



110252019000902



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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Company Information

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Industry Classification  
Company Type Stock Corporation

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COVER SHEET

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SEC Registration Number

L E I S U R E & R E S O R T S W O R L D

C O R P O R A T I O N

(Company's Full Name)

2 6 t h F l o o r , W e s t T o w e r , P S E C e n t r e

E x c h a n g e R o a d O r t i g a s C e n t e r

P a s i g C i t y

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

Atty. Kristine Margaret R. Delos Reyes

(Contract Person)

8634-5099

(Company Telephone Number)

1 2 3 1

Month Day

(Fiscal Year)

17-C  
Policy on Related Party Transactions

(Form Type)

Month Day

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE  
SECURITIES REGULATION CODE AND SRC RULE 17 (b)(3) THEREUNDER

1. 24 October 2019  
Date of Report (Date of earliest event reported)
2. SEC Identification Number 13174      3. BIR Tax Identification No. 000-108-278-000
4. LEISURE & RESORTS WORLD CORPORATION  
Exact Name of registrant as specified in its charter
5. PHILIPPINES  
Province. Country or other jurisdiction  
of incorporation
6.  (SEC Use Only)
7. 26/F West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City  
Address of Principal Office
8. (632) 8634-5099  
Registrant's telephone number, including area code
9. N/A  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and amount of Debt Outstanding
Common Stock, PhP1.00, par value	2,417,500,000/ Not applicable
Preferred Stock, PhP1.00, par value	1,650,000,000
Warrants	82,500,000
11. Indicate the item numbers reported herein: 9 (b)





24 October 2019

**SECURITIES AND EXCHANGE COMMISSION**  
**CORPORATE GOVERNANCE & FINANCE DEPARTMENT**  
Secretariat Building, PICC Complex,  
Roxas Boulevard, Pasay City

Attention: Atty. Rachele Gumtang-Remalante  
*Officer-In-Charge*  
Corporate Governance and Finance Department

Re: Related Party Transactions Policy

Gentlemen:

In compliance with SEC Memorandum Circular No. 10, Series of 2019, we are submitting the attached Policy on Material Related Party Transactions, as approved by the Board of Directors of **LEISURE & RESORTS WORLD CORPORATION** on October 24, 2019

The Policy shall also be posted at the Company's website ([www.lrwc.com.ph](http://www.lrwc.com.ph)).

Very truly yours,

  
**ATTY. CAROL V. PADILLA**  
*Corporate Secretary*



**Leisure & Resorts World Corporation**  
**Policy on Related Party Transactions**

**POLICY STATEMENT**

It is the policy of **Leisure & Resorts World Corporation** ("LRWC" or the "Company") that all related party transactions ("RPTs") are conducted on an arm's length basis and under fair terms, in order that no shareholder or stakeholder is unduly disadvantaged and there is no prejudice to the interest of the stakeholders of the Company. The Board of Directors shall have the overall responsibility in ensuring that RPTs are handled in a sound and prudent manner, with integrity, and in effective compliance with applicable laws, rules and regulations at all times, to protect the interests of the Company and its subsidiaries, and their shareholders and other stakeholders. The objectives of this policy are to mitigate or avoid conflict of interest and abusive transactions between Related Parties, as defined below, and ensure that every RPT is reviewed, approved and disclosed in compliance with the requirements of the relevant governmental and regulatory agencies such as the Securities and Exchange Commission ("SEC").

**DEFINITION OF TERMS**

**Abusive Material RPT** – refers to a Material RPT that is not entered into at arm's length basis and unduly favors a Related Party.

**Affiliate** – refers to an entity linked directly or indirectly to the Company through any or a combination of any of the following:

- (i) ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by an entity of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice versa;
- (ii) same stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity;
- (iii) interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations of the SEC; or
- (iv) management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the Company, or vice versa.

**Associate** – refers to an entity over which: (i) the Company holds at least twenty percent (20%) of the total outstanding common shares, directly or indirectly; or (ii) the Company has Significant Influence as defined in this Policy.

**Control** - a person or entity who controls the Company if and only if the person or entity has all of the following, taking into account financial standards, laws, and rules and regulations, namely:

- (i) power to govern the financial and operating policies of the Company so as to obtain benefits from its activities;
- (ii) exposure or rights to variable returns from its involvement with the Company; and
- (iii) the ability to use its power over the Company to affect the amount of the Company's returns.

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**External Independent Party** – refers to a person or entity which may include, but is not limited to, an auditing or accounting firm, a third party consultant or an appraiser who is appointed by the Board of Directors of the Company to evaluate the fairness of the terms of the material RPTs.

**Material RPTs** – refers to RPTs listed in the immediately succeeding section.

**Related Party/ies** – covers:

- (i) the Company's directors, officers, Substantial Shareholders, as defined herein, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, either by marriage or domestic partnership if these persons have control, joint control or Significant Influence over the Company; and
- (ii) the Company's parent, Subsidiary, fellow subsidiary, Associate, Affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a Related Party.

**Related Party Registry** – refers to a record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties, including any change thereon, maintained by the Chief Finance Officer.

**Related Party Transactions or RPTs** – refers to a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.

**Significant Influence** – refers to the power to participate in, and effect, but not to Control, decisions relating to financial and operating policies of the Company, which may be gained by share ownership, by law, or agreement.

**Subsidiary** – refers to an entity over which a corporation holds more than fifty percent (50%) of such entity's total outstanding common shares.

**Substantial Shareholder** – refers to any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of the Company's total outstanding common shares.

#### **COVERAGE AND MATERIALITY THRESHOLD**

The following RPTs are considered **Material RPTs** covered by this Policy:

1. Related Party Transactions either individually, or in aggregate over a twelve (12) month period from the first transaction, with the same Related Party, amounting to at least twelve percent (12%) of the Company's total consolidated assets based on its latest audited financial statements;
2. Outstanding transactions amounting to at least twelve percent (12%) of the total consolidated assets of the Company that were entered into with an unrelated party that subsequently becomes a Related Party in the event of any alterations to the terms and conditions or an increase in the exposure level pertaining to such transactions after the non-related counterparty becomes a Related Party;

3. Write-off of material exposures to Related Parties amounting to at least twelve percent (12%) of the Company's total consolidated assets based on its latest audited financial statements; and
4. A renewal of, or a material change in, the terms and conditions of a Material RPT previously approved in accordance with this Policy, which material change includes, but is not limited to, a change in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT.

An RPT, if qualifying as a Material RPT pursuant to this Policy, shall be subject to the review by the Related Party Transactions Committee (the "RPT Committee") and endorsement approval by the Board of Directors.

Any RPT not considered material as expressly provided herein shall not be covered by this Policy and therefore, shall not be subject to review by the RPT Committee and endorsement approval by the Board of Directors.

#### **GUIDELINES TO ENSURE ARM'S LENGTH TERMS**

All RPTs shall be entered into an arm's length basis and thus, accounted for at market prices normally charged to unaffiliated customers or parties for equivalent or similar goods or services.

In the review of Material RPTs, the RPT Committee and the Board of Directors shall consider the following factors to ensure that no preferential treatment shall be given to Related Parties that are not extended to non-related parties under similar circumstances:

1. the terms of the transaction, including the proposed aggregate value of the transaction, *i.e.*, whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances;
2. the Related Party's relationship to the Company and the extent of the Related Party's interest in the transaction, *i.e.*, whether the transaction would present an improper conflict of interest or special risks or contingencies for the Company or any of its Subsidiaries or Affiliates, or the counterpart Related Party, taking into account the size of the transaction and the overall financial position of the counterpart Related Party;
3. the purpose and timing of the transaction; and,
4. any material information or other factors the RPT Committee deems relevant, including but not limited to: (a) the benefits to the Company of the proposed RPT; and (b) the availability of other sources of comparable products or services.

## **OVERARCHING POLICY AND SYSTEM**

Further to the duty of the Board of Directors under the Company's Manual on Corporate Governance to formulate and implement policies and procedures that would ensure the integrity and transparency of RPTs, the Board of Directors shall establish an effective system to:

1. Determine, identify and monitor Related Parties and Material RPTs;
2. Continuously review and evaluate existing relationships between and among businesses and counterparties; and,
3. Identify, measure, monitor and control risks arising from Material RPTs.

The system and the overarching Policy described herein shall be subject to periodic assessment by the Internal Audit Group and the Compliance Officer of the Company in accordance with the Self-Assessment and Periodic Review of this Policy as described hereunder.

## **IDENTIFICATION OF CONFLICTS OF INTEREST**

In this regard, in order to identify, prevent or manage potential or actual conflicts of interest, every director and employee, including officers and managers, shall declare in writing his business interests to the Company and their relatives within the fourth civil degree of consanguinity or affinity, and in such frequency as the Company may prescribe.

Directors are also required to notify the Company's Board of Directors before accepting a directorship in another company. Any change in their interests should be promptly disclosed to the Board of Directors through the Company's Compliance Officer.

## **REVIEW PROCESS OF THE MATERIAL RPT**

1. Senior Management shall implement appropriate controls to effectively manage and monitor Material RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with this Policy and applicable regulations.
2. The Company's Senior Management and/or the Board of Directors shall maintain a Related Party Registry and, on a quarterly basis, shall review all identified Related Parties with whom the Company has any outstanding transactions and update the Related Party Registry to capture organizational and structural changes in the Company and its Related Parties.
3. The Company's Chief Financial Officer (or any other officer as the Company's Senior Management may designate) shall ensure that the financial officers or controllers of the group or business units and employees who are responsible for identification and monitoring of existing and potential Material RPTs report such transactions to him prior to execution, to the extent reasonably practicable, in order for these Material RPTs to be subject to the review and approval process set out in this Policy.
4. Prior to the execution of the Material RPT, an External Independent Party shall evaluate the fairness of the terms of such Material RPT.
5. In the case of RPTs which meet the materiality threshold in terms of the transaction value within a period of twelve (12) months from the first transaction, the evaluation by the External Independent

party shall be made at the time it becomes known that such series of transactions will meet the materiality threshold, whether or not the same has already been performed.

Further –

(a) If the contract is not yet executed, the process for review of the Material RPT shall be commenced in the manner indicated in this Policy; or

(b) If the contract is already executed and partially performed, the evaluation by the External Independent Party shall commence at the earliest practicable date following the determination by Senior Management that the transaction has become a Material RPT, and the endorsement and approval by the RPT Committee and the approval by the Board of Directors, respectively, shall be by way of ratification.

6. Senior Management shall implement measures to identify potential Material RPTs, which if identified, shall be referred to an External Independent Party for evaluation. Upon favorable recommendation of the External Independent Party, the Material RPT shall be presented to the RPT Committee for review and endorsement to the Board of Directors.
7. The RPT Committee shall review all Material RPTs in accordance with the principles of transparency, integrity and fairness, to ensure that they are at arm's length, the terms are fair, and they will inure to the best interest of the Company and its Subsidiaries or Affiliates and their shareholders, including minority shareholders.

If a Material RPT passes the review of the RPT Committee, it shall be endorsed by the RPT Committee to the Board of Directors for final approval.

8. Any officer, member of the RPT Committee and/or member of the Board of Directors who as an interest in the RPT under review shall fully and timely disclose any and all material facts, including his direct and indirect financial and other interests in the Material RPT, and abstain from the discussion, approval and management of such transaction or matter affecting the Company. Such disclosure shall be made at the board meeting during which the Material RPT will be presented for approval and before the completion of execution of the Material RPT. In case s/he refuses to abstain, his/her attendance shall not be counted for purposes of assessing the quorum and his/her votes shall not be counted for purposes of determining the required approval.
9. All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT.
10. For aggregate RPTs within a twelve (12)-month period that breaches the materiality threshold of twelve percent (12%) of the Company's total consolidated assets, the same board approval would be required for the transactions that meet and exceed the materiality threshold covering the same Related Party.
11. In addition to the appointment of an External Independent Party, the following measures may be availed of by the Company to ensure that Material RPTs are entered into at terms that promote the best interest of the Company and its shareholders:
  - (a) opening the transaction to a bidding process;
  - (b) publication of available property for sale, if applicable; or
  - (c) such other effective price discovery mechanism.

## **SHAREHOLDER APPROVAL**

The Company, through the Board of Directors, shall ensure that the rights of minority shareholders are protected at all times, especially from abusive actions by, or in the interest of controlling shareholders. Accordingly, the policies and processes of the Company cater to the best interest of all its shareholders, including minority shareholders, and other stakeholders.

As such, in case that majority of the independent directors' vote is not secured as provided in this Policy, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

All other RPTs determined by the RPT Committee that require shareholders' approval in accordance with law and rules and regulations, will also be submitted to the shareholders, including minority shareholders, for approval. The Company encourages disinterested shareholders to decide on the matter.

Non-compliance with any of the provisions of this Policy shall result in the nullification or revocation of the agreement or contract pertaining to the Material RPT. Any director, officer, or employee of the Company who fails to comply shall be subject to the appropriate procedures and penalties under the Company's Manual on Corporate Governance, Code of Ethics, other Company policies, rules and regulations, and relevant laws, rules and regulations, as applicable.

## **SELF-ASSESSMENT AND PERIODIC REVIEW OF THE POLICY**

The Internal Audit Group of the Company shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing Material RPTs to assess consistency with this Policy and other approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit and Risk Oversight Committee.

The Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. The Compliance Officer shall aid in the review of the Company's transactions and identify any potential Material RPT that would require review by the Board of Directors. The Compliance Officer shall ensure that this Policy is properly implemented throughout the Company.

This Policy shall be updated regularly for their sound implementation, as well as to conform to the requirements of applicable law, rules and regulations. This Policy and the system and procedures provided herein shall be made available for review pursuant to applicable regulations. Any changes shall be approved by majority of the Board of Directors.

## **REMEDIES FOR ABUSIVE MATERIAL RPTs; WHISTLEBLOWING MECHANISM**

The Company's officers, employees, shareholders and other stakeholders are encouraged to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs in accordance with the Company's Whistle-Blowing Policy. Such Whistle-Blowing Policy provides guidance on how legitimate material concerns should be reported, investigated and addressed.

The Board of Directors shall ensure that Senior Management addresses legitimate issues on Material RPTs that are raised, and shall take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

The Compliance Officer shall report to the RPT Committee all violations of this Policy and sanctions imposed in accordance with Company Rules and Regulations, Code of Ethics and other applicable policies of the Company.

The RPT Committee shall have the authority to recommend to the Board of Directors for appropriate action, the invalidation of the transaction, including measures that would cut losses and allow recovery of losses or opportunity costs incurred by the Company arising out of or in connection with Abusive Material RPTs, and other penalties that may be imposed on interested directors, officers, and employees who have been remiss in their duties in handling Material RPTs in accordance with this Policy, other Company policies and other applicable laws, rules and regulations.

An interested director or officer of the Company shall be disqualified from being a director or officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director or officer for Abusive Material RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by SEC. This shall be without prejudice to any other administrative penalties that may be imposed by the Commission and/or civil or criminal penalties, as may be provided by the Revised Corporation Code, Securities Regulation Code and other related laws.

#### **DISCLOSURE OF RELATED PARTY TRANSACTIONS**

RPTs are disclosed in the Company's financial statements, annual reports, and other applicable filings pursuant to the relevant rules and issuances of the SEC Commission, Philippine Stock Exchange ("PSE") and other relevant regulatory bodies. In this regard, the Company shall submit the following to the Commission:

1. The filing of the Advisement Report shall be made as follows:
  - (a) For individual contracts that reach the materiality threshold, the Advisement Report (in the form prescribed by the SEC) shall be filed within three (3) calendar days from the execution date of the contract or agreement covering the Material RPT Transaction.
  - (b) For one or more contracts covering multiple transactions with the same Related Party *that the Company reasonably expects will reach the materiality threshold* within a period of twelve (12) months from the first transaction, the Advisement Report shall be filed within three (3) calendar days from the execution date of the main contract, or the contract covering the first transaction, as the case may be.
  - (c) For one or more contracts covering multiple transactions with the same Related Party within a period of twelve (12) months from the first transactions, not falling under the preceding section, the Advisement Report shall be filed within three (3) calendar days from the date of the contract covering the transaction that meets and exceeds the threshold.

The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative, and the Related Party or its authorized representative.

2. A summary of Material RPTs entered into during the fiscal year, which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30 or as prescribed by the Commission.
3. Such other reports as may be required by the SEC.
4. At a minimum, the disclosure in both (1) and (2) above shall include the following information:
  - (i) Complete name of the related party
  - (ii) Relationship of the parties;
  - (iii) Execution date of the Material RPT;
  - (iv) Financial or non-financial interest of the related parties;
  - (v) Type and nature of transaction as well as a description of the assets involved;
  - (vi) Total consolidated assets of the Company based on its latest audited financial statements;
  - (vii) Amount of contract price;
  - (viii) Percentage of the contract price to the total consolidated assets of the Company
  - (ix) Carrying amount of collateral, if any;
  - (x) Terms and conditions;
  - (xi) Rationale for entering into the transaction; and
  - (xii) Approval obtained (i.e., names of directors present, names of directors who approved the Material RPT and the corresponding voting percentage obtained).

The foregoing disclosures shall be made publicly-available by the Company, for the benefit of all shareholders and other stakeholders, through the Company's website and such other media channels as the Company may deem appropriate.

#### **MANUAL ON CORPORATE GOVERNANCE AND OTHER COMPANY RULES AND POLICIES**

The provisions of the Company's Manual on Corporate Governance, the RPT Committee Charter and other board policies, and company rules and policies relating to RPTs and conflicts of interest, as each may be amended from time to time, which are not inconsistent with the provisions of this Policy (such as, but not limited to, the duties, functions and powers of the Company's directors and officers, the RPT Committee, and the Board of Directors) shall have supplementary application to this Policy.

***Adopted by the unanimous vote of the Board of Directors on 24 October 2019.***



Certified correct:



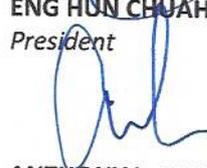
**EUSEBIO H. TANCO**

*Chairman of the Board*



**ENG HUN CHUAH**

*President*



**ANTHONY L. ALMEDA**

*Chairman of the Related Party Transactions Committee  
Independent Director*



**KRISTINE MARGARET R. DELOS REYES**

*Compliance Officer*

