61,646,320	P	4,764,671	Purchase of services
Famous City Holdings Inc.		10,834,738		-	Advances or purchases of services
Star Cruises Management Limited		12,477,918		-	Purchase of services
Megaworld Corporation		-		2,507,618	Purchase of services
Keen Classic Limited		4,884,990		-	Advances or purchases of services
Star Cruises Administrative Services		3,183,591		-	Purchase of services
Star Cruises Bvi Limited		3,018,378		-	Advances or purchases of services
Star Cruise Hong Kong Management Limited		55,782		-	Purchase of services
Resorts World Sentosa		1,537,192		-	Purchase of services
Manila Bayshore Property Holdings, Inc.		581,394,519		1,309,698,775.00	Advances or purchases of services
Others		1,828,959		188,256,422.00	Advances or purchases of services
TOTAL	**P**	**680,862,387**	**P**	**1,505,227,486**	

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020
(Amounts in Philipine Pesos)

Name of Issuing Entity of Securities Guaranteed by the Company for which This Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which This Statement is Filed	Nature of Guarantee

Not Applicable

The Group does not have any guarantee as at December 31, 2020.

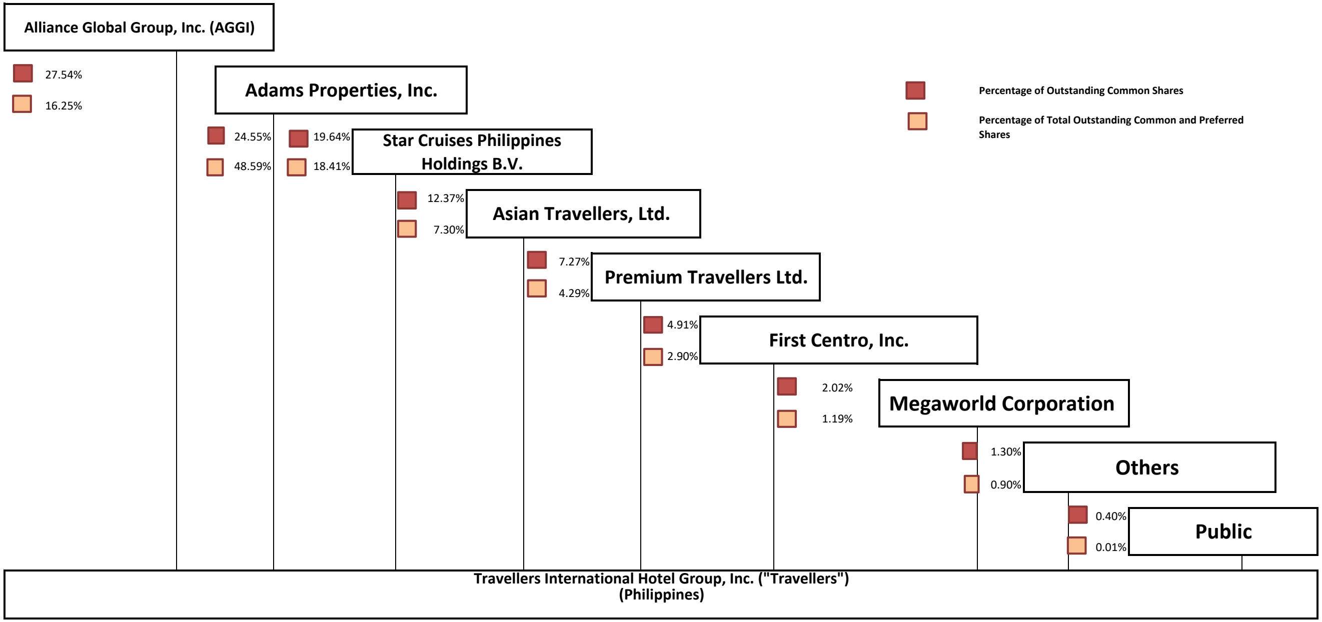
TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule G - Capital Stock
December 31, 2020
(Amounts in Philippine Pesos)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares	25,000,000,000	14,434,814,345	-	14,188,909,950	79,100	245,825,295
Preferred shares (A)	73,000,000,000	-	-	-	-	-
Preferred shares (B)	20,000,000,000	10,000,000,000	-	10,000,000,000	-	-

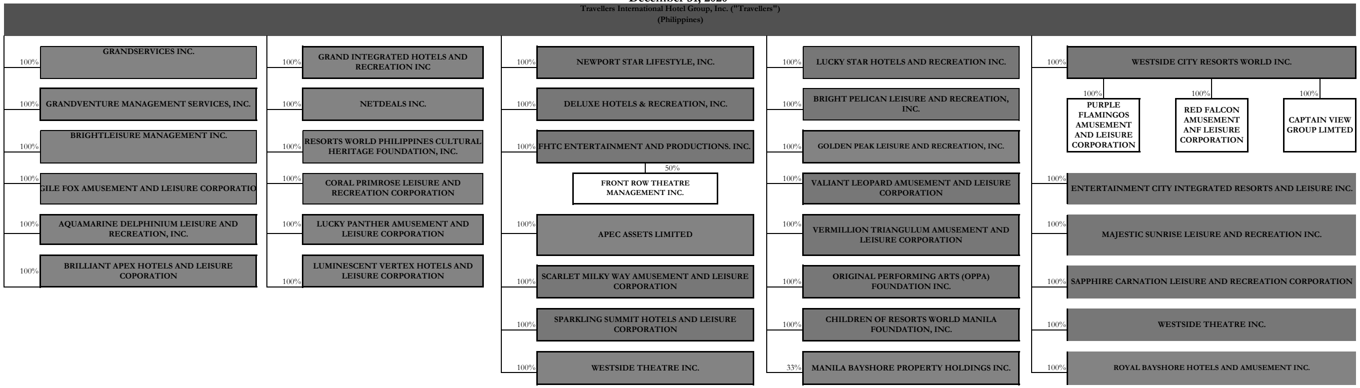
TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings Available for Dividend Declaration, beginning	P	22,006,183,090
Net income based on audited financial statements	(	5,504,356,613)
Non-actual losses		
Unrealized foreign exchange loss (not attributable to cash), net of tax		178,493,009
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, END	**P**	**16,680,319,486**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
December 31, 2020



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
December 31, 2020



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
Schedule of Financial Indicators for December 31, 2020 and 2019
As required under Revised SRC Rule 68
Annex 68-E
For the Years Ended December 31, 2020 and 2019
(Amounts in Philippine Pesos)

	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
I. Current/liquidity ratios				
a. Current Ratio				
Total Current Assets	P 18,708,340,985	P 19,913,249,218	0.42	0.59
Total Current Liabilities	44,333,209,648	33,823,337,700		
b. Quick Ratio				
[Cash+ Investment in Time Deposits (presented under Prepayments and Other Current Assets) + Trade and Other Receivables]	11,070,421,579	12,865,418,569	0.25	0.38
Total Current Liabilities	44,333,209,648	33,823,337,700		
II. Solvency ratios				
a. Solvency Ratio				
Earnings (Losses) Before Interest and Taxes	(3,170,840,757)	2,984,089,874	-0.04	0.04
Total Liabilities	87,447,682,056	80,077,053,882		
b. Debt Ratio				
Total Liabilities	87,447,682,056	80,077,053,882	0.72	0.67
Total Assets	120,744,011,480	119,027,946,458		
c. Debt-to-Equity Ratio				
Total Liabilities	87,447,682,056	80,077,053,882	2.64	2.07
Total Equity Attributable to Shareholders of the Parent Company	33,090,122,664	38,740,224,625		
III. Asset-to-equity ratio				
Total Assets	120,744,011,480	119,027,946,458	3.65	3.07
Total Equity Attributable to Shareholders of the Parent Company	33,090,122,664	38,740,224,625		
IV. Interest Coverage Ratio				
Earnings (Losses) Before Interest and Taxes	(3,170,840,757)	2,984,089,874	-0.72	0.72
Interest Expense	4,433,663,629	4,127,602,415		
V. Profitability Ratios				
a. Net Profit Margin				
Net Profit (Loss)	(5,504,356,613)	941,112,117	-0.45	0.03
Net Revenues*	12,181,142,259	28,278,952,142		
b. Gross Profit Margin				
Gross Profit	2,594,649,600	12,300,426,913	0.21	0.43
Net Revenues*	12,181,142,259	28,278,952,142		
c. Return on Equity				
Net Profit (Loss)	(5,504,356,613)	941,112,117	-0.15	0.02
Average Equity Attributable to Shareholders of the Parent Company	35,915,173,644	42,081,657,009		
d. Return on Assets				
Net Profit	(5,504,356,613)	941,112,117	-0.046	0.008
Average Total Assets	119,885,978,969	113,161,864,358		
VI. Debt Service Coverage Ratio				
a. Debt Service Coverage Ratio				
Earnings Before Interest, Taxes, Depreciation and Allowances + Cash	9,439,016,573	17,208,862,723	0.66	1.54
Total Debt Service**	14,216,779,539	11,154,798,066		

* *Revenues after deducting promotional allowances.*
** *Sum of Principal repayments and Interest expense during the year*

COVER SHEET

SEC Registration Number

C S 2 0 0 3 4 2 6 4 9

Company Name

T R A V E L L E R S   I N T E R N A T I O N A L   H O T E L

G R O U P ,   I N C .   A N D   S U B S I D I A R I E S

Principal Office (No./Street/Barangay/City/Town)Province)

1 0 / F   N E W P O R T   E N T E R T A I N M E N T   &

C O M M E R C I A L   C E N T R E ,   N E W P O R T

B O U L E V A R D , N E W P O R T   C Y B E R T O U R I S M

E C O N O M I C   Z O N E ,   P A S A Y   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q	S E C	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
tihgi@rwmanila.com	632-7908-8000	09157895730

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
200	Every Second Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Bernard Than Boon Teong	bernard.than@rwmanila.com	632-7908-8000	

Contact Person's Address

10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City

Note 1: *In case of death, resgination 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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2021

2. **CS 200342649**
   SEC Identification Number

3. **246-099-058-000**
   BIR Tax Identification No.

4. TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
   Exact name of issuer as specified in its charter

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

6. Industry Classification Code [ ] (SEC Use Only)

7. 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City 1309
   Address of principal office

8. (632) 7908- 8000
   Registrant's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	14,434,814,345

10. *Are any or all of these securities listed on a Stock Exchange?*
    No.

11. *Indicate by check mark whether the registrant:*

    (a) *has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)*

    Yes [✓] No [ ] N/A [ ]

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

    Yes [✓] No [ ]

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1- Consolidated Statements of Financial Position as of September 30, 2021 and December 31, 2020
Exhibit 2- Consolidated Statements of Comprehensive Income for the periods ended September 30, 2021 and 2020
Exhibit 3- Consolidated Statements of Changes in Equity for the periods ended September 30, 2021 and 2020
Exhibit 4- Consolidated Statements of Cash Flows for the periods ended September 30, 2021 and 2020
Exhibit 5- Notes to Consolidated Interim Financial Information

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Please refer to Exhibit 6 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 7 hereof.

Item 4. Aging Schedule of Trade and Other Receivables

Please refer to Exhibit 8 hereof.

PART II- OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

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

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Issuer

By:

BERNARD THAN BOON TEONG
Chief Financial Officer and
Duly Authorized Officer
November 09, 2021

EXHIBIT 1

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30 2021
(With Comparative Figures for December 31, 2020)
(Amounts in Philippine Pesos)

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
CURRENT ASSETS		
Cash	P 8,537,764,860	P 9,301,537,697
Trade and other receivables - net	1,708,373,252	1,646,043,069
Advances to related parties - net	1,518,473,503	1,505,227,486
Inventories	117,961,989	123,374,146
Prepayments and other current assets	6,158,676,981	6,132,158,587
Total Current Assets	18,041,250,585	18,708,340,985
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	148,600,000	127,200,000
Investments in an associate and a joint venture	2,714,545,201	2,714,934,494
Advances for future investment	2,126,513,059	1,538,277,765
Property and equipment - net	90,500,978,439	89,344,577,322
Investment property - net	1,184,591,812	1,231,650,942
Deferred tax assets	53,196,242	53,757,596
Other non-current assets - net	2,958,190,560	2,995,392,578
Total Non-current Assets	99,686,615,313	98,005,790,697
NON-CURRENT ASSETS HELD FOR SALE	-	4,029,879,798
TOTAL ASSETS	P 117,727,865,898	P 120,744,011,480
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Interest-bearing loans and borrowings	P 25,321,576,543	P 22,305,289,102
Trade and other payables	21,182,360,682	24,568,361,894
Advances from related parties	725,458,748	118,549,770
Total Current Liabilities	47,229,395,973	46,992,200,766
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	29,515,834,591	35,028,735,809
Retirement benefit obligation	796,168,871	737,428,590
Other non-current liabilities	4,727,411,709	4,689,316,891
Total Non-current Liabilities	35,039,415,171	40,455,481,290
Total Liabilities	82,268,811,144	87,447,682,056
EQUITY		
Equity attributable to parent company		
Capital stock	10,000,000,000	10,000,000,000
Additional paid-in capital	22,417,157,065	22,417,157,065
Treasury shares at cost	(15,597,057,010)	(15,597,057,010)
Revaluation reserves	(214,865,060)	(236,265,060)
Retained earnings	18,369,791,658	16,506,287,669
Total equity attributable to shareholders of the parent company	34,975,026,653	33,090,122,664
Non-controlling interests	484,028,101	206,206,760
Total Equity	35,459,054,754	33,296,329,424
TOTAL LIABILITIES AND EQUITY	P 117,727,865,898	P 120,744,011,480

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 2

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME*
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(Unaudited)

	Note	2021 Year-to-date	2021 Quarter	2020 Year-to-date	2020 Quarter
NET REVENUES					
Gaming		P 12,826,793,959	P 4,914,398,401	P 9,335,132,389	P 3,218,418,766
Less: Promotional allowances		(4,828,800,347)	(2,023,945,959)	(2,904,653,457)	(1,159,656,117)
		7,997,993,612	2,890,452,442	6,430,478,932	2,058,762,649
Non-gaming:					
Hotel, food, beverage and others		P 1,559,791,432	P 572,334,035	P 1,711,188,460	P 322,580,819
Other operating income		370,939,241	(491,937,222)	446,295,142	124,885,692
		9,928,724,285	2,970,849,255	8,587,962,534	2,506,229,160
DIRECT COSTS		(7,198,841,152)	(2,452,529,266)	(7,414,248,821)	(2,174,413,896)
GROSS PROFIT		2,729,883,133	518,319,989	1,173,713,713	331,815,264
OTHER OPERATING EXPENSE					
General and administrative expenses		(P 4,659,960,095)	(P 1,639,105,804)	(P 4,807,823,439)	(P 1,390,905,105)
Impairment recovery (losses) on Financial Assets				-	-
Other income - net		-	-	-	-
OPERATING PROFIT (LOSS)		(1,930,076,962)	(1,120,785,815)	(3,634,109,726)	(1,059,089,841)
OTHER INCOME (CHARGES)					
Finance costs		(P 1,560,885,072)	(P 488,794,005)	(P 2,024,221,567)	(P 831,429,737)
Finance Income		14,364,896	4,414,882	65,207,317	(19,681,517)
One Time Gain		5,626,459,204	836,359,204	-	-
Share in net profit (loss) of associate and joint venture		(389,292)	-	191,675,420	191,697,271
		4,079,549,736	351,980,081	(1,767,338,830)	(659,413,983)
PROFIT (LOSS) BEFORE TAX		2,149,472,774	(768,805,734)	(5,401,448,556)	(1,718,503,824)
TAX EXPENSE (INCOME)		(8,147,463)	(2,093,745)	(40,215,755)	(7,569,431)
NET PROFIT (LOSS) FOR THE PERIOD		2,141,325,311	(770,899,479)	(5,441,664,310)	(1,726,073,255)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains (losses) on remeasurement of retirement benefit obligation		-	-	-	-
Tax income (expense)				-	-
Net unrealized fair value gains on available-for-sale financial assets		21,400,000	24,800,000	(10,600,000)	(10,600,000)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		P 2,162,725,311	(P 746,099,479)	(P 5,452,264,310)	(P 1,736,673,255)
Net profit (loss) attributable to:					
Parent company's shareholders		P 1,863,503,968	(P 780,224,145)	(P 5,438,470,199)	(P 1,723,575,326)
Non-controlling interests		277,821,343	9,324,665	(3,194,114)	(2,497,928)
		P 2,141,325,311	(P 770,899,479)	(P 5,441,664,313)	(P 1,726,073,254)
Total comprehensive income (loss) attributable to:					
Parent company's shareholders		P 1,884,903,968	(P 755,424,145)	(P 5,449,070,200)	(P 1,734,175,326)
Non-controlling interests		277,821,343	9,324,665	(3,194,113)	(2,497,928)
		P 2,162,725,311	(P 746,099,479)	(P 5,452,264,313)	(P 1,736,673,254)
Earnings (Losses) Per Share - Basic and Diluted	11	P 0.13	(P 0.05)	(P 0.38)	(P 0.12)

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements

EXHIBIT 3

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(Unaudited)

	Attributable to Shareholders of Parent Company							
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Revaluation Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2021	P 10,000,000,000	P 22,417,157,065	(P 15,597,057,010)	(P 236,265,060)	P 16,506,287,690	P 33,090,122,685	P 206,206,758	P 33,296,329,443
Acquisition of treasury shares	-	-		-	-	-	-	-
Cash dividends	-	-	-	-		-	-	-
Total comprehensive income for the period	-	-	-	21,400,000	1,863,503,968	1,884,903,968	277,821,343	2,162,725,311
Balance at September 30, 2021	**P 10,000,000,000**	**P 22,417,157,065**	**(P 15,597,057,010)**	**(P 214,865,060)**	**P 18,369,791,658**	**P 34,975,026,653**	**P 484,028,101**	**P 35,459,054,754**
Balance at January 1, 2020	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 86,058,522)	P 22,006,183,089	P 38,740,224,623	P 210,667,950	P 38,950,892,573
Acquisition of treasury shares						-		-
Cash dividends						-		-
Total comprehensive income for the period	-	-	-	(11,141,686)	(5,438,470,194)	(5,449,611,884)	(3,194,113)	(5,452,805,998)
Balance at September 30, 2020	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 97,200,208)	P 16,567,712,895	P 33,290,612,740	P 207,473,837	P 33,498,086,576

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 4

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(Unaudited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 2,149,472,774	(P 5,401,448,556)
Adjustments for:		
Interest Income	(14,364,896)	(65,207,317)
Interest Expense	1,560,885,072	2,024,221,567
Depreciation	2,557,607,677	2,514,470,310
Net Adjustment of ROU Assets	(61,518,657)	56,631,348
Share in Net Income/Loss of Joint Venture	389,292	(191,675,420)
	-	-
Operating profit before working capital changes	6,192,471,262	(1,063,008,068)
Decrease (increase) in trade and other receivables	(62,330,184)	(399,247,030)
Decrease (increase) in inventories	5,412,158	112,290,058
Decrease (increase) in advances to related parties	(13,246,017)	(38,114,408)
Increase in prepayments and other current assets	(26,518,391)	120,662,136
Increase (decrease) in trade and other payables	(3,386,001,192)	1,058,336,702
Increase (decrease) in advances from related parties	606,908,978	429,314,690
Increase in retirement benefit obligation	58,740,281	65,611,981
Increase in other non-current liabilities	38,094,814	7,347,440,462
Cash generated from operations	3,413,531,709	7,633,286,523
Cash paid for taxes	(8,147,463)	(226,421,065)
Net Cash From Operating Activities	3,405,384,246	7,406,865,458
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,401,551,817)	(4,246,505,418)
Iinterest income received	14,364,896	84,888,835
Decrease (increase) in other non-current assets	37,763,368	222,315,298
Decrease (increase) in advances for future investments	(588,235,294)	
Decrease (increase) non current asset held for sale	4,029,879,798	
Net Cash Used in Investing Activities	1,092,220,951	(3,939,301,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional loans	9,118,565,217	3,083,565,217
Acquisition of treasury shares	-	
Interest paid	(11,634,076,087)	(2,726,502,400)
Repayments of interest-bearing loans and borrowings	(2,732,406,964)	(5,836,518,017)
Dividends paid	-	-
Net Cash From Financing Activities	(5,247,917,834)	(5,479,455,200)
Effects of Exchange Rates Changes on Cash and Cash Equivalents	(13,460,203)	(37,493,611)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(763,772,839)	(2,049,384,638)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,301,537,700	11,714,455,610
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 8,537,764,860	P 9,665,070,972

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SELECTED EXPLANATORY NOTES TO CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(With Comparative Figures for December 31, 2020)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

Travellers International Hotel Group, Inc. (the Company or Parent Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc. (DHRI) Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc. (LSHRI). In 2020, the Maxims hotel ceased its operations and temporarily converted to house essential employees of the Company. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008.

The Parent Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE.

As at September 30, 2021, the Company holds direct ownership interests in the following companies (together with the Company, collectively referred to as "the Group") that were established to engage in businesses related to the main business of the Company:

Name of Subsidiaries/Associate/Joint Venture	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	100.0%
APEC Assets Limited (APEC)	(b)	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	100.0%
Bright Pelican Leisure and Recreation, Inc. (BPLRI)	(a)	100.0%

Name of Subsidiaries/Associate/Joint Venture	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Brightleisure Management, Inc. (BLMI)	(c)	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	100.0%
Captain View Group Limited (Captain View)	(j)	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	100.0%
Deluxe Hotels and Recreation, Inc. (DHRI)	(a)	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	100.0%
Grand Integrated Hotels and Recreation, Inc. (GIHRI)	(a)	100.0%
Grandservices, Inc. (GSI)	(c)	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	100.0%
Lucky Star Hotels and Recreation, Inc. (LSHRI)	(a)	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	100.0%
Netdeals, Inc. (NDI)	(e)	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(a)	100.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a)	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	100.0%
Westside Theatre Inc. (WTI)	(d)	100.0%
Westside City Resorts World, Inc. (WCRWI)	(g)	95.0%
Associate –		
Manila Bayshore Property Holdings, Inc. (MBPHI)	(h)	32.6%
Joint Venture –		
Front Row Theatre Management Inc. (FRTMI)	(d), (i)	50.0%

Explanatory Notes:

(a) Established to engage, operate, and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.

(b) A foreign corporation established to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.

(d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.

(e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers, and traders.

(g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCRWI has two wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation and Red Falcon Amusement and Leisure Corporation, which have not yet started commercial operations as of September 30, 2021.

(h) Established to engage in real estate business, particularly construction of condominium units and buildings.

(i) FRTMI is a joint venture between FHTC and Viva Live, Inc., (VLI) each owning 50.0% interest and exercising joint control.

(j) Captain View is a foreign entity incorporated in the British Virgin Islands (BVI) and is a wholly owned subsidiary of WCRWI, with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, including but not limited to rendering of consultancy and advisory services.

As at September 30, 2021, NDI has ceased operations while all other subsidiaries have not yet started commercial operations except for APEC, BLMI, Captain View, DHRI, FHTC, GIHRI, GSI, GVMSI, LPALC, LSHRI and RBHAI.

The subsidiaries, associate and joint venture under the Group are all incorporated in the Philippines, except for APEC and Captain View which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries, associate and joint venture is within Metro Manila, Philippines.

As at September 30, 2021 and December 31, 2020, the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

Name of Stockholders	Explanatory Notes	Percentage of Ownership
Alliance Global Group, Inc. (AGI)	(a)	27.5%
Adams Properties, Inc. (Adams)	(b)	24.5%
Star Cruises Philippines Holdings B.V. (SCP)	(c)	19.6%
Asian Travellers Ltd. (ATL)	(d)	12.4%
Premium Travellers Ltd. (PTL)	(d)	7.3%
First Centro, Inc. (FCI)	(e)	4.9%
Megaworld Corporation (Megaworld)	(f)	2.0%
Other related parties		1.3%
Public ownership		0.5%
		100.0%

Notes:

(a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, 1110 Quezon City.

(b) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.
(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

In line with the petition for voluntary delisting in 2019, the Parent Company bought back about 1.3 billion common shares from the public shareholders in the stock market, resulting to changes in the effective ownership of the stockholders.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

1.2 Impact of COVID-19 Pandemic on the Group's Business

The outbreak of COVID-19 was identified in January 2020 and has spread to the Philippines in March 2020. Various steps have been taken by the government to prevent the spread of the virus which included restrictions on non-essential travel, border closures to inbound international tourism, temporary suspension of non-essential businesses, and implementation of quarantine procedures. These measures have affected economic conditions and the Group's business operations.

The following are the impact of the COVID-19 pandemic to the Group's business:

- The property was subject to partial or full closure depending on mobility restrictions imposed by the government;
- Travel and entry restrictions which involved COVID-19 testing and a facility based quarantine;
- Various restrictions on capacity limits depending on the lockdown level imposed by the government; and
- Additional administrative expenses were incurred to ensure health and safety of its employees and customers such as the frequent disinfection of facilities, providing COVID-19 testing facility for employees and the public, and arranging free COVID-19 vaccines for its employees.

In response to this matter, the Group has taken the following actions:

- provisionally converted certain hotel rooms as temporary quarantine (multiple-use) facilities for inbound and outbound international passengers, which contributed to the revenue generation activities of the hotel
- Implemented COVID-19 protective measures such as limiting the number of seats per table game, slot machine spacing, temperature checks, and implementing a strict mask mandate, all of which adheres to the minimum health protocols prescribed by the government;
- implemented cost saving measures such as flexible work arrangements or alternative work schemes;
- shifted to remote environment and prepared for long-term remote work situations, for applicable functions, in the event of another government movement restriction, focusing on business continuity plan and scenario planning to manage potential threats another wave of COVID-19; and,

- negotiated for longer payment terms from suppliers and implemented cost savings measures such as reduction in marketing and advertising expenses, deferred any annual employee salary increase and bonuses, implemented flexible work arrangements or alternative work schemes, and sought deferment in the payment of the loans to manage the Group's cash flows.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. In addition, the Company has positive earnings before interests, taxes, depreciation, and amortization for the year. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements has been prepared in accordance with the accounting policies adopted in the Group's consolidated financial statements for the year ended September 30, 2021.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the nine months ended September 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2020.

The preparation of interim condensed consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.
These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

3. ESTIMATES

The Group's interim condensed consolidated financial information in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated interim financial information and related explanatory notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

The judgments, estimates and assumptions applied in the consolidated interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the consolidated financial statements for the year ended December 31, 2020.

4. SEGMENT INFORMATION

The Group is organized into two major business segments – casino and non-casino segments. These components of the Group, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other component, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Group. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Group in reporting its primary segment information.

(a) The Casino segment is engaged in casino operations. This segment includes the operation of Resorts World Manila.

(b) The Non-casino segment includes the operations of various brands of hotels [Marriott, Courtyard by Marriott Iloilo, Holiday Inn Express Manila Newport City (formerly Remington), Marriott West Wing, Hilton Manila, Sheraton Manila Hotel, Hotel Okura], leasing (Newport Entertainment Commercial Center and others), convention center (Marriott Grand Ballroom), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the integrated resort operations.

Currently, the Group's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Group did not present any information related to geographical segments.

As of September 30, 2021, there has been no change from prior periods in the measurement methods used to determine operating segments and reported segment revenues, expenses and performance.

The tables below and in the succeeding pages present revenue and profit information regarding the business segments for the six months ended September 30, 2021 and 2020, and certain asset and liability information regarding segments as at September 30, 2021 and December 31, 2020.

September 30, 2021 (Unaudited)

	Casino	Non-casino	**Total**
Gross revenues			
Total segment revenues	P 8,010,996,544	P 2,714,322,675	P 10,725,319,219
Elimination of intersegment revenues	-	(796,594,935)	(796,594,935)
Revenues as reported in consolidated profit or loss	P 8,010,996,544	P 1,917,727,740	**P 9,928,724,284**
Net profit or loss			
Segment net profit	(P 593,703,692)	P 2,735,418,295	**P 2,141,714,603**
Elimination of intersegment transactions	-	(P 389,292)	(P 389,292)
Net profit as reported in consolidated profit or loss	(P 593,703,692)	P 2,735,029,003	**P 2,141,325,311**

Assets			
Segment assets	P 10,759,984,588	P 106,967,881,310	**P117,727,865,898**
Total assets reported in the consolidated statements of financial position	P 10,759,984,588	P 106,967,881,310	**P117,727,865,898**
Liabilities			
Segment liabilities	(P 12,606,044,695)	(P69,662,766,449)	**(P82,268,811,144)**
Total liabilities reported in the consolidated statements of financial position	(P 12,606,044,695)	(P69,662,766,449)	**(P82,268,811,144)**

September 30, 2020 (Unaudited)

	Casino	Non-casino	**Total**
Gross revenues			
Total segment revenues	P 6,430,478,932	P 2,951,057,289	P 9,381,536,221
Elimination of intersegment revenues	-	(793,573,687)	(793,573,687)
Revenues as reported in consolidated profit or loss	P 6,430,478,932	P 2,157,483,602	**P 8,587,962,534**
Net profit or loss			
Segment net profit	(P 1,916,830,848)	(P 3,309,751,530)	**(P 5,226,582,378)**
Elimination of intersegment transactions	-	215,081,933	**215,081,933**
Net profit as reported in consolidated profit or loss	(P 1,916,830,848)	(P 3,524,833,463)	**(P 5,441,664,311)**
Assets			
Segment assets	P 9,992,834,403	P 110,873,361,555	**P 120,866,195,958**
Total assets reported in the consolidated statements of financial position	P 9,992,834,403	P 110,873,361,555	**P 120,866,195,958**
Liabilities			
Segment liabilities	(P 5,802,575,060)	(P 81,565,534,322)	**(P87,368,109,382)**
Total liabilities reported in the consolidated statements of financial position	(P 5,802,575,060)	(P 81,565,534,322)	**(P87,368,109,382)**

December 31, 2020 (Audited)

	Casino	Non-casino	Total
Gross revenues			
Total segment revenues	P 9,398,336,935	P 3,859,454,887	P 13,257,791,822
Elimination of intersegment revenues	-	(1,076,649,562)	(1,076,649,562)
Revenues as reported in consolidated profit or loss	P 9,398,336,935	P 2,782,805,325	P 12,181,142,360
Net profit or loss			
Segment net profit (loss)	(P 1,245,113,634	(P 4,547,180,466)	(P 5,792,294,100
Elimination of intersegment transactions	-	287,937,504	287,937,504

Net profit as reported in consolidated profit or loss	(P 1,245,113,634)	(P 4,259,242,962)	(P 5,504,356,596)
Assets			
Segment assets	P 9,256,889,792	P 111,487,121,690	P 120,744,011,482
Total assets reported in the consolidated statements of financial position	P 9,256,889,792	P 111,487,121,690	P 120,744,011,482
Liabilities			
Segment liabilities	(P 6,765,475,878)	(P 80,682,206,162)	(P 87,447,682,040)
Total liabilities reported in the consolidated statements of financial position	(P 6,765,475,878)	(P 80,682,206,162)	(P 87,447,682,040)

The Group determines that the categories used in the investor presentations and financial reports used by the Group's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, *Leases*, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time).

A summary of additional disaggregation from the segment revenues for the nine months ended September 30, 2021 and 2020, particularly on non-gaming revenues, is shown below.

	2021	2020
Gaming	**P12,826,793,959**	**P 9,335,132,389**
Less: Promotional allowances	**(4,825,800,347)**	**(2,904,653,457)**
	P 7,997,993,612	**P 6,430,478,932**
Non-gaming:		
Food, beverage and others	**750,855,134**	**823,734,901**
Hotel accommodations	**808,936,298**	**887,453,559**
Other revenues - net	**370,939,241**	**446,295,142**
	1,930,730,673	**2,157,483,602**
	P 9,928,724,285	**P 8,587,962,534**

5. RELATED PARTY TRANSACTIONS

The summary of the Group's transactions with its related parties for the periods ended September 30, 2021 and 2020 and the related outstanding balances as of September 30, 2021 and December 31, 2020 is as follows:

Related Party Transactions	Amount of Transaction 2021	Amount of Transaction 2020	Outstanding Balances 2021	Outstanding Balances 2020
Related Parties Under Common Ownership:				
Obtaining (repayment) of cash advances, net	**(P 3,463,181)**	P -	**(P 122,012,952)**	(P 118,549,771)
Management fees	**7,658,315**	(23,903,662)	**(28,315,216)**	(20.656,901)
Lease of office spaces	**-**	**-**	**-**	-
Prepayment of condominium units	**-**	-	**196,188,167**	196,188,167
Granting (collection) of cash advances, net	**(1,000)**	(3,907)	**(73,837,948)**	73,836,948
Reimbursement of construction cots	**-**	-	**3,056,180,769**	3,056,180,769
Interest payment	**-**	-	**-**	-
Associate –				
Granting (obtaining) of cash advances, net	**-**	-	**1,309,698,775**	1,309,698,775
Obtaining (granting) of cash advances	**(566,970,588)**	(391,764,706)	**(566,970,588)**	**-**
Stockholders:				
Management fees	**116,427,528**	11,574,724	**(205,770,804)**	(96,787,702)
Casino transaction	**-**	12,961,032	**-**	-
Officers and employees:				
Key management compensation	**101,866,282**	128,248,759	**(7,145,905)**	(8,467,683)
Granting (collection) of cash advances, net	**7,968,012**	31,467,003	**119,444,160**	111,476,148
Receivables from employee housing program	**(2,726,988)**	736,257	**129,933,586**	132,660,574
Other Related Parties Under Common Management or Control –				
Granting of cash advances, net	**-**	(13,369,076)	**(21,401,741)**	(21,401,741**)**
Donation	**42,602,976**	71,774,255	**(5,922,078)**	(10,907.256)

The Group subjects its advances to related parties to the prescribed impairment assessment by PFRS 9 [see Note 7.2(c)].

6. COMMITMENTS AND CONTINGENCIES

6.1 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License covering the development of two sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by PAGCOR, and to establish and operate casinos in Sites A and B (collectively referred to as the Project). The term of the Group's License is co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement requires the Group to comply with the 70% Debt – 30% Equity ratio requirement of PAGCOR (see Note 9). As at September 30, 2021 and December 31, 2020, the Group is in compliance with this requirement.

(b) *Accession of WCRWI to the Provisional License*

On March 18, 2013, the Company and WCRWI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCRWI acceded to the rights, title, interests and obligations of the Group under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCRWI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCRWI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCRWI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCRWI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCRWI are bound by certain investment commitments.

(c) *Investment Commitments*

As required by the Provisional License Agreement, the Company and WCRWI are required to complete its U.S. $1.3 billion (about P66.2 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P56 billion) and U.S. $216.0 million (about P11 billion), respectively. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project.

The co-licensees are required to fully invest and utilize in the development of the Project at least 40% of the investment commitment within two years from site delivery.

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Group in 2014, PAGCOR approved a revised project implementation plan for the Westside City Resorts World Project. WCRWI held the groundbreaking rites at Site A on October 1, 2014. On February 24, 2021, PAGCOR approved a revised Master Development Plan and Project Implementation Plan for the Westside City Resorts World Project.

As a requirement in developing the aforementioned Project, the Group transferred U.S. $100.0 million (about P5.2 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Group. At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.44 billion). If the funds fall below the maintaining balance at any given time, the Group is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Group to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained. All funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Group is allowed to use other funds.

As at September 30, 2021, the Group has spent P125.5 billion for its casino projects pursuant to its investment commitment under the Provisional License Agreement.

The Group has short-term placements amounting to U.S. $60.2 million (P3.1 billion) and U.S. $65.0 million (P3.1 billion) as at September 30, 2021 and December 31, 2020, respectively, to meet its requirements with PAGCOR in relation to the Group's investment commitments.

(d) Requirement to Establish a Foundation

The Group, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Resorts World Philippines Cultural Heritage Foundation Inc. (the Foundation), formerly Manila Bayshore Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the Group by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) restoration of cultural heritage; (ii) education infrastructure; and, (iii) environment and health. As of September 30, 2021, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to Typhoon Yolanda victims;

- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;

- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;

- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;

- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;

- Construction of a drug abuse treatment and rehabilitation center in Davao City in coordination with the Department of Health;

- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;

- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center in Taguig City; and,

- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts.

- Construction of a multi-purpose office building that will be used to support and promote the mission of the Philippine Military Academy Alumni Association, Inc.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses account in the consolidated statements of comprehensive income. The outstanding liability, representing donations due and which is unsecured, noninterest-bearing and payable in cash upon demand, as at September 30, 2020 and December 31, 2020 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position.

(e) Tax Contingencies of Casino Operations

The Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

In a Resolution dated 3 May 2021, the Supreme Court also held that the Company's "gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax.".

(f) Co-Development Agreement between WCRWI and SUN

The principal terms of the co-development agreement are as follows:

(a) WCRWI and the Parent Company Shall Lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN

WCRWI and Parent Company shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US$10.6 million (P540.1 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, WCRWI and the Parent Company entered into a lease agreement with SUN on February 21, 2020.

(b) SUN shall Finance the Development and Construction of a Hotel Casino.

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain fixed amount to WCRWI for reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site.

(c) WCRWI shall enter into an Agreement with SUN, for the Latter to Operate and Manage a Hotel Casino.

WCRWI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms mutually agreed between the WCRWI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

In accordance with the agreement, WCRWI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

(a) 1% of the gross gaming revenue on VIP of the Casino of the hotel casino; and,

(b) 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as is submitted to PAGCOR from time to time.

As of September 30, 2021, the hotel casino has not yet commenced its operation.

(d) WCRWI and Parent Company as Warrantors

Fortune Noble Limited (Fortune) [a wholly owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and condition mutually agreed upon by the parties. WCRWI and the Parent Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period. The option period commences for the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCRWI's lease over Site A as applicable, or failure or acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration of the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and (b) the aggregate of the shares subscription price of the 2.55 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to date of competition of the put option.

Management assessed that since the put option transfers significant risk to the Group, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model.

Applying the ECL model, the option price that the WCRWI and Parent Company is committed to pay amounting to 3.7 billion was compared with the value of the collateral or the shares of stocks that they'll receive. In determining the value of the shares, management assessed that the price of SUN shares in the PSE of P1.49 per share or a total value P10.8 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote.

6.2 Others

The Group has P24.7B and P5.0B unutilized credit lines as of September 30, 2021 and December 31, 2020, respectively.

The Group in the normal course of its business makes various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the consolidated financial statements.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 8. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

7.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Notes Payable and Derivative Liability, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are as follows:

	September30, 2021			
	USD	**PHP Equivalent**	**HKD**	**PHP Equivalent**
Financial assets	$ 19,723,128	P 1,003,576,547	$ 257,486,369	P 1,685,454,274
Financial liabilities	(5,189,729)	(264,463,386)	(57,269,811)	(374,876,728)
	($ 14,533,399)	(P 739,113,161)	$ 200,216,558	P 1,310,577,546

	September 30, 2020			
	USD	PHP Equivalent	HKD	PHP Equivalent
Financial assets	$ 3,585,472	P 173,769,900	$ 530,121,507	P 3,315,326,893
Financial liabilities	(3,471,796)	(168,260,609)	(98,424,100)	(615,534,480)
	$ 113,676	P 5,509,291	($ 431,697,407)	(P 2,699,792,413)

The sensitivity of the income before tax for the period with regard to the Group's financial assets and the U.S. dollar – Philippine peso exchange rate assumes +/- 5.19% and +/- 6.16% changes in exchange rate for the nine months ended September 30, 2021 and 2020, respectively. The Hong Kong dollar – Philippine peso exchange rate assumes +/- 5.20% and +/- 9.28% changes for the nine months ended September 30, 2021 and 2020, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, consolidated gain before tax would have increased by P3.8 million for the nine months ended September 30, 2021 and consolidated loss would have decreased by P58.4 million for the nine months ended September 30, 2020. If in 2021, the Philippine peso had strengthened against the Hong Kong dollar, with all other variables held constant, consolidated gain before tax would have increased by P188.8 million in September 30, 2021 and consolidated loss would have increased by P138.5 million in September 30, 2020.

However, if the Philippine peso had weakened against the U.S. dollar and the Hong Kong dollar by the same percentages, consolidated profit (loss) before tax would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis in the preceding page is considered to be representative of the Group's foreign currency risk.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on short and long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. As at September 30, 2021 and 2020, the Group is exposed to changes in market interest rates through Cash and Cash Equivalents and certain Interest-bearing Loans and Borrowings, which are subject to variable interest rates. All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates of +/- 0.62% and +/- 3.59% for Philippine pesos in the nine months ended September 30, 2021 and 2020, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's consolidated financial instruments held at the end of each reporting periods, with effect estimated from the beginning of period. All other variables are held constant, if interest rate increased by 0.62% in 2021 and 3.59% in 2020, consolidated profit before tax in 2021 and consolidated loss before tax in 2020 would have decreased by P0.5 million in 2021 and increased P5.8 million, respectively. Conversely, if the interest rate decreased by the same percentages, consolidated profit before tax would have been lower by the same amounts in 2021 and 2020.

7.2 Credit Risk

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash

The credit risk for cash and investments in time deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution.

(b) Trade and Other Receivables

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due 3e(age buckets). The trade receivables relate mostly to receivables from third parties arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Group assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables, and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation, to be the most relevant factors, and accordingly, adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at September 30, 2021 and December 31, 2020 was determined based on months past due, as follows:

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year	Total
September 30, 2021					
Expected loss rate	0.00%	43.55%	87.88%	100.00%	
Gross carrying amount	P 1,379,736,051	P 196,046,240	P 93,170,235	P 39,420,726	P 1,708,373,252
Loss allowance	-	85,378,137	81,878,003	39,420,726	206,676,866
December 31, 2020					
Expected loss rate	0.00%	47.52%	95.98%	100.00%	
Gross carrying amount	P 1,329,396,231	P 188,893,471	P 89,770,909	P 37,982,457	P 1,646,043,069
Loss allowance	-	89,762,178	86,162,119	37,982,457	213,906,753

Other components of trade and other receivables such as note receivable and interest are also evaluated by the Group for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) *Advances to Related Parties*

Advances to related parties pertain to cash grants to the Group's officers and employees, associate and related parties under common ownership.

For officers and employees, the Group assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Group deemed that exposure at default is low as it has an outstanding advance from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Group did not provide an ECL on such balances.

(d) *Refundable deposits*

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Group.

7.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 3-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at September 30, 2021, the Group's financial liabilities have contractual maturities which are presented below.

	Current			Non-current
	Upon Demand	**Within 6 Months**	**6 to 12 Months**	**1 to 5 Years**
Interest-bearing loans and borrowings	P -	P 21,351,268,172	P 6,607,303,979	P32,729,469,916
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	105,044,343	11,368,223,948	8,097,672,564	-
Slot jackpot liability	-	474,238,456	-	-
Advances from related parties	725,458,748	-	-	-
Other non-current liabilities	-	-	-	4,726,868,271
	P 830,503,091	**P33,193,730,576**	**P14,704,976,543**	**P37,456,338,187**

As at December 31, 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Current			Non-current
	Upon Demand	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P -	P 16,013,698,592	P 9,359,942,882	P40,282,122,855
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	128,912,405	13,954,703,544	9,937,616,953	-
Slot jackpot liability	-	502,463,638	-	-
Advances from related parties	118,549,772	-	-	-
Other non-current liabilities	-	-	-	4,688,773,457
	P 427,462,177	P 30,470,865,774	P19,297,559,835	P 44,970,896,312

The contractual maturities reflect the gross cash flows which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

8. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

8.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	September 30, 2021		December 31, 2020	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
At amortized cost:				
Cash	**P 8,537,764,860**	**P 8,537,764,860**	P 9,301,537,697	P 9,301,537,697
Trade and other receivables - net	**1,708,373,252**	**1,708,373,252**	1,646,043,069	1,646,043,069
Advances to related parties - net	**1,518,473,503**	**1,518,473,503**	1,505,227,486	1,505,227,486
Restricted short-term placements	**2,943,819,089**	**2,943,819,089**	2,954,766,368	2,954,766,368
Investments in time deposits	**124,806,266**	**124,806,266**	122,840,813	122,840,813
Other non-current assets:				
Refundable deposits	**102,710,185**	**102,710,185**	96,340,056	96,340,056
Receivables from employees	**119,444,160**	**119,444,160**	132,660,574	132,660,574
Note receivable	**-**	**-**	-	-
	P 15,055,391,315	**P 15,055,391,315**	P 15,759,416,063	P 15,759,416,063
Financial assets at FVOCI	**P 148,600,000**	**P 148,600,000**	P 127,200,000	P 127,200,000

	September 30, 2021		December 31, 2020	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial liabilities				
At amortized cost:				
Interest-bearing loans and borrowings	**P 54,837,411,134**	**P 54,837,411,134**	P57,334,024,911	P57,334,024,911
Trade and other payables	**21,182,360,682**	**21,182,360,682**	24,568,361,102	24,568,361,102
Advances from related parties	**725,458,748**	**725,458,748**	118,549,770	118,549,770
Other non-current liabilities	**4,727,411,709**	**4,727,411,709**	4,689,316,891	4,689,316,891
	P 81,472,642,273	**P 81,472,642,273**	P 86,709,709,236	P 86,709,709,236
At fair value through profit or loss – Slot jackpot liability	**P 474,238,456**	**P 474,238,456**	P 502,463,638	P 502,463,638

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 7.

8.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2020 and 2019 and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

8.3 Fair Value Measurement and Disclosures

There were no significant changes in the business and economic circumstances that affect the fair value measurement and disclosures of the Group's financial assets and certain non-financial assets, and financial liabilities as of the end of the reporting periods.

9. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern entity and to provide an adequate return to stockholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the Parent Company's statements of financial position. The Group's goal in capital management is for the Group to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio.

Capital of the Parent Company for the reporting periods and the computation of debt – equity structure as at September 30, 2021 and December 31, 2020 are summarized below.

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total debt from financing:		
Interest bearing loans and borrowings	**P 54,837,411,134**	P57,334,024,911
Advances from related parties	**6,166,233,250**	6,432,728,109
	P 61,003,644,384	P63,766,753,020
Total equity	**31,068,281,138**	33,903,342,779
Debt-to-equity ratio	**66% - 34%**	65% – 35%

The ratios as at September 30, 2021 and December 31, 2020 are in line with the Group's Provisional License Agreement with PAGCOR.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

10. SEASONALITY OF OPERATIONS

Various steps have been taken by the government to prevent the spread of the virus. In late March 2021, Metro Manila and nearby provinces were reverted back to Enhance

Community Quarantine (ECQ) due to the resurgence in COVID-19 cases as a result of the Delta variant. The ECQ lasted for 14 days where mobility as limited to essential only and non-essential businesses were not allowed to operate. This transitioned to Modified Enhanced Community Quarantine (MECQ) from April 12 until May 14, 2021 where some businesses were allowed to operate at minimum capacity. Restrictions were further eased to General Community Quarantine (GCQ) with heightened restrictions was implemented in May 15 to June 14, 2021 which allowed non-essential businesses to operate at limited capacity including casinos. This was followed by a GCQ with lesser restrictions from June 15 until July 15, 2021. The shift to a regular GCQ which allowed seniors and minors to go outdoors lasted from July 16 to 22, 2021. Due to the resurgence in COVID-19 cases Metro Manila and nearby provinces revert to GCQ with heightened restrictions from July 23 to August 5, 2021. As COVID-19 daily cases continued to rise that strained healthcare facilities, Metro Manila was placed back into its strictest form of lockdown, ECQ, from August 6 to 20, 2021. This was relaxed to MECQ from August 21to September 15, 2021.

On September 16, 2021, the government's COVID-19 task force started its pilot run of its granular lockdowns in Metro Manila under a new alert level system which has five levels where Alert Level 5 is similar to the strictest ECQ. Metro Manila was placed under Alert Level 4 from September 16 to October 15, 2021. The Company temporarily suspended its casino operations during ECQ - MECQ and allowed to operate with capacity limits from GCQ to MGCQ.

11. EARNINGS PER SHARE

Basic and diluted EPS for the nine months ended September 30 is computed as follows:

	2021	2020
Net profit attributable to Parent Company's shareholders	**P 1,863,503,968**	**(P 5,438,470,198)**
Divided by weighted average number of outstanding common shares	14,434,814,345	14,434,814,345
	P 0.13	(P 0.38)

Diluted EPS equal the basic EPS as the Group does not have any dilutive potential common shares at the end of each reporting period.

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the COVID-19 pandemic continues to impact the industry, the Group, and other Philippine businesses. On October 16, 2021, the government eased lockdown restrictions which allows more mobility and quarantine free travel for fully vaccinated inbound passengers from "green" listed countries took effect. Despite the recent changes in guidelines from various community quarantine measures and alert level systems, the Company expects continued uncertainty due to the duration of the COVID-19 pandemic, timing and effectiveness of vaccines, inbound travel restrictions which may require COVID-19 testing combined with a facility based quarantine, and consumer confidence which may impact operational results.

Further, the Group's management has determined the pandemic to adversely affect the health, safety, logistics and productivity of its employees, which may result in possible delays in the supply chain, and impede other operational aspects of the Group. Moreover, the Group's ability to carry out its capital expenditure plans, in compliance with the provisional license with PAGCOR was also affected as it is highly dependent on the availability of supply chain, distribution channels, manpower requirements and other construction aspects.

The Group continues to provide a free vaccination program for COVID-19 to all of its employees and has allocated certain areas in its property to support the vaccination drive of the local government, its partners, and other private companies. The Company continues to implement strict measures in compliance with the health protocols as prescribed by the Philippine Government to secure the safety and welfare of its guests, stakeholders and employees and has set out its business continuity initiatives to mitigate the business and operational risks involved and alleviate the impact of COVID 19 to the Group's financial condition and results of operations. Given the fluid situation as a result of developments in response to the COVID-19 pandemic, measures that have been lifted may be reintroduced in response to the future virus flare-ups.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Key performance indicators

Presented below are the key performance indicators for the nine months ended September 30, 2021 and 2020, and as of September 30, 2021 and December 31, 2020:

In Million Pesos	2021	2020
NET REVENUES	9,928.7	8,588.0
NET PROFIT	2,141.3	(5,441.7)
EBITDA	6,192.1	(1,063.0)
TOTAL ASSETS	117,727.9	120,744.0
CURRENT ASSETS	18,041.3	18,708.3
CURRENT LIABILITIES	47,229.4	46,992.2
TOTAL DEBT	54,837.4	57,334.0
NET CASH/(DEBT)	(46,299.6)	(48,032.5)
Net profit margin (%)	21.6%	-63.4%
EBITDA margin (%)	62.4%	-12.8%
Net revenues growth (%)	15.6%	-59.2%
EBITDA growth (%)	682.5%	-126.8%
Net profit growth (%)	139.4%	-795.4%

Note: Net profit and EBITDA margins are over net revenue.

Discussion of results of operations for the nine months ended September 30, 2021 and 2020

In Million Pesos	2021	2020	% Change
NET REVENUES	9,928.7	8,588.0	15.6%
Gaming	12,826.8	9,335.1	37.4%
Promotional allowance	(4,828.8)	(2,904.7)	66.2%
	7,998.0	6,430.5	24.4%
Hotel, food, beverage and others	1,559.8	1,711.2	-8.8%
Other revenues - net	370.9	446.3	-16.9%
GROSS PROFIT	2,729.9	1,173.7	132.6%
OPERATING PROFIT (LOSS)	(1,930.1)	(3,634.1)	46.9%
NET PROFIT (LOSS)	2,141.3	(5,441.7)	139.4%
EBITDA	6,192.1	(1,063.0)	682.5%

COVID-19 Pandemic

Philippine lockdown levels are as follows:

Enhanced Community Quarantine (ECQ)	Red
Modified Enhanced Community Quarantine (MECQ)	Pink
General Community Quarantine (GCQ)	Orange
Modified General Community Quarantine (MGCQ)	Yellow
No Community Quarantine	Green

An outbreak of a respiratory disease caused by a novel coronavirus was identified in January 2020. It has spread rapidly across the world prompting governments to halt non-essential travel restricting international travel and suspension of non-essential operations to help contain the spread of the virus. The Philippine government implemented its Enhanced Community Quarantine (ECQ) covering the entire island of Luzon on March 16, 2020 which suspended all non-essential air, sea, and land travel as well as the temporary closure of non-essential shops and businesses.

The ECQ was set to end on April 12, 2020 but was extended to April 30, 2020 upon recommendation of the Inter-Agency Task Force (IATF). This was followed by another two-week extension to May 15, 2020 for Metro Manila and other high-risk areas in the island of Luzon.

The General Community Quarantine (GCQ), a less restrictive lockdown, began on June 1, 2020 up to August 3, 2020. On August 4, 2020, Metro Manila reverted back to the Modified Enhanced Community Quarantine (MECQ) for two weeks due to the rising cases COVID-19. The move to GCQ began on August 18, 2020 to March 28, 2021.

On March 29, 2021, due to the rapidly rising number of daily cases of COVID-19, the government reverted back to ECQ over the National Capital Region (NCR) and nearby provinces dubbed "NCR plus". This was followed by the easing to MECQ last April 12, 2021 and to GCQ with restrictions last May 15, 2021.

The country began inoculations of the COVID-19 vaccine to front-line health workers on March 1, 2021. This was followed by the Senior and adults with comorbidities tier. With the increase in vaccine supply, the private sector, informal sector, and government employees started their vaccinations on June 1, 2021.

The number daily cases of COVID-19 started to rise again at the tail end of July driven by the highly-transmissible Delta strain prompting the government to impose its strictest form of lockdown in NCR from August 6 to 20, 2021. During this period, the government stepped up its response to the pandemic while various local government units (LGUs) aggressively pushed its vaccination program which helped slow the spread of COVID-19. From August 21, 2021 to September 30, 2021, lockdown restrictions remained at MECQ which is one notch lower than ECQ. In mid-September, the government introduced its 5-tier alert level system over NCR.

Net revenues
Net revenues increased by 15.6% to P9,928.7 million for the nine months ended September 30, 2021 from P8,588.0 million for the same period last year. The increase was due to the longer less restrictive lockdown during period.

Net revenue split from gaming and non-gaming was 80.6% and 19.4%, respectively.

Promotional allowance increased by 66.2% to P4,828.8 million for the nine months ended September 30, 2021 from P2,904.7 million for the same period last year.

Gaming revenues
Gross gaming revenues increased by 37.4% to P12,826.8 million for the nine months ended September 30, 2021 from P9,335.1 million for the same period last year. The increase was due to the improvement in overall drops and higher gaming table capacity.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others decreased by 8.8% to P1,559.8 million for the nine months ended September 30, 2021 from P1,711.2 million for the same period last year. The decrease was primarily due to the lower room revenue due to the absence of local and international tourism.

Total room count at Resorts World Manila was 2,054 versus 2,226 as of September 30, 2021 as the Maxims hotel was temporarily used for housing essential employees of the Company. Occupancy rates for the four hotels were as follows: Marriott Hotel Manila – 73%, Holiday Inn Express Manila Newport City – 75%, Hilton Manila Hotel – 70%, and

Sheraton Manila – 50%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 5%.

Other operating income
Other operating income decreased by 16.9% to P370.9 million for the nine months ended September 30, 2021 from P446.3 million for the same period last year. The decrease was due to the reclassification of payments received by a subsidiary for services abroad in relation to the Westside City project to non-operating income.

Other operating income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs
Direct costs decreased by 2.9% to P7,198.8 million for the nine months ended September 30, 2021 from P7,414.2 million for the same period last year. This decrease was primarily due to the following: (1) decrease in salaries, wages, and employee benefits, (2) cost of food and beverage, and (3) decrease in third party services.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit
Gross profit increased by 132.6% to P2,729.9 million for the nine months ended September 30, 2021 from P1,173.7 million for the same period last year.

Other operating income and expenses
General and administrative expenses decreased by 3.1% to P4,660.0 million for the nine months ended September 30, 2021 from P4,807.8 million for the same period last year. The decrease was primarily due to the following: (1) decrease in office related expenses, (2) decrease in salaries and wages, and (3) decrease in utilities expenses.

Operating profit/(loss)
Operating losses was P1,930.1 million for the nine months ended September 30, 2021 compared to a loss of P3,634.1 million for the same period last year.

Non-operating income and expenses
Non-operating incomes amounted to P4,079.5 million for nine months ended September 30, 2021 compared to an expense of P1,767.3 million for the same period last year. This was primarily due to a one-time gain in relation to a payment received by a subsidiary for services rendered abroad in relation to the Westside City project.

EBITDA
EBITDA ended at a gain of P6,192.1 million for the nine months ended September 30, 2021 from a loss of P1,063.0 million for the same period of 2020.

Profit/(loss) before tax
Profit before tax for the nine months ended September 30, 2021 amounted to P2,149.5 million.

Tax expense
Tax expense was P8.1 million for the nine months ended September 30, 2021 compared to P40.2 million for the same period of 2020.

Net profit/(loss)
Net profit for the nine months ended September 30, 2021 was P2,141.3 million compared to a net loss of P5,441.7 million for the same period of 2020.

FINANCIAL POSITION
September 30, 2021 vs. DECEMBER 31, 2020

Total assets
Total assets decreased by 2.5% or P3,016.1 million to P117,727.9 million as of September 30, 2021 from P120,744.0 million at the beginning of the year.

Current assets
Cash and cash equivalents decreased by 8.2% to P8,537.8 million as of September 30, 2021 from P9,301.5 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 3.8% to P1,708.4 million as of September 30, 2021 from P1,646.0 million at the beginning of the year.

Advances to related parties slightly increased by 0.9% or P13.2 million to P1,518.5 million as of September 30, 2021 from P1,505.2 million at the beginning of the year.

Inventories decreased by 4.4% or P5.4 million to P118.0 million as of September 30, 2021 from P123.4 million at the beginning of the year. Inventories mainly consist of casino supplies such as cards, seals and dice, as well as various hotel operating supplies.

Prepayments and other current assets slightly increased by 0.4% or P26.5 million to P6,158.7 million as of September 30, 2021 from P6,132.2 million at the beginning of the year.

Non-current assets
Property, plant and equipment increased by 1.3% or P1,156.4 million to P90,501.0 million as of September 30, 2021 from P89,344.6 million at the beginning of the year. The increase was primarily due to the completion of new gaming and non-gaming areas. As of September 30, 2021, the Company has spent P45,053.8 million for its Phase 3 project.

The Phase 3 project is close to completion with Hotel Okura Manila set to open in the fourth quarter of this year.

The Grand Wing is comprised of three luxury hotels – Sheraton Manila Hotel, Hilton Manila Hotel and Hotel Okura Manila. The Grand Wing also includes the following: (1) an approximately 30,000 sqm. of gaming area, (2) 3,200 sqm. of retail space and (3) six basement parking decks. The entire project is expected to be completed within 2021.

Total liabilities
Total liabilities decreased by 5.9% or P5,78.9 million to P82,268.8 million as of September 30, 2021 from P87,447.7 million at the beginning of the year.

Current liabilities

Trade and other payables decreased by 13.8% or P3,386.0 million to P21,182.4 million as of September 30, 2021 from P24,568.4 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by P3,016.3 million to P25,321.6 million as of September 30, 2021 from P22,305.3 million at the beginning of the year. The increase was primarily due to amortization payments which was drawn from available bridge facilities.

Advances from related parties increased by P606.9 million to P725.5 million as of September 30, 2021 from P118.5 million at the beginning of the year.

Non-current liabilities

Non-current loans and borrowings decreased to P29,515.9 million as of September 30, 2021 from P35,028.7 million at the beginning of the year.

Retirement benefit obligation increased to P796.2 million as of September 30, 2021 from P737.4 million at the beginning of the year. This relates to the defined benefit plan of retirements benefits for qualified employees.

Net cash/(debt)

The Company's net debt position amounted to P46,299.6 million as of September 30, 2021 from a net debt position of P48,032.5 million at the beginning of the year, as illustrated below:

In Million Pesos	**2021**	**2020**
Total Cash	8,537.8	9,301.5
Total Debt	54,837.4	57,334.0
Net Cash/(Debt)	(46,299.6)	(48,032.5)

Note: Total Debt covers interest-bearing loans and borrowing and notes payables

Equity

Total equity increased by P2,162.7 million to P35,459.1 million as of September 30, 2021 from P33,296.3 million at the beginning of the year.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2021

	September 30, 2021	December 31, 2020
Current ratio	**0.38:1.00**	0.40:1.00
Quick ratio	**0.22:1.00**	0.24:1.00
Asset-to-equity ratio	**3.32:1.00**	3.63:1.00
Solvency ratio	**0.02:1.00**	0.00:1.00
Debt-to-equity ratio	**66% - 34%**	65% - 35%

	September 30, 2021	September 30, 2020
Interest coverage ratio	**0.48 times**	-1.20 times
Debt service coverage ratio	**0.44 times**	1.10 times
Net profit margin	**21.6%**	-63.4%
Return on assets	**1.8%**	-4.5%
Return on equity/investment	**6.2%**	-15.02%

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio - computed as current assets divided by current liabilities.
Quick ratio - computed a cash, marketable securities, accounts receivable and short-term investments divided by current liabilities.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.

DEBT TO EQUITY RATIO - computed as the Parent Company's total Debt (interest-bearing loans and advances from its related party) over the sum of the Parent Company's Equity and Debt. It measures financial leverage and long-term solvency. It shows how much of the assets are owned by the company.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as profit before income tax and interest expense ("EBIT") divided by interest. In the computation, non-recurring gain is excluded from EBIT.

DEBT SERVICE COVERAGE RATIO is a benchmark used in the measurement of an entity's ability to produce enough cash to meet annual interest and principal payments on debt. It is computed as earnings before interest, taxes, depreciation and allowances (EBITDA) divided by total debt service (sum of principal repayments and interest expense during the period)

PROFITABILITY RATIOS
Net profit margin - computed as net profit divided by revenues
Return on assets - net profit divided by average total assets
Return on investment - net profit divided by average total stockholders' equity

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
September 30, 2021

Trade and other receivables		
Current	P	1,120,868,567
1 to 30 days		48,255,237
31 to 60 days		140,457,273
61 to 90 days		70,154,974
Over 90 days		328,637,201
Balance at September 30, 2021	**P**	**1,708,373,252**

TRAVELLERS
INTERNATIONAL

05 November 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

Re: Certification of Non-Involvement with Government Agencies or its Instrumentalities

Gentlemen:

This is to certify that, to the best of my knowledge, the directors and executive officers of Travellers International Hotel Group, Inc. (TIHGI), whose names appear below, do not hold any position with any government agency or its instrumentalities in the Philippines as of date:

Directors:

(1) Dr. Andrew L. Tan;
(2) Mr. Tan Sri Lim Kok Thay;
(3) Mr. David Chua Ming Huat;
(4) Mr. Kingson U. Sian;
(5) Mr. Jose Alvaro D. Rubio;
(6) Mr. Jesus B. Varela; and
(7) Mr. Enrique M. Soriano III.

Executive Officers:

(1) Stephen James Reilly;
(2) Bernard Than Boon Teong;
(3) M. Hakan Dagtas;
(4) Walter M. Mactal;
(5) Jose Erwin Toledo Villacorte;
(6) Ravi D. Ganesan;
(7) Allan Martin L. Paz;
(8) Mary Ann E. Moreno;
(9) Carlito B. Banaag; and
(10) Maria Ryna P. Inocencio.

Sincerely,

ATTY. RONALD MARK C. LLENO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRIQUE M. SORIANO,** Filipino, of legal age and a resident of 28 Fleetwood St., Hillsborough Village, Cupang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Travellers International Hotel Group, Inc. (TIHGI)** and have been its independent director since 30 October 2013.

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

Company/Organization	Position/Relationship	Period of Service
World Bank – International Finance Corporation	Consultant	2017-2019
Singapore Institute of Directors	Member	Up to Present
Wong + Bernstein Strategy Advisory Group	Executive Director	Up to Present
ATENEO Graduate School of Business	• Professor of Global Marketing • Chair of Marketing Cluster • Program Director for Real Estate	1997 to Present 2013 to 2019 2013 to 2019
IPMI International Business School in Jakarta	Senior Fellow	Up to Present
Philippine Marketing Association	Member	2003-2013
Belo Medical Group	Group CEO	2007 -2008
United Group/Greenfield Development Corporation	Group Head	1996 – 1999
Family Business Strategic Group	Senior Advisor	Up to Present
Emperador Inc.	Lead Independent Director	Up to Present
MREIT Fund Managers	Independent Director	Up to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **TIHGI,** as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulations Code.

5. I shall inform the corporate secretary of **Travellers International Hotel Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this NOV 08 2021, at Pasay City.

ENRIQUE M. SORIANO
Affiant

SUBSCRIBED AND SWORN to before me this NOV 08 2021 at Pasay City, affiant personally appeared before me and exhibited to me his Passport ID with ID No. P7782296A valid until 2 July 2028.

NOTARY PUBLIC

RAYMOND ALJON A. CUSIPAG
Notary Public for Pasay City
Until December 31, 2022
PTR NO. 7364886, 05 January 2021/Pasay City
IBP NO. 017255, Lifetime/Quezon City Chapter
NOTARIAL COMMISSION NO. 21-03
Roll of Attorney No. 69115
10/F NECC Building, Newport Boulevard
Newport City, Pasay City, Metro Manila
MCLE Compliance No. VI-0007930/06 April 2018

RAYMOND ALJON A. CUSIPAG
Notary Public
ROLL NO. 69115
PASAY CITY, PHILIPPINES

Doc. No. 14;
Page No. 4;
Book No. II;
Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JESUS B. VARELA,** Filipino, of legal age and a resident of 30 Sunrise Hill St., Rolling Hills Subd., New Manila, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I was elected as an independent director of **Travellers International Hotel Group, Inc. (TIHGI)** during its Regular Board Meeting on 23 February 2018.

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

Company/Organization	Position/Relationship	Period of Service/Affiliation Period
Universidad de Manila	Regent	Up to present
Academy of Multi-Skills, UK	Doctorate Fellow	Up to present
International Chamber of Commerce Philippines	Director General	2016 to present
GS1 Philippines (Barcode of the Philippines)	Chairman	2016 to present
Philippine Chamber of Commerce and Industry	Ex-Officio Member	2007 to present
Megaworld Corporation	Independent Director	2017 to present
Global-Estate Resorts, Inc.	Independent Director	2017 to present
Suntrust Resorts Holding, Inc.	Independent Director	Up to present
Megaworld Real Estate Investment Trust	Independent Director	Up to present
Foundation for Crime Prevention	President	2017 to present
Employers' Confederation of the Philippines	Board of Governor	2016 to present
Philippine Greek Business Council	President	2008 to present
Philippine Peru Business Council	President	2008 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **TIHGI,** as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulations Code.

5. I shall inform the corporate secretary of **Travellers International Hotel Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this NOV 08 2021, at Pasay City.

JESUS B. VARELA
Affiant

SUBSCRIBED AND SWORN to before me this NOV 08 2021 at Pasay City, affiant personally appeared before me and exhibited to me his Passport ID with ID No. P1268106A valid until 18 December 2021.

NOTARY PUBLIC
RAYMOND ALJON A. CUSIPAG
Notary Public for Pasay City
Until December 31, 2022
PTR NO. 7364886, 05 January 2021/Pasay City
IBP NO. 017255, Lifetime/Quezon City Chapter
NOTARIAL COMMISSION NO. 21-03
Roll of Attorney No. 69115
10/F NECC Building, Newport Boulevard
Newport City, Pasay City, Metro Manila
MCLE Compliance No. VI-0007930/06 April 2018

RAYMOND ALJON A. CUSIPAG
Notary Public
ROLL NO. 69115
PASAY CITY, PHILIPPINES

Doc. No. 13;
Page No. 4;
Book No. II;
Series of 2021.