

GRAND PLAZA HOTEL CORPORATION

27 October 2014

Filed Through EDGE

Philippine Stock Exchange, Inc.
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: Janet A. Encarnacion
Head, Disclosure Department

RE: Grand Plaza Hotel Corporation – Approval of action to pursue administrative remedies in connection with tax assessment

Gentlemen,

In the meeting of the Board of Directors of Grand Plaza Hotel Corporation ("Corporation") ("Board") today, 27 October 2014, the Board approved management's action to continue pursuing administrative remedies with the Bureau of Internal Revenue ("BIR") in respect of the BIR's tax assessment on the Corporation for the year 2008 ("Tax Assessment").

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

The Corporation has sent formal written requests to the BIR for reinvestigation and recomputation of the alleged tax liability as the Corporation believed that the Tax Assessment is doubtful. The requests are still pending with the BIR.

The Board has taken legal advice and intends to pursue administrative and/or legal remedies on the Tax Assessment.

Sincerely yours,


Yam Kit Sung
Compliance Officer