

COVER SHEET

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S.E.C. Registration Number

E V E R - G O T E S C O R E S O U R C E S &

H O L D I N G S , I N C . & S U B S I D I A R Y

(Company's Full Name)

1 2 F L R . E V E R G O T E S C O C O R P . C T R

1 9 5 8 C . M . R E C T O , Q U I A P O ,

M A N I L A

Business Address: No. Street City/Town Province)

CYNTHIA T. DIZON

Contact Person

735-0271

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

S E C F O R M 1 7 A

FORM TYPE

August - Last Friday

Month Day  
Annual  
Meeting

N/A

Secondary License Type, If Applicable

C R M D

Dept. Requiring this  
Doc.

Amended Articles Number/Section

5.621

Total No. of  
Stockholders

Total Amount of Borrowings

P 50.000.000.00

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

STAMPS

SECURITIES AND EXCHANGE

COMMISSION SEC FORM 17-A

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

1. For the Year ended **December 31, 2019**
2. SEC Identification Number **AS 094-8752**
3. BIR Tax Identification No. **032-004-817-595**
4. Exact name of issuer as specified in its charter **EVER- GOTESCO RESOURCES & HOLDINGS, INC.**
5. Philippines (SEC Use Only) Industry Classification Code:  
Province country code or other jurisdiction  
of incorporation or organization
7. 12F Ever Gotesco Corporate Center  
1958 C.M. Recto Ave. Quiapo, Manila  
Address of registrant's principal office
8. 735-69-01; 735-02-71 loc. 366/248  
Issuers telephone number, including area
9. Former name, former address and former fiscal year, if changed since last report - None
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. and 8 of the RSA

Title of Each Class	No. of Shares of Common and amount of debt outstanding
Common Stock, ₱1.00 par value	5,000,000,000
Amount of Debt as of December 31, 2019	₱1.5 Billion

11. Are any or all of these securities listed on a Stock Exchange?  
Yes ☒ No ☐  
If yes, state the name of such stock exchange and the classes of  
securities listed therein: Philippine Stock Exchange
12. Indicate by check mark whether the registrant:
  - (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such report);  
Yes ☒ No ☐

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

Yes ☒ No ☐

13. Aggregate market value of voting stocks held by non-affiliate – ₱350,001,506

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

Yes ☒ No ☐

15. There are no documents that are incorporated by reference in this SEC Form 17-A.

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## **NON-FINANCIAL DISCLOSURE REQUIREMENTS**

### **PART 1 - BUSINESS**

#### **ITEM 1. Description of Business.**

##### **(1) Business Development**

The Company was registered with the Securities and Exchange Commission (SEC) on September 27, 1994 primarily to purchase, subscribe for, or otherwise acquire or exchange, or otherwise dispose of real and personal property of any kind of description, including shares of stock, and to do every act and thing covered generally by the denomination “holding company”. The Company started its commercial operations on December 1, 1995.

The Company owns 100% of the outstanding capital stock of Gotesco Tyan Ming Development, Inc. (GTMDI), owner of the Ever Gotesco Ortigas Complex. GTMDI was registered with the SEC on September 21, 1994, to engage in real estate and related business. GTMDI started its commercial operations on December 1, 1995 and has contributed ₱28 million in 2015 or 9%; ₱116 million or 30% in the total revenues in 2014; and ₱121 million or 35% in the total revenues in 2013. All other information related to GTMDI is integrated in the other aspects of this report.

Gotesco Tyan Ming Development, Inc. (GTMDI) took-over ownership and operations of the Mall Cinemas (Ever Gotesco Ortigas Complex) from an Affiliate on August 15, 2003. Cinema receipts contributed to GTMDI operations – ₱.44 million or 2% in its total revenues in 2015; ₱1.44 million or 1% in 2014. The decrease is attributed to the down-trend in cinema business operations due to film piracy, internet and improved cable television connections. Moreover, GTMDI’s cinema ceased its operation in 2015 due to the cancellation of MTI by the creditor bank.

The Company has two operational malls namely Ever Gotesco Commonwealth Center (EGCC) and one named Ever Gotesco Ortigas Complex (EGOC) by its subsidiary company. Tenants Lease contracts for EGMP were not renewed in April 1, 2011. The Company did not pursue for more mall construction as she is affected by the general economic crisis. EGOC was foreclosed and sold in public auction to Philippine National Bank in July 1999. The Company failed to redeem the property within the one-year grace period but still is in possession and continues to manage the Mall by virtue of the right of preliminary injunction that was given by the Court on December 20, 2000.

In 2009, the Company and its Subsidiary (GTMDI) entered into a Compromise Agreement (CA) with the Creditor Banks (Philippine National Bank, Development Bank of the Philippines and Security Bank) of its foreclosed properties. The Compromise Agreements put on hold pending Court cases in lieu of the Company and its Subsidiary’s faithful compliance with the conditions set in the CA’s. More details are discussed in Item # 3 and Item # 6 of this report.

The Group is faced with significant risks arising from unresolved legal cases. Prior to June 2015, GTMDI’s land, including the commercial complex situated thereon, was foreclosed in 1999 by lender banks following GTMDI’s loan default. These banks, however, were not able to take possession of the properties pending the decision on the case by the Regional Trial Court of Pasig (RTC-Pasig).

In June 2015, the lender bank has taken possession of the investment properties in exchange of the extinguishment of its outstanding obligations from the lender banks. This resulted in the improvement

of the working capital position and the net asset position as of December 31, 2015. However, the Group remains to have an accumulated deficit amounting to ₱2.3 billion and ₱2.4 billion as of December 31, 2016 and 2015, respectively.

For 2016 and the near term, the Company plans to look at other business opportunities outside of the mall operation as industry competition has become capital-intensive and continue to be dominated by big players. This is not expected to soften with the economic integration of the Asean market this year. Given the existing operational challenges, particularly in the legal aspects and debt servicing, the Company will assess the revenue potentials of other industries such as those in tourism and agriculture which remained to be promising.

## **(2) Business of Issuer**

### **(a) Description of Registrant Products**

The Company builds shopping malls and leases out to commercial tenants. The Company's malls are primarily leased out to Ever Department Store and Supermarket, Cinemas, banks, amusement centers, food shops, specialty stores, boutiques, drug store, service shops, gym and sporting facilities. The mall has an atrium, state-of-the-art amenities, facilities, security and safety systems.

Revenues of the Company and its subsidiary (GTMDI) in 2015 and 2014 are generated principally from its leasing operations and other income are derived from recovery (excess) of reimbursable expenses from tenants, cinema operations, interest and penalties from late payments and service requests of tenants.

The subsidiary (GTMDI) and the parent company (EGRHI) ceased its mall and cinema operations in June, 2015 and April 2017, respectively. The group plans to look at other business opportunities outside of the mall operation as industry competition has become capital-intensive and being dominated by few big players, this market environment is not expected to change this year or in the next years. Given the existing operational challenges, particularly in the legal aspects and debt servicing, the Company will still assess other potential industries to venture such as tourism and agriculture which remained to be promising.

## **Competition**

Despite the growing market base, there is stiff competition among the different shopping centers because of the growing sophistication of consumers and continuous construction of shopping malls causing a thinner market spread. The trend is toward a one-stop shopping mall with more modern and complete facilities, and attractions that includes mall shows and entertainment. The Shopping Mall Industry is dominated by SM Malls with other big shopping mall chains such as Robinsons, and Ayala Center. The Company's Ever Gotesco Commonwealth Center Mall is more affected by SM Group, SM-Fairview and SM-San Mateo, Rizal, which covers the class C & D market, compared with other malls such as Robinsons (Big R in Fairview and Robinsons in Commonwealth Avenue); Rustan's (Shopwise in Commonwealth Avenue), Berkley Commercial Center (in Commonwealth Avenue); Royale Arcade (Don Antonio Ave. beside the Ever Commonwealth Mall); and Puregold (in- Commonwealth Avenue and San Mateo, Rizal. Despite the newly built SM Group and Ayala Group, the Commonwealth mall is still very competitive because of its strategic locations and its own existing loyal captive market and regular patrons within the neighboring subdivisions and populace living therein who are proximate to Commonwealth mall especially the C & D market.

## Customers

### Transactions with and/or dependence on related parties

Ever Commonwealth Center, Inc. and Ever Shoppers, Inc. of the Ever Gotesco Group are the principal tenants in the mall. Rental income from the Ever stores and supermarket amounted to: ₱48.7 million in 2010 and ₱69 million in 2009. During the second quarter of 2010, Management decided to enter into a sub-lease agreement with the management company in order to maximize collections and reduce management supervision cost. As a result, rental income from Ever stores and supermarkets were for the account of the management company starting August 2010. The reduction in rental income in 2010 from 2009 was due to space down-sizing and rental rate reduction. Effective January 1, 2006 and for a period until November 30, 2016 rental contract and rate for the Ever Stores and Supermarket was renewed with an escalation of 5% every two years subject to yearly review. Revised rental rate for the Ever stores and supermarket was necessary in order for them to remain competitive.

### Patents, trademarks, licenses, franchises, concessions and royalty agreements.

During the past three years the Company and its subsidiary had no transactions related to the above.

### Need for any governmental approval of principal products or services

No principal product or services that the Company has introduced needed that governmental approval.

### Effects of existing or probable governmental regulations on the business

The fluctuation of power rates per ERB regulations and legislated wage adjustments and the loose grip of the government on the exchange rate or inflation rate will certainly increase the major items of expense - cost of utilities, especially Meralco bills, janitors and messengers, security and safety; repairs and maintenance and increase on cost of borrowings if the interest rate hiked because of higher inflation rate.

### Amount spent for research and development activities.

During the past three years, the Company and its subsidiary have not spent for research and didn't have development activities except for minor repairs and improvements on the existing malls.

### Cost and effects of compliance with environmental laws

EGRHI and its Subsidiary meet all government, environment, health and safety requirements. Tenant spaces are regularly inspected and the Company has not experienced significant governmental, environment, health or safety problems.

## Employees

EGRHI and subsidiary company had the following manpower under its payroll, operations of the Company's Mall in Commonwealth is managed by a Management and all security, janitorial and engineering maintenance requirements of the Malls are thru Contractor/manpower agencies.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Executive	0	0	0
Manager	0	0	0
Officer	0	0	0
Rank and File	2	2	2
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>

Administrative	0	0	0
Operations	0	0	0
Finance and Accounting	2	2	2
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>

Manpower declined in 2017 due to the discontinued operations in the subsidiary. Some employees resigned for better opportunities locally and abroad. Employees of the Company and its subsidiary have not formed nor are they subject to any collective bargaining agreements (CBA). Wage increases are based from the legislated wage orders or based on meritorious work performances.

## **(b) Additional Requirements as to Certain Issues or Issuers Debt Issues**

EGRHI and subsidiary company has been in business since 1995. Total consolidated net worth as of December 31, 2019 amounted to ₱75.56 million. EGRHI does not engage in unsecured bonds or securities.

## **ITEM 2. Description of Property**

The Company has no real properties as of December 31, 2019 and 2018.

Land holdings of EGRHI and subsidiary as of December 31, 2016 include:

1. A 112,047 sq. m. lot (covered by TCT Nos. 364590, 364591, 364592, 364593, 364594, and 364595) along Provincial Road, Barangay Real, Calamba, Laguna is the site of Ever Gotesco Laguna Plaza. The aforesaid real estate properties together with an assignment of the rentals receivable on the leaseable areas of the proposed mall served as a collateral for the ₱600 million (only ₱500 million was drawn) Syndicated Loan Agreement with a five-year term with the Philippine National Bank, the Security Bank Corporation and the Development Bank of the Philippines on May 28, 1996 for the construction of Ever Gotesco Laguna Plaza. The Company had defaulted in its debt obligations with the lender banks in March 1998 which led to the foreclosure and sale through public auction to PNB on November 3, 1998. The Company did not exercise its right to redeem the property within the one-year period. This property has been written-off in 1999 against the loan it secured, resulting in a foreclosure loss of about ₱663.4 million. The Company filed a complaint in the Court and was granted the right of Temporary Restraining Order, and subsequently, a Temporary Injunction. In 2009 the Company entered into Compromise Agreements with the Creditor Banks for the re-acquisition of the property and which put on hold the pending Court case. Together with the improvement (at 59.02% completed. The property was appraised at ₱ 1.94 billion on January 16, 2014 by Vitale Valuation Services. In 2016, the property was assigned to Primeworld Management Services, Inc.
2. A 66,390 sq. m. lot located at the district of Caranglaan and Mayombo, Dagupan City, Pangasinan in which Ever Gotesco Dagupan Center will be constructed. The latest appraised value is ₱39.83 million as appraised by Valencia Appraisal Corporation on June 20, 2014. In 2017, this was derecognized since ownership was no longer with the Company.
3. A 17,079 sq. m. lot located in M.H. Del Pilar St., Dagupan City, Pangasinan. This served as a collateral for the assumed mortgage of ₱126 million from Philippine National Bank. The Company had defaulted in its debt obligations with the bank in November 1997 that which led to the foreclosure and sale through public auction to PNB on March 15, 1999. The Company did not exercise its right to redeem the property within the one-year period. This property has been written off in 1999, resulting in a foreclosure loss of ₱146 million. The Company filed a complaint in Court and was granted by the Court a Writ of Preliminary Injunction.



### **Commercial Complexes and Improvements:**

1. **Ever-Gotesco Commonwealth Center** - The center is located on a 5-hectare lot being leased at the corner of Don Mariano Marcos and Commonwealth Avenues, Old Balara Quezon City. The lease term is for a period of 25 years or up to year 2017 at a monthly rate of ₱525,000, with a 5% annual escalation rate. The structure consists of 5 levels and covers a total floor area of 91,053 sq. m. with parking and common spaces designed to accommodate 30,000 shoppers and promenades. Said property is free from any encumbrances. The building and other improvements including all machineries and equipments in the Mall has a fair market value of ₱1.20 billion as appraised by Valencia Appraisal Corporation on January 28, 2016. In 2017, this property was derecognized since the ownership was transferred to the lessor as stipulated in the Contact of Lease.
2. **Ever-Gotesco Laguna Plaza** - The mall would be a 5-level complex with a floor area of about 91,000 sq. m. It was envisioned as nucleus of the new mixed subdivision, which will integrate the planned hot spring resort, golf course, theme parks, commercial and residential developments in the area. Construction of this mall is partly financed by a ₱600 million (₱500 million of which has been actually drawn down) syndicated loan with PNB, SBTC and DBP to which rental receivable from this mall together with the improvements and land (as described in land holdings item # 2) are assigned as collateral. Construction of the project has slowed down towards the end of the last quarter of 1997 and eventually stopped in 1998 because of the economic crisis. Please refer to land holdings under item # 2. The cost of improvements together with the land has been written off in 1999. In 2016 said property was assigned to Primeworld Management Services, Inc..
3. **Ever-Gotesco Dagupan Center** - The proposed mall would be a 5-level complex with a floor area of about 91,000 sq.m. Project mobilization and ground works started during the last quarter of 1996 and had formal ground breaking and back-filling activities during the first quarter of 1997. However, management had decided to defer construction of the project because of internal and external factors that could adversely affect the project. Cost of improvements had amounted to ₱3.5 million. Please refer to land holdings item # 3.

### ***Properties under lease agreements:***

EGRHI had the following lease agreements:

1. Ever Gotesco Commonwealth Center - The lease term is for a period of 25 years or up to year 2017 at a monthly rate of ₱525,000, with a 5% annual escalation rate. Absolute ownership of the Building shall automatically be transferred to the Lessor without the need of any further act on the part of EGRHI after the expiration or termination of the term of the contract of lease. The lease contract expired in March 31, 2017.

The Company and its subsidiary have no intention of acquiring within the next twelve (12) months additional properties by purchase, lease or otherwise because of financial constraints.

### **ITEM 3. Legal Proceedings**

#### **Land Bank of the Philippines vs. Ever Gotesco Resources and Holdings, Inc.**

This short-term loan by the Parent from LBP which was due for settlement in December 1997 was rolled over for another ninety days or up to March 1998. The loan was not allowed by the lender bank to be renewed thereafter. Initial proposal for its restructuring was not approved by the bank. As a result, the lender bank filed a civil complaint (Civil case No. 99-1454, RTC Makati, Br.56) against the Company.

On November 22, 1999, the Company lawyers filed their reply and submitted to the Court among others, the ongoing negotiations for the settlement of the obligations such that the complaint is premature, hence, counter-claimed that the plaintiff (Land Bank) be ordered to sit down with the Company for the amicable settlement of the case. At the pre-trial set by the Court on November 12, 2000, the Court considered the Company's submission that consistent with what the lawyers averred in their answer to the complaint, the Company is ready to go into negotiation for the settlement of the case. The case was archived via an order dated February 9, 2009.

Be as it may the Company continues its negotiations and is optimistic that it can work out a solution that is acceptable to Land Bank of the Philippines.

#### **Garnishment of Bangko Sentral ng Pilipinas (BSP) vs. Orient Commercial Banking Corporation Cash and Receivables**

The Company and its subsidiary company together with other affiliated companies were served a "Notice of Garnishment on Lease/Rental Payments" issued by the Regional Trial Court of Manila Branch 12, last January 27, 2000 in relation to a civil case complaint by the Bangko Sentral ng Pilipinas .

In summary, the BSP filed a case of sum of money against Orient Commercial Banking Corporation (OCBC) and other affiliate corporations of Gotesco. As a provisional remedy, BSP prayed for the granting of a writ of preliminary attachment against OCBC and other companies to which the Board of Directors of OCBC has substantial interest, including EGRHI and GTMDI, which the Court granted. OCBC, EGRHI, GTMDI and other companies filed a Petition for Certiorari with the Court of Appeals which ruled in favor of OCBC and other defendants. BSP filed a Petition before the Supreme Court, but before it could rule on it, the parties entered into a Compromise Agreement which was consequently, approved by the trial Court. Said Compromise Agreement has effectively lifted the writ of preliminary attachment and the whole obligation shall be settled on staggered basis.

BSP filed a motion for execution which was granted by the RTC. EGRHI et. al., filed a Motion for reconsideration but was denied.

EGRHI et. al., elevated the case to the Court of Appeals. An urgent Motion for Inhibition of Justice Villamor was filed by petitioners.

#### **Gotesco Tyan Ming Development, Inc. vs. PNB et al.**

GTMDI, a wholly owned subsidiary of EGRHI, had obtained a loan from a syndicate of four local banks led by the Philippine National Bank on April 7, 1995. A 60,000 sq. m. lot with its improvement – the Ever Gotesco Ortigas Complex was used as collateral for the loan. The Company had defaulted in its loan obligations in January 1998 which led to the foreclosure and sale through public auction to PNB on July 30, 1999. The Company was not able to exercise the right to redeem the property within the one-year grace period as provided by law.

The Company filed a complaint (Civil Case no. 68139) with RTC Branch 168 in Pasig City seeking the Annulment of Foreclosure Proceedings with prayer for the issuance of Temporary Restraining Order and/or Injunction. Insofar as the provisional remedy is concerned, the Court granted the injunctive relief. The defendants filed a Petition for Review on Certiorari, thus, suspending the proceedings in the lower Court.

On December 21, 2000, the Regional Trial Court of Pasig, Branch 168 issued a Temporary Restraining Order, effectively restraining PNB from consolidating the ownership and taking possession of the said property. Therefore, a Writ of Preliminary Injunction was issued by the Court. Upon denial of PNB's Motion for Reconsideration, PNB elevated the matter to the Court of Appeals via a Petition for Review on Certiorari, which was unfortunately granted by the Court of Appeals whose decision was subsequently upheld by the Supreme Court. Considering the decision of the Supreme Court rendering the issue moot and academic, the proceeding before the Regional Trial Court of Pasig is now in the presentation of plaintiff's evidence.

On June 17, 2009, the GTMDI and PNB under the terms of the compromise agreement, agreed to arrive at a reasonable settlement of the case, subject to the terms and conditions set in their underlying compromise agreement, which was approved by the RTC-Pasig on August 14, 2009.

In June 2015, the lender bank has taken possession of the investment properties in exchange of the extinguishment of its outstanding obligations from the lender banks.

#### **EGRHI vs. PNB and Efren Marcelino Bascos**

The Company assumed a loan of ₱126 million from Philippine National Bank for the construction of its Ever Gotesco Commonwealth Mall on a parcel of lot located in M.H. Del Pilar St., in Dagupan City, Pangasinan that was used as collateral. The Company had defaulted in its loan obligations with the Bank on November 1997 which led to the foreclosure and sale through public auction of the collateral property to PNB on March 15, 1999. The Company was not able to exercise the right to redeem the property within the one-year grace period as provided by law. The property has been written off in 1999, resulting in a foreclosure loss of ₱146 million.

The Company filed a complaint (Civil Case no. 2000-0355-D) with the Regional Trial Court Branch 40 in Dagupan City seeking the Annulment of Foreclosure Proceedings/Sale of the property. The Court granted the company's application for a temporary restraining order on the said foreclosure, and subsequently, a temporary injunction on January 10, 2001. PNB and other creditors filed a Notice of Appeal and until the present. The Court of Appeals ruled in favor of the Bank. The Company thereafter filed a Petition for Review under rule 45 of the Rules of Court with the Supreme Court. Unfortunately, the Supreme Court denied the Petition for Certiorari. The case is, therefore, remanded to the RTC of Dagupan City. The case was set for further proceedings.

#### **EGRHI vs. PNB, Security Bank, DBP, et. al.**

In May 1996, the Parent Company obtained loans from a syndicate of three local banks led by PNB, to partly finance the construction of the Ever Laguna Plaza. The parcel of land that was the site of construction, the improvements thereon and the future rental receivables of the commercial complex when completed serve as the collateral of the loan.

However, the onset of the Asian economic crisis and the downturn of real estate industry took its toll on the Parent Company as it incurred substantial losses that placed severe pressure on the cash flow thereby resulting in the Parent Company defaulting on its scheduled payments in 1997 and led to the foreclosure of the aforesaid assets. The Parent Company was given redemption period until November 1999 but this was not exercised by the Parent Company. Accordingly, assets totaling about ₱1.365 billion, consisting of the land and its related improvements, were offset against the loan of ₱500 million with accrued interest resulting in a loss of ₱663.4 million which was recorded in 1999. Parties had entered into a compromise agreement duly approved by the Court.

Development Bank of the Philippine (DBP) was fully paid in January, 2013 while the loan to Security Bank Corporation (SCB) was paid in August, 2013. Philippine National Bank (PNB) portion was fully settled in August, 2016.

**Morrisson and Foerster v. EGRHI**

The former overseas lawyer of EGRHI filed a case for the recovery of attorney's fees. Morrison and Foerster's services were engaged by EGRHI to represent the interests of the Company in a case against the former franchise owner of Pricesmart membership club.

A decision was rendered on September 13, 2010, a Motion for Reconsideration was filed by EGRHI while plaintiff filed a Motion for Partial Reconsideration. Both Motions were denied. EGRHI filed a notice of appeal. The case was settled in June 2016.

**Toll Regulatory Board v. PNB, et al.**

This is a case filed by the Toll Regulatory Board against the defendants for the expropriation of the parcels of land subject matter of in the case of EGRHI v. PNB as mentioned above and this case was referred to the Board of Commissioners. A writ of possession was issued by the trial court. A petition for certiorari was filed by DBP before the court of appeals. The Court of Appeals reversed and set aside the order granting the writ of possession. The trial court ordered the counsel for DBP to furnish all parties copies of the decision and resolution of the Court of Appeals. In the meantime, the trial court does not set a case for hearing.

**ITEM 4. Submission of Matters to a Vote of Security Holders**

The latest Stockholders' meeting was held on August 30, 2019. In that Stockholders' Meeting, the following were submitted to a vote by the majority Stockholders': (a) Approval of the Minutes of the Annual Stockholders' Meeting held on August 30, 2018, (b) Approval of the Audited Financial Statements of the Company as of December 31, 2018, (c) Confirmation and ratification of all Resolutions, Contracts and Acts of the Board of Directors and Management since the last Annual Meeting, (d) Election of Directors, and (e) Appointment of External Auditors.

## PART 11 - OPERATIONAL AND FINANCIAL INFORMATION

### ITEM 5. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

#### (1) Market Information

The principal market of the Company's common equity is the Philippine Stock Exchange. Below are the quarterly stock prices for the last three years:

Quarter	2019		2018		2017	
	High	Low	High	Low	High	Low
First	0.1730	0.1100	0.1470	0.1150	0.2060	0.1250
Second	0.1340	0.1240	0.1300	0.1130	0.1960	0.1550
Third	0.1340	0.1210	0.1320	0.1100	0.1970	0.1450
Fourth	0.1220	0.1000	0.1340	0.1030	0.1640	0.1350

The last trading date during the year was on December 26, 2019 of which price per share was at ₱0.106 high and ₱0.100 low.

#### (2) Holders

The number of stockholders of record as of December 31, 2019 was 5,621, Common shares outstanding as of the same date total 5 billion at ₱1 par value per share. Listed below are the top twenty (20) stockholders as of December 31, 2019:

Stockholders	No. of Shares Held	% of O/S
1. CONSOLIDATED VENTURES, INC	1,592,000,000	31.84%
2. PCD NOMINEE CORPORATION (FILIPINO)	1,170,144,210	23.40%
3. GOTESCO PROPERTIES, INC.	1,069,235,000	21.38%
4. JOSE C. GO	227,820,000	4.56%
5. JOEL TING GO	146,000,000	2.92%
6. PCD NOMINEE CORPORATION (FOREIGN)	116,090,100	2.32%
6. GOTESCO INVESTMENTS, INC.	105,000,000	2.10%
8. LI CHIH-HUI	100,000,000	2.00%
9. JOEL T. GO	82,672,598	1.65%
10. PCCI SECURITIES BROKERS CORP.	78,125,000	1.56%
11. JOHANN TING GO	65,000,000	1.30%
12. JONATHAN TING GO	65,000,000	1.30%
13. ERNESTO B. LIM	12,050,000	0.24%
14. JOSE YU GO, JR.	10,000,000	0.20%
15. BERNADINE TAN ONG	9,610,000	0.19%
16. ZHENG YUAN MING	8,000,000	0.16%
17. ANTONIO KAW	7,700,000	0.15%
18. WANG BI LING	7,000,000	0.14%
19. QUI YI MAN	5,300,000	0.11%
20. ALBINO A. KAW	4,000,000	0.08%

### **3) Dividends**

**Dividend Policy** - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations.

**Covenants** - Under the syndicated loan agreements signed with their respective lenders, the Company and its subsidiary -GTMDI, shall not declare or pay any dividend to their respective stockholders without the written consent of their respective syndicate lenders until the termination of commitments there under and the full payments of debt obligations and other amounts due them.

**Declaration of Dividend** - The Company and its subsidiary GTMDI, have not declared any dividend since the start of its commercial operation including the current year.

### **(4) Recent Sales of Unregistered Securities**

The Company and its subsidiary company did not have any sale of securities which were not registered under the RSA since its operation. Likewise, there were no sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

## **Item 6. Management's Discussion and Analysis or Plan of Operations**

### **Year 2019 vs. Year 2018**

#### **Cause for Material Changes from Period to Period of the Income Statement**

Total consolidated revenues and direct costs and expenses remained nil in 2019 due to the non-renewal of lease at Ever Gotesco Commonwealth Center on March 31, 2017 when the Company ceased its operation as lessor of the mall.

General and Administrative expenses decreased by 8% or ₱55.14 million from ₱727.32 million in 2018 to ₱782.46 million in 2019. This includes provision for doubtful accounts amounting to ₱775.86 million and ₱720.12 million in 2019 and 2018, respectively. Interest expense amounted to ₱10.59 million and ₱12.0 million in 2019 and 2018, respectively.

Net loss amounted to ₱935.69 million and ₱748.74 million in 2019 and 2018, respectively.

## **Cause for material Changes from Period to Period of the Balance Sheet**

### **Current Assets**

Receivables decreased by 100% or ₱1.51 billion due to reclassification of receivables from current to non-current assets.

Other current assets also decreased by 100% from ₱0.43 million in 2018 to nil in 2019 due to reclassification of receivables from current to non-current assets.

Total Current Assets decreased by 100% or ₱1.51 billion from ₱1.51 billion in 2018 to ₱1.7 million in 2019 due to the reclassification of receivables.

### **Non-Current Assets**

Total non-current assets increased by ₱0.74 billion or 88% from ₱0.842 billion in 2018 to ₱1.6 billion in 2019 which is mainly attributed to the reclassification of receivables.

### **Current Liabilities**

Total current liabilities also increased by 12% from ₱1.34 billion in 2018 to ₱1.5 billion in 2019 due to provision for probable losses and accrual of interest expenses on bank loans.

### **Stockholder's Equity**

Total Equity decreased by 93% due the net loss incurred during the year.

## **FINANCIAL CONDITION**

The Company has no significant transactions during the year due to the non-renewal of the lease contract which was the main source of revenues for the past years.

The Company has a low current ratio due to the garnishment of rental receivables excluding dues and other collections on some tenants that allows the continuity of the normal operations. The Garnishment case is still ongoing and the management is doing some remedies to improve the Company's cash position.

There are no material commitments in capital expenditures other than those performed in the ordinary course of trade or business.

There are no known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on the net sales, revenues or income from continuing operations.

There are no significant elements of income arising from continuing operations.

There is no material change from period to period in one or more line items of the financial statements.

The Group has no goods or services that are subject to seasonal changes, which might have a material effect on the financial condition or results of Group's operations.

### Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Company's functional currency. All values are rounded to the nearest peso except when otherwise indicated.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31 of each year. The financial statements of the subsidiary are prepared for the same financial reporting year as the Company using consistent accounting policies.

Subsidiaries are all entities over which the Company or its subsidiary has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the parent company loses control over its subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



## Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

### Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2018

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

#### *Effective beginning on or after January 1, 2019*

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation on IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

#### *Effective beginning on or after January 1, 2019*

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation on IFRIC-23, *Uncertainty over Income Tax Treatments*

#### *Deferred effectivity*

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each balance sheet date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

## Financial Instruments

### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

### *Initial recognition and classification of financial instruments*

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets. Financial liabilities on the other hand, are classified as financial liabilities at FVPL or other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2018 and 2017, the Group has no financial assets and financial liabilities at FVPL, HTM investments and AFS financial assets.

#### *Day 1 gain or loss*

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. The Group recognizes the Day 1 gain or loss on loans to entities that are under common control with the Group directly in equity.

In cases where data used is not observable, the difference between the transaction price and model value is recognized only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 gain or loss.

#### *Loans and receivables*

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables (or portions of loans and receivables) are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2018 and 2017, the Group's loans and receivables include cash in banks and receivables.

#### *Other financial liabilities*

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization or accretion for any related premium, discount and any directly attributable transaction costs. Other financial liabilities (or portions of other financial liabilities) are included in current liabilities when they are expected to be settled within 12 months from the balance sheet date or the Group does not have an unconditional right to defer settlement of the liabilities for at least 12 months from the balance sheet date.

As of December 31, 2018 and 2017, the Group's other financial liabilities include bank loans, payables to banks and accounts payable and other liabilities.

#### Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

#### *Loans and receivables*

The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

### Creditable Withholding Tax

Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if an objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

### Property and Equipment

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, property and equipment, is carried at cost less accumulated depreciation and amortization, and any impairment losses.

When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

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

	Number of Years
Furniture, fixtures and equipment	5
Cinema furniture and equipment	5
Transportation equipment	5 to 10
Other equipment	5

Depreciation of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, and the date the item is derecognized.

The estimated useful lives and depreciation method are reviewed periodically to ensure that the estimated periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

### Investment Properties

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of PFRS. Accordingly,

investment properties acquired under the asset-for-share swap agreement in 1995 were initially measured at the assigned values as approved by the Philippine SEC. These assigned values were deemed costs of the investment properties acquired. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value. Interests on funds borrowed to partially finance the investment property during the construction period are capitalized to the respective property accounts.

The Group assesses if an item of property other than a piece of land or a building is regarded as part of an investment property. If an item is an integral part of an investment property, is being leased to the lessee together with the land and building as a whole and the entire group of assets is generating the income stream from the lease contract, the item is included as part of investment property.

Depreciation and amortization of investment properties is computed using the straight-line method over the following useful lives of the assets, regardless of utilization:

	Number of Years
Commercial complex and improvements	25
Machinery and equipment	10
Cinema furniture and equipment	5

Investment properties and improvements located in leased parcels of land are depreciated and amortized using the straight-line method over their useful lives, or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

#### Impairment of Nonfinancial Assets

The carrying values of property and equipment, investment properties and other current and noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of property and equipment, investment properties and other current and noncurrent assets is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

#### Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount.

#### Customers' Deposits

Customers' deposits are recognized upon receipt of advance rental payments from new tenants, which can be applied to unpaid rental receivables upon termination of the tenant's contract.

#### Other Comprehensive Income (OCI)

OCI comprises items of income and expense (including items previously presented under the parent company statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertaining to remeasurements on the Group's defined benefit plans is recognized under "Remeasurement gain on retirement benefits - net" account in the consolidated balance sheet. Other items are closed directly to retained earnings (deficit).

#### Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

##### *Mall rental income*

Rent income from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Rent income from fixed tenants is generally recognized on a straight-line basis over the lease term. Rental income from percentage tenants is recognized at the end of every month based on a minimum agreed rental or certain percentage of the tenant's gross sales, whichever is higher.

##### *Cinema ticket sales*

Revenue from cinema ticket sales is recognized upon receipt of cash from the customers.

##### *Interest income*

Interest income is recognized as it accrues, using the effective interest method.

#### Direct Costs and Expenses

Direct costs and expenses are expenses directly related to the performance of services, which are recognized as incurred.

### General and Administrative Expenses

General and administrative expenses include costs of administering the business, which are recognized as incurred.

### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition and development of qualifying assets as part of the cost of such assets. Capitalization of borrowing cost commences when the activities to prepare the assets for their intended use are in progress and expenditures and borrowing costs are being incurred; is suspended during extended periods in which active development is interrupted; and, ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. All other borrowing costs are expensed as incurred.

### Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. Retirement benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The amount recognized as retirement benefits liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
- (d) there is a substantial change to the asset.



Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

#### *The Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### *The Group as a lessee*

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

Operating lease expense is recognized in the profit or loss on a straight-line basis over the lease term.

### Income Taxes

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

#### *Deferred income tax*

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax 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 the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of obligation can be reliably estimated.

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

#### Capital Stock

The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as “Additional paid-in capital”.

#### Deficit

Deficit represents the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year’s errors, effect of changes in accounting policy and other capital adjustments. A deficit is not an asset but a deduction from equity.

#### Basic/Diluted Earnings Per Share

Basic earnings per share is computed by dividing net income for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the income for the year attributable to stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

#### Segment Information

The Group is engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

#### Events After the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Group’s position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the balance sheet date that are not adjusting events are disclosed when material.

## **Disclosure on Garnishment of Lease Payments**

The Notice of Garnishment on lease rental receivables issued on January 27, 2000 by the RTC of Manila against the parent company, its subsidiary and certain affiliates in relation to a civil complaint by the Banko Sentral ng Pilipinas was served to various tenants. This has substantially impaired collection effort on lease rental receivables and added to the Company's cash flow problems. The Garnishment Notice limited the Company's collections to tenants' utility dues and other assessments, which were exempted from the Garnishment. Cash Flows from these collections, however, allow the continuity of the mall operations and sustain the Company's going concern. The Company's counsels filed a Motion to Dismiss on the grounds, among others, that (a) summons were improperly served such that the Court did not acquire jurisdiction over the Company and certain affiliates, and (b) the complaint states no cause of action or if it does so state, it is founded on illegality. The said Motion to Dismiss was consolidated with a Motion to Dissolve the Writ of Preliminary Attachment. In 2003, the Group together with their co-defendants, on the garnishment case, entered into an extra-judicial settlement with the plaintiff. As a result, the RTC lifted the garnishment of lease payments on January 14, 2004 which the RTC returned to the Company. However, as the parties have agreed on the amortization schedule, the BSP filed a motion of execution anchored on the compromise agreement. While the RTC-Manila initially denied such motion, it eventually granted the same via a motion for execution. As a result thereof, Writ of Garnishment was issued.

## **Foreclosure of Mortgaged Properties**

The property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. Due to GTMDI's default in its debt obligations, the Pasig land and mall were foreclosed in 1999 (also please refer to part 1 item 3 – Legal Proceedings). GTMDI is in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from.

On June 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum. The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTI.

Meanwhile, the other creditor banks continue to hold their respective proportionate undivided interest over the subject parcels of land and mall.

The Company's liquidity position has remained to be in weak position. It will continue to focus its effort in negotiation with the remaining lender banks for the redemption of the foreclosed properties, (GTMDI land and mall) and the restructuring of debt obligations into serviceable terms. In July 2010, the Regional Trial Court, Manila issued notice of garnishment on lease payments and levy made upon receivables or sum of money arising from rentals and other revenues of the Company and certain related parties. This has substantially impaired the collection effort on lease rental receivables (see note 1 to the Financial Statements). Due to the continued tight liquidity position, the Company has not nor does it intend to enter into any material commitment for capital expenditures within the next twelve (12) months.

## **Disclosure on the pull out of Anchor Tenant (Cinema)**

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned

subsidiary of EGRHI, and nine (9) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

In 2004, GII turned over nine (9) remaining cinemas to EGRHI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue. Moreover, the Cinemas are considered as one of the major amenities of, and basic to, mall operations. Minus the Cinemas, low customers' traffic may be experienced. To preserve the contributions of the Cinemas to the mall's customers' traffic and to lessen the impact of rental revenue loss, GTMDI management, with the corresponding approval of its Board of Directors, decided to retain and takeover the operation of the five (5) cinemas. In EGRHI, the parent company, the four (4) cinemas retained and presently being operated by Eagle Production Int'l Films Inc. while the remaining five (5) cinemas were converted to leasable spaces such as amusement, foods and other retail stalls.

## **FIVE (5) KEY PERFORMANCE INDICATORS**

The table below and the profit and loss determinants, earnings/loss per share and liquidity position set forth the comparative key performance indicators of the Company and its majority-owned subsidiaries.

	<i><b>End-December 2019</b></i>	<i><b>End-December 2018</b></i>
Current Ratio	0.00:1.00	1.13:1.00
Debt to Assets Ratio	0.95:1.00	0.57:1.00
Net Profit Ratio	-n/a	-n/a
Return on Equity	-1238.01%	-74.04%
Return on Assets <sup>3</sup>	-59.22%	-31.79%

Manner of calculating the above indicators is as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Assets Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Net Profit Ratio	$\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$
Return on equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

The key operating performance indicators which remain to be the profit and loss determinants, earnings/losses per share and liquidity position of the Company and its wholly owned subsidiary are discussed hereunder.

1. Revenue – The Company has no revenue generated since the expiration of lease contract in 2017.

	<b>FOR THE YEAR</b> <b>(in million Pesos)</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Rental Income	–	–	87.35
Cinema Ticket Sales	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>87.35</b>

2. Cost Effective Measures - During the year ended 2019, the Company has been able to control and manage costs to minimum effective levels.

	<b>2019</b> <b>(in million Pesos)</b>
Revenues	-
Direct Cost	-
General and administrative expenses	(782.46)
Interest expense	(10.59)
Other Income (charges)	(142.64)
<b>Total</b>	<b>(935.69)</b>

	<b>2018</b> <b>(in million Pesos)</b>
Revenues	-
Direct Cost	-
General and administrative expenses	(727.32)
Interest expense	(12.00)
Other Income (charges)	(9.42)
<b>Total</b>	<b>(748.74)</b>

3. Net Operating Profit – The Company’s income for the actual mall and cinema operations, computed total revenue less the direct cost & expenses and General & Administrative expenses.

	<b>FOR THE YEAR</b> <b>(in million Pesos)</b>		
	<b>2019</b>	2018	2017
Rental Income	-	-	87.35
Income (Loss) from operation	(935.69)	(748.74)	(846.10)
Percentage	-	-	-968.63%

4. Earnings Per Share – Earnings/(Loss) per share for the year 2019 is (₱0.187), (₱0.150) in 2018 and (₱0.169) in 2017. The earnings per share were calculated by dividing the Net Income by the weighted number of shares outstanding. There were no factors that would have dilutive effects on the Earnings per share.
5. Liquidity Position – Current ratio is 0.00:1, 1.13:1 and 2.29:1 as of December 31, 2019, 2018 and 2017 respectively.

## **ITEM 7. Financial Statements**

The consolidated financial statement and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of the SEC Form 17A . This part will be accomplished together with the audited Financial Statements.

## **ITEM 8. Information on Independent Accountant and Other Related Matters**

The principal accountants and external auditors of the Company is the accounting firm of SyCip Gorres Velayo & Co (SGV & Co). The same accounting firm is being recommended for re-election at the scheduled annual meeting.

Representatives of SGV & Co are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

***Pursuant to SRC Rule 68, Paragraph 3(b) (iv) Memorandum Circular No. 8, on Series of 2003 (Rotation of External Auditors)***, the Company has engaged SGV & Co. as external auditor for 2016 with Kristopher S. Catalan as the Partner In-charge.

The Audit and Audit-Related Fees amounted to P300,000 in 2019, P450,000.00 in 2018, and P500,000.00 in 2017.

The engagement of the external auditors was favorably endorsed by the Audit Committee to the Board of Directors and ultimately submitted for approval of the stockholders.

The Company's management has no changes in or disagreements with Accountants on Accounting and Financial disclosure.

## PART 111 - CONTROL AND COMPENSATION

### INFORMATION

#### ITEM 9. Directors, Executive Officers, Promoters and Control Persons of the Issuer

As of December 31, 2019, the members of the Board of Directors and the incumbent executive officers are as follows:

<u>Office</u>	<u>Name</u>	<u>Age</u>
Chairman, & Chief Executive Officer	Jose C. Go	71
Director, Treasurer	Evelyn C. Go	65
Director	Lourdes Go-Ortiga	62
Director, President	Joel T. Go	46
Director	Jonathan T. Go	45
Independent Director	Christian Grant Yu Tomas	43
Independent Director	Francisco A. Sanchez III	63
Corporate Secretary	Christine P. Base	49
Vice President	Vicente Canoneo	
Assistant Corporate Secretary	Caesar R. Certeza	47
Chief Finance Officer	Vacant	
AVP-Comptroller	Cynthia T. Dizon	60

#### Board of Directors

**JOSE C. GO**, Chairman, President and Chief Executive Officer, graduated from the University of Santo Tomas. Mr. Go received his extensive business and entrepreneurial training and experience from his early exposure to the various aspects of operations of family-owned corporations. At present, he is also the Chairman, President and Director of Gotesco Land, Inc. (formerly Suricon Resources Corporation) and Gotesco Properties, Inc. He is also Chairman and Chief Executive Officer of Gotesco Tyan Ming Development, Inc.. In addition, Mr. Go is the President of Ever Emporium, Inc., Gulod Resort, Inc., GMCC United Development Corp., Ever Plaza, Inc., Ever Center, Inc., Ever Commonwealth Center, Inc., and Nasugbu Resort, Inc..

#### Period & Term of Office:

- Elected Chairman and President for one year or until his successor-in-office shall have been elected and qualified during Stockholders' meeting on December 18, 2008.
- Elected and held the same position during the Stockholders' Annual Meeting held on December 10, 2004.
- Elected Chairman and President during a re-organizational meeting on December 23, 1998 and held the office until elected again on December 10, 2004.
- Elected President for the period September 17, 1997 to December 23, 1998
- Elected Chairman and President for the period December 7, 1995 to September 17, 1997

**EVELYN C. GO**, is a graduate from the Philippine School of Business Administration with a degree in Business Management. Ms. Go started her practical business training at an early age covering various positions and aspects of the Go Tong family business enterprises. She is currently President/Chief Operating Officer of Gotesco Tyan Ming Development, Inc., Executive Vice President of Ever Emporium, Inc., Ever Plaza, Inc. Ever Center, Inc., Ever Commonwealth Center, Inc., Director and/or Treasurer of Gotesco Properties, Inc., Megaheights Realty & Development Corp., Gulod Resort, Inc., Gotesco Land, Inc., (formerly Suricon Resources Corp.), Nasugbu Resort, Inc., and Masipag Manpower Agency, Inc.

Period & Term of Office: Treasurer and Director of the Company since the election on December 7, 1995. She holds the same position up to the present as she is always the one elected for the Position.



**LOURDES GO-ORTIGA**, is a Fine Arts Major in Interior Design graduate from the University of Santo Tomas. Ms. Ortiga is presently Director and Corporate Secretary of Gotesco Tyan Ming Development, Inc.; Gotesco Properties, Inc.; Ever Shoppers, Inc.; Gusset Realty & Development, Corp.; and Revere Realty and Development, Corp.. Ms. Ortiga is also a Director of Gotesco Holdings, Inc.; Ever Emporium, Inc.; Ever Plaza, Inc.; Ever Commonwealth Center, Inc.; Ever Center, Inc. Presently Ms. Ortiga is also the executive Vice President for Marketing Communications Services of the Ever Gotesco Group of Companies.

Period & Term of Office : Ms. Ortiga was elected Director of the Company on December 18, 2008 for another year-term or until her successor-in-office shall have been elected and qualified during Stockholders' meeting on December 18, 2008. She holds the office since September 25, 1998.

**JOEL T. GO**, is a graduate in Bachelor of Science in Electronics & Communications Engineering from De Lasalle University. He is the first child of the three children of Mr. Jose C. Go. He's work experiences are with the family businesses and at present he is the Chairman and President of Ever Plus Meisec Corp.; Ever Plus Superstore, Inc.; Ever Plus Convenience Stores, Inc. He is also President and Director of United Doctors Service Corp.; Majestic Plus Holdings Intl. Inc.; and Eagle Production Intl. Films, Inc. and Director and Treasurer of Evercrest Golf Club Resort, Inc.

Period & Term of Office: Mr. Joel T. Go was elected Director of the Company on December 18, 2008 and will serve as such for year-term or until his successor-in-office shall have been elected and qualified during Stockholders' meeting on December 18, 2008. He holds the office since being elected in Stockholders' meeting on December 10, 2004.

**JONATHAN T. GO**, is a graduate of Bachelor of Science Major in Business Management from De La Salle University. He is the second child of the three children of Mr. Jose C Go. He is also a Registered and Accredited Real Estate Broker. He's work experience with the family business and at present he is the President of Homeworks the Homecenter ; Lamin8 INC., and JTG TRADING. He is also a director of United Doctors Service Corporation.

**CHRISTIAN GRANT YU TOMAS**, Filipino, 43 years old is the Head, Legal Department, Tyche Consulting Ltd. Phils Regional Operating Headquarters. Previously, he worked as Legal Counsel of Alphaland Corporation; Executive Assistant, Commission on Elections, Office of Commissioner Larrazabal; and Associate, ZAMORA POBLADOR VASQUEZ & BRETANA LAW OFFICES. He is a graduate of Ateneo De Manila University School of Law with a Degree of Juris Doctor in 2004. He passed the Bar Examination in 2004. He graduated from De La Salle University with a Bachelor of Science Degree in Applied Economics in 1999.

**FRANCISCO A. SANCHEZ III**, Filipino, born on July 17, 1957. He obtained his Bachelor of Laws from Far Eastern University in 1984, and Bachelor of Arts in Economics in 1980 from the same school. He passed the Philippine Bar Examinations in 1985. He was a former Clerk of Court in Manila Regional Trial Court and later as Director of the Public Attorney's Office in Quezon City and Manila for fourteen (14) years until 2007. At present, he is practicing his profession and holding an office in Quezon City. He is a nominee for independent directorship for the forthcoming stockholders meeting.

Atty. Sanchez III was elected during the annual meeting on August 30, 2019 to replace Atty. Senen Baccay who passed away on January 28, 2019.

**CHRISTINE P. BASE**. Filipino, 49 years old, is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She concurrently serves as the Corporate Secretary of Anchor Land Holdings, Inc., Araneta Properties, Inc., SBS Philippines Corporation, Asiasec Equities, Inc., SL Agritech Corporation, and Ever-Gotesco Resources and

Holdings, Inc.. She also acts as a Director and Corporate Secretary of Itapinas Development Corporation. Ms. Base also acts as a Director and/or Corporate Secretary of several other private corporations. She was an Auditor and then a Tax Lawyer of Sycip Gorres Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree in Bachelor of Science in Commerce major in Accounting.

**VICENTE V. CANONEO**, Vice President, is a CPA-Lawyer. He obtained his Bachelor of Science in Commerce degree and Bachelor of Laws from Arellano University. He had accounting and auditing work experiences with several Companies in the Philippines and abroad. He was senior associate at Villareal Law Offices and Assistant Vice President - Controller of Northern Cement Corporation. At present he is the Chief Legal Counsel of Ever Gotesco Group with the rank of Vice President and Director, United Doctors Service Corporation, operator of Metropolitan Medical Center. He is also a law professor, Comptroller and member of the Board of Trustees of the Arellano Law Foundation.

**CEASAR P. CERTEZA**, Assistant Corporate Secretary, graduated from Ateneo De Manila University School of Law with a degree of Juris Doctor in 1995. He also graduated as Magna Cum Laude in Bachelor of Arts – Major in Economics in University of Santo Tomas in 1991. He passed the Philippine Bar Examination in 1995. He is currently the Corporate Legal Counsel in Metropolitan Medical Center. He became lawyer of CRCerteza Law Office in 2007-2011. A Partner in Halili Certiza Matibag Law Office 2000-2007. Legal Officer I of NGL Pacific, Ltd., 1998-2000. Associate Lawyer of Sebastian Liganor Galinato and Tierra Law Offices 1995-1998. He is a Legal Apprentice in Bautista Picazo Buyco Tan and Fider Law during summer of 1993 and 1994. Atty. Certeza is also an Instructor I in University of Santo Tomas – Faculty of Arts and Letters in schoolyear 1991 to 1998. A Member of The Fraternal Order of Utopia and Intergrated Bar of The Philippines.

**CYNTHIA T. DIZON**, AVP-Controller, graduated from Polytechnic University of the Philippines (3- yrs curriculum). She is a Certified Public Accountant and had been connected in various local and multinational companies with diverse industries like Hooven (Comalco) Phil. Inc., Windjammer Cruises, East Asiatic Corporation, Gold Packaging Corp., Richard Hamilton Properties Inc., and Century Canning Corporation. Before she joined the Company she was the Accounting Head of House of Investments Inc, the holding company of Yuchengco Group of Companies.

Period & Term of Office: Appointed as AVP-Controller effective June, 2012.

## **(2) Significant Employee**

No particular individual employee who is not an executive officer can be singularly identified as making significant contribution to the business, because the strength of the Company lies in the cooperative efforts of all officers, staff and employees of the organization.

## **(3) Family Relationships**

Jose, Evelyn and Lourdes are siblings while Mr. Joel T. Go and Jonathan T. Go are the sons of Mr. Jose C. Go. All other directors and officers have no family relationships in any civil degree either by consanguinity or affinity.

## **(4) Involvement in Certain Legal Proceedings**

- 1) No director, executive officer, promoter or control person of the Company or its subsidiary, GTMDI, has any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- 2) Some members of the Board of Directors are involved in some criminal proceedings emanating from the closure of the Orient Commercial Banking Corporation. These criminal proceedings include violation of Batas Pambansa Bldg. 22, violation of the General Banking Acts, and particularly on DOSRI loans and falsification cases.
- 3) Some directors, in their personal capacities are currently subject of a writ of preliminary attachment issued by the Court in connection with the Civil case entitled “Bangko Sentral ng Pilipinas vs. Orient Commercial Banking Corp.” now pending before Branch 12, Manila Regional Trial Court.
- 4) No director, executive officer, promoter or control person of the Company or its subsidiary is found by a domestic or foreign court of competent jurisdiction (in a civil action), the commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- 5) Some depositors of the Orient Commercial Banking Corporation (OCBC) filed criminal cases against some of the bank officers and directors including Messrs. Jose C. Go, George C. Go (until December 10, 2004), and Vicente C. Go (until May 31, 2004), who are also directors of this Company, for failure of said depositors to withdraw their respective money deposits with OCBC. Some of these cases have already been dismissed.
- 6) Certain cases involving violations of the Revised Penal Code and Batas Pambansa No. 22 have been initiated against Mr. Jose C. Go which are pending before various Prosecutors’ Offices. Some of these cases are still pending in courts and in certain of these cases, Mr. Jose C. Go is in the process of negotiating for an amicable settlement.
- 7) Except as above discussed, the Company is not aware nor have any personal knowledge of any other legal proceeding involving the Company and any other officers and directors of the Company which are material to the evaluation or integrity of said officers and directors of the Company.

## **ITEM 10. Executive Compensation**

### **(1) General Compensation of Executive Officers**

The by-laws officers shall receive such remuneration as the Board of Directors may determine. All other officers shall receive such remuneration as the Board of Directors may determine upon recommendation of the President. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise and receiving compensation thereof.

## (2) Summary Compensation Table

The following table summarizes the names and aggregate compensation paid or accrued during the last two years and to be paid in the ensuing year to the Company's Chief Executive Officer and other officers.

### I. Officers and Directors as a Group

Name	Position	2020 Estimate			2019			2018		
		Salary	Bonus	Other Annual Compensation	Salary	Bonus	Other Annual Compensation	Salary	Bonus	Other Annual Compensation
Jose C. Go	Chairman									
Joel T. Go	President									
Diana T. Huang	AVP-Corporate Planning									
Cynthia T. Dizon	AVP-Controller									
Evelyn C. Go	Director									
Christian Grant Yu Tomas	Director									
Lourdes G. Ortega	Director									
Francisco Sanchez III	Director									
<b>TOTAL</b>		<b>0.36</b>			<b>0.26</b>			<b>0.36</b>		

Since December 1, 1995 up to the present, the directors (except for the Independent Director) and some of the Executive officers of EGRHI didn't receive any compensation from the Company. These executives (President, Treasurer, and Corporate Secretary) acted their positions at EGRHI in their concurrent capacities at Gotesco Properties, Inc.

The decrease in 2019 was due to the death of Atty. Senen Baccay (Independent Director) in January 2019 leaving the position vacant until August 2019.

### (3) Compensation of Directors

By resolution of the Board, each director, shall receive a per diem allowance of P 5,000.00 for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. For the last three years, the directors didn't draw any salaries or bonuses from the Company and there are no accruals for Directors' per diem.

The Independent Directors are given a monthly honorarium of P15,000.00 effective on the date of election as Director in the Company.

#### **(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

Ms. Cynthia T. Dizon was hired as AVP-Controller in June, 2012 to replace Ms. Jeanne C. Mendoza who resigned on effective June 16, 2012.

There are no termination of employment and change in control arrangement and warrants, options outstanding and re-pricing held by the CEO and named executive officers and all other officers and directors except for the resignation of Ms. Jeanne C. Mendoza on June 16, 2012, Mr. Arturo M. Garcia on October 15, 2010 and Mr. Yao on July 31, 2008.

#### **(5) Warrants and Options Outstanding: Re-pricing**

There are no known outstanding warrants or options held by the Company's named executive officers, and other officers and directors as a group.

### **ITEM 11. Security Ownership of Certain Beneficial Owners and Management**

#### **a. Security Ownership of Certain Record and Beneficial Owners**

As of December 31, 2019, EGRHI knows of no one who beneficially owns in excess of 5% of EGRHI's common stock except as set forth in the table below:

<b>Title of Class</b>	<b>Name</b>	<b>Address</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares</b>	<b>%</b>
Common	Consolidated Ventures, Inc.	Matapang St.	Consolidated Ventures, Inc.	FILIPINO	1,592,000,000	31.84%
Common	PCD Nominee Corporation (Filipino)	37F Enterprise Tower 1, Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	FILIPINO	1,170,144,210	23.40%
Common	Gotesco Properties, Inc.	12/F Ever-Gotesco Corporate Center 1958 C.M.	Gotesco Properties, Inc.	FILIPINO	1,069,235,000	21.38%

There is no individual, record or beneficial owner of more than 5% of the shares of stocks under PCD Nominee Corp. as of December 31, 2019.

Mr. Jose C. Go and Mr. Joel T. Go are natural persons who have voting power over shares of Gotesco Properties, Inc. and Consolidated Ventures, Inc., respectively, as approved by the Board of Directors.

**b) Security Ownership of Management**

<b>Title of Class</b>	<b>Name</b>	<b>Position</b>	<b>Record of Beneficial Ownership</b>	<b>Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>%</b>
Common	Joel T. Go	President	228,672,598	Direct	Filipino	4.57%
Common	Jose C. Go	Chairman	227,820,000	Direct	Filipino	4.56%
Common	Evelyn C. Go	Treasurer	2,371,315	Direct	Filipino	0.0474%
Common	Jonathan T. Go	Director	65,000,000	Direct	Filipino	1.30%
Common	Lourdes G. Ortiga	Director	81	Direct	Filipino	0.000002%
Common	Christian Grant Yu Thomas	Independent Director	1	Direct	Filipino	0.00000002%
Common	Francisco A. Sanchez III	Independent Director	1	Direct	Filipino	0.00%
	Christine P. Base	Corporate Secretary			Filipino	
	Diana T. Huang	AVP Corporate Planning			Filipino	
	Cynthia T. Dizon	AVP Comptroller			Filipino	
			<b>523,863,996</b>			<b>10.48%</b>

**c) Voting Trust Holders**

EGRHI is not a party to any voting trust. No stockholder of the Company holds more than 10% of its outstanding capital stock through a voting trust or other similar agreements.

**d) Changes in Control**

As of December 31, 2019, there are no arrangements which may result in a change in control of the Company.

**ITEM 12. Certain Relationships and Related transactions**

Gotesco Properties, Inc. (GPI) provides certain treasury, security, internal audit, industrial relations and other management services to the Company and has seconded certain management personnel to provide services to the Company. Members of the Go family who either individually or collectively have controlled GPI since inception, have private interests in number of companies either alone or together with other family members. The respective businesses or activities of these companies do not compete with GPI business activities. However, certain of these companies have significant commercial transactions with GPI and its controlled companies. In addition, GPI and certain of its subsidiaries and affiliates, including the Company, have, from time to time, made cash advances to each other. All of these transactions have been entered into on arms' length commercial terms.

Listed below is Ownership structure, and percentage of control of EGRHI and Parent Company as of December 31, 2019:

Name of Stockholder	EGRHI	Gotesco Properties, Inc.
GPI	21.3847%	-
Gotesco Investments, Inc.	2.1000%	25.0000%
Ever Emporium, Inc.	0	25.0000%
Ever Plaza, Inc.	0	25.0000%
Gotesco Holdings, Inc.	0	25.0000%
Joel T. Go	4.5735%	0
Jose C. Go	4.5564%	0
Evelyn C. Go	0.0474%	0
Lourdes G. Ortiga	0.000002%	0
Christian Grant Yu Thomas	0.00000002%	0
Francisco A. Sanchez III	0.00000002%	0
Others	70.2579%	0
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>

Authorized Capital Stock	5,000,000,000	5,000,000,000
Subscribed Capital Stock	5,000,000,000	1,250,000,000
Paid-up Capital Stock	5,000,000,000	1,250,000,000

## REGISTRATION STATEMENT AND PROSPECTUS

PROVISIONS Not applicable

## PART IV - EXHIBITS AND SCHEDULE

### ITEM 13. 2019 Integrated Annual Corporate Governance Report

*This was deleted pursuant to SEC Memorandum Circular No. 5 Series of 2013*

### ITEM 14. Exhibits and Reports on SEC 17-C

a) Exhibits - See accompanying Index to Exhibits

The following exhibit is filed as a separate section of this report. Subsidiaries of the Registrant  
The other exhibits as indicated in the index to exhibits are either not applicable to the Company or requires no answer.

b) Reports on SEC Form 17-C

During the year, the Company had filed one (1) report on Form 17-C, to wit.:

Date of Report  
August 30, 2019

Nature of Items Reported  
Results of the Annual Stockholders' Meeting

### ITEM 15. Sustainability Report

See attached Sustainability Report.

## SIGNATURES

Pursuant to the requirement of section 17 of SRC and section 141 of the Corporation Code, this report signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on JUN 26 2020.

By:

JOSE C. GO  
Chairman

Date: 11 JUN 2020

JOEL T. GO  
President

Date: 09 JUN 2020

EVELYN C. GO  
Sr. Vice President / Treasurer

Date: 09 JUN 2020

CYNTHIA T. DIZON  
AVP - Controller

Date: 09 JUN 2020

CHRISTINE P. BASE  
Corporate Secretary

Date: 25 JUN 2020

Subscribed and sworn to me this JUN 26 2020 day of \_\_\_\_\_ 2020 affiants exhibiting to me their Passport / Driver's Licenses/IBP as follows:

NAME	PPN / DLN	DATE OF ISSUE	PLACE OF ISSUE
Jose C. Go	EC8372609	valid until 21/07/21	DFA NCR West
Joel T. Go	P1663700A	valid until 17/01/22	DFA NCR South
Evelyn C. Go	P4611560A	valid until 04/10/22	Manila
Cynthia T. Dizon	P7723053A	valid until 06/27/28	DFA NCR West
Christine P. Base	IBP 08661	lifetime validity	Albay

## NOTARY PUBLIC

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Series of 2020

Enrique P. Molina  
ENRIQUE JESUS P. MOLINA  
NOTARY PUBLIC-CITY OF MANILA  
Comm. No. 2019-060, until 31 Dec. 2020  
Roll of Attorney's No. 49216  
IBP Lifetime No. 07257-01/29/08- Manila IV  
PTR O.R. No. 9113173-01/02/20- Manila  
MCLE No. VI-0026504-04/16/19 until 04/14/22  
Suite 209, CCI Bldg. 1091 JNA Lopez St. Ermita, Manila  
TIN- 145-257-243-000



**EVER-GOTESCO RESOURCES AND  
HOLDINGS, INC. AND SUBSIDIARY  
INDEX TO FINANCIAL STATEMENTS AND  
SUPPLEMENTARY  
SCHEDULES FORM 17-A,  
Item 7**

**Consolidated Financial Statements**

Statement of Management's Responsibility for the Consolidated Financial Statements  
Independent Auditor's Report  
Consolidated Balances Sheets as of December 31, 2019 and 2018  
Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017  
Consolidated statements of Changes in Equity  
for the years ended December 31, 2019, 2018 and 2017  
Consolidated Statements of Cash Flows  
for the years ended December 31, 2019, 2018 and 2017  
Notes to Consolidated Financial Statements

Independent Auditors' Report on Supplementary Schedules

**Supplementary Schedules**

A. Financial Assets*	N/A
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	
C. Accounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements	N/A
D. Intangible Assets - Other Assets*	N/A
E. Long-Term Debt	N/A
F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)*	N/A
G. Guarantees of Securities of Other Issuers*	N/A
H. Capital Stock	
I. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2019 and List of New and Amended Standards and Interpretations and Improvements to PFRS that became effective as at January 1, 2020	N/A
J. Map Showing the Relationships Between and Among the Company, Its Parent Company, Subsidiaries and Associates	
K. Supplementary Schedule of Retained Earnings Available for Dividend Declaration	

\* *These schedules, which are required by Section 17.2 of SRC Rule 68.1, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.*

**EVER GOTESCO RESOURCES AND HOLDINGS, INC AND SUBSIDIARY**

1958 C.M. Recto Avenue, Quiapo, Manila

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **EVER GOTESCO RESOURCES AND HOLDINGS, INC AND SUBSIDIARY**, is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

**Sycip Gores Velayo & Co.**, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

\_\_\_\_\_  
JOSE T. GO  
Chairman

\_\_\_\_\_  
EVELYN C. GO  
Treasurer

\_\_\_\_\_  
JOEL T. GO  
President

\_\_\_\_\_  
CYNTHIA T. DIZON  
AVP- Controller

**SUBSCRIBED AND SWORN TO BEFORE ME**  
this \_\_\_\_ day of \_\_\_\_\_ at Manila, Philippines  
**JUN 25 2020**

Signed this \_\_\_\_ day of \_\_\_\_\_

DOC. NO. \_\_\_\_\_  
PAGE NO. \_\_\_\_\_  
BOOK NO. \_\_\_\_\_  
SERIES OF \_\_\_\_\_

\_\_\_\_\_  
ATTY. LEONARDO A. SARMIENTO III  
NOTARY PUBLIC - MANILA  
NOTARIAL COMM. NO. 2020-049 until 12-31-2021  
ROLL OF ATTY. NO. 55618  
MCLE NO. VI-0027748-04/02/2019  
PTR NO. 9298818-01/03/2020-MLA  
IBP NO. 094679-11/12/2020-MLA  
517 Lakandula St., Tdo. Mla.