

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE ("Code")

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter **GRAND PLAZA HOTEL CORPORATION**

3. **City of Pasay, Philippines**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **166878**

5. BIR Tax Identification Code **000-460-602-000**

6. **10/F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Ext., Pasay City 1300**
Address of principal office Postal Code

7. **(632) 8854-8838** Fax : **(632) 8854-8825**
Registrant's telephone number, including area code

8. **10 July 2024, 11:30 a.m., at The Heritage Ballroom of The Heritage Hotel Manila, located at the Second Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City, Philippines**
Date, time and place of the meeting of security holders

9. **19 June 2024** date on which the electronic copies of the Information Statement will be uploaded to the Company website (<http://www.grandplazahotelcorp.com>) and the PSE EDGE and may be accessed by the security holders¹.

10. In case of Proxy Solicitations: Not applicable

Name of Person Filing the

¹ In accordance with SEC Notice dated 23 February 2024 (Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Sheet, and other Documents in connection with the holding of Annual Stockholders' Meeting ("ASM") for 2024).

Statement/Solicitor: Not applicable

Address and Telephone

No.: Not applicable

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

Title of Each Class	Number of Shares of Common Stock Outstanding Or Amount of Debt Outstanding
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Common Stock	87,318,270 (inclusive of 33,600,901 treasury shares)
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12. Are any or all of Registrant's security listed on a Stock Exchange?

Yes x No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Stock Exchange	:	Philippine Stock Exchange
Securities	:	Common Shares

GRAND PLAZA HOTEL CORPORATION

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Notice is hereby given that the annual stockholders' meeting of Grand Plaza Hotel Corporation (“**Company**”) will be held on **10 July 2024**, Wednesday, at **11:30 a.m.**, at the Heritage Ballroom of The Heritage Hotel Manila, located at the Second Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City, Philippines.

The agenda for the meeting are as follows:

1. Certification of quorum.
2. Presentation of the Annual Report for the year ended 31 December 2023.
3. Approval of the Minutes of the Stockholders' Meeting of 10 July 2023.
4. Ratification of all acts and proceedings of the Board of Directors, acting within the scope of their delegated authority, during the year 2023-2024.
5. Election of the Board of Directors, including the two (2) Independent Directors.
6. Appointment of the Independent Auditor and the authority of the Directors to fix the Independent Auditors' remuneration.
7. Remuneration/ per diem of the Directors.
8. Consideration of such other business as may properly come before the meeting.
9. Adjournment.

Minutes of the various meetings of the Corporation's Board of Directors and of the stockholders (including those held during the year 2023 to present date) will be available for inspection during office hours (9:00 a.m. to 5:00 p.m.) on business days at the office of the Corporate Secretary at the 16th Floor, One/NEO Building, 26th Street corner 3rd Avenue, Crescent Park West, Bonifacio Global City, Taguig, Metro Manila, from 25 June 2024 to 9 July 2024.

All proxies must be in the hands of the Corporate Secretary for validation before 11:00 a.m. of 10 July 2024. Proxies may be submitted to the office of the Corporate Secretary at the address indicated above during business days and at office hours on or before 5:00 p.m. of 9 July 2024. All proxies submitted after 11:00 a.m. of 10 July 2024 shall not be honored and shall not be deemed as a valid proxy for the 10 July 2024 annual stockholders' meeting. For your

convenience in registering your attendance, please have available some form of identification such as driver's license, community tax certificate, passport, etc.

Only stockholders of record at the close of business on 11 June 2024 are entitled to notice of, and to vote at, the annual stockholders' meeting.

The Company's Definitive SEC Form 20-IS will be uploaded to the Company website (<http://www.grandplazahotelcorp.com>) and the PSE EDGE, for your reference. Hard copies of this notice, Definitive SEC Form 20-IS, and its attachments, shall be provided upon request.

Taguig City, Philippines, 5 June 2024.

FOR THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to be 'Alain Charles J. Veloso', written over a horizontal line.

Alain Charles J. Veloso
Corporate Secretary

PART I. INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

1. Date : 10 July 2024
Time : 11:30 a.m.
Place : at the Heritage Ballroom, of The Heritage Hotel Manila, located at the Second Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City, Philippines

Complete mailing address of Grand Plaza Hotel Corporation (the “**Company**”):

10F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City

The approximate date on which electronic copies of the Information Statement will be uploaded to the Company website (<http://www.grandplazahotelcorp.com>) and the PSE EDGE and may be accessed by the security holders is on or before 19 June 2024.

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

Item 2. Dissenter’s Right of Appraisal

There are no matters or proposed corporate actions included in the agenda of the meeting which may give rise to a possible exercise by security holders of their appraisal rights.

As a rule, in the instances mentioned under Section 6.1.6 of the Company’s Revised Manual on Corporate Governance (based on Section 80 of the Revised Corporation Code of the Philippines or the “**RCC**”²), the stockholders of the Company have the right of appraisal provided that the procedure and the requirements of Title X of the RCC, governing the exercise of the right is complied with and/or followed. The instances when the right of appraisal may be exercised by dissenting stockholders of the Company are, as follows:

1. An amendment to the articles of incorporation that has the effect of changing or restricting the rights of shareholders or of authorizing preferences over those of outstanding shares, or of changing the term of corporate existence;
2. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided under the RCC;
3. Mergers or consolidations; and
4. Investment of corporate funds for any purpose other than the primary purpose of the corporation.

Please note that a stockholder must have voted against the above-mentioned corporate actions in order to avail of the appraisal right.

² Republic Act No. 11232

Based on Section 81 of the Revised Corporation Code, the dissenting stockholder/s who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment for the fair value of shares held within thirty (30) days from the date on which the vote was taken. The failure to make a demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholders' shares, the fair value thereof as the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

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

Except for the election of the directors of the Company, the agenda for the annual stockholders' meeting does not include any matter to be acted upon in which the following persons may have any substantial interest, direct or indirect, by security holdings or otherwise:

1. The directors or officers of the Company who acted as such director or officer during the last fiscal year;
2. The nominees for directors of the Company; and
3. Any association of the foregoing persons.

The Company has no knowledge/or information on whether a director or a security holder of the Company intends to oppose any action to be taken by the Company during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof.

1. As of 31 March 2024, the Company has 53,717,369 common shares outstanding³, all of which are entitled to vote. The Company has 33,600,901 treasury shares.
2. The record date with respect to this Information Statement and for the annual stockholders' meeting is 11 June 2024.
3. With respect to the election of the seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) directors he may choose to elect from the

³ This amount excludes Treasury Shares, which are not considered outstanding shares. As at 31 March 2024, 46,856,081 shares are owned by foreign shareholders and this is 87.23% of total issued and outstanding shares.

list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by seven (7). Out of the seven (7) directors to be elected, two (2) seats shall be allocated for the position of the independent directors. Only the candidates for independent directors selected by the Corporate Governance Committee are eligible to be elected as independent director. No other nominations for independent director shall be accepted during the annual stockholders' meeting. Please refer to the discussion under "Directors and Executive Officers of the Company".

Security Ownership of Certain Record and Beneficial Owners and Management

The following entities are directly or indirectly the beneficial owners of more than 5% of the Company's voting shares (common), as of 31 March 2024.

Security Ownership of Certain Record and Beneficial Owners of More than 5%

Title of Class	Name and Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Shareholding (inclusive of treasury shares)
Common	The Philippine Fund Limited ("TPFL") Milner House, 18 Parliament Street, Hamilton, Bermuda; shareholder of issuer	Please refer to footnote two below ⁴	Bermuda	29,128,932	33.36%
Common	Zatrio Pte Ltd 36 Robinson Road 04-01 City House	Please refer to footnote three below ⁵	Singapore	17,727,149	20.30%

⁴The Philippine Fund Limited is owned by:

Shareholder's Name	Class of Shares Owned	% Held
1. Hong Leong Hotels Pte. Ltd. P.O. Box 309 Grand Cayman British West Indies, Cayman Islands	Ordinary	60%
2. Pathfinder Asia Limited No. 6 Bosham Close, Campredown Heights P.O. Box SP 63801, Nassau, Bahamas		
3. Robina Manila Hotel Limited 8/F BangkokBankBuilding 28 Des Voeux Road, Central Hong Kong	Ordinary	20%

⁵Zatrio Pte Ltd is wholly owned with ordinary shares of stock by Republic Hotels & Resorts Limited, with address at 36 Robinson Road, #04-01 City House, Singapore 068877.

Title of Class	Name and Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Shareholding (inclusive of treasury shares)
	Singapore 068877; shareholder of issuer				

Traditionally, the shares held by TPFL and Zatrio Pte. Ltd. are voted by the Company's Chairman and President, or the Company's General Manager, Chief Financial Officer and Compliance Officer, Mr. Yam Kit Sung, or in their absence, the Chairman of the stockholders' meeting, by virtue of a proxy validly issued for the scheduled annual stockholders' meeting

Security Ownership of Management

The following table shows the shareholdings beneficially held by the directors and officers of the Company as of 31 March 2024.

Shares Beneficially Held By Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of class
Common shares	Yam Kit Sung	3,000 shares (direct)	Singaporean	Less than 1%
Common shares	Arlene de Guzman	1,000 shares (direct)	Filipino	Less than 1%
		Total: 4,000 shares beneficial		Less than 1%

Shares Held by Current Directors

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of class
Common shares	Kwek Eik Sheng	1 share (direct)	Singaporean	Less than 1%
Common shares	Bryan Cockrell	1 share (direct)	American	Less than 1%
Common shares	Yam Kit Sung	3,000 shares (direct)	Singaporean	Less than 1%
Common shares	Wong Kok Ho	1,001 shares (direct)	Hong Kong	Less than 1%
Common shares	Natividad Alejo	1 share (direct)	Filipino	Less than 1%
Common shares	Simeon Ken R. Ferrer	1 share (direct)	Filipino	Less than 1%
Common shares	Ricardo Pio Castro, Jr.	1 share (direct)	Filipino	Less than 1%
		Total: 4,006 shares		Less than 1%

Aggregate number of shares held by the current directors and officers of the Company is 5,006 shares.

The aggregate beneficial shareholdings of the directors and the officers of the Company is less than 1% of the outstanding capital stock of the Company. The seven (7) shares of the seven (7) current directors are held to qualify them to be elected as members of the Board of Directors of the Company. Five (5) directors are nominees of TPFL and Zatrio Pte Ltd and two (2) are independent directors. Each independent director, Ms. Natividad Alejo and Simeon Ken R. Ferrer, directly owns one (1) share of the Company.

Voting Trust Holders of 5% or More

There is no party holding any voting trust or any similar agreement for 5% or more of the Company's voting securities.

Change in Control

There are no arrangements, which may result in a change of control of the Company. No change in control in the Company occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers of the Company

Meeting Attendance of the Company's Board of Directors for year 2023 to date:

Date of Board of Directors' meetings	Names of Directors						
	Kwek Eik Sheng	Bryan Cockrell	Wong Kok Ho	Yam Kit Sung	Simeon Ferrer	Ricardo Pio Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present	Present	Present	Present	Present
10 May 2023	Present	Present	Present	Present	Present	Present	Present
10 July 2023 (special)	Absent	Absent	Present	Present	Present	Present	Present
10 July 2023 (organizational)	Absent	Absent	Present	Present	Present	Present	Present
1 August 2023	Present	Present	Present	Present	Present	Present	Absent
6 November 2023	Present	Absent	Present	Present	Present	Present	Present
8 April 2024	Present	Present	Present	Present	Present	Present	Present
7 May 2024	Present	Present	Present	Present	Present	Present	Present
Total	6/8	5/8	8/8	8/8	8/8	8/8	7/8
Percentage of attendance	75%	62.5%	100%	100%	100%	100%	87.5%

Meeting Attendance of the Company's Audit Committee in 2023 to date:

Date of Meetings	Names of Directors		
	Bryan Cockrell	Ricardo Pio Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present
10 May 2023	Present	Present	Present
1 August 2023	Present	Present	Present
6 November 2023	Absent	Present	Present
8 April 2024	Present	Present	Present
7 May 2024	Present	Present	Present

Total	5/6	6/6	6/6
Percentage of attendance	83.33%	100%	100%

Meeting Attendance of the Company's Corporate Governance Committee in 2023 to date:

Date of Board of Directors' meetings	Names of Directors				
	Kwek Eik Sheng	Bryan Cockrell	Simeon Ferrer	Ricardo Pio Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present	Present	Present
5 May 2023	Present	Present	Present	Present	Present
8 April 2024	Present	Present	Present	Present	Present
23 May 2024	Present	Present	Present	Absent	Present
Total	4/4	4/4	4/4	3/4	4/4
Percentage of attendance	100%	100%	100%	75%	100%

The incumbent directors and executive officers and relevant data about them are listed below:

NAME	OFFICE	CITIZENSHIP	FAMILY RELATION (*)	AGE
Kwek Eik Sheng)	Chairman & President	Singapore	No relation	42
Bryan Cockrell	Vice Chairman/Director	American	No relation	76
Wong Kok Ho	Director	Chinese	No relation	75
Ricardo Pio Castro, Jr. (first appointed on 17 May 2021)	Director	Filipino	No relation	71
Natividad Alejo (first appointed on 16 May 2022)	Independent Director	Filipino	No relation	67
Simeon Ken R. Ferrer (first appointed on 17 May 2021)	Independent Director	Filipino	No relation	67
Yam Kit Sung	Director, General Manager of the Company /	Singaporean	No relation	53

	Chief Finance Officer / Compliance Officer / Chief Audit Executive			
Farid Schoucair	General Manager The Heritage Hotel Manila Management Executive Committee	Swiss	No relation	67
Maria Lee Flores	Director of Marketing / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	49
Juancho Baltazar	Director of Human Resources/ Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	63
Alain Charles J. Veloso	Corporate Secretary	Filipino	No relation	44
Lesley Anne C. Mondez	Assistant Corporate Secretary	Filipino	No relation	37
Arlene De Guzman	Treasurer	Filipino	No relation	63
Jeffrey Villablanca	Director Of Finance / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	39
Ramon Perez Jr., PME (employed	Director of Engineering, Member - Heritage Hotel Manila	Filipino	No relation	64

on 26 Aug 2021)	Management Executive Committee			
Cecille G. Bernardo	Assistant Compliance Officer	Filipino	No relation	52

Ms. Natividad and Mr. Simeon Ken R. Ferrer are the incumbent independent directors.

One of the grounds for the temporary disqualification of a director under the Revised Manual on Corporate Governance of the Company is absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

Final List of Nominees for Election

The Corporate Governance Committee prepared the final list of candidates for independent directors based on the recommendations and information submitted by the nominating stockholders:

- Procedure for the Nomination and Election of Independent Directors

Under the Company's By-Laws, the Company shall elect such number of independent director/(s) as the relevant laws or regulations may require. At least three (3) months before the annual stockholders' meeting in which an independent director/(s) shall be elected, or at such time as the relevant law or regulation may from time to time prescribe, the incumbent Board of Directors shall meet to appoint a Corporate Governance Committee. The Corporate Governance Committee shall consist of at least five (5) members, two of whom shall be an incumbent independent director.

The Corporate Governance Committee shall prepare the list of candidates for independent director/(s) based upon qualified candidates nominated by the stockholders. The Corporate Governance Committee, subject to the approval by the Board of Directors, shall promulgate the rules, guidelines and criteria to govern the conduct of the nomination. Only the candidates whose nominations are confirmed by the Corporate Governance Committee to be in accordance with such rules, guidelines and criteria to govern the conduct of the nomination. No other nomination shall be entertained after the list of candidates has been finalized and submitted to the Chairman. No further nomination shall be entertained or allowed on the floor during the stockholders' meeting.

The Chairman of the Board, or in his or her absence, the designated chairman of the stockholders' meeting, shall inform the stockholders attending the stockholders' meeting of the mandatory requirement of electing independent director/(s). In case of failure to elect an independent director, the Chairman shall call a separate election during the same meeting to fill the vacancy.

In case of a vacancy in the position of independent director, the vacancy shall be filled by a vote of at least a majority of the directors, if still constituting a quorum, based upon the

nomination of the Corporate Governance Committee. In the absence of such quorum, the vacancy shall be filled in a meeting of the stockholders duly called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

In its organizational meeting held on 10 July 2023, the Board of Directors appointed the members of the Company's Corporate Governance Committee.

On 8 April 2024, the Board of Directors and the Corporate Governance Committee approved the materials and timetable for the selection of nominees for the Company's independent directors, for election in the annual stockholders' meeting to be held on 10 July 2024.

For 2024, the Board of Directors and the Corporate Governance Committee approved the following timetable:

- a. 19 April 2024 – sending out of notices to stockholders that the Corporate Governance Committee is accepting nominations for independent directors;
- b. 5:00 pm of 10 May 2024 – deadline for the submission of the recommendation and acceptance of recommendation forms;
- c. 15 May 2024 - deliberations of the Corporate Governance Committee and preparation of final list of candidates.

- Final List of Candidates for Independent Directors

On 23 May 2024, the Corporate Governance Committee approved the final candidates for independent directors, consisting of the following individuals:

- a. Natividad N. Alejo

Ms. Alejo was nominated by The Philippine Fund Limited. She is not related to The Philippine Fund Limited. She is 66 years old, Filipino, and a Philippine resident. Please refer to the description of her business experience below.

- b. Simeon K. Ferrer

Atty. Ferrer was nominated by Zatrio Pte Ltd. He is not related to Zatrio Pte Ltd. He is 66 years old, Filipino, and a Philippine resident. Please refer to the description of her business experience below.

We attach as Annexes "A" and "B", the Certification of Qualification of Independent Directors signed by Ms. Alejo and Atty. Ferrer, respectively.

Under the By-Laws of the Company, each director elected during the annual stockholders' meeting shall hold office until the next annual stockholders' meeting and until his or her successor has been elected and has qualified.

None of the directors has resigned or has refused to stand for re-election because of a disagreement with the Company regarding the Company's operations.

The nominees for the position of regular directors of the Company, who are the current and incumbent regular directors of the Company are, as follows:

1. Kwek Eik Sheng;
2. Bryan K. Cockrell;
3. Ricardo Pio Castro, Jr.;
4. Wong Kok Ho; and
5. Yam Kit Sung.

Business Experience of Directors and Officers (covering at least the past five (5) years):

A brief description of the business experience of the nominees for regular directors who are the incumbent directors of the Company, as well as the incumbent officers of the Company for the past five years, is provided below:

KWEK EIK SHENG
CHAIRMAN & PRESIDENT

Mr. Kwek served as Chairman and President of the Board of Grand Plaza Hotel Corporation since his appointment on 1 January 2020. Mr. Kwek is currently the Group Chief Operating Officer of City Developments Limited (“CDL”), an appointment he has held since 1 January 2022.

Mr. Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. In 2014, he assumed the role of Chief Strategy Officer and undertook an added portfolio as Head of Asset Management in April 2016. Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specializing in corporate finance roles from 2006 to 2008.

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

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

BRYAN K. COCKRELL
DIRECTOR

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

SIMEON K. FERRER
INDEPENDENT DIRECTOR

Simeon Ken R. Ferrer is currently Of Counsel at SyCipLaw, having recently retired as a Senior Partner and Head of the Corporate Services Department. His practice areas include corporate governance, banking, finance and securities, foreign investments, mergers and acquisitions. He has been consistently cited as a leading practitioner in areas of capital markets, commercial and corporate law and corporate governance by various legal periodicals. He is an SEC-accredited lecturer on corporate governance and is a member of the faculty of the Ateneo Law School. Mr. Ferrer is a member of the Integrated Bar of the Philippines and the Philippine Bar Association and a Fellow of the Institute of Corporate Directors. He is also the International Alumni Contact for the Philippines of the University of Michigan Alumni Association. He was first appointed as an independent director of Grand Plaza on 17 May 2021.

RICARDO P.C. CASTRO JR.
DIRECTOR

Ricardo P.C. Castro Jr. is a retired International Partner of Baker McKenzie law firm where he was a member of its Policy Committee and of its Manila member firm Quisumbing Torres, where he was the Managing Partner for eight years. His practice areas included Dispute Resolution and Litigation, Global Mobility, and Corporate Compliance. At present, he is a member of the Advisory Board of Southwestern Institute for International and Comparative Law based in Texas, U.S.A. and of the Board of Trustees of the University of San Agustin. He is involved with Christoffel Blindenmission (CBM), a foundation based in Germany extending assistance to the disabled in the world's 80 poorest countries, where he was a member of its International Board for eight years. He is a lecturer in the Mandatory Continuing Legal Education program for lawyers. He has been a law professor, bar reviewer, and was a Bar Examiner in the 2004 bar examinations. After his retirement from active law practice in 2015, Mr. Castro has been elected and is presently an officer or a director of more than 30 corporations involved in property development, business process outsourcing, minerals, tourism, fashion, and manufacturing. He was first appointed as a director of Grand Plaza on 17 May 2021.

WONG KOK HO
DIRECTOR

Mr. Wong Kok Ho, a Chinese national, has been a director of the Company since 15 May 2018. Mr. Wong has also been an executive director of Asia Financial Holdings Limited, a public listed company in Hong Kong Stock Exchange, since 2 May 2007 and has served the Group for over 40 years. Mr. Wong is an executive director of Asia Insurance and a director of several other subsidiaries of the Company. Mr. Wong was the Chief Executive Officer of Asia Insurance until October 2016 and has extensive experience in the insurance industry. He sits on the boards of AFH Charitable Foundation Limited, The People's Insurance Co. of China (Hong Kong), Limited, AR Consultant Service (HK) Limited, Professional Liability Underwriting Services Limited and Asia Insurance (Philippines) Corporation. Mr. Wong is also an independent non-executive director of Sompo Insurance (Hong Kong) Company

Limited, and an adviser to both BE Reinsurance Limited and BC Reinsurance Limited. Mr. Wong was educated in Hong Kong and Deakin University, Melbourne, Australia and is a fellow member of The Chartered Insurance Institute, London.

YAM KIT SUNG

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

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

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

NATIVIDAD N. ALEJO

INDEPENDENT DIRECTOR

Ms. Natividad N. Alejo was appointed as an independent director of the Corporation on 16 May 2022. Ms. Alejo is currently a co-founder and managing director of AlphaPrimus Advisors, Inc., a boutique house that draws on the collective wealth of experience and track record of its incorporators in various fields of banking, with focus on providing advice on mergers and acquisitions, capital raising and strategy. She also currently serves as a director of BPI Direct Banko Inc., a savings bank that focuses on providing banking and finance to self-employed micro-entrepreneurs (SEMEs). Ms. Alejo is an experienced senior banker with more than 30 years of key leadership roles in retail banking, microfinance, investment banking and corporate finance, and strategic planning.

ARLENE DE GUZMAN

TREASURER

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

officer of the various companies under the Pathfinder Group and Grand Plaza Hotel Corporation.

ALAIN CHARLES J. VELOSO
CORPORATE SECRETARY

Mr. Alain Charles Veloso is a partner and assistant head of Quisumbing Torres' Corporate & Commercial/M&A Practice Group. He heads the Firm's Capital Markets Practice, and the Financial Institutions Industry Group. He is also a member of the Firm's Technology, Media & Telecommunications industry group. He participates in the initiatives of Baker McKenzie International of which Quisumbing Torres is a member firm. He is a member of Baker McKenzie's Asia Pacific Competition, Insurance, and Capital Markets Committees. He has 17 years of legal practice, advising clients with regard to their transactions in the Philippines, including private and public M&A transactions, debt, and equity capital markets transactions, and structuring and establishment of their Philippine presence. Mr. Veloso also heads the Firm's Inclusion & Diversity and B-Green Committees. Mr. Veloso currently serves as the Chairperson of the Diversity and Inclusion Committee of the Integrated Bar of the Philippines (IBP) Makati Chapter.

He joined Quisumbing Torres in 2006 after graduating class valedictorian and *cum laude* from the University of the Philippines College of Law in 2006. Mr. Veloso was admitted to the Philippine Bar in 2007 and ranked 10th in the 2006 Philippine Bar exams. Prior to obtaining his law degree, Mr. Veloso obtained his B.S. Accountancy from the University of the Philippines – Tacloban College in 2001, graduating *cum laude* and is a Certified Public Accountant. Mr. Veloso studied EU Competition Law at the London School of Economics and Political Science in 2017. He is one of the authors of The Philippine Competition Act Annotated 2021 edition.

Mr. Veloso is recognized as Leading Individual for Capital Markets in 2020 to 2024, and Antitrust and Competition in 2024 by The Legal 500 Asia Pacific. He was also cited as one of the leading competition lawyers by Who's Who Legal: Southeast Asia 2022 to 2023 - Competition edition, and WWL's Future Leader for Competition in 2022 to 2023. He was awarded Client Choice Awards for Competition by Lexology 2021 and 2022, and Young Lawyer of the Year by Asian Legal Business Philippine Law Awards 2020. The Asian-MENA In-House Community Counsels cited him as External Counsel of the Year in Asia by in 2019, and he was ranked as a Next Generation Lawyer for Corporate and M&A by Legal 500 Asia Pacific for 2017 and 2018. He was also a 2018 Bench and Bar Awardee of the Integrated Bar of the Philippines' Leyte Chapter.

Mr. Veloso is also the corporate secretary of various private companies. He is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC.

LESLEY ANNE C. MONDEZ
ASSISTANT CORPORATE SECRETARY

Ms. Lesley Anne C. Mondez is an associate of the law firm Quisumbing Torres. Ms. Mondez was appointed the Assistant Corporate Secretary of Grand Plaza Hotel Corporation on 8 April 2024. Ms. Mondez has 11 years of experience in the areas of mergers and acquisitions, capital markets, corporate reorganization and restructuring, commercial agreements, and general

corporate and commercial work. She has participated in the conduct of legal due diligence on several target companies, including listed companies, and has drafted and assisted in the negotiations of transaction documents relating to mergers and acquisitions, commercial lending and project finance. Ms. Mondez's practice spans several industries, including banking, gaming, manufacturing, real estate, and energy mining and infrastructure. Ms. Mondez likewise previously handled disclosure and regulatory requirements of a company listed on the PSE, and acted as Corporate Secretary and Assistant Corporate Secretary for several companies, and performed various corporate secretarial work such as preparation of minutes of meetings, secretary's certificates, period reports submitted to the PSE and the SEC, preparation and issuance of stock certificates, and other general corporate housekeeping work. Ms. Mondez is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC.

FARID SCHOUCAIR

GENERAL MANAGER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Farid Schoucair joined The Heritage Hotel Manila, as General Manager, on December 17, 2019. Farid was transferred from the Grand Copthorne Waterfront Hotel in Singapore, back to Manila, to replace Eddie Yeo, who retired after some 14-years at the helm of THHM. Half Lebanese and half Swiss, Farid got his diploma in Hotel & Tourism Management, from the Centre International de Glion, in Montreux, Switzerland back in 1980. He then joined the Hyatt Regency Dubai, back in 1981 as a management trainee and climbed the ladder from banqueting department to various F&B management positions and then General Manager of the Hyatt Regency Jeju back in August 1996. Farid has spent 25-years with Hyatt International; moving from Macau to Saipan, Singapore, Kuala Lumpur, Manila, South Korea and back to Manila; where he was managing the Hyatt Regency Manila up to December 2006. In April 2007, he joined M&C, to renovate and rebrand the then-Regent Hotel in KL to the Grand Millennium KL. He then moved back to Manila to renovate and rebrand the Renaissance Hotel in Makati to the New World Makati Hotel, where he spent the last ten years; before moving back to Singapore at the helm of the Grand Copthorne Waterfront Hotel, back in March 2019.

JEFFREY VILLABLANCA

DIRECTOR OF FINANCE, MEMBER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Mr. Jeffrey Villablanca joined the company in 2014 as Chief Accountant and worked his way up to Assistant Director of Finance and, eventually, Director of Finance in 2022. Prior to joining the Heritage Hotel, Jeffrey worked as a General Accountant and Income Auditor at the Mandarin Oriental Manila. He was a member of the closing team for Mandarin Oriental Manila, which temporarily closed its doors in the Manila market. He also worked as an accountant for The Daily Tribune.

Mr. Villablanca obtained his B.S. Accountancy from Eastern Visayas State University (EVSU-Tacloban) and is a Certified Public Accountant.

JUANCHO BALTAZAR

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

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

CECILLE G. BERNARDO

ASSISTANT COMPLIANCE OFFICER

Ms. Cecille Bernardo's hotel career started in 1994 as part of the opening team of the then Forte Grand Jumeirah Beach in Dubai, now known as the Le Royal Meridien Beach Resort and Spa, as a telephone operator and was later moved to a higher position to handle the Guest Services Department. In 2001, she came back to the Philippines and worked with various companies in different industries. Hotels being her passion, she joined the Company on 6 August 2007 as the Executive Assistant to the General Manager. She was later promoted as the Administrative and Corporate Relations Manager in 2014 handling corporate compliance and disclosures, among others. On 6 February 2020, she was appointed as the Assistant Compliance Officer of the Company.

Ms. Bernardo graduated from the University of the East with a degree in Marketing.

Based on the records of the Company and on the confirmation that we obtained from the directors and key executive officers of the Company as of 31 March 2024, no directors or key executive officers of the Company are currently connected with any government agencies or its instrumentalities. The Certification to this effect is attached hereto as Annex "C".

Members of the Corporate Governance Committee

1. Simeon Ken R. Ferrer - Chairman and Independent Director
2. Natividad Alejo - Independent Director
3. Kwek Eik Sheng - Member
4. Bryan Cockrell - Member
5. Ricardo Pio Castro, Jr. - Member

The Board of Directors appointed The Heritage Hotel Management Executive Committee to perform the functions of the Remuneration and Compensation Committee of the Company.

Significant Employees

The Company has no significant employees.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the Directors, Executive Officers or persons nominated.

Pending Legal Proceedings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 4 July 2018, the CTA rendered its Decision.

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

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for

failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

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

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

MR filed by CIR

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

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

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

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

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by Philippine Mediation

Center – Court of Tax Appeals, the mediation proceedings are terminated and the case is submitted for decision by the CTA En Banc.

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

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

Petition for Review filed by the CIR

On 23 March 2021, Management of the Corporation was advised by the Corporation's tax counsel that it had received a copy of the Petition for Review dated 8 March 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated 29 September 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated 29 September 2020 and Resolution dated 19 January 2021 and (ii) render a decision ordering the Corporation to pay the total amount of PhP 37,394,321.84, PhP 142,281,715.20, and PhP 326,352,191.20 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of PhP 506,028,228.24 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

The Corporation has filed its Position Paper to the Supreme Court and awaiting the court’s decision. No further update on the tax case as of 2 March 2024.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

To the best knowledge and/or information of the Company, none of its directors, nominees for election as director, executive officers, underwriters, or controlled persons, have been involved during the past five (5) years, up to 31 March 2024, in any of the following events that are material to an evaluation of their ability or integrity:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange 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.

Certain Relationships and Related Transactions

In the last two years, there were no material transactions or proposed transactions between the Company and any director in which the director had a material interest.

Aside from the related party transactions disclosed in Note 14 of the Notes to Financial Statements of the Company, the Company has no other relationships and related transactions.

Item 6. Compensation of Directors and Officers

Aggregate Compensation of Directors and Officers (i.e., President / CEO and 4 most highly compensated officers– in Pesos)

The President / CEO does not receive any salaries, compensation, and bonuses for discharging his duties as President / CEO of the Company.

Year 2024*

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWA NCES
Farid Alain Schoucair	General Manager of Hotel	2024			
Jeffrey Villablanca	Director of Finance	2024			
Juancho Baltazar	Director of Human Resources	2024			
Total		2024	13m	2m	
Directors' allowances		2024			1m
All officers & Directors as a group		2024	13m	2m	1m

*the figures for year 2024 are estimated amounts.

Year 2023

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2023			
Jeffrey Villablanca	Director of Finance	2023			
Juancho Baltazar	Director of Human Resources	2023			
Total		2023	12,598,000	1,582,000	120,000
Directors' allowances		2023			799,600
All officers & Directors as a group		2023	12,598,000	1,582,000	919,600

FOR THE LAST 2 FINANCIAL YEARS – 2022 and 2021

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2022			
Jeffrey Villablanca	Director of Finance	2022			
Lee Flores	Director of Sales and Marketing	2022			
Juancho Baltazar	Director of Human Resources	2022			
Total		2022	15,475,100	2,162,661	144,290
Directors' allowances		2022			799,599
All officers & Directors as a group		2022	15,475,100	2,162,661	943,889

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Schoucair	General Manager of Hotel	2021			
Josie Malpas	Director of Finance	2021			
Angelica Vicencio	Director of Sales	2021			
Gigi Gaw	Director of Sales & Marketing	2021			

Juancho Baltazar	Director of Human Resources	2021			
Total		2021	13,515,787	180,999	0
Directors allowances		2021			799,600
All officers & Directors as a group		2021	13,515,787	180,999	799,600

The proposed remuneration of the officers named above shall be fixed and approved in a special meeting of the Board of Directors of the Company, to be held prior to the annual stockholders' meeting, as provided in the Company's By-Laws.

The proposed per diem of the directors for 2024 above will be presented to the Board of Directors for approval and will be disclosed to the stockholders at the 2024 annual stockholders' meeting. Please note that the per diem of the directors do not involve any other form of remuneration. There are no arrangements, such as compensatory plan or arrangement or consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as director.

Description of the Terms and Conditions of each Employment Contract between the Company and Executive Officers

All the key officers who are foreigners are on one-year to two-year employment contracts that may be renewed for another term upon mutual agreement of the parties. The local officers following the Philippine Labor Code are on permanent contract of employment upon confirmation of their 6-months probation.

The employment contracts of the executive officers do not require such executive officers of the Company to be paid a total amount exceeding PhP2,500,000 as a result of their resignation or termination from the Company, or if there is a change in control of the Company.

Description of the Terms and Conditions of the Compensatory Plan or Arrangement for the Company's Executive Officers

The foreign executive officers of the Company are paid a monthly fixed salary with variable bonus depending on performance. They are also on fixed employment period between 1-2 years and renewable depending on performance.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

Election, Approval or Ratification

R. G. Manabat & Co. is the Company's current independent public accountant. The handling partner for year 2023 is Ms. Anabella Resuello, replacing Ms. Alicia Columbres.

In compliance with the Securities Regulation Code Rule 68, paragraph 3(b)(ix), the independent auditor or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, subject to the observance of the two-year cooling off period in the re-engagement of the same signing partner or individual auditor.

In view of the foregoing, the Company's Audit Committee has recommended R. G. Manabat & Co. for re-appointment at the annual stockholders' meeting, with Ms. Anabella Resuello as the new handling partner. Under the Revised Manual on Corporate Governance of the Company, the Audit Committee shall recommend the nominees for the independent public accountants of the Company.

The appointment of the external auditor of the Company, as well as the grant of authority from the stockholders for the Board of Directors to fix the remuneration of the Company's external auditor, will be discussed for approval the annual stockholders' meeting.

The Members of the Audit Committee of the Company are as follows:

1. Natividad Alejo – Independent Director
2. Bryan Cockrell
3. Ricardo Pio Castro, Jr.

The Chairperson of the Audit Committee is Ms. Natividad Alejo.

Representatives of R. G. Manabat & Co are expected to be present at the annual stockholders' meeting and will be given the opportunity to make a statement if they desire to do so. Likewise, they are expected to be available to respond to any appropriate questions that may be raised during the meeting.

Compliance with SRC Rule 68 par. 3 (b) (iv)

In compliance with SRC Rule 68, par, 3(b)(iv), the independent auditor shall be rotated every five (5) years of engagement. In case of a firm, the signing partner shall be rotated every five (5) years. On 15 May 2019, Mr. Enrico Baluyut was appointed as handling partner in place of Mr. Dindo Marco M. Dioso. In 2022, Mr. Baluyot was replaced by Ms. Alicia Columbres as the handling partner. In 2023, the Company's Audit Committee has recommended R. G. Manabat & Co. for re-appointment at the annual stockholders' meeting, with Ms. Anabella R Resuello as the handling partner, to replace Ms. Alicia Columbres.

Item 8. Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There are no matters or actions to be taken up in the meeting with respect to the authorization or issuance of any securities of the Company.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Company's audited financial statements for the year ended 31 December 2023 (attached hereto as Annex "D") and other information related to the Company's financial statements are contained in the Company's SEC Form 17-A for the year ended 31 December 2023 which is attached hereto as Annex "E". The management report required under paragraph (4) of SRC Rule 20 is attached hereto as Annex "F".

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up in the meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

1. Approval of the Minutes of the Annual Meeting of the Stockholders of the Company held on 10 July 2023 ("Minutes"), attached hereto as Annex "G".
2. Approval of the Annual Report and the audited financial statements for the year ended 31 December 2023.

The Annual Report to be ratified by the stockholders during the annual stockholders' meeting, has been disclosed to the stockholders in SEC Form 17-A. The Company's audited financial statements for the year ended 31 December 2023 are attached hereto as Annex "E". Action on

the Minutes will not constitute approval or disapproval of any of the matters referred to in the Minutes.

Brief summary of the Minutes:

The Minutes provides for the stockholders' approval of the following matters:

1. Presentation of the Annual Report for the year ended 31 December 2022.
2. Approval of the Minutes of the Stockholders' Meeting of 16 May 2022.
3. Ratification of all acts and proceedings of the Board of Directors, acting within the scope of their delegated authority, during the year 2022-2023.
4. Amendment of the Articles of Incorporation and by-laws to change the business or trade name of the Corporation.
5. Election of the Board of Directors, including the two (2) Independent Directors.
6. Appointment of the Independent Auditor and the authority of the Directors to fix the Independent Auditors' remuneration.
7. Remuneration/ per diem of the Directors.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting which does not require a vote of the stockholders.

Item 17. Other Proposed Action

1. Ratification of all acts and proceedings of the Board of Directors during the year 2023-2024, acting within the scope of their delegated authority and adopted in the ordinary course of business involving:
 - a. Approval of the quarterly reports of the Corporation for the year 2023 and first quarter of 2024.
 - b. Presentation by the Management of Grand Plaza's financial statements and annual report on SEC Form 17-A for the fiscal year 2023; Review and approval by the Board of Directors of Grand Plaza's audited financial statements and annual report on SEC Form 17-A for the fiscal year 2023.
 - c. Approval of the *per diem* of the directors and the members of the Audit Committee of the Corporation for the period 10 July 2023 to 10 July 2023.
 - d. approval of the Corporation's Integrated Annual Corporate Governance Report for year 2023 ("I-ACGR").

- e. Presentation, by the management, of Grand Plaza's audited financial statements and annual report on SEC Form 17-A for the fiscal year 2022/Review and approval by the Board of Directors of Grand Plaza's audited financial statements and annual report on SEC Form 17-A for the fiscal year 2022.
- f. Authority of Mr. Kwek Eik Sheng, Mr. Bryan Cockrell, Mr. Yam Kit Sung, Mr. Alain Charles J. Veloso, and Lesley Mondez to sign the SEC Form 17-A and the Statement of Management Responsibility for Financial Statements on behalf of the Corporation; Authority of Mr. Bryan Cockrell and/or Mr. Yam Kit Sung, to sign the SEC Form 17-A and the Statement of Management's Responsibility for Financial Statements on behalf of the Corporation's President, Mr. Kwek Eik Sheng.
- g. Removal of Mr. Rojo Sanchez, former IT manager of the Heritage Hotel as the authorized representative to access the safety deposit box of the corporation in Metrobank Seafront branch and appointment of Mr. Mars Lim, income auditor of the Heritage Hotel as an authorized representative to access the safety deposit box of the corporation in Metrobank Seafront branch and appointment of Mr. Mars Lime, income auditor of the Heritage Hotel as an authorized representative to access the safety deposit box of the corporation in view of the resignation of Mr. Rojo Sanchez.
- h. Removal of Maria Belen Palaganas as security administrator of the payment facility with RCBC, and the appointment of Jeffrey Villablanca as replacement; Removal of Maria Belen Palaganas as the authorized representative of the Corporation to apply for the issuance of aa tax clearance with the Bureau of Internal Revenue ("BIR"), and the appointment of Azucena Osi or Jeffrey Villablanca as the new authorized representatives of the Corporation.
- i. Removal of Ederlinda Decano, Robert Visaya, and Maria Belen Palaganas as the authorized representatives of the Corporation to transact business with the BIR, in relation to the Computerized Accounting System Application of Grand Plaza with the BIR, and the appointment of Jeffrey Villablanca, Jovy Macalalad or Azucena Osi as the new authorized representatives of Grand Plaza.
- j. Approval of the Integrated Annual Corporate Governance Report ("I-ACGR") of the Corporation for the year 2022.
- k. Approval of the Amendment of the Articles of Incorporation of the Corporation to change its business or trade name; Approval of the Postponement of the Annual Stockholders' Meeting ("ASM") originally scheduled on 15 May 2023 and approval of the re-scheduled date of the ASM of the Corporation and the record date in connection with the ASM.
- l. Approval of the documents relating to the nomination of candidates for the two independent directors of the Corporation ("Nomination Materials") and the proposed timetable for the nomination process for the two independent directors ("Nomination Timetable") for year 2023.
- m. Approval of the per diem of the members Board of Directors and Audit Committee of Grand Plaza for the year 2022 to 2023.

- n. Election of Officers of the Corporation / Election of members of the Audit Committee of the Corporation / Election of members of the Corporate Governance Committee of the Corporation.
 - o. Update/Revise BDO's Secretary's Certificate to include specimen signatures (based on BDO template).
 - p. authority of the Heritage Hotel to sell the hotel's utility van, a Nissan Urvan Escapade, and the transfer of ownership to Mr. Rene Dionela, the buyer of the said vehicle, and the appointment of Mr. Jeffrey Villablanca, Director of Finance of the Heritage Hotel to transact business on behalf of the hotel in relation to the sale of the vehicle to Mr. Rene Dionela.
 - q. Appointment of Jeffrey Villablanca, Director of Finance of the Heritage Hotel, and Azucena Osi, Finance Manager of Grand Plaza as authorized representatives to transact business with the BIR concerning the registration of Grand Plaza with BIR ORUS;
 - r. Appointment of the Corporation's authorized representatives and signatories to transact business with Social Security System (SSS) and the Home Development and Mutual Fund (PAG IBIG).
 - s. Election of a new Assistant Corporate Secretary of the Corporation.
 - t. Approval of the postponement of the Annual Stockholders' Meeting ("ASM") originally scheduled on 15 May 2024, the re-scheduled date of the ASM, and the record date in connection with the ASM.
 - u. Approval of the documents relating to the nomination of candidates for the two independent directors of Grand Plaza ("Nomination Materials") and the proposed timetable for the nomination process for the two independent directors ("Nomination Timetable"); Approval of the Postponement of the Annual Stockholders' Meeting ("ASM") originally scheduled on 15 May 2023.
 - v. Approval of the re-scheduled date of the ASM of Grand Plaza and the record date in connection with the ASM for year 2023.
 - w. Approval of the documents relating to the nomination of candidates for the two independent directors of Grand Plaza ("Nomination Materials") and the proposed timetable for the nomination process for the two independent directors ("Nomination Timetable") for year 2023.
2. Election of the Board of Directors, including the election of the two (2) Independent Directors.
 3. Election of the independent auditor and the grant of authority to the Board of Directors to fix the independent auditor's remuneration.
 4. Approval of the remuneration / per diem of the Directors.

Item 18. Voting Procedures

1. The actions to be taken at the annual stockholders' meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock, except for the election of directors, which shall be determined by cumulative voting under the RCC.
2. Each stockholder shall be entitled to vote in person and by proxy and, unless otherwise provided by law, he shall have one (1) vote for each share of stock entitled to vote and recorded in his name in the books of the Company. A sample proxy form is provided as Annex "H" which must be submitted before 11:00 am on 10 July 2024, the deadline for submission of proxies.
3. Voting and counting of votes will be done by viva voce.
4. The Corporate Secretary shall be responsible to count and validate the votes.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Singapore on 5 June 2024.

By:



YAM KIT SUNG
General Manager / Chief Financial Officer /
Compliance Officer
Grand Plaza Hotel Corporation

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig, Philippines, on 5 June 2024.

By:



ALAIN CHARLES J. VELOSO
Corporate Secretary
Grand Plaza Hotel Corporation

Annex "F"

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

General

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

The Company owns The Heritage Hotel Manila, a deluxe class hotel which offers 467 rooms and deluxe facilities such as restaurants, ballrooms, and a casino. The Heritage Hotel Manila, is not subject of any encumbrances, mortgages and liens.

The Company leases the land occupied by the Hotel from Harbour Land Corp. (HLC), for a period of twenty five years up to 1 January 2015. On 1 August 2004, the Company, as Lessee, and HLC, as Lessor, agreed to amend the Contract of Lease with Option to Purchase executed by the parties on November 12, 1991 covering the lease of the land. The Company leases certain portions of the Hotel premises to third parties with options for extension/renewal upon mutual agreement of the parties. The leases include provisions for rental increment of 5% upon renewal of the contracts subject to renegotiations of both parties.

Information on the property and equipment of the Company, as well as its lease arrangements, are described further in Item nos. 10 and 20 of the Company's audited financial statements, which form part of Annex "D" to the Information Statement.

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

The Company does not intend to acquire any real properties in 2024.

For the fiscal year ended 31 December 2023, the Company reported a net profit after tax of about PhP32.4 million as against a net profit after tax of PhP5.9 million in 2022 and profit after tax of PhP33.6 million in 2021.

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

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

Competitive Position

The main competitors of The Heritage Hotel Manila are Manila Hotel, St. Giles Makati, Belmont Hotel Manila, The Mini Suites Eton Tower Makati and Savoy Hotel Manila.

Based on information made available to us, for the year 2023, our Heritage Hotel occupancy was 50.4% versus competitor's occupancy of 600%. Our Average Room Rate was PhP3,098 while competitor rate was PhP3,171. The resultant Revenue Per Available Room (Revpar) of our Hotel was PhP1,563 versus competitor of PhP1,902.

Raw Materials and Services

The Hotel purchases its raw material for food and beverage ("F&B") from both local and foreign suppliers. The top 3 suppliers for raw materials are Sunshine Trading, JC Seafood Supply and Golden Acres Food Service Corp.

Dependence on Single Customer

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

Related Party Transactions

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

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

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

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

Policy on Related Party Transactions

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

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

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

a. Approval of individual Material RPTs

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

b. Approval of aggregate RPT transactions

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

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

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

- a. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30.
- b. Advisement Report in the form prescribed by the SEC of any Material RPT filed within three calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.

- c. At a minimum, the disclosures in both (a) and (b) above shall include the following information:
- i. complete name of the related party;
 - ii. relationship of the parties;
 - iii. execution date of the Material RPT;
 - iv. financial or non-financial interest of the related parties;
 - v. type and nature of transaction as well as a description of the assets involved;
 - vi. total assets (consolidated assets, if the reporting company is a parent company);
 - vii. amount or contract price;
 - viii. percentage of the contract price to the total assets of the reporting Company;
 - ix. carrying amount of collateral, if any;
 - x. terms and conditions;
 - xi. rationale for entering into the transaction; and
 - xii. the approval obtained (i.e., names of directors present, name of directors who approved the Material RPT and the corresponding voting percentage obtained).

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

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

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

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

No disclosure is needed for any transaction where:

- a. The transaction involves services at rates or charges fixed by law or governmental authority;

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

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

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

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

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

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

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

Patents, Trademarks, Etc.

The Company registered the tradename "The Heritage Hotel Manila" with the Intellectual Property Office on 12 July 2000 under registration number 41995105127. Under current laws, the registration is valid for a term of 20 years, or up to 12 July 2020. This has been renewed and it is now valid until 12 July 2030.

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

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

Government Approval and Regulation

The Hotel applies for Department of Tourism (“**DOT**”) accreditation annually. The accreditation is based on the 2012 Rules and Regulations to Govern the Accreditation of Accommodation Establishments of the DOT. The DOT inspects the Hotel to determine whether the Hotel meets the criteria of the DOT. The DOT certificate of accreditation has been renewed in 2022 and valid until 2024.

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

Development Activities

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

Number of Employees

The Hotel employed a total of 287 employees for the year ended 31 December 2023. Out of the 287 employees, 155 are regular employees and 132 are casual employees.

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

	REGULAR	CASUAL	TOTAL
Hotel Operating Staff (All operating dept)	102	102	204
Management/Admin/Security (A&G Dept)	25	18	43
Sales & Marketing	12	1	13
Repairs & Maintenance	16	11	27
Total	155	132	287

Barring any unforeseen circumstance, for the year 2024, the Company will maintain more or less the same number of employees as in year 2023.

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

Risks

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

OPERATIONAL AND FINANCIAL INFORMATION

Market for Company's Common Equity and Related Stockholder Matters

The common shares of the Company are listed on the Philippine Stock Exchange. As of 31 March 2024, the Company has 16,668 stockholders.

The following are the high and low share prices of the Company for the first quarter of 2024, and for the years 2023 and 2022 (Amount in Philippine Peso):

	HIGH	LOW	HIGH	LOW	HIGH	LOW
	2024	2024	2023	2023	2022	2022
First Quarter	12.80	9.04	9.77	9.75	15.28	10.36
Second Quarter			11.40	8.46	15.96	10.5
Third Quarter			12.00	10.78	13.84	10.00
Fourth Quarter			12.84	11.00	12.00	11.98

The last recorded trade of the shares of the Company during the fiscal year covered by this report occurred on 31 March 2024. The share price was PhP8.5.

Top Twenty (20) Stockholders

The top twenty (20) stockholders of record of the Company as of 31 March 2024 are as follows:

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDING (EXCLUDING TREASURY SHARES)
01	The Philippine Fund Limited	29,128,932	54.23%
02	Zatrio Pte Ltd	17,727,149	33.00%
03	PCD Nominee Filipino	3,734,299	7.06%
04	PCD Nominee Non-Filipino	240,372	0.44%
05	Alexander Sy Wong	34,505	0.06%
06	Cabanatuan Electric Corporation	11,084	0.02%
07	Asia Overseas Transport Co. Inc.	7,614	<0.01%
08	Fee Luna Naquines	6,869	<0.01%
09	School of St. Anthony	6,608	<0.01%
10	Zenaida Teo Lua	6,559	<0.01%
11	Main Pacific Features Inc.	6,169	<0.01%
12	Phoon Lin Mui	6,000	<0.01%
13	Yam Kit Seng	6,000	<0.01%
14	Yam Kum Cheong	6,000	<0.01%
15	Yam Poh Choo	6,000	<0.01%
16	Rogelio Roleda Lim	5,361	<0.01%

17	Mary Dee Chinjen	4,878	<0.01%
18	Herbert Gochan Uy	4,801	<0.01%
19	Lucas M. Nunag	4,817	<0.01%
20	Natividad B. Kwan	3,894	<0.01%
	Total	50,953,913	94.86%

The Company holds 33,600,901 shares as Treasury Stock, which comprises 38.48% of the Company's outstanding capital stock (inclusive of Treasury Stock).

Dividends

No dividends were declared for FY2023 and FY2022.

Except for the restrictions provided by law (e.g., the availability of unrestricted retained earnings), there are no restrictions that limit the payment of dividends on the common shares.

Dividend Policy

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

Recent Sales of Unregistered or Exempt Securities

There were no recent sales of unregistered or exempt securities of the Company. All of the outstanding common shares of the Company are registered with the Securities and Exchange Commission pursuant to the Revised Securities Act (now Securities Regulation Code).

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

	2023	2022	2021
Current ratio (Solvency ratio)	2.12	2.33	3.25
Debt/Equity	0.59	0.53	0.42
Assets/Equity	1.59	1.53	1.41
Profit/(Loss) before tax margin ratio	8.7%	4.1%	14.1%
Earnings before interest, tax, depreciation & amortization (EBITDA) Peso	72.03 million	9.18 million	87.84 million

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

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. The current ratio fell by 0.21 (9.0%) compared to the same period of last year. This is mainly due to higher current assets and is a result of higher cash balance and offset by higher accounts payable and amount due to related parties.

Debt to equity ratio measures a company's financial leverage. It is derived by dividing total liabilities over equity. There is an increase of 0.06 (11.3%) as compared to 2022 due to higher total liabilities.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There is an increase of 0.06 (3.9%) as compared to 2022 due to higher total assets specifically cash, receivables and other non-current assets.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company can contain its expenses in relation to the revenue. The Company reported a profit before tax of Ph40.6 million this year as compared to prior year of PhP12.3 million.

EBITDA is a measure of the company profitability without interest, depreciation and, taxes. This ratio improved by PhP62.8 million (684.6%) as compared to last year. This is due to higher trading profit.

Below is a summary of room revenue contributed by foreign nationals for the last three fiscal years:

	Foreign room revenue	Total room revenue
FY2023	PhP64.1 million (27%)	PhP237.9 million
FY2022	PhP20.3 million (10%)	PhP201.1 million
FY2021	PhP1.1 million (<1%)	PhP284.6 million

Rooms are distributed through direct sales by local sales staff, overseas representation and through internet like online travel agents. Food and Beverage are distributed through local sales staff.

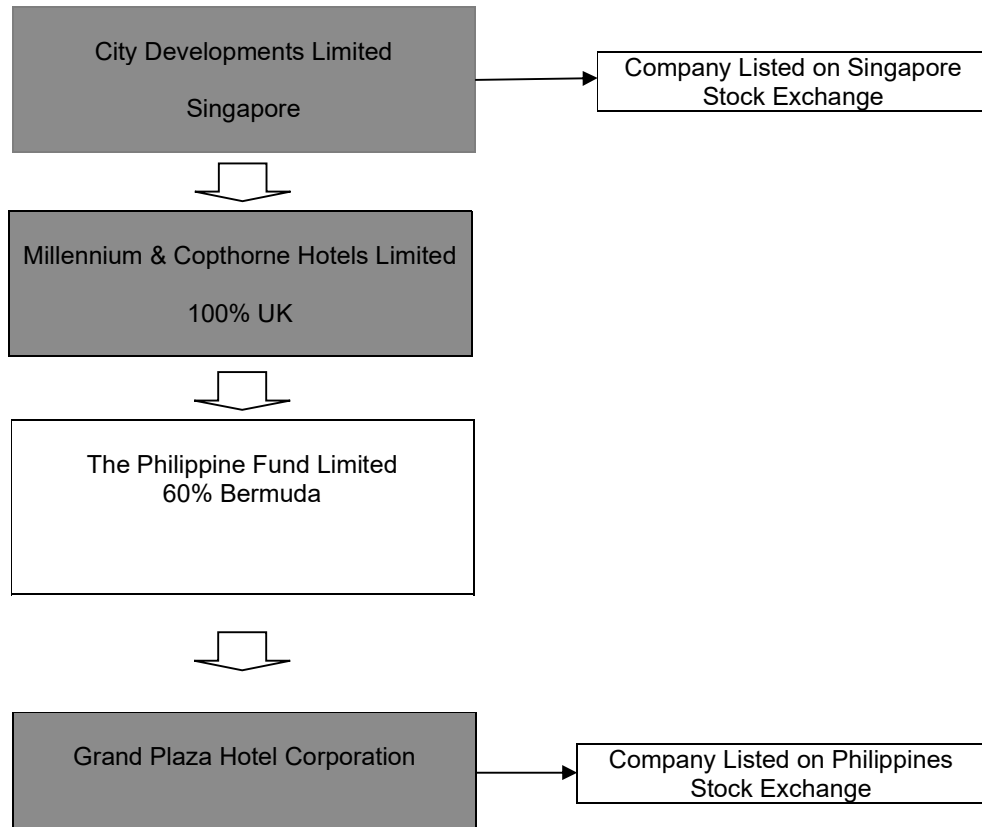
Management is not aware of:

- a. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company is not having or anticipate having within the next 12 months any cash flow or liquidity problems; and the Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Company's trade payables that have not been paid within the stated trade terms.
- b. Any events that will trigger direct or contingent financial obligations that is material to the Company, including any default or novation of an obligation.

- c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. There are no material commitments for capital expenditures.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

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

The Philippine Fund Limited Group Structure



As at 31 December 2023

Financial Conditions:

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

YEAR	ASSETS - PHP'000	LIABILITIES – PHP'000
2023	1,497,565	553,565
2022	1,399,729	485,793
2021	1,269,060	367,693

2023 Financial Conditions

Total assets for the year 2023 increased by PhP97.8 million (6.9%) as compared to 2022 while total liabilities also increased by PhP67.7million (13.9%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP53.3 million (10.8%) versus end of last fiscal year. The improvement in cash balance is due to better trading and in 2023, the new tenant started to pay rent.
- Accounts receivables – net: This balance increased from PhP92.2 million to PhP118.1 million higher than prior year. The higher account receivables is consistent with the higher revenue.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP0.7 million (12.2%) and this is due to improvement in F&B revenue and Hotel had to stock up more inventories.
- Property and equipment net: This balance fell by PhP16.4 million (3.0%) as compared to prior year. This is mainly due to depreciation charges for the year offset by addition of new assets during 2023.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance increased by PhP3.4 million (22.5%) as a result of recognition of higher deferred tax liabilities from excess of ROU asset over lease liability and offset by remeasurement gain on retirement benefit liability.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased by PhP27.6 million (31.7%) as a result of an increase in advances to suppliers/contractors.

- Accounts payable and accrued expenses: There is an increase of PhP39.4 million or 62.3% versus prior year. As business recovered with higher occupancy and F&B business, the hotel's trade payable also increased.
- Other current liabilities: This balance increased by PhP3.6 million (6.3%) as compared to prior year and this is mainly due to higher Output VAT payable.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

2022 Financial Conditions

Total assets for the year 2022 increased by PhP131.2 million (10.3%) as compared to 2021 while total liabilities also increased by PhP118.0 million (32.1%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP103.8 million (26.8%) versus end of last fiscal year. Hotel was able to collect the outstanding from a major client in early 2022 and in addition, hotel has received about PhP90 million in security deposit from a new tenant.
- Accounts receivables – net: This balance decreased from PhP106.4 million to PhP92.2 million or 13.3% lower than prior year. In early 2022, hotel was able to work closely with OWWA for them to pay the remaining outstanding balance and due to lower revenue, this balance also reduced.
- Due from related parties: This balance increased by PhP8.7 million (378%) relative to last year as related parties have not settled its outstanding liabilities to the Company.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP1.7 million (36.9%) and this is due to improvement in F&B revenue and Hotel has to stock up more inventories.
- Prepaid expenses and other current assets: This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased from PhP37.9 million to PhP82.2 million. The increase is mainly due to the increase in higher creditable withholding tax and prepaid insurance.
- Property and equipment net: This balance fell by PhP0.13 million (<1%) as compared to prior year. This is mainly due to depreciation charges for the year offset by reversal of impairment loss amounting to PhP34.7 million recognized in prior year.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance decreased by PhP6.1 million (28.4%) as a result of recognition of higher deferred tax liabilities from unrealized foreign exchange gain.

- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year decreased by PhP6.9 million (7.3%) as a result of decrease in advances to suppliers/contractors.
- Accounts payable and accrued expenses: There is an increase of PhP1.6 million or 2.5% versus prior year. As business recovered slowly with higher occupancy, the hotel's trade payable also increased.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

2021 Financial Conditions

Total assets for the year 2021 increased by PhP43.2 million (3.5%) as compared to 2020 while total liabilities also increased by PhP8.6 million (2.4%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP102.1 million (36%) versus end of last fiscal year. With better profitability and improved collection from OWWA, the hotel is able to increase the cash balance.
- Accounts receivables – net: This balance decreased from PhP127.1 million to PhP 106.3 million. In 2021, hotel was able to work closely with OWWA for them to pay more promptly and this improved the accounts receivables.
- Due from related parties: This balance decreased to PhP2.4 million from PhP7.05 million in 2020.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is a drop in this balance by PhP0.6 million (11.5%) and this is due to lower inventories in food and beverage and general supplies.
- Prepaid expenses and other current assets: This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased from PhP27.6 million to PhP37.9 million. The increase is mainly due to the increase in prepaid tax by PhP14 million.
- Property and equipment net: This balance fell by PhP33.7 million (5.7%) as compared to prior year. This is mainly due to depreciation charges for the year offset by acquisitions of new property and equipment.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the

balance decreased by PhP11.8 million (36%) as a result of recognition of higher deferred tax liabilities from unrealized foreign exchange gain.

- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased marginally by PhP2.1 million (2.2%) as a result of higher advances to suppliers/contractors. This pertains to reduction in some capital expenditures that are still work in progress and had not been capitalized yet.
- Accounts payable and accrued expenses: There is an increase of PhP3.3 million or 25.9% versus prior year. As business recovered slowly with higher occupancy, the hotel's trade payable also increased.
- Due to related parties: As at end of year 2021, this balance has increased by PhP4.1 million (9.7%) as the Company has not settled its outstanding liability with related companies of which the majority pertains to rental expense to an associate.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

Results of Operations:

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

YEAR	REVENUE – PHP'000	NIAT – PHP'000
2023	468,291	30,863
2022	295,403	5,998
2021	334,990	33,669

2023 Results of Operations

For the year under review 2023, the Company reported a net income after tax of PhP30.8 million as compared to PhP5.9 million in 2022. The Company has a strong turnaround in both revenue and NIAT.

Revenue:

Total revenue improved from PhP295.4 million to PhP468.3 million or PhP172.9 million (58.5%) increase. The better performance is registered in all segments of the business especially Food and Beverage (F&B) and Others which is mainly due to rental income from newly acquired tenant.

Room division recorded a 18.3% improvement in revenue from PhP201.1 million to PhP237.9 million. Occupancy was 50.3% as compared to 46.4% in 2022 while Average Room Rate also

showed an increase from PhP2,636 to PhP2,880. Consequently, Revpar increased from PhP1,224 to PhP1,448. With travel and business back to norm in Manila, the Hotel was able to stabilize its business and corporate and package segments showed improvement in 2023.

F&B showed stellar results with a 70.8% increase in total revenue. This is mainly driven by higher revenue in Riviera, Banquet and Lobby Lounge. Similar to Rooms Division, F&B also see improvement in total covers by 57,320 (31.1%) and Average Check by PhP125 (30.9%) over prior year.

Other income consists mainly of rental income. As the Company was able to secure a casino tenant in 2022 and in 2023, the tenant started paying rent after expiry of their rent free period, Other Income increase from PhP6.8 million to PhP80.9 million.

Cost of sales and services:

F&B cost of sales increased by 52.4% relative to 2022 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance increased from PhP199.5 million to PhP275.8 million or 38.2% versus the prior year. The increase is consistent with the higher revenue especially F&B. The major variances are payroll and employee benefits, management fees offset by the reversal of impairment loss of PhP34.7 million in 2022.

Other income/(expenses):

This balance reported an income of PhP6.1 million in 2023 as compared to an income of PhP19.6 million in prior year. This is mainly due to in 2022, there was a foreign exchange gain of PhP22.4 million as compared to a loss of PhP5.2 million in 2023. This is mitigated by the higher interest income of PhP22.8 million in 2023 as compared to PhP9.8 million in 2022 due to higher cash balance and interest rate.

2022 Results of Operations

For the year under review 2022, the Company reported a net income after tax of PhP5.9 million as compared to PhP33.6 million in 2021. This is a fall of PhP27.7 million or 82.4% over the prior year.

Revenue:

Total revenue fell from PhP334.9 million to PhP295.4 million or PhP39.5 million (13.3%). The decrease in total revenue is mainly due to significant drop in room revenue as the hotel was out of quarantine business in January 2022.

With the cessation of quarantine business, the hotel occupancy fell from 78.1% to 46.4% in 2022. Average Daily Rate (ADR) meanwhile improved by PhP419 or 18.8% over 2021. However, due to the significant fall in occupancy, the resultant Revpar decreased by 29.4%.

Food and Beverage (“F&B”) business benefited from the lifting of quarantine business. Total F&B revenue improved by PhP39.7 million (83.2%) over prior year. Riviera café revenue

improved by 5.5% over last year while Banquet registered a growth in revenue from PhP3.6 million to PhP36.3 million or 908%) as in 2021, hotel was not able to accept banquet business.

Cost of sales and services:

F&B cost of sales increased by 59.5% relative to 2021 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance decreased from PhP219.4 million to PhP199.6 million or 9.1% versus the prior year. With the drop in total revenue, the Hotel worked to manage cost and the other significant contributor is the reversal of impairment loss amounting to PhP34.7 million.

Other income/(expenses):

This balance reported an income of PhP19.6 million in 2022 as compared to an income of PhP2.2 million in prior year as in 2021. The Company recognized a foreign exchange gain of PhP22.4 million in 2022 while it recognized a gain of PhP9.3 million in 2021.

2021 Results of Operations

For the year under review 2021, the Company reported a net income after tax of PhP33.6 million as compared to PhP12.0 million in 2020. This is an improvement of PhP21.6 million or 180% over the prior year. This is achieved through a combination of higher revenue and managing cost.

Revenue:

Total revenue improved from PhP329.9 million to PhP334.9 million or PhP5 million (1.5%). This is mainly due to 10% rise in room revenue but offset by the 25% drop in F&B revenue. In FY2021, Covid-19 continued to plague the world economy especially the hospitality industry. With most countries' borders closed and social distance restriction imposed on dining facilities, our business continued to be affected.

Room revenue improved through higher occupancy from 63% to 78% or 15 percentage points while Average Room Rate ("ARR") fell from PhP2,479 to PhP2,217 or 10%. In FY2021, hotel captured more Overseas Workers Welfare Administration ("OWWA") market which helped it to improve its occupancy though with a lower room rate.

With the intermittent restriction on movements imposed by government, Food and Beverage ("F&B") business is severely impacted. Both Riviera and Banquet revenue fell by 24% and 53% respectively which is offset by 54% rise in room service. Total F&B revenue decreased by PhP16.3 million or 25%.

Cost of sales and services:

F&B cost of sales fell by PhP12.7 million (15.2%) over last year which is consistent with the 25% drop in F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. No major change in this balance even though revenue has increased as the Company continued to exercise prudence in spending. Non-essential expenses are deferred.

Other income/(expenses):

This balance reported an income of PhP2.2 million in 2021 as compared to an expense of PhP18.2 million in prior year as in 2020, the Company recognized a foreign exchange loss of PhP12 million while it recognized a gain of PhP9.3 million in 2021.

PROSPECTS FOR YEAR 2024

In the first 3 months of trading in 2024, Hotel's Revpar is 6.8% higher than 2023 and this is driven by higher occupancy and Average Room Rate. With regional geopolitical tensions and continued high interest rate environment, management is cautiously optimistic for the 2024 outlook.

The casino soft opened in March 2024 and this will boost the rental income of the Company in 2024.

Risks

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

Financial Statements

The Company's audited financial statements for the year ended 31 December 2021 are attached hereto as Annex "D". Please refer also to the accompanying notes to the audited financial statements.

External Audit Fees and Services

The Company paid PhP2.0 million and PhP2.0 million in 2023 and 2022 respectively, each year, for the audit of the Company's annual financial statements or services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those fiscal years.

The Company has paid no other audit-related fees and other fees to its independent auditor in the previous years. For the year 2024, the Company estimates to pay audit fees in the amount of PhP2.0 million to its independent auditor.

Audit Committee's approval policy and procedure for the external audit fees and services

The Company's Management presents the proposed audit fees for the year of review and the previous year for deliberation by the Audit Committee before the Audit Committee approves it.

Change in and disagreements with accountants on accounting and financial disclosure

There are no changes and/or disagreements with the accountants of the Company or of the Hotel on any matter relating to accounting principles or practices, financial disclosures, auditing scope and procedure.

Compliance with leading practice on Corporate Governance

a) Evaluation system established by the Company

Under the Revised Manual of Corporate Governance of the Company, the Compliance Officer is responsible for monitoring compliance with the provisions and requirements, as well as violations of the Revised Manual of Corporate Governance and the Revised Code of Corporate Governance, and issues a certification regarding the level of compliance of the Company.

Section 7.2 of the Revised Manual of Corporate Governance of the Company provides that the Manual shall be reviewed quarterly unless the Board of Directors provides otherwise. Moreover, the Audit Committee of the Company reports regularly to the board of directors its quarterly review of the financial performance of the Company.

The Company also regularly updates its Integrated Annual Corporate Governance Report ("I-ACGR"), which it files with the SEC and is posted on the Company's website. The ACGR contains an extensive discussion on the Company's implementation and compliance with leading practices on corporate governance.

As provided disclosed in the I-ACGR submitted by the Company to the SEC and made available at PSE EDGE on 31 May 2023, in reviewing the I-ACGR, the members of the Board of Directors conduct a self-assessment evaluation on their evaluation individually as a director, and collectively, as a Board. However, there are currently no submitted appraisal and performance reports for the Board, taking into account the size, structure, risk profile and complexity of operations of the Corporation.

b) Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance

In compliance with Article 9 of the Philippine Securities and Exchange Commission Memorandum Circular No. 6, Series of 2009 or the Revised Code of Corporate Governance, the Board of Directors, in a meeting held on 29 October 2009, approved the amendment of the Company's Manual on Corporate Governance. The amendment of the Company's Manual on Corporate Governance was made to establish and implement the Company's corporate governance rules in accordance with the Revised Code of Corporate Governance.

c) Deviations from the Company's Manual on Corporate Governance in 2019 to 2022.

For the years 2019 to 2023, the Company, its directors, officers and employees substantially complied, and has taken reasonable action towards complying, with the leading practices and principles on good corporate governance as embodied in the Company's Manual on Corporate Governance, and in the Revised Code of Corporate Governance. The Company is not aware of any material deviation from the Company's Manual on Corporate Governance from 2019 to 2023.

d) Plan to improve corporate governance of the Company

The Company continues to comply with the rules, regulations, and issuances issued by government authorities pertaining to corporate governance and is committed to adhering to good corporate governance principles.

INTERIM FINANCIAL STATEMENTS

Please see attached **Annex "I"** on the Company's SEC Form 17-Q for the period ended 31 March 2024 (with comparative figures for the year ended 31 December 2023)

Balance Sheets Analysis:

- Cash and investments in short-term notes: This balance consists mainly of cash and fixed deposits with banks. As compared to the end of last fiscal year, the balance increased by PhP23.5 million or 4.3% and increased by PhP77.4 million or 15.8% compared to the same period of last year. Due to improved trading at the hotel and further boosted by the rental income from casino tenant, cash improved.
- Accounts receivable: trade: As compared to 31 December 2023, trade receivable has fallen by PhP28.2 million (37.8%) due to improvement in collection effort while it increased by PhP15.5 million (50.6%) relative to same period of last year due to higher trading.
- Prepaid expenses: This balance increased by about Ph18.8 million (51.4%%) as compared to same period last year due to prepaid insurance premium during the year which will be amortized in 2024.
- Deferred tax assets: This balance increased by PhP4.4 million (54.2%) as compared to the same period of last year due to lower foreign exchange loss.
- Property and equipment: As compared to the same period of last year, this balance fell by PhP0.7 million (0.2%) as a result of depreciation for the year offset by addition during the year.
- Accounts payable: As compared to the end of last fiscal year, this balance has decreased by PhP11.1 million (11.3%) due to lesser purchases while the balance increased by PhP39.5 million (83.5%) as compared to same period of last year due to higher trading volume.
- Due to associated/related companies: This balance increased by PhP19.0 million or 38.0% as compared to last year due to the Company had not repaid its outstanding balance to related companies which will be paid off in 2Q2024.

Income Statement Analysis for the 3 Months Ended 31 March 2024

Revenue:

Total revenue for 1Q2024 as compared to 1Q2023 improved by PhP18.4 million (20.8%). All departments showed improvement with a notable increase in rental income.

Rooms:

Occupancy improved by 1.8 percentage points as compared to the same period of last year. However, Average Room Rate registered an increase from PhP2,902 to PhP3,086 or 6.3% improvement. As such, Revpar increased by 10.2% compared to last year. Retail segments led the improvement.

F&B:

F&B revenue improved marginally by PhP0.5 million (1.7%). Although Riviera showed an improvement, the gap in Banquet offset the higher revenue at Rivera. Banquet revenue is 6% lower than last year due to lower rental income.

Cost of Sales:

Consistent with the increase in F&B revenue, the cost of sales for F&B increased.

Operating Expenses:

This comprised of payroll cost, operating expenses and utilities. This balance increased by PhP10.5 million (11.7%). The main reason for the increase is in Administration and General expenses as the increase in minimum wage mandated by the government impacted wages. With higher revenue, credit card commission also increased compared to last year.

Non-operating Income:

Non-operating income recorded an income of PhP10.5 million as compared to a loss of PhP2.5 million last year. This is due to an exchange gain of PhP3.9 million in this quarter while prior year was a loss of PhP8.7 million.

Net income before tax:

The Company reported a profit of PhP7.5 million versus loss before tax of PhP13.2 million in prior year.

The unaudited financial statements for period ended 31 March 2024 are subject to review by the Audit Committee and approval of Board of Directors in meetings that will be scheduled sometime in May 2024 before the ASM.

Upon written request of any shareholder of record entitled to notice of and vote at the meeting, the Company shall furnish such shareholder with a copy of the Company's Annual Report on SEC Form 17-A without charge. Any such written request shall be addressed to:

**GRAND PLAZA HOTEL CORPORATION
10/F, The Heritage Hotel Manila
Roxas Boulevard cor. EDSA Extension
Pasay City**

**Attention: Mr. Yam Kit Sung
General Manager / Chief Financial Officer / Compliance Officer**

SCHEDULES SUPPORTING FINANCIAL STATEMENTS

- a. Marketable Securities**
This is not applicable to the Company.
- b. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)**
No significant amount is involved. No separate schedule is attached.
- c. Non-Current Marketable Equity Securities, Other Long Term Investments in Stock, and Other Investments.**
This is not applicable to the Company.
- d. Indebtedness of Unconsolidated Subsidiaries And Affiliates**
This is not applicable to the Company.
- e. Property, Plant and Equipment**
See Note 10 of the Financial Statements.
- f. Accumulated Depreciation**
See Note 10 of the Financial Statements.
- g. Intangible Assets - Other Assets**
This is not applicable to the Company.
- h. Long Term Debt**
This is not applicable to the Company.
- i. Indebtedness to Affiliates and Related Parties (Long Term loans from related companies)**
Attached is the Company's Audited Financial Statements for the fiscal year ended 31 December 2022, 2021, and 2020 reflecting under Note 9 the loan advanced to Rogo Realty Corporation (“RRC”) collateralized by RRC’s investment in shares of stock and Note 14 on Related Party Transactions.
- j. Guarantees of Securities of Other Issuers**
This is not applicable to the Company.
- k. Capital Stock**
Attached is the list of top 20 stockholders of the Company, comprising of 95.00% of the Company's total shares outstanding as at 31 March 2023.


REPUBLIC OF THE PHILIPPINES)
CITY OF TAGUIG) S.S.

SECRETARY'S CERTIFICATE

I, ALAIN CHARLES J. VELOSO, Filipino, of legal age, with office address at the 16th Floor, One/NFO Building, 26th Street corner 3rd Avenue, Crescent Park West, Bonifacio Global City, Taguig City, Philippines, after having duly sworn, hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of **GRAND PLAZA HOTEL CORPORATION** ("Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines.
2. Based on the corporate records of the Corporation and confirmation obtained from the directors or key officers of the Corporation identified under Item 5 of the Corporation's 20-IS for year 2024, no directors or key officers of the Corporation are connected with any government agencies or its instrumentalities as of 3 June 2024.
3. I execute this Secretary's Certificate to comply with the requirements of the SEC, in connection with the Corporation's SEC Form 20-IS.

IN WITNESS WHEREOF, I have hereunto set my hand this 3 June 2024 at Taguig City, Philippines.


Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me by Alain Charles J. Veloso, this JUN 04 2024, at Taguig City, Philippines, affiant exhibiting to me his Passport No. P0173706B issued on 09 January 2019 at DFA NCR West, expiry date on 08 January 2029.

Doe. No. 499 ;
Page No. 96 ;
Book No. 1 ;
Series of 2024.




AMAL JAYIEDA A. PANDA
Notary Public for Taguig City
Appointment No. 61 until 31 December 2025
16th Floor Niel Oña Center, 25th St. corner 2nd Avenue
Crescent Park West, Bonifacio Global City, Taguig City 1034
Roll of Attorneys No. 77211
PTR No. A-6156542; 01-11-2024; Taguig City
IBP CR No. 417244; 01-11-2024; Laran JH 50
Admitted to the Philippine Bar in May 2022

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	6	8	7	8				
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COMPANY NAME

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

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

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

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

charles.veloso@quisumbing
torres.com

Company's Telephone Number/s

854-8838

Mobile Number

0917-819-4954

No. of Stockholders

16,383

Annual Meeting (Month / Day)

May 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Yam Kit Sung

Email Address

Telephone Number/s

854-8838

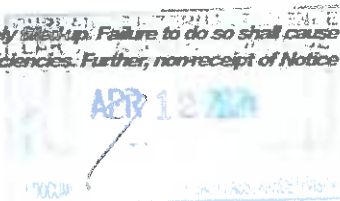
Mobile Number

CONTACT PERSON'S ADDRESS

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

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

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



GRAND PLAZA HOTEL CORPORATION

FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

With Independent Auditor's Report





R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand Plaza Hotel Corporation (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Plaza Hotel Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 216 I, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Key Audit Matter

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

Revenue Recognition

Refer to Note 3 to the financial statements

The risk

The Company's revenue transactions are not complex and no significant judgment is applied over the amounts recorded. Most of the Company's revenue streams are recognized straight line over the term of the contract or at a point which the accommodation and related services are provided. However, there is a risk concerning inappropriate revenue recognition when the control of the product has not yet transferred to the customer and revenue is recognised. As such revenue recognition has been held as an area of audit focus.

Our response

As part of our audit procedures, we evaluated and tested the Company's relevant key controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We inspected supporting documents and evaluated revenue transactions, on a sample basis, throughout the current reporting period. We inspected supporting documents of revenue transactions before and after year end to assess whether these transactions are recorded accurately in the correct reporting period. We tested journal entries around revenue to identify any unusual or irregular items posted in the accounting records. We also assessed whether the Company's revenue recognition policies and disclosures are in accordance with PFRSs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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





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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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 its operations, or has no realistic alternative but to do so.

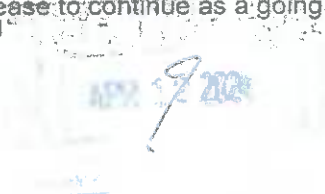
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.





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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Anabella R. Resuello.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO

Partner

CFA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

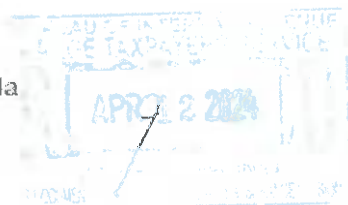
Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4, 25	P543,363,398	P490,020,736
Receivables - net	5, 25	118,139,338	92,202,889
Loan receivable	14, 25	15,500,000	15,500,000
Due from related parties	14, 25	11,404,381	11,042,591
Inventories	6	7,111,731	6,339,111
Prepaid expenses and other current assets	7	84,976,714	82,161,262
Total Current Assets		780,495,562	697,266,589
Noncurrent Assets			
Property and equipment - net	10, 14, 20	533,857,730	550,334,183
Investment in an associate	8, 14	50,037,982	49,975,224
Deferred tax assets - net	22	18,510,408	15,134,335
Other noncurrent assets	11, 14	114,663,381	87,018,989
Total Noncurrent Assets		717,069,501	702,462,731
		P1,497,565,063	P1,399,729,320
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	12, 25	P112,133,314	P63,224,894
Refundable deposits - current portion	19, 20, 25	126,897,209	126,402,542
Due to related parties	14, 25	63,656,535	47,186,172
Lease liability - current portion	14, 20, 25	4,994,788	4,600,559
Other current liabilities	13, 25	61,086,216	57,557,493
Total Current Liabilities		368,768,062	298,971,660
Noncurrent Liabilities			
Lease liability - noncurrent portion	14, 20, 25	153,929,329	158,924,117
Retirement benefits liability	21	30,868,533	27,430,178
Refundable deposits - net of current portion	19, 20, 25	-	468,000
Total Noncurrent Liabilities		184,797,862	186,822,295
Total Liabilities		553,565,924	485,793,955
Equity			
Capital stock	24	873,182,700	873,182,700
Additional paid-in capital		14,657,517	14,657,517
Remeasurement gains on retirement benefits liability - net	21	14,666,679	15,466,287
Retained earnings	23	1,721,512,613	1,690,649,231
Treasury stock	24	(1,680,020,370)	(1,680,020,370)
Total Equity		943,999,139	913,935,365
		P1,497,565,063	P1,399,729,320

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF PROFIT OR LOSS

		Years Ended December 31		
	Note	2023	2022	2021
REVENUES				
Rooms		P237,914,097	P201,076,345	P284,641,767
Food and beverage		149,400,682	87,488,455	47,788,080
Rent income	20	74,280,488	1,687,396	600,000
Other operating departments		1,343,746	713,727	238,853
Others		5,352,447	4,437,933	1,721,841
		468,291,460	295,403,856	334,990,541
COST OF SALES AND SERVICES				
	16	157,934,954	103,126,291	70,664,777
GROSS OPERATING INCOME		310,356,506	192,277,565	264,325,764
ADMINISTRATIVE EXPENSES	17	275,815,035	199,568,770	219,452,087
NET OPERATING INCOME (LOSS)		34,541,471	(7,291,205)	44,873,677
OTHER INCOME - Net				
Interest income	4, 9, 14	22,837,181	9,823,215	5,199,246
Equity in net income of an associate	8	1,662,758	976,374	1,587,026
Interest on lease liability	20	(13,197,049)	(13,560,167)	(13,894,621)
Foreign exchange gain (loss) - net		(5,186,799)	22,390,968	9,334,158
		6,116,091	19,630,390	2,225,809
INCOME BEFORE INCOME TAX		40,657,562	12,339,185	47,099,486
INCOME TAX EXPENSES	22	9,794,180	6,340,963	13,430,432
NET INCOME		P30,863,382	P5,998,222	P33,669,054
Basic and Diluted Earnings Per Share	18	P0.57	P0.11	P0.63

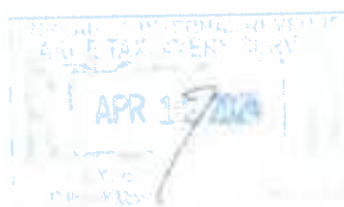
See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2023	2022	2021
NET INCOME		P30,863,382	P5,998,222	P33,669,054
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability	21	(1,066,144)	8,760,347	386,762
Reduction in tax rate	22	-	-	573,731
Deferred tax benefit (expense)	22	266,536	(2,190,087)	(96,691)
		(799,608)	6,570,260	863,802
TOTAL COMPREHENSIVE INCOME		P30,063,774	P12,568,482	P34,532,856

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CHANGES IN EQUITY

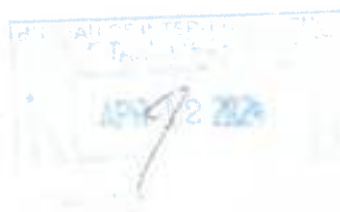
	Years Ended December 31						
	Note	Capital Stock (Note 24)	Additional Paid-in Capital	Remeasurement Gains on Retirement Benefits Liability - net of tax	Retained Earnings (Note 23)	Treasury Stock (Note 24)	Total Equity
Balances at January 1, 2021		P873,182,700	P14,657,517	P8,032,225	P1,650,981,955	(P1,680,020,370)	P866,834,027
Net income for the year		-	-	-	33,669,054	-	33,669,054
Other comprehensive income for the year	21	-	-	863,802	-	-	863,802
Total comprehensive income for the year		-	-	863,802	33,669,054	-	34,532,856
Balances at December 31, 2021		P873,182,700	P14,657,517	P8,896,027	P1,684,651,009	(P1,680,020,370)	P901,366,883
Balances at January 1, 2022		P873,182,700	P14,657,517	P8,896,027	P1,684,651,009	(P1,680,020,370)	P901,366,883
Net income for the year		-	-	6,570,260	5,998,222	-	12,568,482
Other comprehensive income for the year	21	-	-	(6,570,260)	-	-	-
Total comprehensive income for the year		-	-	6,570,260	5,998,222	-	12,568,482
Balances at December 31, 2022		P873,182,700	P14,657,517	P15,466,287	P1,690,649,231	(P1,680,020,370)	P913,935,365
Balances at January 1, 2023		P873,182,700	P14,657,517	P15,466,287	P1,690,649,231	(P1,680,020,370)	P913,935,365
Net income for the year		-	-	-	30,863,382	-	30,863,382
Other comprehensive loss for the year	21	-	-	(799,608)	-	-	(799,608)
Total comprehensive income for the year		-	-	(799,608)	30,863,382	-	30,063,774
Balances at December 31, 2023		P873,182,700	P14,657,517	P14,666,679	P1,721,512,613	(P1,680,020,370)	P943,999,139

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P40,657,562	P12,339,185	P47,099,486
Adjustments for:				
Depreciation	10, 17	37,489,676	40,610,635	42,965,281
Interest expense on lease liability	20	13,197,049	13,560,167	13,894,621
Unrealized foreign exchange loss (gain)		4,887,922	(21,972,092)	(9,491,318)
Retirement benefits cost	21	3,780,654	3,664,899	3,142,494
Provision for (reversal of) impairment losses on receivables	5, 17, 25	299,422	(211,593)	(736,371)
Reversal of impairment on property and equipment	10	-	(34,756,269)	-
Interest income	4, 9, 14	(22,837,181)	(9,823,215)	(5,199,246)
Equity in net income of an associate	8	(1,662,758)	(976,374)	(1,587,026)
Operating income before working capital changes		75,812,346	2,435,343	90,087,921
Decrease (increase) in:				
Receivables		(26,235,875)	41,102,350	21,545,834
Due from related parties		(361,790)	13,306,418	4,677,188
Inventories		(772,620)	(1,678,071)	604,220
Prepaid expenses and other current assets		(2,815,452)	(92,890,993)	(10,341,338)
Other noncurrent assets		(573,729)	6,415,621	(2,050,573)
Increase (decrease) in:				
Accounts payable and accrued expenses		48,908,421	1,629,754	4,676,170
Refundable deposits		26,667	99,736,489	(753,169)
Due to related parties		16,470,363	900,924	4,150,521
Other current liabilities		3,528,723	26,123,054	14,442,817
Net cash generated from operations		113,987,054	97,080,889	127,039,591
Interest received		22,837,181	9,823,215	5,203,771
Income taxes paid		(12,903,717)	(2,021,008)	(1,162,457)
Retirement benefits paid	21	(1,408,443)	(956,873)	(3,181,692)
Net cash provided by operating activities		122,512,075	103,926,223	127,899,213

Forward



		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from an associate	8	P1,600,000	P1,400,000	P1,400,000
Cash advances to suppliers	11	(27,070,663)	-	-
Additions to property and equipment	10	(21,013,220)	(5,725,349)	(9,327,668)
Net cash used in investing activities		(46,483,883)	(4,325,349)	(7,927,668)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment of lease liability	20	(13,197,049)	(13,560,167)	(21,581,936)
Principal payment of lease liability	20	(4,600,559)	(4,237,441)	(5,737,392)
Net cash used in financing activities		(17,797,608)	(17,797,608)	(27,319,328)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(4,887,922)	21,972,092	9,491,318
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		53,342,662	103,775,358	102,143,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	4	490,020,736	386,245,378	284,101,843
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	4	P543,363,398	P490,020,736	P386,245,378

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

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

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

2. Basis of Preparation

Statement of Compliance

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

The financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2024.

Basis of Measurement

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

Functional and Presentation Currency

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



Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Due to the unforeseeable global consequences of the COVID-19 pandemic, these management's judgments and estimates are subject to increased uncertainty.

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

Determining whether an Agreement Contains a Lease

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

Company as Lessor

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

The Company has entered into a lease agreement for a period of five years which commenced on August 23, 2022. However, the right to use the asset is dependent on the ability of the lessee to obtain a license to operate its intended business from the government. Since the lessee does not have both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset as at December 31, 2022, the management assessed that the recognition of rent income using the straightline method is not yet applicable during the year ended December 31, 2022.

On February 20, 2023, the lessee obtained the license to operate from PAGCOR and started its operation in February 2024. Accordingly, rent income recognized in 2023 arising from this lease agreement amounted to P71,945,190 (nil in 2022 and 2021, see Note 20).

Company as Lessee

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

Estimating Allowance for Impairment Losses on Receivables

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

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Provision for impairment losses on receivables amounted to P299,422 for the year ended 2023 and nil for the years ended 2022 and 2021, respectively (see Note 17). As at December 31, 2023 and 2022, allowance for expected credit losses on receivables amounted to P14,387,728 and P1,163,806, respectively (see Notes 5 and 25). The carrying amount of receivables - net amounted to P118,139,338 and P92,202,889 as at December 31, 2023 and 2022, respectively (see Notes 5 and 25).

Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2023 and 2022, the carrying amount of property and equipment amounted to P533,857,730 and P550,334,183 respectively (see Note 10).

Estimating Realizability of Deferred Tax Assets

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

As at December 31, 2023 and 2022, recognized deferred tax assets amounted to P23,399,301 and P20,627,358, respectively (see Note 22). As at December 31, 2022, the Company's unrecognized deferred tax assets amounted to P3,573,673 as the management does not expect to have sufficient future taxable profit against which the Company can utilize the benefits therefrom.

Estimating Retirement Benefit Obligations

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

The Company's retirement benefits liability amounted to P30,868,533 and P27,430,178 as at December 31, 2023 and 2022, respectively. The retirement benefits cost recognized in profit or loss amounted to P3,780,654, P3,664,899 and P3,142,494 for the years ended December 31, 2023, 2022 and 2021, respectively. Cumulative actuarial gain amounted to P19,555,572, P20,621,716 and P11,861,369 as at December 31, 2023, 2022 and 2021, respectively (see Note 21).

Estimating Allowance for Impairment Losses on Nonfinancial Assets

The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

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

In 2022 and 2021, the Company's property and equipment were considered at risk of impairment due to the Corona Virus Disease 2019 (COVID-19) pandemic. The fear of COVID-19 led to significant uncertainty and chaotic conditions in many industries. In the Philippines and in other countries, each government has implemented drastic measures including travel restrictions and home quarantine, to control the pandemic. Thus, COVID-19 pandemic has affected every sector across the globe, and the hotel industry to which the Company belongs is an economic sector which is among those most severely affected. However, as discussed in Note 27, the Company was able to obtain contracts from several government agencies, thereby resulting to an increase in revenue despite the pandemic in 2021 and continue to recover and sustain its financial performance (see Note 27).

No impairment loss was recognized for the years ended December 31, 2023, 2022 and 2021 (see Note 10). The impairment loss recognized in prior years amounting to P34,756,269 was fully reversed on December 31, 2022 since management assessed that there has been a change in the estimates used to determine the recoverable amount and that the basis for impairment loss in prior years no longer exist.

Estimating Provisions and Contingencies

The Company is currently involved in tax case and assessment arising from the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the defense in these matters and is based upon an analysis of potential results. The Company's management and its legal counsel believe that the lawsuits and claims will not have material effect on the Company's financial position and performance. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as at December 31, 2023 and 2022 (see Note 26).

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements. There are no new standards, amendments to standards and interpretations effective starting January 1, 2023 that have a material impact on the Company's financial statements except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any material impact on the Company's financial statements.

Effective January 1, 2023

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Standards Issued But Not Yet Adopted

A new standard and a number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a material impact on the Company's financial statements.

Effective January 1, 2024

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, Leases)*. The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. Under PAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2025

- *PFRS 17, Insurance Contracts, replaces the interim standard, PFRS 4, Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9, *Financial Instruments*, will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

- *Lack of Exchangeability (Amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates)*. The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Financial Instruments

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

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

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

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

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs, (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Liabilities

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

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

Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

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

Derecognition of Financial Instruments

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

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

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Inventories

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

Inventories are derecognized upon sale or when there are no expected future benefits from disposal and are recognized under "Costs of sales and services" account in the statements of profit or loss.

Prepayments and Other Currents Assets

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed or expired with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investment in an Associate

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

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

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

Property and Equipment

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

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

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

The estimated useful lives are as follows:

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

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

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs of disposal or value in use. The 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, less the costs attributable to the disposal of an asset or CGU. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or CGU and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs to. An impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset only if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Capital Stock

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

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

Treasury Stock

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Retained Earnings

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

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

Revenue

Revenue from Contracts with Customers

The Company's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories, thereto, with a 15 to 30-day credit term.

The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Company generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the statements of profit or loss.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the service is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Other Operating Departments

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

Other Revenues

Other revenues are recognized at the point in time when the service has been rendered.

Other Income

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

Costs and Expenses

Costs and expenses are recognized when incurred.

Foreign Currency Transactions

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

Operating Segment

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

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessor

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

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and availed the practical expedient for exemption. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxes

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

Current Tax

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Deferred Tax

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

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

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

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

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

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

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

Earnings Per Share

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

Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities.

Employee Benefits

Retirement Costs

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary appointed by the Company using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term Employee Benefits

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

Provisions

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

Contingencies

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

Events After the Reporting Date

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

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2023	2022
Cash on hand and in banks		P133,483,992	P169,762,493
Short-term investments		409,879,406	320,258,243
	25	P543,363,398	P490,020,736

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments consist mainly of time deposits which earn annual interest ranging from 0.05% to 4.95%, 0.05% to 4.33% and 0.05% to 0.10% in 2023, 2022 and 2021, respectively. Interest income earned from this account amounted to P18,162,181, P5,148,215 and P524,246 for the years ended December 31, 2023, 2022 and 2021, respectively.

5. Receivables - net

This account consists of:

	<i>Note</i>	2023	2022
Trade:			
Charge customers	25	P44,420,107	P19,746,799
Others		70,561,967	65,697,740
		114,982,074	85,444,539
Utility charges		8,886,799	282,246
Interest		2,488,695	2,214,894
Advances to employees		944,962	851,384
Others		5,224,536	4,573,632
		132,527,066	93,366,695
Less allowance for impairment losses on trade receivables	25	(14,387,728)	(1,163,806)
	25	P118,139,338	P92,202,889

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

Trade - Charge customers include receivables from airlines, travel agencies and embassies.

Trade - Others include receivables from Philippine Amusement and Gaming Corporation (PAGCOR) and Overseas Workers Welfare Administration (OWWA). Receivables from PAGCOR amounting to P45,703,071, in 2023 and 2022, which mainly consist of unpaid billings from the contract with PAGCOR which was terminated in July 2013. The collection of the remaining receivables from PAGCOR is subject to the ongoing reconciliation of records between the Company and PAGCOR who have not yet reached an agreement as to the net amount of settlement due to each party.

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

	Amount
Balance at January 1, 2022	P14,299,899
Reversal and write-off in 2022	(13,136,093)
Balance at December 31, 2022	1,163,806
Provisions in 2023	299,422
Reclassification	12,924,500
Balance at December 31, 2023	P14,387,728

The Company's exposure to credit risks related to trade receivables is disclosed in Note 25.

6. Inventories

Inventories carried at cost consists of:

	2023	2022
Engineering supplies	P3,869,067	P3,414,618
Food	1,967,476	1,485,318
General supplies	754,690	1,041,602
Beverage and tobacco	431,464	178,834
Others	89,034	218,739
	P7,111,731	P6,339,111

There was no write down of inventories to NRV in 2023, 2022 and 2021. Cost of goods sold recognized in profit or loss amounted to P62,302,219, P40,372,073 and P30,730,623, in 2023, 2022 and 2021, respectively (see Note 16).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2023	2022
Prepaid expenses	P48,100,175	P33,672,435
Creditable withholding VAT	25,513,001	31,348,151
Input VAT	11,159,965	-
Utilities deposit	203,573	16,070,885
Others	-	1,069,791
	P84,976,714	P82,161,262

Input VAT is current and can be applied against Output VAT payable.

Creditable withholding VAT represents the five percent (5%) taxes withheld from its collections from OWWA.

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

8. Investment in an Associate

This account pertains to the 40% ownership in Harbour Land Corporation (HLC), which was incorporated and registered with the Philippine SEC and is engaged in the real estate business (see Note 14). HLC's registered office is located at the 10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City.

This account consists of:

	2023	2022
Acquisition cost	P48,200,000	P48,200,000
Accumulated share in net earnings:		
Balance at beginning of year	1,775,224	2,198,850
Equity in net income	1,662,758	976,374
Dividends received	(1,600,000)	(1,400,000)
Balance at end of year	1,837,982	1,775,224
	P50,037,982	P49,975,224

A summary of the information of HLC as follows:

	2023	2022
Current assets	P34,410,101	P34,430,730
Noncurrent assets	121,830,382	121,830,382
Current liabilities	(7,043,753)	(7,352,723)
Noncurrent liability	(78,000,000)	(78,000,000)
Net assets (100%) - net	71,196,730	70,908,389
Add: Subscription receivable	54,000,000	54,000,000
	P125,196,730	P124,908,389
Company's share of net assets (40%)	P50,078,692	P49,963,356
Revenue	P17,797,608	P17,797,608
Net income/total comprehensive income (100%)	P4,156,895	P2,440,936
Company's share in net income/total comprehensive income (40%)	P1,662,758	P976,374

9. Loan Receivable

This pertains to the loan granted to Rogo Realty Corporation (RRC), a company under common control, collateralized by RRC's investment in shares of stock of HLC with a carrying amount of P72,300,000 as at December 31, 2023 and 2022 and is collectable on demand with interest rate of 5% per annum (see Note 14).

Interest income earned in 2023, 2022 and 2021 amounted to P775,000 for each year.

10. Property and Equipment - net

The movements and balances in this account are as follows:

	Building and Building Improvements	Furniture Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Right-of-Use Asset Note 20	Total
Cost						
Balance, January 1, 2022	P1,040,328,696	P400,215,537	P7,438,511	P385,157	P178,571,220	P1,626,939,121
Additions	4,205,884	1,519,465				5,725,349
Balance, December 31, 2022	1,044,534,580	401,733,002	7,438,511	385,157	178,571,220	1,632,664,470
Additions	20,518,756	494,464				21,013,220
Reclassification	4,490,596	(21,192)				4,511,784
Balance, December 31, 2023	1,069,543,932	395,209,274	7,438,511	385,157	178,571,220	1,651,147,094
Accumulated Depreciation						
Balance, January 1, 2022	621,775,291	387,224,537	6,722,860	385,157	25,611,807	1,041,719,652
Depreciation during the year	27,378,457	4,146,225	548,684	-	8,537,269	40,610,635
Balance, December 31, 2022	649,153,748	391,370,762	7,271,544	385,157	34,149,076	1,082,330,287
Depreciation during the year	26,040,657	2,744,783	166,967	-	8,537,269	37,489,676
Reclassification	(383,383)	(2,147,216)				(2,530,599)
Balance, December 31, 2023	674,811,022	391,968,329	7,438,511	385,157	42,686,345	1,117,289,364
Impairment Loss						
Balance, December 31, 2021	32,956,783	1,703,373	96,113	-	-	34,756,269
Reversals	(32,956,783)	(1,703,373)	(96,113)	-	-	(34,756,269)
Balance, December 31, 2022	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Balance, December 31, 2023	-	-	-	-	-	-
Carrying Amount						
December 31, 2022	P395,380,832	P10,364,240	P166,967	P -	P144,422,144	P550,334,183
December 31, 2023	P394,732,910	P3,239,945	P -	P -	P135,884,875	P533,857,730

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

Valuation Techniques and Significant Unobservable Inputs

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

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

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

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

Discount Rate. The Company uses the weighted-average cost of capital as the discount rate. In determining the appropriate discount rate, regard has been given to various market information, including but not limited to, 10-year government bond yield, bank lending rates, market premium. The discount rate used is 11% in 2023 and 12% in 2022.

Terminal Growth Rate. The long-term rate used to extrapolate the cash flow projections of the property and equipment beyond the period covered by the cash flow excludes capital acquisitions and expansions in the future. The terminal growth rate used is 2% in 2023 and 2022.

Terminal Value Rate. The Company used 10% terminal rate to estimate the value of the asset at the end of the explicit projection period in 2023 and 2022.

No impairment loss was recognized in 2023, 2022 and 2021. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change Required for Carrying Amount to Equal Recoverable Amount in 2023
Discount rate	11.2%
Terminal value rate	10.0%

Change Required for
Carrying Amount to Equal
Recoverable Amount in 2022

Discount rate	7.8%
Terminal value rate	7.9%

The impairment loss recognized in prior years amounting to P34,756,269 was fully reversed during the year ended December 31, 2022 since management assessed that there has been a change in the estimates used to determine the recoverable amount and that the basis for impairment loss in prior years no longer exist. The reversal of impairment loss is recorded as part of "Administrative expenses" (nil during the year ended December 31, 2023, see Note 17).

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2023	2022
Lease deposit	14, 20, 25	P78,000,000	P78,000,000
Advances to suppliers		27,070,663	-
Miscellaneous deposits		8,582,718	8,008,989
Others		1,010,000	1,010,000
		P114,663,381	P87,018,989

Advances to suppliers pertain to the cash advances made to the ongoing renovation of the Company's property.

Miscellaneous deposits consist of utility and rent deposits.

12. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2023	2022
Trade		P75,330,739	P46,700,958
Accrued other liabilities		13,770,000	4,846,249
Accrued rent	14	9,521,720	4,760,860
Accrued payroll		9,520,041	4,702,322
Accrued utilities		3,990,814	2,214,505
	25	P112,133,314	P63,224,894

Trade payables have normal terms of 30 to 45 days.

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

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

13. Other Current Liabilities

This account consists of:

	Note	2023	2022
Output VAT payable		P33,177,392	P22,664,974
Customer credit balance		9,217,454	3,939,174
Payable to government agencies		6,065,614	4,294,251
Payable to employees		5,339,119	3,076,182
Deposits for utilities		5,184,148	18,108,648
Rewards redemption payable		387,454	367,954
Others		1,715,035	5,106,310
	25	P61,086,216	P57,557,493

The customer credit balance refers to the guest's advance payment as well as any overpayment intended for future transaction application. These are generally recognized as revenue within 30 days upon cash receipt.

Others are payable to hotel car and other concessionaires for their services to hotel guests, as well as unidentified direct deposits.

14. Related Party Transactions

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

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Amounts owed by Related Parties	Amounts owed to Related Parties		
Associate							
▪ Lease deposit	2023	11, 20	P -	P78,000,000	P -	Required lease deposit on the leased land	Collectable upon termination of the contract
	2022			78,000,000	-		
	2021			78,000,000	-		
▪ Interest income	2023	14b, 20	3,900,000	1,950,000	-	5% per annum of the lease deposit	Unsecured; no impairment
	2022		3,900,000	1,950,000	-		
	2021		3,900,000	1,950,000	-		
▪ Accrued rent	2023	12, 14	17,297,608	-	9,321,720	Due and demandable	Unsecured
	2022		17,297,608	-	4,760,860		
	2021		17,297,608	-	-		
▪ Rent income	2023	14e	180,000	90,000	-	Due and demandable; non interest bearing	Unsecured
	2022		180,000	-	-		
	2021		180,000	-	-		
Under Common Control							
▪ Management and incentive fees	2023	14d, 17	13,134,218	-	56,133,527	Due and demandable; non interest bearing	Unsecured
	2022		10,613,328	-	44,838,608		
	2021		19,178,154	-	45,316,898		
▪ Advances	2023	14a	45,336	8,916,881	7,523,008	Due and demandable; non interest bearing	Unsecured; no impairment
	2022		5,702,893	8,769,674	2,347,564		
	2021		1,839,438	104,000	966,350		
▪ Loan	2023	9, 14c	-	15,500,000	-	Due and demandable; interest bearing	Unsecured; no impairment
	2022		-	15,500,000	-		
	2021		-	15,500,000	-		
▪ Interest income	2023	9, 14c	775,000	387,500	-	5% per annum of the loan receivable	Unsecured; no impairment
	2022		775,000	322,917	-		
	2021		775,000	322,917	-		
▪ Rent income	2023	14e	420,000	60,000	-	Due and demandable; non interest bearing	Unsecured
	2022		420,000	-	-		
	2021		420,000	-	-		
Key Management Personnel of the Entity							
▪ Short term employee benefits	2023	14f	18,825,848	-	-		
	2022		17,782,052	-	-		
	2021		14,423,744	-	-		
TOTAL	2023			P104,904,381	P73,178,255		
TOTAL	2022			P104,542,591	P51,947,032		
TOTAL	2021			P95,876,917	P46,285,248		

Amounts owed by related parties is included in the following accounts:

	Note	2023	2022
Loan receivable	9	P15,500,000	P15,500,000
Due from related parties		11,404,381	11,042,591
Other noncurrent assets	11, 20	78,000,000	78,000,000
		P104,904,381	P104,542,591

Amounts owed to related parties is included in the following accounts:

	Note	2023	2022
Due to related parties		P63,656,535	P47,186,172
Under accounts payable and accrued expenses:			
Accrued rent	12	9,521,720	4,760,860
		P73,178,255	P51,947,032

- a. The Company grants/obtains advances to/from related parties for working capital purposes. These advances are non-interest bearing, unsecured and receivable/payable on demand.
- b. The interest receivable from HLC, an associate, represents the uncollected interest on the lease deposit of the Company to HLC at 5% a year (see Note 20). The related annual interest income amounted to P3,900,000.
- c. The interest receivable from RRC, an entity under common control, represents the uncollected interest on the loan granted by the Company to RRC at 5% per annum (see Note 9). The related annual interest income amounted to P775,000.
- d. The Company has a Management Agreement with Elite Hotel Management Services Pte. Ltd - Philippine Company (Elite), an entity under common control, under which the latter provides management, technical and administrative services. In return, the Company pays monthly basic management and incentive fees based on a percentage of the hotel's revenue (2%) and gross operating profit (7%), respectively, starting April 2011. The agreement was last renewed on January 1, 2022 and is effective until December 31, 2026.
- e. The rent income from HLC, RRC and Elite represents the sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel. The lease covers a period of 2.5 years until December 31, 2016, and was renewed for another three (3) years until December 31, 2019. The contract was further renewed for another one (1) year from January 1 until December 31, 2023, which was then subsequently renewed from January 1 until December 31, 2024. The Company leases the land occupied by the Hotel from HLC (see Note 20).

f. Transactions with Key Management Personnel

The total remuneration of key management personnel in the form of short-term employee benefits is shown below:

	2023	2022	2021
Executive officers	P11,156,199	P12,076,725	P8,500,527
Directors of hotel operations	7,669,649	5,705,327	5,923,217
	P18,825,848	P17,782,052	P14,423,744

The compensation and benefits of one of key management personnel are paid by Millennium & Corpthorne Hotels (M&C), the Parent Company's intermediary parent.

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

Amounts owned by and to related parties are normally settled in cash. As at December 31, 2023 and 2022, the Company determined that amounts owed by related parties are fully recoverable, hence, no impairment loss has been recognized.

15. Payroll and Employee Benefits

This account consists of:

	2023	2022	2021
Food and beverage	P30,963,233	P21,443,678	P12,223,772
Rooms	33,621,756	19,257,839	16,564,250
Hotel overhead departments:			
Administrative and general	33,240,057	27,814,008	26,204,622
Sales and marketing	12,730,590	7,953,833	8,555,634
Engineering	12,235,221	10,128,056	8,396,327
Human resources	3,527,435	2,921,264	2,631,945
Other operating departments	481,106	410,670	216,528
	P126,799,398	P89,929,348	P74,793,078

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

	Note	2023	2022	2021
Cost of sales and services	16	P65,066,094	P41,112,187	P29,004,550
Administrative expenses	17	61,733,304	48,817,160	45,788,528
		P126,799,398	P89,929,347	P74,793,078

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

16. Cost of Sales and Services

This account consists of:

	Note	2023	2022	2021
Payroll and employee benefits	15	P65,066,094	P41,112,187	P29,004,550
Food and beverage	6	43,256,954	28,334,689	17,729,947
Guest supplies	6	8,585,335	5,947,072	5,292,779
Commission		8,360,526	6,275,857	43,445
Operating supplies	6	7,711,159	2,571,770	5,224,133
Online selling and marketing tools		6,994,052	2,754,269	731,238
Permits and licenses		3,174,449	3,108,963	3,180,905
Transport charges		3,059,921	1,428,463	318,784
Kitchen fuel	6	1,987,859	1,748,260	1,123,137
Printing and stationery		1,915,816	1,058,003	792,555
Housekeeping expenses		1,550,485	1,502,801	610,718
Music and entertainment		994,506	277,299	4,902
Cleaning supplies	6	760,912	1,770,282	1,360,627
Laundry and dry cleaning		565,777	576,544	682,357
Other operating departments		40,985	675,754	622,402
Miscellaneous		3,910,124	3,984,078	3,942,298
		P157,934,954	P103,126,291	P70,664,777

17. Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Hotel Overhead Departments				
Payroll and employee benefits	15	P61,733,304	P48,817,160	P45,788,528
Management and incentives fees	14	13,134,218	10,613,328	19,178,154
Data processing		5,198,450	3,014,579	3,166,544
Credit card and commission		4,998,871	2,995,780	460,427
Dues and subscription		4,810,440	1,387,108	383,826
Advertising		3,514,326	2,978,226	501,934
Telecommunications		2,652,951	2,853,884	3,544,414
Awards and social activities		1,745,876	1,007,481	1,016,870
Entertainment		581,287	508,077	448,584
Miscellaneous		5,099,615	2,351,010	3,164,113
		103,469,338	76,526,633	77,653,394
Corporate Office				
Depreciation	10	37,489,676	40,610,635	42,965,281
Property tax		9,651,911	9,265,202	9,265,751
Insurance		9,219,124	9,388,914	9,145,748
Professional fees		8,378,717	5,115,374	7,087,706
Corporate office payroll and related expense		3,079,450	1,941,272	1,685,095
Taxes and licenses		1,803,244	93,760	192,637
Director's fees/allowances		799,600	799,600	799,600
Office supplies		713,030	547,910	871,498
Provision for impairment losses on receivables	25	299,422	-	-
Transportation and travel		60,963	7,313	31,116
Commission expense		-	7,557,268	-
Reversal of Impairment loss on property and equipment	10	-	(34,756,269)	-
Miscellaneous		2,582,403	2,492,821	1,329,142
		74,077,540	43,063,800	73,373,574
Power light and and water		84,505,670	68,556,846	56,126,157
Property operations and maintenance		13,762,487	11,421,491	12,298,962
		P275,815,035	P199,568,770	P219,452,087

The commission expense relates to the 1 month rental equivalent paid to Star Fuzion Management Corporation as a commission for their effort to secure the prospective lessee, Goldwinphil Inc.

18. Earnings Per Share

Basic and diluted earnings per share is computed as follows:

	<i>Note</i>	2023	2022	2021
Weighted average number of common shares:				
Balance at beginning and end of year	24	53,717,369	53,717,369	53,717,369
	<i>Note</i>	2023	2022	2021
Net income for the year		P30,863,382	P5,998,222	P33,669,054
Divided by weighted average number of outstanding shares	24	53,717,369	53,717,369	53,717,369
		P0.57	P0.11	P0.63

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

19. Refundable Deposits

This account consists of:

	<i>Note</i>	2023	2022
PAGCOR	5, 25	P25,349,438	P25,349,438
Goldwinphil Inc.		98,998,980	98,998,980
Others		2,548,791	2,522,124
		126,897,209	126,870,542
Less: Current portion		126,897,209	126,402,542
		P -	P468,000

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

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

On August 23, 2022, the Company entered into a lease contract with Goldwinphil Inc. (or the "lessee") to operate a casino in the Hotel. The total floor area is about 5,500 sqm and it is for an initial 5 years commencing on August 23, 2022 until August 23, 2027 with option to renew. Based on the agreement, lessee has to pay certain security and utilities deposits amounting to P88,998,980. On February 20, 2023, the lessee has obtained the License to Operate from the PAGCOR, for its operation in the leased premises. The lessee started its operation only in February 2024.

20. Leases

Company as Lessor

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

The lease agreements with the third parties required the latter to give the Company lease deposits which amounted to a total of P126,897,209 and P126,870,542 as at December 31, 2023 and 2022, respectively, and are shown as "Refundable deposits" in the statements of financial position (see Note 19). Rent income amounted to P74,280,488, P1,687,396 and P600,000 in 2023, 2022 and 2021, respectively, and is included under Revenue in the statements of profit or loss.

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

In 2023 and 2022, the Company has sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel to HLC, RRC and Elite (Note 14).

Contractual cashflows are as follows:

	2023	2022
Due within one year	P600,000	P600,000

Company as Lessee

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

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

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

The movements of lease liability follow:

	2023	2022
Beginning balance	P163,524,676	P167,762,117
Interest expense during the year	13,197,049	13,560,167
Payments made	(17,797,608)	(17,797,608)
Ending balance	P158,924,117	P163,524,676

Payments included in the statements of cash flows are as follows:

	2023	2022
Interest payment	P13,197,049	P13,560,167
Principal payment	4,600,559	4,237,441
	P17,797,608	P17,797,608

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

	2023	2022
Current	P4,994,788	P4,600,559
Noncurrent	153,929,329	158,924,117
	P158,924,117	P163,524,676

Contractual cashflows are as follows:

Lease Liability under PFRS 16	2023	2022
Due within one year	P17,797,608	P17,797,608
After one year but not more than five years	71,190,432	71,190,432
More than five years	188,358,018	206,155,626
	P277,346,058	P295,143,666

As at December 31, 2023 and 2022, total accrued rent outstanding recorded under 'Accounts payable and accrued expenses' account in the statements of financial position amounted to P9,521,720 and P4,760,860, respectively (see Note 12).

21. Retirement Cost

The Company has an unfunded, noncontributory, defined benefit retirement plan covering substantially all of its employees, except for its BOD and expatriates (see Note 14). It provides a retirement benefit equal to eighty-six (86%) of monthly salary per year of services payable to an employee who retires at age of 60 with at least 5 years in service. Annual cost is determined using the projected unit credit method. The Company's latest valuation date is December 31, 2023.

The recognized liability representing the present value of the defined benefit obligation presented as "Retirement benefits liability" in the Company's statements of financial position amounted to P30,868,533 and P27,430,178 as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Balance at January 1	P27,430,178	P33,482,499
Included in Profit or Loss		
Interest cost	1,920,112	1,640,642
Current service cost	1,860,542	2,024,257
	3,780,654	3,664,899
Included in Other Comprehensive Income (OCI)		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	665,337	(3,969,844)
Experience adjustment	400,807	(4,790,503)
	1,066,144	(8,760,347)
Others		
Benefits paid	(1,408,443)	(956,873)
Balance at December 31	P30,868,533	P27,430,178

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

	2023	2022	2021
Interest cost	P1,920,112	P1,640,642	P1,186,796
Current service cost	1,860,542	2,024,257	1,955,698
Retirement benefits cost	P3,780,654	P3,664,899	P3,142,494

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

	2023	2022	2021
Cumulative actuarial gain at the beginning of the year	P20,621,716	P11,861,369	P11,474,607
Actuarial gain (loss) arising from:			
Financial assumptions	(665,337)	3,969,844	3,731,496
Experience adjustment	(400,807)	4,790,503	(3,344,734)
Cumulative actuarial gain at the end of the year	P19,555,572	P20,621,716	P11,861,369

The remeasurement gains on retirement liability, net of deferred tax, amounted to P14,666,679, P15,466,287 and P8,896,027 as at December 31, 2023, 2022 and 2021, respectively, as presented in the statements of changes in equity.

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

	2023	2022	2021
Discount rate	6.60%	7%	5%
Future salary increases	2%	2%	2%

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

Sensitivity Analysis

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

2023	Increase	Decrease
Discount rate (1% movement)	(P3,399,556)	P3,399,556
Future salary increase rate (1% movement)	3,214,457	(3,214,457)
2022	Increase	Decrease
Discount rate (1% movement)	(P2,596,542)	P2,596,54
Future salary increase rate (1% movement)	2,596,542	(2,596,542)

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

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

The weighted-average duration of the defined benefit obligation is ten (10) years as at December 31, 2023 and 2022.

The maturity analysis of the benefit payments is as follows:

	Carrying Amount	Contractual Cash Flows	2023		
			1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P -	P87,611,305	P22,101,253	P25,613,394	P39,896,658
	Carrying Amount	Contractual Cash Flows	2022		
			1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P -	P83,375,205	P16,652,577	P26,254,403	P40,468,225

The Company is not required to pre-fund the future defined benefits payable under the Retirement Fund before they become due. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

22. Income Tax

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

	2023	2022	2021
Current tax expense	P12,903,717	P2,021,008	P1,162,457
Deferred tax expense (benefit):			
Reduction in tax rate	-	-	6,050,661
Origination and reversal of temporary differences	(3,109,537)	4,319,955	6,217,314
	P9,794,180	P6,340,963	P13,430,432

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

	2023	2022	2021
Income before income tax	P40,657,562	P12,339,185	P47,099,486
Income tax expense at statutory tax rate	P10,164,391	P3,084,796	P11,774,872
Additions to (reductions in) income tax resulting from the tax effects of:			
Remeasurement of previously recorded DTA	5,226,903	-	6,470,685
Income subjected to final tax	(4,540,545)	(73,412)	(80,723)
Application of NOLCO	(497,629)	-	-
Equity in net income of an associate	(415,690)	(244,094)	(396,757)
Other non taxable income	(143,250)	-	-
Unrecognized deferred tax assets on NOLCO and MCIT	-	3,573,673	(4,349,133)
Non deductible expense	-	-	11,488
	P9,794,180	P6,340,963	P13,430,432

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

2023	Net Balance at January 1	Recognized in Profit or Loss*	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P10,139,561	P2,681,016	P -	P12,820,577	P12,820,577	P -
Excess of ROU asset over lease liability	4,775,634	984,178	-	5,759,812	5,759,812	-
Allowance for impairment loss on receivables	3,522,076	74,855	-	3,596,931	3,596,931	-
Unrealized foreign exchange gain	(5,493,023)	6,715,004	-	1,221,981	1,221,981	-
Remeasurement gain on retirement benefit liability	2,190,087	(7,345,516)	266,536	(4,888,893)	-	(4,888,893)
Net tax assets and liabilities	P15,134,335	P3,109,537	P266,536	P18,510,408	P23,399,301	(P4,888,893)

*Including adjustment to deferred tax asset recognized in 2023 amounting to P5,226,903.

2022	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P11,611,816	(P1,472,255)	P -	P10,139,561	P10,139,561	P -
Excess of ROU asset over lease liability	2,532,961	2,242,673	-	4,775,634	4,775,634	-
Allowance for impairment loss on receivables	3,574,974	(52,898)	-	3,522,076	3,522,076	-
Remeasurement gain on retirement benefit liability	(2,965,342)	-	5,155,429	2,190,087	2,190,087	-
Unrealized foreign exchange gain	(2,372,829)	(3,120,194)	-	(5,493,023)	-	(5,493,023)
Allowance for impairment loss on property and equipment	8,689,067	8,689,067	-	-	-	-
Net tax assets and liabilities	P21,070,647	(P11,091,741)	P5,155,429	P15,134,335	P20,627,358	(P5,493,023)

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

Deferred tax assets of the following items have not been recognized:

	2023	2022
MCIT	P -	P3,573,673
NOLCO	-	1,990,517
	P -	P5,564,190

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

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2022	P1,990,517	(P1,990,517)	P -	December 31, 2025
2018	27,384,900	(27,384,900)	-	December 31, 2021
	P29,375,417	(P29,375,417)	P -	

The Company applied P1,990,517 NOLCO against its taxable income in 2023.

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

Year Incurred	Amount	Expired/ Applied	Unexpired	Expiry Date
2022	P2,021,008	P -	P2,021,008	December 31, 2025
2021	1,162,457	-	1,162,457	December 31, 2024
2020	2,099,250	(2,099,250)	-	December 31, 2023
2019	2,824,498	(2,824,498)	-	December 31, 2022
2018	2,073,471	(2,073,471)	-	December 31, 2021
	P10,180,684	(P6,997,219)	P3,183,465	

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

- a) Corporate Income Tax rate is reduced from thirty percent (30%) to twenty percent (20%) for domestic corporations with net taxable income not exceeding five million pesos (P5,000,000) and with total assets not exceeding one hundred million pesos (P100,000,000). All other domestic corporations and resident foreign corporations will be subject to twenty-five percent (25%) income tax. Said reductions are effective starting July 1, 2020.
- b) MCIT rate is reduced from two percent (2%) to one percent (1%) effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing revenue regulations (RR) that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act (RA) No. 11534, or the CREATE to the National Internal Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income.*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 RA No. 11534, Otherwise Known as CREATE, Amending Section 20 of the NIRC of 1997, As Amended.*
- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the CREATE, Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended.*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to RA No. 11534 or the CREATE, Which Further Amended the NIRC of 1997.*

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Act. The corporate income tax of the Company was lowered from thirty percent (30%) to twenty five percent (25%) for domestic corporations, on which the Company qualified, effective July 1, 2020.

The CREATE Act had been considered as substantively enacted as law as at March 31, 2021. Under paragraph 46 of PAS 12, *Income taxes*, it states that “an entity’s current tax liabilities/assets for the current and prior periods shall be measured at the amount expected to be paid to/recovered from the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period”.

The Company had applied and used the effective rate of the approved income tax rate under the CREATE Act in its computation of income taxes due and payable to the BIR as at December 31, 2021 using the 25% tax rate on normal income tax pursuant to RR No. 5-2021, considering that the CREATE Act had been substantively enacted as law as at March 31, 2021 and its retroactive application from July 1, 2020. This resulted to an adjustment recognized in 2021 for prior period deferred tax remeasurement amounting to an additional expense of P6,050,661 and benefit of P573,731 recognized in profit or loss and other comprehensive income, respectively.

Effective on July 1, 2023, under Revenue Memorandum Circular No. 69-2023, MCIT rate was reverted to 2% based on the gross income of such corporations.

23. Retained Earnings

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

24. Share Capital

a. Capital Stock

	2023	2022
Authorized - 115,000,000 shares at 10 par value shares:		
Issued	87,318,270	87,318,270
Less treasury stock	33,600,901	33,600,901
Total issued and outstanding	53,717,369	53,717,369

b. Treasury Stock

As at December 31, 2023 and 2022, the Company's treasury stock consists of 33,600,901 shares of stock.

25. Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

Credit Risk

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

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

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

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

The carrying amount of financial assets as of December 31, 2023 and 2022 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	Note	2023	2022
Cash and cash equivalents*	4	P541,582,866	P488,182,306
Receivables - net	5, 14	118,139,338	92,202,889
Lease deposit	11	78,000,000	78,000,000
Loan receivable	14	15,500,000	15,500,000
Due from related parties	14	11,404,381	11,042,591
		P764,626,585	P684,927,786

*Excluding cash on hand of P1,780,532 and P1,838,430 in 2023 and 2022, respectively.

Details of trade receivables as at December 31, 2023 and 2022 by type of customer are as follows:

	<i>Note</i>	2023	2022
Credit cards		P15,031,776	P7,514,875
Embassy and government		55,928,778	49,901,770
Airlines		10,035,195	8,135,351
Corporations		1,881,316	1,460,727
Travel agencies		1,998,349	3,425,420
Others		30,106,660	15,006,396
	5	114,982,074	85,444,539
Less allowance for impairment losses on trade receivables - charge customers		14,387,728	1,163,806
		P100,594,346	P84,280,733

Others include unallocated accounts pending classification to its proper type of customers as at December 31, 2023.

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

	<i>Note</i>	Amount
Balance at January 1, 2022		P14,299,899
Reversal and write-off in 2022		(13,136,093)
Balance at December 31, 2022	5	1,163,806
Provision in 2023		299,422
Reclassification		12,924,500
Balance at December 31, 2023	5	P14,387,728

The aging of trade receivables as at December 31, 2023 and 2022 is as follows:

	2023			2022		
	Gross Amount	Impairment	Carrying Amount	Gross Amount	Impairment	Carrying Amount
Current	P35,225,565	P -	P35,225,565	P11,235,963	P -	P11,235,963
Over 30 days	1,712,885	-	1,712,885	7,952,874	-	7,952,874
Over 60 days	894,769	-	894,769	8,093,767	-	8,093,767
Over 90 days	55,037,423	(14,387,728)	40,649,695	36,050,503	(1,163,806)	34,886,697
	P92,870,642	(P14,387,728)	P78,482,914	P63,333,107	(P1,163,806)	P62,169,301

As at December 31, 2023 and 2022, receivables from PAGCOR included under Embassy and government amounted to P45,703,071, which management assess, are still collectable. Thus, no allowance for impairment was provided. In addition, any amount outstanding from PAGCOR can be offset against the deposit received from it as discussed in Note 20.

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

	As at December 31, 2023			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P543,363,398	P -	P -	P543,363,398
Receivables	47,167,571	-	-	47,167,571
Loan receivable	15,500,000	-	-	15,500,000
Lease deposit	78,000,000	-	-	78,000,000
	P684,030,969	P -	P -	P684,030,969

	As at December 31, 2022			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P490,020,736	P -	P -	P490,020,736
Receivables	34,925,096	4,816,371	-	39,741,467
Loan receivable	15,500,000	-	-	15,500,000
Lease deposit	78,000,000	-	-	78,000,000
	P618,445,832	P4,816,371	P -	P623,262,203

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks. Lease deposit is also considered of good quality since this is transacted with counterparty that is capable of paying the lease deposit once due. Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Estimating ECL

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets as at December 31, 2023 and 2022. Assets that are credit-impaired are separately presented.

December 31, 2023	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P543,363,398	P -	P543,363,398
Receivables	132,527,066	(14,387,728)	118,139,338
Loan receivable	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000
	P769,390,464	(P14,387,728)	P755,002,736

December 31, 2022	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P490,020,736	P -	P490,020,736
Receivables	93,366,695	(1,163,806)	92,202,889
Loan receivable	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000
	P676,887,431	(P1,163,806)	P675,723,625

Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external credit ratings of the counter parties.

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

Liquidity Risk

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

The Company's total current liabilities as at December 31, 2023 and 2022 amounted to P368,768,064 and P298,971,660, respectively, which are less than its total current assets of P780,495,562 and P697,266,589, respectively. Thus, the Company has sufficient funds to pay for its current liabilities and has minimal liquidity risk. Maturity analysis of lease liability is disclosed in Note 20.

Market Risk

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

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

Room Rates

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

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

Interest Rate Risk

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

Foreign Currency Risk

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

As at December 31, 2023 and 2022, assets denominated in US\$ include cash in banks amounting to P148,492 (US\$2,680) and P5,848,349 (US\$104,571) respectively; short-term investment amounting to P234,605,028 (US\$4,356,915) and P320,258,242 (US\$5,726,377), respectively.

In translating foreign currency-denominated monetary assets into Php amounts, the exchange rates used were P55.40 and P55.76 to US\$1 as at December 31, 2023 and 2022, respectively.

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

	Increase (Decrease) in US\$ Exchange Rate	Effect on Income before Income Tax	Effect on Equity after Income Tax
2023	10%	P23,475,352	P17,606,514
	(10%)	(23,475,352)	(17,606,514)
2022	10%	34,361,873	25,771,405
	(10%)	(34,361,873)	25,771,405

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

Fair Values

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

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P543,363,398	P543,363,398	P490,020,736	P490,020,736
Receivables - net	118,139,338	118,139,338	92,202,889	92,202,889
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Accounts payable and accrued expenses	112,133,314	112,133,314	63,224,894	63,224,894
Due to related parties	63,656,535	63,656,535	47,186,672	47,186,672
Refundable deposits	126,897,209	126,897,209	126,870,542	126,870,542
Other current liabilities*	21,843,210	21,843,210	30,598,268	30,598,268

*Excluding payables to government and Output VAT Payable of P39,243,006 and P26,959,225 in 2023 and 2022, respectively.

Estimation of Fair Values

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

Cash and Cash Equivalents

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

Receivables - net, Loan Receivable, Accounts Payable and Accrued Expenses, Due to Related Parties, Refundable Deposits, Other Current Liabilities Except for Output VAT Liability and Other Statutory Payables, Lease Liability - Current Portion
Current receivables are reported at their net realizable values, at total amounts less allowances for estimated uncollectable accounts. Current liabilities are reported at amounts reasonably expected to be paid within the next twelve months or within the Company's operating cycle. Due to/from related parties and loan receivable are payable on demand.

Lease Deposit

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

Capital Management

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

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, due to related parties, other current liabilities, refundable deposits and retirement benefits liability. Total equity comprises mainly of the capital stock, additional paid-in capital and retained earnings.

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

As at December 31, 2023 and 2022, the Company is compliant with the minimum public float requirement of the SEC.

The Company has 115,000,000 shares registered with the SEC on August 9, 1989, the effective date of registration statement. The registered shares with the SEC remain the same as at December 31, 2023 and 2022. The original issue/offer price was P10.00 per share. There were no additional shares registered with the SEC as at December 31, 2023 and 2022.

Based on the Philippine Stock Exchange's website, the Company's traded price per share was P9.75 and P14.38 as at December 31, 2023 and 2022, respectively. The total number of shareholders was 16,629 and 16,038 as at December 31, 2023 and 2022, respectively.

26. Other Matter - BIR 2008 Tax Case

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

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

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

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

On November 6, 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated January 4, 2016 and March 11, 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

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

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

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

In a Manifestation dated September 1, 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

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

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

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

In the Decision rendered on July 4, 2018, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

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

Amended Decision

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

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

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

MR Filed by CIR

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

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

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

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

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

On September 29, 2020, CTA En Banc promulgated a decision affirming the CTA decision and denied the Petition of CIR for lack of merit. CIR, dissatisfied with the decision, filed a Motion for Reconsideration on October 20, 2020 and the Company has filed its Response to CIR's Motion for Reconsideration on November 11, 2020.

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

Petition for Review Filed by the CIR

On March 23, 2021, Management of the Company was advised by the Company's tax counsel that it had received a copy of the Petition for Review dated March 8, 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated September 29, 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated September 29, 2020 and Resolution dated January 19, 2021 and (ii) render a decision ordering the Company to pay the total amount of P37,394,322, P142,281,715, and P326,352,191 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of P506,028,228 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

On July 11, 2023, the Supreme Court further resolves to deny the CIR's petition for review in its Resolution dated February 22, 2023 for failure of petitioner to sufficiently show that the CTA committed any reversible error in the challenged decision.

On July 27, 2023, the CIR has filed its Motion for Reconsideration with the SC on which the Company filed its comments.

The Company has filed its Position Paper to the Supreme Court and awaiting the court's decision. No further update on the tax case as at April 8, 2024.

27. Impact of COVID-19

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the COVID-19. To manage the spread of the disease, the entire Luzon including Metro Manila has been placed under an Enhanced Community Quarantine (ECQ), effective March 17, 2020. The quarantine has caused restrictions in the mobility of people outside their homes, hence, limiting business activities and commercial operations. The quarantine status of Metro Manila went through extensions and modifications.

On September 14, 2021, Metro Manila was placed under General Community Quarantine (GCQ) with Alert Level 4 effective on the second half of the month of September 2021. This is based on the updated guidelines on the COVID-19 alert level system with granular lockdowns released by Inter-Agency Task Force for the Management of Emerging Infectious Disease. Alert Level 4 was further extended until October 15, 2021. Alert level status of Metro Manila was lowered to Alert Level 3 from October 16, 2021 to October 31, 2021 following the government's approval of the IATF's recommendations. On November 5, 2021, Metro Manila was placed under Alert Level 2 until November 21, 2021. This was subsequently heightened to Alert Level 3 until January 31, 2022, and reverted to Alert Level 2 starting February 1 to 15, 2022.

The Company is one of the hotels accredited to become a quarantine facility by Department of Health (DOH) during this pandemic. Contract with Overseas Workers Welfare Administration (OWWA) which started in May 2020 was extended until June 2022 to cater repatriated and returning Overseas Filipino Workers. The Company also secured a contract with Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO) companies to serve as a temporary shelter during lockdown. However, there was also a slow down on collection of its receivables and payment of its obligations.

For the year 2021, the concentration of revenue was from the contracts with Overseas Workers Welfare Administration (OWWA), Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO). In addition to this, the Company had a contract with maritime companies to serve as quarantine facility for returning seafarers. The Company is now planning their actions to transition from a quarantine facility back to its pre-pandemic normal operations which is catering guests for business and leisure purposes.

On November 9, 2021, the Company was also able to secure its Certificate of Inspection issued by the Bureau of Quarantine (BOQ) under the DOH. This certifies that the Company has been inspected, and is compliant with the prescribed public health and safety standards, thereby allowing it to operate as a multiple-use hotel. The Certificate for Multiple-use Hotel was then issued to the Company on December 13, 2021, officially permitting the Company to operate for leisure or staycation.

In 2022, the Hotel fully opened to the public from housing quarantined guests in 2021 and was able to secure rental agreements for the Company's hotel premises.

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

28. Supplementary Information Required by Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. The following are the tax information/disclosures required for the taxable year ended December 31, 2023:

Based on RR No. 15-2010

A. VAT

1. Output VAT	P55,661,075
Account title used	
Basis of the Output VAT:	
Vatable sales	P439,171,925
Sales to Government	24,670,366
Zero rated sales	768,832
Exempt sales	1,940,477
	P466,551,600
2. Input VAT	
Beginning of the year	P -
Input tax deferred on capital goods from previous period	2,192,844
Current year transactions:	
a. Domestic purchases of goods other than capital goods	7,661,311
b. Domestic purchases of services	18,451,497
Deductions from input tax	(2,927,008)
Total allowable Input VAT	P25,378,644
Total VAT payable during the year	P30,282,431
Less: Applied input VAT and payments during the year	30,282,431
Balance at the end of the year	P -

B. Withholding Taxes

Tax on compensation and benefits	P11,573,984
Creditable withholding taxes	7,737,469
	P19,311,453

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under	
Administrative Expenses	
Real estate taxes	P9,651,911
License and permit fees	1,803,244
	P11,455,155

D. Deficiency Tax Assessments and Tax Cases

As at December 31, 2023, the Company has pending deficiency tax assessments amounting to P508,101,387 for the tax period 2008 which is pending review by the Supreme Court.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE**

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

We have audited the accompanying financial statements of Grand Plaza Hotel Corporation as at and for the year ended December 31, 2023, on which we have rendered our report dated April 10, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president or any member of the Board of Directors and Stockholders of the Company.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO
Partner
CPA License No. 0125463
Tax Identification No. 941-200-384
BIR Accreditation No. 08-001987-149-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075194
Issued January 2, 2024 at Makati City

April 10, 2024
Makati City, Metro Manila

Partner - Philippine Registration & Accreditation
0125463 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
R.G. Manabat & Co., Group A, with 10 years covering the audit of 2023 to 2024
0125463 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
PTR No. MKT 10075194 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
R.G. Manabat & Co., Group A, with 10 years covering the audit of 2023 to 2024
PTR No. MKT 10075194 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
R.G. Manabat & Co., Group A, with 10 years covering the audit of 2023 to 2024
PTR No. MKT 10075194 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025



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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Memorandum Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co. is a Philippine domestic and a member firm of the KPMG network, a global organization of independent member firms affiliated with KPMG International Limited, a private English company, which is a member of the KPMG network.



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO

Partner

CPA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila



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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 10, 2024.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J.

Firm Regulatory Registration & Accreditation
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC Group A, valid for five (5) years covering the period of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2013-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the period of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Executive Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co. is a Philippine partnership and a member firm of the global organization of independent member firms affiliated with KPMG Network, a private English company.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Anabella R. Resuello', written over a faint, circular stamp or watermark.

ANABELLA R. RESUELLO
Partner

CPA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023**

GRAND PLAZA HOTEL CORPORATION
10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard,
Pasay City

Unappropriated Retained Earnings, beginning of the reporting period		(P16,599,013)
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		(16,599,013)
Add/Less: Net Income (loss) for the current year		30,863,382
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	1,662,758	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		1,662,758

Forward

Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized foreign exchange gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	P -
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	29,200,624
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-

Forward

Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Sub-total		P -
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		(3,109,537)
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-
Others (describe nature)		-
Sub-total		(3,109,537)
Total Retained Earnings, end of the reporting period available for dividend		P9,492,074

Annex 68-E

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
GRAND PLAZA HOTEL CORPORATION**

As of December 31, 2023

Key Performance Indicators	FORMULA (Amount in Millions)		2023	2022
Current Ratio	Total Current Assets Divide by: Total Current Liabilities Current Ratio	780 369 2.11	2.11	2.33
Acid Test Ratio	Total Current Assets Less: Inventories Other current assets Quick Assets Divide by: Total Current Liabilities Acid Test Ratio	780 (7) (85) 688 369 1.86	1.86	2.04
Debt to Equity Ratio	Total Liabilities Divide by: Stockholders Equity	554 944	0.59	0.53
Asset to Equity Ratio	Total Assets Divide by: Stockholder's Equity	1,498 944	1.59	1.53
Return on Equity	Net Income Total Equity	31 944	3.28%	0.66%
Return on Asset	Net Income Divide by: Average Total Assets	31 1,498	2.07%	0.43%
Profit before tax Margin Ratio	Profit (Loss) Before Tax Divide by: Total Revenue	40.66 468.30	8.68%	4.18%
EBITDA (Earnings before interest, tax, depreciation & amortization)	Profit (Loss) Before Tax Add: Depreciation Expenses Interest Expense Less: Foreign Exchange Gain Interest Income Equity in Net Income of Associate EBITDA	40.66 37.50 13.20 (5.19) 22.84 1.66 72.05	P72.05 million	P33.32 million

Annex 68-J
SCHEDULES
GRAND PLAZA HOTEL CORPORATION
As of December 31, 2023

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds	Amount shown in balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
CASH ON HAND AND IN BANKS	P -	P133,483,992	P133,483,992	P292,772
SHORT TERM INVESTMENTS	-	409,879,406	409,879,406	17,869,409
RECEIVABLES - NET	-	118,139,338	118,139,338	-
LOAN RECEIVABLE	-	15,500,000	15,500,000	775,000
LEASE DEPOSIT	-	78,000,000	78,000,000	3,900,000

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related parties)

Name and Designation of Debtor	Balance December 31, 2022	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 31, 2023
HARBOUR LAND CORPORATION	P3,277,435	P3,901,297	P5,228,732	P -	P1,950,000	P -	P1,950,000
ELITE HOTEL MANAGEMENT SERVICES PTE	67,200	1,030,321	1,097,521	-	-	-	-
ROGO REALTY CORPORATION	110,844	1,189,521	867,529	-	432,836	-	432,836
TOTAL	P3,455,479	P6,121,139	P7,193,782	P -	P2,382,836	P -	P2,382,836

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance December 31, 2022	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 2023
	Nothing to report						
TOTAL	-	-	-	-	-	-	-

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
	Nothing to report		
TOTAL			

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	Nothing to report	
TOTAL	•	•

Schedule F. Guarantees of Securities of Other Issuers

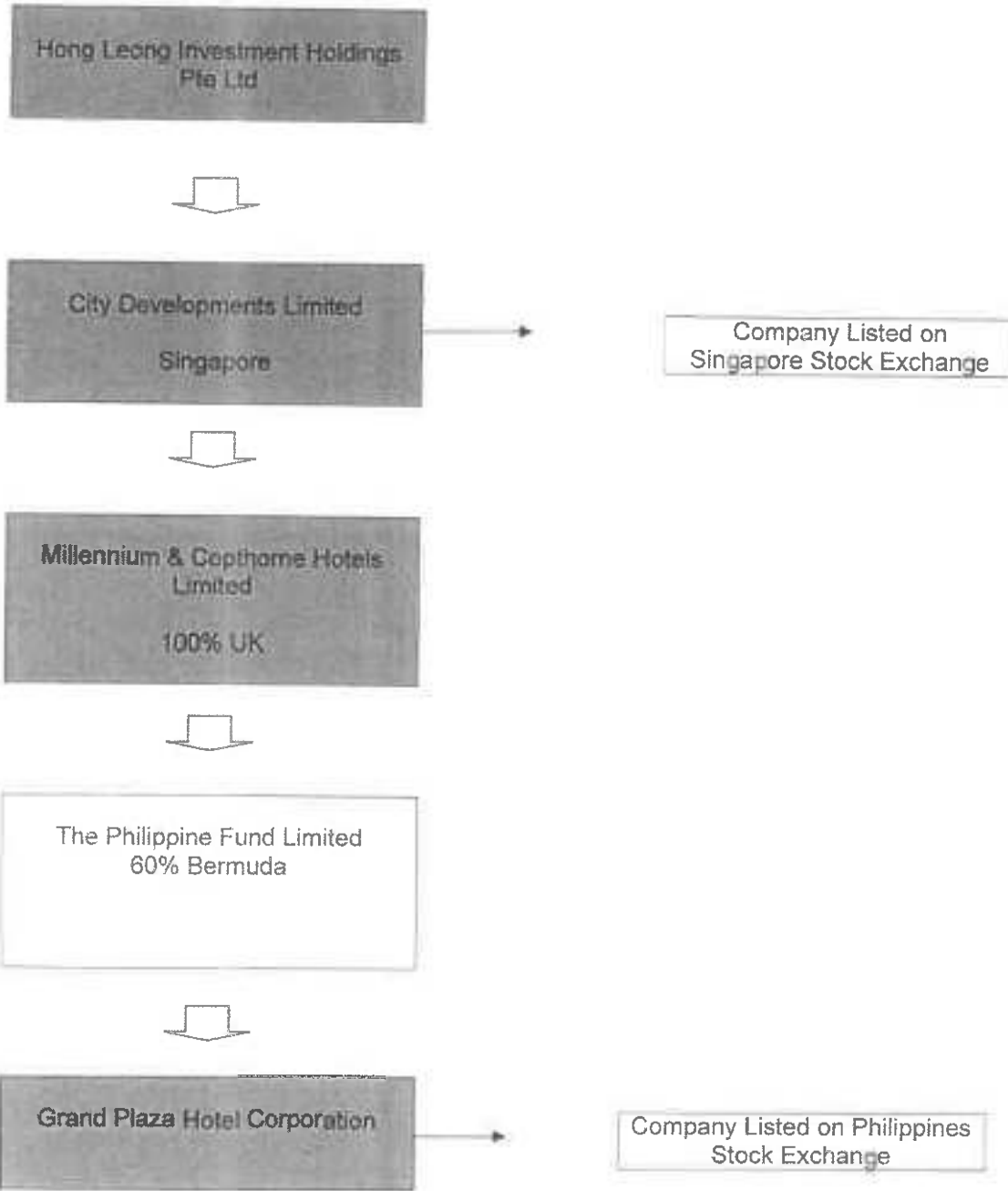
Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
	Nothing to report			

Schedule G. Capital Stock

Title of Issue	Number of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants conversion and other right	Number of shares held by related parties	Directors, officers and employees	Name
Common	115,000,000	53,717,369			1 1 1 1 1 1 2,999 1,000	Kwek Elk Sheng Bryan Cockrell Natividad Alejo Simeon Ken Ferrer Ricardo Pio Castro Wong Kok Ho Yam Kit Sung Arlene De Guzman The Philippine Fund Ltd. Zatrio PTE LTD **6,857,283 - owned by Public
TOTAL	115,000,000	53,717,369		46,856,081	4,005	

The Group Structure

The Philippine Fund Limited Group Structure



As at December 31, 2023

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-460-602-000
Name	: GRAND PLAZA HOTEL CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462400059109193
Amount Payable (Over Remittance)	: -10,560,131.00
Accounting Type	: ☉ - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/11/2024
Tax Type	: IT

[[BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#)]

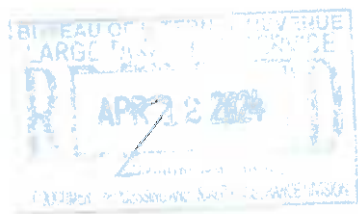




Republic of the Philippines
 Department of Finance
 Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			1702-RT 01/18ENCS P1	
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal	3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 Withholding Tax Code (ATC): <input type="checkbox"/> DOMESTIC CORPORATION IN GENERAL			
2 Year Ended (MM/20YY): 12/2023						
Part I - Background Information						
6 Taxpayer Identification Number (TIN): 000-460-602-000			7 RDO Code: 125			
8 Registered Name (Enter on 1 letter per box using CAPITAL LETTERS): GRAND PLAZA HOTEL CORPORATION						
9A Registered Address (Indicate complete registered address): THE HERITAGE HOTEL MANILA ROXAS BOULEVARD COR. EDSA EXTE BARANGAY 76 PASAY CITY						
9B Zipcode: 1300						
10 Date of Incorporation/Organization (MM/DD/YY*YY): 06/9/1989						
11 Contact Number: 8548825		12 Email Address: kilsung.yam@millenniumhotels.com				
13 Method of Deductions: <input checked="" type="checkbox"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="checkbox"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]						
Part II - Total Tax Payable <i>Do NOT enter Centavos</i>						
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)					12,903,717	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)					23,463,848	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)					(10,560,131)	
Add Penalties						
17 Surcharge					0	
18 Interest					0	
19 Compromise					0	
20 Total Penalties (Sum of Items 17 to 19)					0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of item 16 and 20)					(10,560,131)	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)						
<input type="checkbox"/> To be refunded		<input type="checkbox"/> To be issued a Tax Credit Certificate (TCC)		<input checked="" type="checkbox"/> To be carried over as tax credit next year/quarter		
I, the undersigned, under the penalties of perjury, state that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the Internal Revenue Code, its amendments, and the regulations issued under authority thereof. If authorized Representative, attach authorization letter and cooperate.						
Signature over printed name of President/Principal Officer/Authorized Representative					22 Number of Attachments: 4	
Title of Signatory		TIN		Title of Signatory		TIN
Part III - Details of Payment						
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount		
23 Cash/Bank Debit Memo				0		
24 Check				0		
25 Tax Debit Memo				0		
26 Others (Specify Below)				0		
Machine Generated Receipts Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		



Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to
REGULAR Income Tax Rate



1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 -460 -502 -000	GRAND PLAZA HOTEL CORPORATION

Part IV - Computation of Tax MCIT under Carryover

27 Sales/Receipts/Revenues/Fees	468,251,482
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)	468,251,482
30 Less: Cost of Sales/Services	157,854,354
31 Gross Income from Operation (Item 29 Less Item 30)	310,397,128
32 Add: Other Taxable Income Not Subjected to Final Tax	0
33 Total Taxable Income (Sum of Items 31 and 32)	310,397,128

Less: Deductions Allowable under Existing Law

34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	1,751,121
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 6)	1,993,571
37 Total Deductions (Sum of Items 34 to 36)	3,744,692
<i>OR (in case taxable under Sec. 27(A) & 28(A)(1))</i>	
38 Optional Standard Deduction (40% of item 33)	0

39 Net Taxable Income(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)	51,614,888
---	------------

40 Applicable Income Tax Rate 25%

41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)	12,903,717
42 MCIT Due (2% of Item 33)	4,725,473
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)	12,903,717

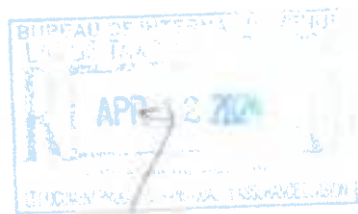
Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	16,915,175
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	3,571,297
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	2,977,376
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits (To Part V Item 58)	0
Other Credits/Payments (Specify)	0
53	0
54	0

55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)	23,483,848
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)	(10,560,131)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0
58 Add: Special Tax Credits (From Part IV Item 52)	0
59 Total Tax Relief Availment (Sum of Items 57 and 58)	0



Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to
REGULAR Income Tax Rate



1702-RT 01/18ENC5 P3

Taxpayer Identification Number (TIN)	Registered Name
000 -460 -602 -000	GRAND PLAZA HOTEL CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

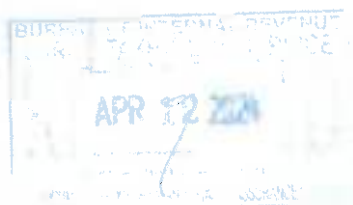
1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	0
16 Transportation and Travel	0
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below: Add additional sheet/s, if necessary)	
a Janitorial and Messengenal Services	0
b Professional Fees	0
c Security Services	0
d VARIOUS ACCOUNT PER AFS	256,751,121
e	0
f	0
g	0
h	0
i	0

18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34) 256,751,121

Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

Description	Basic	Amount
1		0
2		0
3		0
4		0

5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35) 0



Taxpayer Identification Number (TIN)	Registered Name
000 460 802 000	GRAND PLAZA HOTEL CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	Amount	
4		0
5 2022	990,517	0
6	0	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) (E = A Less B + C + D)
4	0	0
5	990,517	0
6	0	0
7	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	990,517	0

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

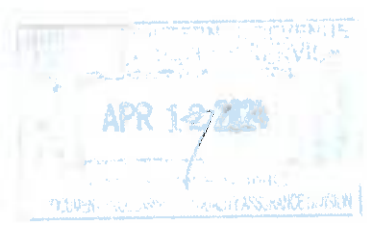
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2021	0	1,162,457	1,162,457
2 2022	0	2,021,008	2,021,008
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1	0	0	1,162,457
2	0	0	2,021,008
3	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)			0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	40,857,562
Add: Non-deductible Expenses/Taxable Other Income	
2 VARIOUS ACCOUNT PER AFS	52,674,408
3	0
4 Total (Sum of Items 1 to 3)	93,531,970
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 VARIOUS ACCOUNT PER AFS	41,717,102
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	41,717,102
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	51,814,868



GRAND PLAZA HOTEL CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of Grand Plaza Hotel Corporation (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as at and for the year ended December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



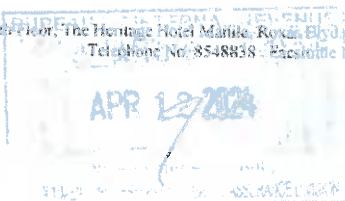
Kwek Eik Sheng
Chairman and President



Yam Kit Sung
Director, General Manager & Chief Financial Officer

Signed this 11 day of April

10th Floor, The Heritage Hotel Manila, Roxas Blvd Cor. EDSA Ext., Pasay City
Telephone No. 8548838 - Facsimile No. 8548825



BIR Form No.
1709

**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY**
(FOREIGN AND/OR DOMESTIC)



December 2020 (ENCS)
Page 1

Enter all required information in CAPITAL LETTERS using SLACK (ink. Must be typed twice with an "X". Two copies must be filed with the BIR and one held by the Taxpayer.

1 For the Calendar Fiscal 2 Year Ended (MM/YY) 12 20 23 3 Number of Sheets Attached

Part I - Background Information

4 Taxpayer Identification Number (TIN) 000 460 604 0000 5 RDO Code 125

6 Taxpayer's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
GRAND PLAZA HOTEL CORPORATION

7 Registered Address (Trade Name, Branch, P.O. Box, etc. for individuals; Street Name, Postal Address, and P.O. Box for registered companies and other entities)
10TH FLOOR THE HERITAGE HOTEL MANILA, ROXAS BLVD, CORNER EDSA
PASAY CITY 75A ZIP Code 1300

8 Contact Number (Landline/Cellular No.) 9 Email Address

Part II - Details of Related Parties

(Fill out the table properly. Write "N/A" if not applicable and use additional sheets, if necessary.)

A. Foreign Related Parties

Name	Nature of Relationship	Country of Residence	Foreign TIN	Local TIN	With Permanent Establishment (PE) in the Philippines? (Yes/No)	TIN of PE

B. Domestic Related Parties

Name	Nature of Relationship	TIN	Registered Address
Harbour Land Corporation	Associate	000-163-601-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City
Rojito Realty Corporation	Under Common Control	000-495-411-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City
Elite Hotel Management Services	Under Common Control	408-499-848-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City

Part III - Related Party Transactions

A. Sale of Goods and Provisions of Services

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Were you granted treaty benefit in the source country? (Yes/No)	Income Tax Withheld by the Income Payer

B. Purchase of Goods and Services Except Those Provided by Key Management Personnel (KMP)

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Did the income recipient claim treaty benefit? (Yes/No)	Was a TIRA filed therefor? (Yes/No)	Income Tax Withheld by the Income Payer (if any)	Is the income payment attributable to PE? (Yes/No)

1709 1220 ENCS P1

**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY
(FOREIGN AND/OR DOMESTIC)**



TIN: _____ Registered Name: _____

Continuation of Part III

C. Loans Granted to or Non-Trade Receivable from (Related Parties)

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debt (if any)*	Bad Debt Expense Recognized During the Period (if any)**
Rogo Realty Corporation	15,500,000.00		5% per annum collectible upon demand	15,500,000.00		

D. Loans Received from or Non-Trade Payable to (Related Parties)

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year

E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount in PHP
Harbour Land Corporation	Working Capital purposes		1,950,000.00
Rogo Realty Corporation	Working Capital purposes		432,836.00
Elite Hotel Management Services	Working Capital purposes		-0-

Part IV - Additional Disclosure

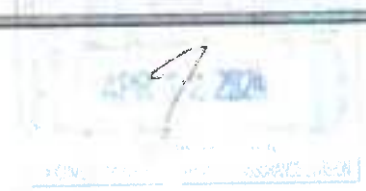
A. Brief business overview of the ultimate and immediate parents of the taxpayer:
 See attached Audited Financial Statements and various disclosures

B. Brief business overview/functional profile of the taxpayer:
 Grand Plaza Hotel Corporation was registered with SEC on Aug. 9, 1989 primarily to own, lease or manage one or more hotels, inns or resorts all adjuncts and accessories thereto and all.

C. Has there been any change in your functional profile during the taxable period? If yes, provide details. Yes No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. Yes No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years? If yes, provide details. Yes No



BIR Form No.

1709

December 2020 (ENCS)
Page 3

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC)



TIN	Registered Name
-----	-----------------

Continuation of Part IV

F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include but are not limited to the following: (a) Organizational Structure; (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents.

Yes No

G. Do you have pending applications for relief with the BIR or with the tax authority of other countries? If yes, provide details.

Yes No

H. Do you have an Advance Pricing Agreement (APA) with your related parties?

Yes No

We declare, under the penalties of perjury that this return has been made in good faith, and true, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required documents to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. If authorized representative, please attach an authorization letter.

Stamp of receiving Office and Date of Receipt
(RO's Signature)

[Signature]
AZUCENA OSI - TIN: 212-938-866-000

Signature (and Printed Name) of Taxpayer/Authorized Representative/Tax Agent	Title and TIN
Tax Agent Association Number (if Applicable)	
Date of Issue (MM/DD/YYYY)	Date of Expiry (MM/DD/YYYY)



SWORN DECLARATION

REPUBLIC OF THE PHILIPPINES
PROVINCE OF METRO MANILA
CITY/MINICIPALITY OF PASAY CITY

I, Azucena Osi, Filipino, of legal age designated as Finance Manager of Grand Plaza Hotel Corporation, with business address located at 10th Floor, The Heritage Hotel Manila Roxas Boulevard cor. EDSA, Pasay City do hereby certify the following:

- That in compliance with the requirements of Revenue Regulations No.2-2015, submitted herewith is 1 DVD-R/s containing 432 scanned BIR Form 2307/2316 covering the period January – December 2023.
- That the contents of the DVD-Rs being submitted herewith conform to the conditions/specification requirements set by the Bureau of Internal Revenue.
- That the soft copies of the BIR Form 2307/2316 contained in the DVD-R/s being submitted herewith are the complete and exact copies of the original thereof.

I HEREBY DECLARE UNDER THE PENALTIES OF PERJURY THAT THE FOREGOING ATTESTATIONS ARE TRUE AND CORRECT.


AZUCENA C. OSI
Name and Signature of Authorized Representative
TIN: 212-938-866-000

SUBSCRIBED and sworn before me, in the City/Municipality of Quezon City, this day of APR 12 2024 with Residence Certificate No. _____ issued at _____ of _____ 20__.

Notary public
Doc. No. 42
Page No. 3
Book No. I
Series of 2024


ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC IN QUINZON CITY
2024 December 31, 2028
PRES. SERVICE CENTER - QUINZON CITY
1250 N. RIZAL BLVD. QUINZON CITY, METRO MANILA
ADM. MATR. NO. 00452 (2017-2024)

Re: 1702_12 2023_ATTACHMENT_GRAND PLAZA HOTEL CORPORATION

esubmission@bir.gov.ph <esubmission@bir.gov.ph>

Fri 4/12/2024 8:06 AM

To: Genalyn Escario <genalyn.escario@millenniumhotels.com>

The BIR has received your data file(s). Please be informed that you will receive another email on the file structure validation results of your submission, but no further email will be received on the TIN validation results. Hence, please ensure that the TIN of the Withholding Agent is valid for a successful submission of your Alphalist (or SLSP, as the case may be).

Thank you.





NC002M07WG

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

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

THAT I was present on the day hereof and did see **KWEK EIK SHENG** the person named and mentioned in the document "**SEC FORM 17-A – ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES**" with "**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**" dated 2 April 2024 hereunto annexed sign the said document as Chairman and President of the said company **AND THAT** the signature therein subscribed is the proper handwriting of the said **KWEK EIK SHENG**.

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 3rd day of April 2024.

**NOTARY PUBLIC
SINGAPORE**



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

With effect from 16 September 2021, a Notarial Certificate shall be deemed to be validly authenticated by the affixing of an Apostille to the back of the Notarial Certificate.



APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

This Apostille only certifies the authenticity of the signature, seal or stamp and the capacity of the person who has signed the attached Singapore public document, and, where appropriate, the identity of the seal or stamp. It does not certify the authenticity of the underlying document.

If this document is to be used in a country not party to the Hague Convention of the 5th of October 1961, it should be presented to the consular section of the mission representing that country.

To verify this Apostille, go to

<https://legalisation.sal.sg>

or scan QR code:



Verification code: 98510921

1. Country: Singapore

This public document

2. Has been signed by: Ho Suk Tsing Leslie

3. Acting in the capacity of: Notary Public

4. Bears the seal/stamp of: Notary Public

Certified

5. At: Singapore Academy of Law

6. The: 3rd April 2024

7. By: Melissa Goh, Director, Trust Services, SAL

8. No.: AC002M0M41

9. Seal/Stamp: 10. Signature:



Melissa Goh

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended 31 December 2023
2. SEC Identification Number 166878 3. BIR Tax Identification No. 000-460-602-000
4. Exact name of issuer as specified in its charter GRAND PLAZA HOTEL CORPORATION ("Company")
5. City of Pasay, Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 10/F, The Heritage Hotel Manila, Roxas Blvd. Cor. EDSA Ext., Pasay City 1300
Address of principal office Postal Code
8. Tel No. (632) 8854-8838 ; Fax No. (632) 854-8825
Issuer's telephone number, including area code
- 9 N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

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

11. Are any or all of these securities listed on a Stock Exchange.

Yes [x] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange : Philippine Stock Exchange
Securities : Common Shares

12. Check whether the issuer:

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

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

Yes No

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

Yes No

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

The share price of the Company as of 31 December 2023 is PhP9.75 and the total voting stock held by non-affiliates of the Company is 6,857,282. Therefore, the aggregate market value of the voting stock held by non-affiliates of the Company is PhP66,858,499.50.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 7.1(b);
- (c) Any prospectus filed pursuant to SRC Rule 8.1-1.

PART I – BUSINESS & GENERAL INFORMATION

ITEM 1. BUSINESS

General

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

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

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

For the fiscal year ended 31 December 2023, the Company reported a net profit after tax of about PhP32.4 million as against a net profit after tax of PhP5.9 million in 2022 and profit after tax of PhP33.6 million in 2021.

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

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

Competitive Position

The main competitors of The Heritage Hotel Manila are Manila Hotel, St. Giles Makati, Belmont Hotel Manila, The Mini Suites Eton Tower Makati and Savoy Hotel Manila.

Based on information made available to us, for the year 2023, our Heritage Hotel occupancy was 50.4% versus competitor's occupancy of 600%. Our Average Room Rate was PhP3,098 while competitor rate was PhP3,171. The resultant Revenue Per Available Room (Revpar) of our Hotel was PhP1,563 versus competitor of PhP1,902.

Raw Materials and Services

The Hotel purchases its raw material for food and beverage ("F&B") from both local and foreign suppliers. The top 3 suppliers for raw materials are Sunshine Trading, JC Seafood Supply and Golden Acres Food Service Corp.

Dependence on Single Customer

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

Related Party Transactions

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

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

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

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

Policy on Related Party Transactions

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

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

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

a. Approval of individual Material RPTs

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

b. Approval of aggregate RPT transactions

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

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

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

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

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

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

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

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

No disclosure is needed for any transaction where:

- a. The transaction involves services at rates or charges fixed by law or governmental authority;
- b. The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;
- c. The amount involved in the transaction or a series of similar transactions has an aggregate value of less than Php2,500,000; or
- d. The interest of the person arises solely from the ownership of securities of the registrant and the person receives no extra or special benefit that was not shared equally (pro rata) by all holders of securities of the class.

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

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

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

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

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

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

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

Patents, Trademarks, Etc.

The Company registered the tradename "The Heritage Hotel Manila" with the Intellectual Property Office on 12 July 2000 under registration number 41995105127. Under current laws, the registration is valid for a term of 20 years, or up to 12 July 2020. This has been renewed and it is now valid until 12 July 2030.

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

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

Government Approval and Regulation

The Hotel applies for Department of Tourism ("DOT") accreditation annually. The accreditation is based on the 2012 Rules and Regulations to Govern the Accreditation of Accommodation Establishments of the DOT. The DOT inspects the Hotel to determine whether the Hotel meets the criteria of the DOT. The DOT certificate of accreditation has been renewed in 2022 and valid until 2024.

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

Development Activities

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

Number of Employees

The Hotel employed a total of 287 employees for the year ended 31 December 2023. Out of the 287 employees, 155 are regular employees and 132 are casual employees.

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

	REGULAR	CASUAL	TOTAL
Hotel Operating Staff (All operating dept)	102	102	204
Management/Admin/Security (A&G Dept)	25	18	43
Sales & Marketing	12	1	13
Repairs & Maintenance	16	11	27
Total	155	132	287

Barring any unforeseen circumstance, for the year 2024, the Company will maintain more or less the same number of employees as in year 2023.

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

ITEM 2. PROPERTIES

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 4 July 2018, the CTA rendered its Decision.

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

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

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

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

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

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

MR filed by CIR

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

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

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

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

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

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

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

Petition for Review filed by the CIR

On 23 March 2021, Management of the Corporation was advised by the Corporation's tax counsel that it had received a copy of the Petition for Review dated 8 March 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated 29 September 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated 29 September 2020 and Resolution dated 19 January 2021 and (ii) render a decision ordering the Corporation to pay the total amount of PhP 37,394,321.84, PhP 142,281,715.20, and PhP 326,352,191.20 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of PhP 506,028,228.24 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

The Corporation has filed its Position Paper to the Supreme Court and awaiting the court's decision. No further update on the tax case as at 2 March 2024.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

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

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

On the 10 July 2023 annual stockholders' meeting, the following were elected as directors of the Company:

Kwek Eik Sheng;
Bryan Cockrell;
Yam Kit Sung;
Wong Kok Ho;
Ricardo Pio Castro, Jr.
Natividad Alejo; (independent director); and

Simeon Ken R. Ferrer (independent director).

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

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

The following are the high and low share prices of the Company for the year 2023 and 2022:

Amount in Peso:

	HIGH	LOW	HIGH	LOW
	Year 2023	Year 2023	Year 2022	Year 2022
First Quarter	9.77	9.75	15.28	10.36
Second Quarter	11.40	8.46	15.96	10.5
Third Quarter	12.00	10.78	13.84	10.00
Fourth Quarter	12.84	11.00	12.00	11.98

The last recorded trade of the shares of the Company during the fiscal year covered by this report occurred on 31 December 2023. The share price was PhP9.75.

Holders of Securities

The Company has only one class of shares, i.e., common shares. The total outstanding common shares as of 31 December 2023 is 87,318,270 inclusive of 33,600,901 treasury shares.

As of 31 December 2023, the number of shareholders of the Company is 16,629.

The list of the top 20 shareholders is as follows:

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDING (EXCLUDING TREASURY SHARES)
01	The Philippine Fund Limited	29,128,932	54.23%
02	Zatrio Pte Ltd	17,727,149	33.00%
03	PCD Nominee Filipino	3,734,299	7.06%
04	PCD Nominee Non-Filipino	240,372	0.44%
05	Alexander Sy Wong	34,505	0.06%

06	Cabanatuan Electric Corporation	11,084	0.02%
07	Asia Overseas Transport Co. Inc.	7,614	<0.01%
08	School of St Anthony	6,557	<0.01%
09	Main Pacific Features, Inc	6,169	<0.01%
10	Phoon Lin Mui	6,000	<0.01%
11	Yam Kit Seng	6,000	<0.01%
12	Yam Kum Cheong	6,000	<0.01%
13	Yam Poh Choo	6,000	<0.01%
14	Lim Rogelio Roleda	5,361	<0.01%
15	Lucas M. Nunag	4,713	<0.01%
16	Mary Dee Chinjen	4,290	<0.01%
17	Palawan Pawn Shop Inc	4,002	<0.01%
18	Natividad B. Kwan	3,893	<0.01%
19	Julie's Franchise Corporation	3,817	<0.01%
20	Nationwide Distributor Inc	3,672	<0.01%
	Total	50,948,004	94.85%

Dividends

No dividends were declared for FY2023 and FY2022.

Dividend Policy

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

Recent Sales of Unregistered Securities

The Company does not have any unregistered securities.

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

(A) Full Fiscal Year

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

	2023	2022	2021
Current ratio (Solvency ratio)	2.12	2.33	3.25
Debt/Equity	0.59	0.53	0.41
Assets/Equity	1.59	1.53	1.41
Profit/(Loss) before tax margin ratio	8.7%	4.1%	14.1%
Earnings before interest, tax, depreciation & amortization (EBITDA) Peso	72.03 million	9.18 million	87.84 million

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

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. The current ratio fell by 0.21 (9.0%) compared to the same period of last year. This is mainly due to higher current assets and is a result of higher cash balance and offset by higher accounts payable and amount due to related parties.

Debt to equity ratio measures a company's financial leverage. It is derived by dividing total liabilities over equity. There is an increase of 0.06 (11.3%) as compared to 2022 due to higher total liabilities.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There an increase of 0.06 (3.9%) as compared to 2022 due to higher total assets specifically cash, receivables and other non-current assets.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. The Company reported a profit before tax of Ph40.6 million this year as compared to prior year of PhP12.3 million.

EBITDA is a measure of the company profitability without interest, depreciation and, taxes. This ratio improved by PhP62.8 million (684.6%) as compared to last year. This is due to higher trading profit.

Management is not aware of:

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

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

Results of Operations:

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

YEAR	REVENUE – PHP'000	NIAT – PHP'000
2023	468,291	30,863
2022	295,403	5,998
2021	334,990	33,669

2023 Results of Operations

For the year under review 2023, the Company reported a net income after tax of PhP30.8 million as compared to PhP5.9 million in 2022. The Company has a strong turnaround in both revenue and NIAT.

Revenue:

Total revenue improved from PhP295.4 million to PhP468.3 million or PhP172.9 million (58.5%) increase. The better performance is registered in all segments of the business especially Food and Beverage (F&B) and Others which is mainly due to rental income from newly acquired tenant.

Room division recorded a 18.3% improvement in revenue from PhP201.1 million to PhP237.9 million. Occupancy was 50.3% as compared to 46.4% in 2022 while Average Room Rate also showed an increase from PhP2,636 to PhP2,880. Consequently, Revpar increased from PhP1,224 to PhP1,448. With travel and business back to norm in Manila, the Hotel was able to stabilize its business and corporate and package segments showed improvement in 2023.

F&B showed stellar results with a 70.8% increase in total revenue. This is mainly driven by higher revenue in Riviera, Banquet and Lobby Lounge. Similar to Rooms Division, F&B also see improvement in total covers by 57,320 (31.1%) and Average Check by PhP125 (30.9%) over prior year.

Other income consists mainly of rental income. As the Company was able to secure a casino tenant in 2022 and in 2023, the tenant started paying rent after expiry of their rent free period, Other Income increase from PhP6.8 million to PhP80.9 million.

Cost of sales and services:

F&B cost of sales increased by 52.4% relative to 2022 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance increased from PhP199.5 million to PhP275.8 million or 38.2% versus the prior year. The increase is consistent with the higher

revenue especially F&B. The major variances are payroll and employee benefits, management fees offset by the reversal of impairment loss of PhP34.7 million in 2022.

Other income/(expenses):

This balance reported an income of PhP6.1 million in 2023 as compared to an income of PhP19.6 million in prior year. This is mainly due to in 2022, there was a foreign exchange gain of PhP22.4 million as compared to a loss of PhP5.2 million in 2023. This is mitigated by the higher interest income of PhP22.8 million in 2023 as compared to PhP9.8 million in 2022 due to higher cash balance and interest rate.

2022 Results of Operations

For the year under review 2022, the Company reported a net income after tax of PhP5.9 million as compared to PhP33.6 million in 2021. This is a fall of PhP27.7 million or 82.4% over the prior year.

Revenue:

Total revenue fell from PhP334.9 million to PhP295.4 million or PhP39.5 million (13.3%). The decrease in total revenue is mainly due to significant drop in room revenue as the hotel was out of quarantine business in January 2022.

With the cessation of quarantine business, the hotel occupancy fell from 78.1% to 46.4% in 2022. Average Daily Rate (ADR) meanwhile improved by PhP419 or 18.8% over 2021. However, due to the significant fall in occupancy, the resultant Revpar decreased by 29.4%.

Food and Beverage ("F&B") business benefited from the lifting of quarantine business. Total F&B revenue improved by PhP39.7 million (83.2%) over prior year. Riviera café revenue improved by 5.5% over last year while Banquet registered a growth in revenue from PhP3.6 million to PhP36.3 million or 908%) as in 2021, hotel was not able to accept banquet business.

Cost of sales and services:

F&B cost of sales increased by 59.5% relative to 2021 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance decreased from PhP219.4 million to PhP199.6 million or 9.1% versus the prior year. With the drop in total revenue, the Hotel worked to manage cost and the other significant contributor is the reversal of impairment loss amounting to PhP34.7 million.

Other income/(expenses):

This balance reported an income of PhP19.6 million in 2022 as compared to an income of PhP2.2 million in prior year as in 2021. The Company recognized a foreign exchange gain of PhP22.4 million in 2022 while it recognized a gain of PhP9.3 million in 2021.

2021 Results of Operations

For the year under review 2021, the Company reported a net income after tax of PhP33.6 million as compared to PhP12.0 million in 2020. This is an improvement of PhP21.6 million

or 180% over the prior year. This is achieved through a combination of higher revenue and managing cost.

Revenue:

Total revenue improved from PhP329.9 million to PhP334.9 million or PhP5 million (1.5%). This is mainly due to 10% rise in room revenue but offset by the 25% drop in F&B revenue. In FY2021, Covid-19 continued to plague the world economy especially the hospitality industry. With most countries' borders closed and social distance restriction imposed on dining facilities, our business continued to be affected.

Room revenue improved through higher occupancy from 63% to 78% or 15 percentage points while Average Room Rate ("ARR") fell from PhP2,479 to PhP2,217 or 10%. In FY2021, hotel captured more Overseas Workers Welfare Administration ("OWWA") market which helped it to improve its occupancy though with a lower room rate.

With the intermittent restriction on movements imposed by government, Food and Beverage ("F&B") business is severely impacted. Both Riviera and Banquet revenue fell by 24% and 53% respectively which is offset by 54% rise in room service. Total F&B revenue decreased by PhP16.3 million or 25%.

Cost of sales and services:

F&B cost of sales fell by PhP12.7 million (15.2%) over last year which is consistent with the 25% drop in F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. No major change in this balance even though revenue has increased as the Company continued to exercise prudence in spending. Non-essential expenses are deferred.

Other income/(expenses):

This balance reported an income of PhP2.2 million in 2021 as compared to an expense of PhP18.2 million in prior year as in 2020, the Company recognized a foreign exchange loss of PhP12 million while it recognized a gain of PhP9.3 million in 2021.

Financial Conditions:

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

YEAR	ASSETS - PHP'000	LIABILITIES - PHP'000
2023	1,497,565	553,565
2022	1,399,729	485,793
2021	1,269,060	367,693

2023 Financial Conditions

Total assets for the year 2023 increased by PhP97.8 million (6.9%) as compared to 2022 while total liabilities also increased by PhP67.7million (13.9%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP53.3 million (10.8%) versus end of last fiscal year. The improvement in cash balance is due to better trading and in 2023, the new tenant started to pay rent.
- Accounts receivables – net: This balance increased from PhP92.2 million to PhP118.1 million higher than prior year. The higher account receivables is consistent with the higher revenue.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP0.7 million (12.2%) and this is due to improvement in F&B revenue and Hotel had to stock up more inventories.
- Property and equipment net: This balance fell by PhP16.4 million (3.0%) as compared to prior year. This is mainly due to depreciation charges for the year offset by addition of new assets during 2023.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance increased by PhP3.4 million (22.5%) as a result of recognition of higher deferred tax liabilities from excess of ROU asset over lease liability and offset by remeasurement gain on retirement benefit liability.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased by PhP27.6 million (31.7%) as a result of an increase in advances to suppliers/contractors.
- Accounts payable and accrued expenses: There is an increase of PhP39.4 million or 62.3% versus prior year. As business recovered with higher occupancy and F&B business, the hotel's trade payable also increased.
- Other current liabilities: This balance increased by PhP3.6 million (6.3%) as compared to prior year and this is mainly due to higher Output VAT payable.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

2022 Financial Conditions

Total assets for the year 2022 increased by PhP131.2 million (10.3%) as compared to 2021 while total liabilities also increased by PhP118.0 million (32.1%).

Assets/Liabilities and Equity:

- **Cash and cash equivalents:** This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP103.8 million (26.8%) versus end of last fiscal year. Hotel was able collect the outstanding from a major client in early 2022 and in addition, hotel has received about PhP90 million in security deposit from a new tenant.
- **Accounts receivables – net:** This balance decreased from PhP106.4 million to PhP92.2 million or 13.3% lower than prior year. In early 2022, hotel was able to work closely with OWWA for them to pay the remaining outstanding balance and due to lower revenue, this balance also reduced.
- **Due from related parties:** This balance increased by PhP8.7 million (378%) relative to last year as related parties have not settled its outstanding liabilities to the Company.
- **Inventories:** Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP1.7 million (36.9%) and this is due to improvement in F&B revenue and Hotel has to stock up more inventories.
- **Prepaid expenses and other current assets:** This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased from PhP37.9 million to PhP82.2 million. The increase is mainly due to the increase in higher creditable withholding tax and prepaid insurance.
- **Property and equipment net:** This balance fell by PhP0.13 million (<1%) as compared to prior year. This is mainly due to depreciation charges for the year offset by reversal of impairment loss amounting to PhP34.7 million recognized in prior year.
- **Deferred tax assets –net:** Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance decreased by PhP6.1 million (28.4%) as a result of recognition of higher deferred tax liabilities from unrealized foreign exchange gain.
- **Other noncurrent assets:** This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year decreased by PhP6.9 million (7.3%) as a result of decrease in advances to suppliers/contractors.
- **Accounts payable and accrued expenses:** There is an increase of PhP1.6 million or 2.5% versus prior year. As business recovered slowly with higher occupancy, the hotel's trade payable also increased.
- **Lease liability – current portion and non-current portion:** Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

2021 Financial Conditions

Total assets for the year 2021 increased by PhP43.2 million (3.5%) as compared to 2020 while total liabilities also increased by PhP8.6 million (2.4%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP102.1 million (36%) versus end of last fiscal year. With better profitability and improved collection from OWWA, the hotel is able to increase the cash balance.
- Accounts receivables – net: This balance decreased from PhP127.1 million to PhP99.1 million or 22% lower than prior year. In 2021, hotel was able to work closely with OWWA for them to pay more promptly and this improved the accounts receivables.
- Due from related parties: This balance increased by PhP2.5 million (35.7%) relative to last year as related parties have not settled its outstanding liabilities to the Company.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is a drop in this balance by PhP0.6 million (11.5%) and this is due to lower inventories in food and beverage and general supplies.
- Prepaid expenses and other current assets: This consist mainly of prepaid insurance, prepaid income tax and input tax. This balance increased from PhP27.6 million to PhP37.9 million. The increase is mainly due to the increase in prepaid tax by PhP14 million.
- Property and equipment net: This balance fell by PhP33.7 million (5.7%) as compared to prior year. This is mainly due to depreciation charges for the year offset by acquisitions of new property and equipment.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance decreased by PhP11.8 million (36%) as a result of recognition of higher deferred tax liabilities from unrealized foreign exchange gain.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased marginally by PhP2.1 million (2.2%) as a result of higher advances to suppliers/contractors. This pertains to reduction in some capital expenditures that are still work in progress and had not been capitalized yet.
- Accounts payable and accrued expenses: There is an increase of PhP3.3 million or 25.9% versus prior year. As business recovered slowly with higher occupancy, the hotel's trade payable also increased.
- Due to related parties: As at end of year 2021, this balance has increased by PhP4.1 million (9.7%) as the Company has not settled its outstanding liability with related companies of which the majority pertains to rental expense to an associate.

- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

Risks

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

ITEM 7. FINANCIAL STATEMENTS

Please see attachments.

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

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

NAME	OFFICE	CITIZENSHIP	FAMILY RELATION (*)	AGE
Kwek Eik Sheng	Chairman & President	Singapore	No relation	42
Bryan Cockrell	Vice Chairman/Director	American	No relation	76
Wong Kok Ho	Director	Chinese	No relation	75
Ricardo Pio Castro, Jr.	Director	Filipino	No relation	71
Natividad Alejo	Independent Director	Filipino	No relation	67
Simeon Ken R. Ferrer	Independent Director	Filipino	No relation	67
Yam Kit Sung	Director, General Manager of the Company / Chief Finance Officer / Compliance Officer / Chief Audit Executive	Singaporean	No relation	53
Farid Schoucair	General Manager The Heritage Hotel Manila	Swiss	No relation	67

	Management Executive Committee			
Juancho Baltazar	Director of Human Resources/ Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	63
Alain Charles J. Veloso	Corporate Secretary	Filipino	No relation	44
Arlene De Guzman	Treasurer	Filipino	No relation	63
Jeffrey Villablanca	Director Of Finance / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	39
Ramon Perez Jr., PME	Director of Engineering, Member - Heritage Hotel Manila Management Executive Committee	Filipino	No relation	64

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

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

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

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

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

Business Experience

KWEK EIK SHENG *CHAIRMAN & PRESIDENT*

Mr. Kwek served as Chairman and President of the Board of Grand Plaza Hotel Corporation since his appointment on 1 January 2020. Mr. Kwek is currently the Group Chief Operating Officer of City Developments Limited ("CDL"), an appointment he has held since 1 January 2022.

Mr. Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. In 2014, he assumed the role of Chief Strategy Officer and undertook an added portfolio as Head of Asset Management in April 2016. Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specializing in corporate finance roles from 2006 to 2008.

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

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

BRYAN K. COCKRELL
DIRECTOR

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

SIMEON K. FERRER
INDEPENDENT DIRECTOR

Simeon Ken R. Ferrer is currently Of Counsel at SyCipLaw, having recently retired as a Senior Partner and Head of the Corporate Services Department. His practice areas include corporate governance, banking, finance and securities, foreign investments, mergers and acquisitions. He has been consistently cited as a leading practitioner in areas of capital markets, commercial and corporate law and corporate governance by various legal periodicals. He is an SEC-accredited lecturer on corporate governance and is a member of the faculty of the Ateneo Law School. Mr. Ferrer is a member of the Integrated Bar of the Philippines and the Philippine Bar Association and a Fellow of the Institute of Corporate Directors. He is also the International Alumni Contact for the Philippines of the University of Michigan Alumni Association. He was first appointed as an independent director of Grand Plaza on 17 May 2021.

RICARDO P.C. CASTRO JR.
DIRECTOR

Ricardo P.C. Castro Jr. is a retired International Partner of Baker McKenzie law firm where he was a member of its Policy Committee and of its Manila member firm Quisumbing Torres, where he was the Managing Partner for eight years. His practice areas included Dispute Resolution and Litigation, Global Mobility, and Corporate Compliance. At present, he is a member of the Advisory Board of Southwestern Institute for International and Comparative Law based in Texas, U.S.A. and of the Board of Trustees of the University of San Agustin. He is involved with Christoffel Blindenmission (CBM), a foundation based in Germany extending

assistance to the disabled in the world's 80 poorest countries, where he was a member of its International Board for eight years. He is a lecturer in the Mandatory Continuing Legal Education program for lawyers. He has been a law professor, bar reviewer, and was a Bar Examiner in the 2004 bar examinations. After his retirement from active law practice in 2015, Mr. Castro has been elected and is presently an officer or a director of more than 30 corporations involved in property development, business process outsourcing, minerals, tourism, fashion, and manufacturing. He was first appointed as a director of Grand Plaza on 17 May 2021.

WONG KOK HO

DIRECTOR

Mr. Wong Kok Ho, a Chinese national, has been a director of the Company since 15 May 2018. Mr. Wong has also been an executive director of Asia Financial Holdings Limited, a public listed company in Hong Kong Stock Exchange, since 2 May 2007 and has served the Group for over 40 years. Mr. Wong is an executive director of Asia Insurance and a director of several other subsidiaries of the Company. Mr. Wong was the Chief Executive Officer of Asia Insurance until October 2016 and has extensive experience in the insurance industry. He sits on the boards of AFH Charitable Foundation Limited, The People's Insurance Co. of China (Hong Kong), Limited, AR Consultant Service (HK) Limited, Professional Liability Underwriting Services Limited and Asia Insurance (Philippines) Corporation. Mr. Wong is also an independent non-executive director of Sompoo Insurance (Hong Kong) Company Limited, and an adviser to both BE Reinsurance Limited and BC Reinsurance Limited. Mr. Wong was educated in Hong Kong and Deakin University, Melbourne, Australia and is a fellow member of The Chartered Insurance Institute, London.

YAM KIT SUNG

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

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

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

NATIVIDAD N. ALEJO

INDEPENDENT DIRECTOR

Ms. Natividad N. Alejo was appointed as an independent director of the Corporation on 16 May 2022. Ms. Alejo is currently a co-founder and managing director of AlphaPrimus

Advisors, Inc., a boutique house that draws on the collective wealth of experience and track record of its incorporators in various fields of banking, with focus on providing advice on mergers and acquisitions, capital raising and strategy. She also currently serves as a director of BPI Direct Banko Inc., a savings bank that focuses on providing banking and finance to self-employed micro-entrepreneurs (SEMEs). Ms. Alejo is an experienced senior banker with more than 30 years of key leadership roles in retail banking, microfinance, investment banking and corporate finance, and strategic planning.

ARLENE DE GUZMAN
TREASURER

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

ALAIN CHARLES J. VELOSO
CORPORATE SECRETARY

Mr. Alain Charles Veloso is a partner and assistant head of Quisumbing Torres' Corporate & Commercial/M&A Practice Group. He heads the Firm's Capital Markets Practice, and the Financial Institutions Industry Group. He is also a member of the Firm's Technology, Media & Telecommunications industry group. He participates in the initiatives of Baker McKenzie International of which Quisumbing Torres is a member firm. He is a member of Baker McKenzie's Asia Pacific Competition, Insurance, and Capital Markets Committees. He has 17 years of legal practice, advising clients with regard to their transactions in the Philippines, including private and public M&A transactions, debt, and equity capital markets transactions, and structuring and establishment of their Philippine presence. Mr. Veloso also heads the Firm's Inclusion & Diversity and B-Green Committees. Mr. Veloso currently serves as the Chairperson of the Diversity and Inclusion Committee of the Integrated Bar of the Philippines (IBP) Makati Chapter.

He joined Quisumbing Torres in 2006 after graduating class valedictorian and *cum laude* from the University of the Philippines College of Law in 2006. Mr. Veloso was admitted to the Philippine Bar in 2007 and ranked 10th in the 2006 Philippine Bar exams. Prior to obtaining his law degree, Mr. Veloso obtained his B.S. Accountancy from the University of the Philippines – Tacloban College in 2001, graduating *cum laude* and is a Certified Public Accountant. Mr. Veloso studied EU Competition Law at the London School of Economics and Political Science in 2017. He is one of the authors of *The Philippine Competition Act Annotated 2021* edition.

Mr. Veloso is recognized as Leading Individual for Capital Markets in 2020 to 2024, and Antitrust and Competition in 2024 by The Legal 500 Asia Pacific. He was also cited as one of the leading competition lawyers by Who's Who Legal: Southeast Asia 2022 to 2023 - Competition edition, and WWL's Future Leader for Competition in 2022 to 2023. He was awarded Client Choice Awards for Competition by Lexology 2021 and 2022, and Young

Lawyer of the Year by Asian Legal Business Philippine Law Awards 2020. The Asian-MENA In-House Community Counsels cited him as External Counsel of the Year in Asia by in 2019, and he was ranked as a Next Generation Lawyer for Corporate and M&A by Legal 500 Asia Pacific for 2017 and 2018. He was also a 2018 Bench and Bar Awardee of the Integrated Bar of the Philippines' Leyte Chapter.

Mr. Veloso is also the corporate secretary of various private companies. He is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC.

FARID SCHOUCAIR

GENERAL MANAGER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Farid Schoucair joined The Heritage Hotel Manila, as General Manager, on December 17, 2019. Farid was transferred from the Grand Copthorne Waterfront Hotel in Singapore, back to Manila, to replace Eddie Yeo, who retired after some 14-years at the helm of THHM. Half Lebanese and half Swiss, Farid got his diploma in Hotel & Tourism Management, from the Centre International de Glion, in Montreux, Switzerland back in 1980. He then joined the Hyatt Regency Dubai, back in 1981 as a management trainee and climbed the ladder from banqueting department to various F&B management positions and then General Manager of the Hyatt Regency Jeju back in August 1996. Farid has spent 25-years with Hyatt International; moving from Macau to Saipan, Singapore, Kuala Lumpur, Manila, South Korea and back to Manila; where he was managing the Hyatt Regency Manila up to December 2006. In April 2007, he joined M&C, to renovate and rebrand the then-Regent Hotel in KL to the Grand Millennium KL. He then moved back to Manila to renovate and rebrand the Renaissance Hotel in Makati to the New World Makati Hotel, where he spent the last ten years; before moving back to Singapore at the helm of the Grand Copthorne Waterfront Hotel, back in March 2019.

JEFFREY VILLABLANCA

DIRECTOR OF FINANCE, MEMBER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Mr. Jeffrey Villablanca joined the company in 2014 as Chief Accountant and worked his way up to Assistant Director of Finance and, eventually, Director of Finance in 2022. Prior to joining the Heritage Hotel, Jeffrey worked as a General Accountant and Income Auditor at the Mandarin Oriental Manila. He was a member of the closing team for Mandarin Oriental Manila, which temporarily closed its doors in the Manila market. He also worked as an accountant for The Daily Tribune.

Mr. Villablanca obtained his B.S. Accountancy from Eastern Visayas State University (EVSU-Tacloban) and is a Certified Public Accountant.

JUANCHO BALTAZAR

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

An extensive background in the hospitality profession, Atty. Juancho Baltazar has exposure in almost all areas of hotel management and thus embedded in him the important aspect of the

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

Attendance Record

Meeting Attendance of the Company’s Board of Directors in 2023:

Date of Board of Directors’ meetings	Names of Directors						
	Kwek Eik Sheng	Bryan Cockrell	Wong Kok Ho	Yam Kit Sung	Simeon Ferrer	Ricardo Pjo Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present	Present	Present	Present	Present
10 May 2023	Present	Present	Present	Present	Present	Present	Present
10 July 2023 (special)	Absent	Absent	Present	Present	Present	Present	Present
10 July 2023 (organizational)	Absent	Absent	Present	Present	Present	Present	Present
1 August 2023	Present	Present	Present	Present	Present	Present	Absent
6 November 2023	Present	Absent	Present	Present	Present	Present	Present
Total	4/6	3/6	6/6	6/6	6/6	6/6	5/6
Percentage of attendance	66.67%	50%	100%	100%	100%	100%	83.33%

Meeting Attendance of the Company's Audit Committee in 2023:

Date of Meetings	Names of Directors		
	Bryan Cockrell	Ricardo Pío Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present
10 May 2023	Present	Present	Present
1 August 2023	Present	Present	Present
6 November 2023	Absent	Present	Present
Total	3/4	4/4	4/4
Percentage of attendance	75%	100%	100%

Meeting Attendance of the Company's Corporate Governance Committee in 2023:

Date of Board of Directors' meetings	Names of Directors				
	Kwek Eik Sheng	Bryan Cockrell	Simeon Ferrer	Ricardo Pío Castro, Jr.	Natividad Alejo
5 April 2023	Present	Present	Present	Present	Present
5 May 2023	Present	Present	Present	Present	Present
Total	2/2	2/2	2/2	2/2	2/2
Percentage of attendance	100%	100%	100%	100%	100%

ITEM 10. EXECUTIVE COMPENSATION

EXECUTIVE AND DIRECTORS' COMPENSATION

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2023			
Jeffrey Villablanca	Director of Finance	2023			
Juancho Baltazar	Director of Human Resources	2023			
Total		2023	12,598,000	1,582,000	120,000
Directors' allowances		2023			799,600

All officers & Directors as a group		2023	12,598,000	1,582,000	919,600
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The estimated total compensation for officers and directors in year 2024 is as follows:

Salary – PhP13 million
 Bonus – PhP2 million
 Other Fees – PhP1 million

FOR THE LAST 2 FINANCIAL YEARS – 2022 and 2021

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2022			
Jeffrey Villablanca	Director of Finance	2022			
Lee Flores	Director of Sales and Marketing	2022			
Juancho Baltazar	Director of Human Resources	2022			
Total		2022	15,475,100	2,162,661	144,290
Directors' allowances		2022			799,599
All officers & Directors as a group		2022	15,475,100	2,162,661	943,889

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Schoucair	General Manager of Hotel	2021			
Josie Malpas	Director of Finance	2021			
Angelica Vicencio	Director of Sales	2021			
Gigi Gaw	Director of Sales & Marketing	2021			
Juancho Baltazar	Director of Human Resources	2021			
Total		2021	13,515,787	180,999	0
Directors allowances		2021			799,600
All officers & Directors as a group		2021	13,515,787	180,999	799,600

In 2023, the directors were given the following per diem allowance for their attendance in meetings in 2023: for the regular directors, PhP15,000 per meeting of the Audit Committee

and the Board, and for independent directors. PhP15,000 per meeting of the Audit Committee and PhP15,720 per meeting of the Board. The allowance and compensation of the directors (i.e., in 2023) do not involve any other form of remuneration. There are no arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as director.

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

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

Security Ownership of Management

The following table shows the shareholding beneficially held by the officers of the Company as at 31 December 2023.

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

The following entities are directly or indirectly the beneficial owners of more than 5% of the Company's voting shares (common) as of 31 December 2023.

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

ITEM 13. CORPORATE GOVERNANCE

Please refer to the attached Annual Corporate Governance Report of the Company for the year 2023.

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

Exhibits

None

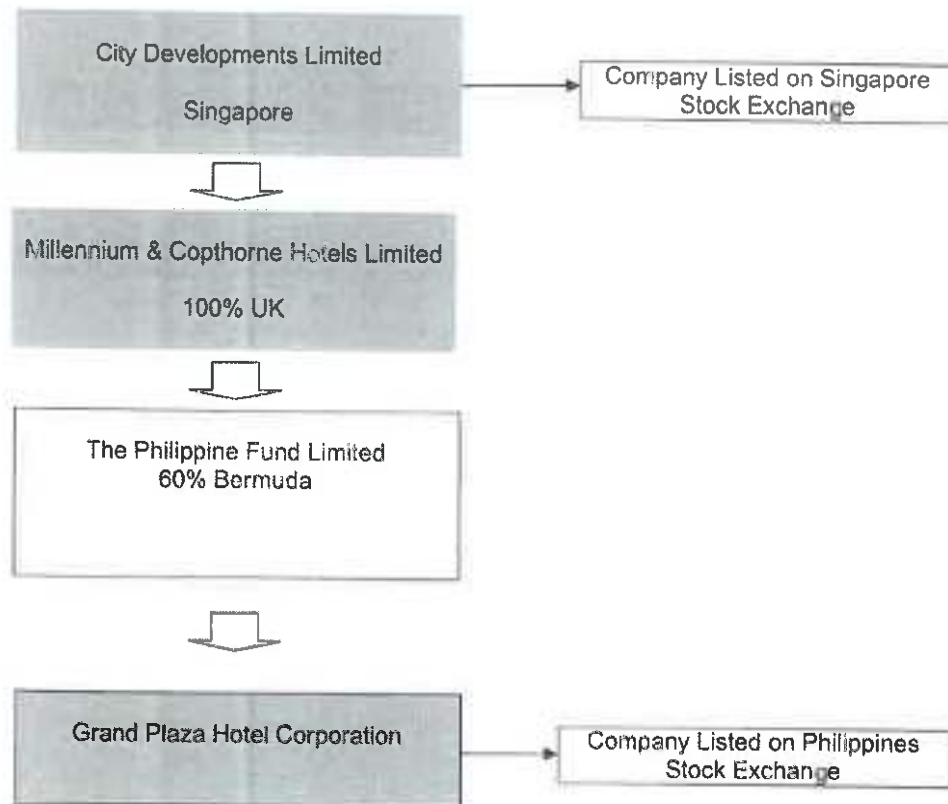
Reports on SEC Form 17-C

The following events were reported in SEC Form 17-C during the period January to December 2023:

Date of Filing of SEC Form 17-C	Summary of the matter disclosed
5 April 2023	Postponement of the annual stockholders' meeting; new date of annual stockholders' meeting; approval to change the business or trade name from "The Heritage Hotel Manila" to "Millennium Hotel Manila", subject to SEC approval
10 July 2023	Results of the Annual Stockholders' Meeting of Grand Plaza Hotel Corporation
10 July 2023	Results of the Organizational Meeting of the Board of Directors
13 July 2023	Notice of Resolution received in "Commissioner of Internal Revenue vs. Grand Plaza Hotel Corporation" (docketed as G.R. No. 255287 (Court of Tax Appeals (CTA) En Banc (EB) No. 2039))

The Group Structure

The Philippine Fund Limited Group Structure



As at 31 December 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Singapore on _____, 2024.

By:



Kwek Eik Sheng
Chairman and President

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

Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 3rd day of April 2024
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
Kwek Eik Sheng	K2310445A	24 Oct 2021	Singapore


Notary Public

Doc. No.
Page No.
Book No.
Series of 2023.



GRAND PLAZA HOTEL CORPORATION

2 April 2024

Statement of Management's Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION

CCP Complex

Pasay City

The management of **Grand Plaza Hotel Corporation** (the "Company"), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



Kwek Eik Sheng
Chairman and President

Yam Kit Sung
Director, General Manager & Chief Financial Officer

Subscribed and sworn to before me a notary public for and in the City of SINGAPORE this _____ day of 3 APR 2024 2024, the signatories exhibiting to me their Community Tax Certificates/Passports details of which are as follows:

Name	Community Tax Certificate/ Passport Number	Date	Place of Issue
Kwek Eik Sheng	K2310445A	24 Oct 2021	Singapore

Doc. No.
Page No.
Book No.
Series of 2023




SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2024.

By:

Kwek Eik Sheng
Chairman and President


Yam Kit Sung
Director and General Manager/
Chief Financial Officer



Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11th day of April 2024
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
Alain Charles J. Veloso	Passport P0173706B	9 Jan 2019 Valid until 9 Jan 2029	DFA NCR West

Doc. No. 394
Page No. 80
Book No. XVIII
Series of 2023.




Notary Public
LARA CAMILLE LEE
Notary Public for Taguig City
Appointment No. 12 valid until 31 December 2024
16th Floor, OneMEO Building, 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City, Taguig City 1634
Roll of Attorneys No. 63225
PTR No. A-5727224; Taguig City, 7 January 2023
RIP Lifetime No. 013207; O.R. No. 0891523; 13 January 2015; RSM
MCLE Compliance No. V11-0068894; valid until 14 April 2025

GRAND PLAZA HOTEL CORPORATION

2 April 2024

Statement of Management's Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION

CCP Complex
Pasay City

The management of **Grand Plaza Hotel Corporation** (the "Company"), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Kwek Eik Sheng
Chairman and President



Yam Kit Sung
Director, General Manager & Chief Financial Officer

Subscribed and sworn to before me a notary public for and in the City of _____ this _____ day of _____ 2024, the signatories exhibiting to me their Community Tax Certificates/Passports details of which are as follows:

Name	Community Tax Certificate/ Passport Number	Date	Place of Issue
------	---	------	----------------

Notary Public

Doc. No.
Page No.
Book No.
Series of 2023

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	6	8	7	8				
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COMPANY NAME

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

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

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

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

charles.veloso@quisumbing
torres.com

Company's Telephone Number/s

854-8838

Mobile Number

0917-819-4954

No. of Stockholders

16,383

Annual Meeting (Month / Day)

May 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Yam Kit Sung

Email Address

Telephone Number/s

854-8838

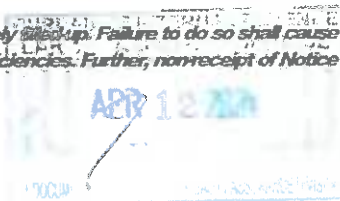
Mobile Number

CONTACT PERSON'S ADDRESS

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

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

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



GRAND PLAZA HOTEL CORPORATION

FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

With Independent Auditor's Report





R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand Plaza Hotel Corporation (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Plaza Hotel Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 216 I, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Key Audit Matter

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

Revenue Recognition

Refer to Note 3 to the financial statements

The risk

The Company's revenue transactions are not complex and no significant judgment is applied over the amounts recorded. Most of the Company's revenue streams are recognized straight line over the term of the contract or at a point which the accommodation and related services are provided. However, there is a risk concerning inappropriate revenue recognition when the control of the product has not yet transferred to the customer and revenue is recognised. As such revenue recognition has been held as an area of audit focus.

Our response

As part of our audit procedures, we evaluated and tested the Company's relevant key controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We inspected supporting documents and evaluated revenue transactions, on a sample basis, throughout the current reporting period. We inspected supporting documents of revenue transactions before and after year end to assess whether these transactions are recorded accurately in the correct reporting period. We tested journal entries around revenue to identify any unusual or irregular items posted in the accounting records. We also assessed whether the Company's revenue recognition policies and disclosures are in accordance with PFRSs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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





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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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 its operations, or has no realistic alternative but to do so.

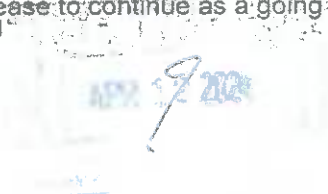
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.





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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Anabella R. Resuello.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO

Partner

CFA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

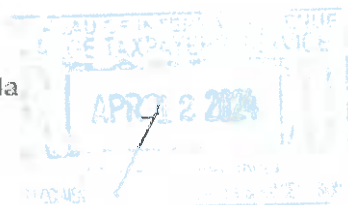
Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4, 25	P543,363,398	P490,020,736
Receivables - net	5, 25	118,139,338	92,202,889
Loan receivable	14, 25	15,500,000	15,500,000
Due from related parties	14, 25	11,404,381	11,042,591
Inventories	6	7,111,731	6,339,111
Prepaid expenses and other current assets	7	84,976,714	82,161,262
Total Current Assets		780,495,562	697,266,589
Noncurrent Assets			
Property and equipment - net	10, 14, 20	533,857,730	550,334,183
Investment in an associate	8, 14	50,037,982	49,975,224
Deferred tax assets - net	22	18,510,408	15,134,335
Other noncurrent assets	11, 14	114,663,381	87,018,989
Total Noncurrent Assets		717,069,501	702,462,731
		P1,497,565,063	P1,399,729,320
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	12, 25	P112,133,314	P63,224,894
Refundable deposits - current portion	19, 20, 25	126,897,209	126,402,542
Due to related parties	14, 25	63,656,535	47,186,172
Lease liability - current portion	14, 20, 25	4,994,788	4,600,559
Other current liabilities	13, 25	61,086,216	57,557,493
Total Current Liabilities		368,768,062	298,971,660
Noncurrent Liabilities			
Lease liability - noncurrent portion	14, 20, 25	153,929,329	158,924,117
Retirement benefits liability	21	30,868,533	27,430,178
Refundable deposits - net of current portion	19, 20, 25	-	468,000
Total Noncurrent Liabilities		184,797,862	186,822,295
Total Liabilities		553,565,924	485,793,955
Equity			
Capital stock	24	873,182,700	873,182,700
Additional paid-in capital		14,657,517	14,657,517
Remeasurement gains on retirement benefits liability - net	21	14,666,679	15,466,287
Retained earnings	23	1,721,512,613	1,690,649,231
Treasury stock	24	(1,680,020,370)	(1,680,020,370)
Total Equity		943,999,139	913,935,365
		P1,497,565,063	P1,399,729,320

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF PROFIT OR LOSS

		Years Ended December 31		
	Note	2023	2022	2021
REVENUES				
Rooms		P237,914,097	P201,076,345	P284,641,767
Food and beverage		149,400,682	87,488,455	47,788,080
Rent income	20	74,280,488	1,687,396	600,000
Other operating departments		1,343,746	713,727	238,853
Others		5,352,447	4,437,933	1,721,841
		468,291,460	295,403,856	334,990,541
COST OF SALES AND SERVICES				
	16	157,934,954	103,126,291	70,664,777
GROSS OPERATING INCOME		310,356,506	192,277,565	264,325,764
ADMINISTRATIVE EXPENSES	17	275,815,035	199,568,770	219,452,087
NET OPERATING INCOME (LOSS)		34,541,471	(7,291,205)	44,873,677
OTHER INCOME - Net				
Interest income	4, 9, 14	22,837,181	9,823,215	5,199,246
Equity in net income of an associate	8	1,662,758	976,374	1,587,026
Interest on lease liability	20	(13,197,049)	(13,560,167)	(13,894,621)
Foreign exchange gain (loss) - net		(5,186,799)	22,390,968	9,334,158
		6,116,091	19,630,390	2,225,809
INCOME BEFORE INCOME TAX		40,657,562	12,339,185	47,099,486
INCOME TAX EXPENSES	22	9,794,180	6,340,963	13,430,432
NET INCOME		P30,863,382	P5,998,222	P33,669,054
Basic and Diluted Earnings Per Share	18	P0.57	P0.11	P0.63

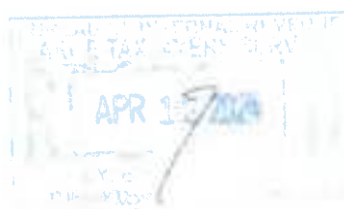
See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2023	2022	2021
NET INCOME		P30,863,382	P5,998,222	P33,669,054
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability	21	(1,066,144)	8,760,347	386,762
Reduction in tax rate	22	-	-	573,731
Deferred tax benefit (expense)	22	266,536	(2,190,087)	(96,691)
		(799,608)	6,570,260	863,802
TOTAL COMPREHENSIVE INCOME		P30,063,774	P12,568,482	P34,532,856

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CHANGES IN EQUITY

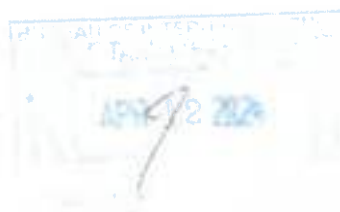
	Years Ended December 31						
	Note	Capital Stock (Note 24)	Additional Paid-in Capital	Remeasurement Gains on Retirement Benefits Liability - net of tax	Retained Earnings (Note 23)	Treasury Stock (Note 24)	Total Equity
Balances at January 1, 2021		P873,182,700	P14,657,517	P8,032,225	P1,650,981,955	(P1,680,020,370)	P866,834,027
Net income for the year		-	-	-	33,669,054	-	33,669,054
Other comprehensive income for the year	21	-	-	863,802	-	-	863,802
Total comprehensive income for the year		-	-	863,802	33,669,054	-	34,532,856
Balances at December 31, 2021		P873,182,700	P14,657,517	P8,896,027	P1,684,651,009	(P1,680,020,370)	P901,366,883
Balances at January 1, 2022		P873,182,700	P14,657,517	P8,896,027	P1,684,651,009	(P1,680,020,370)	P901,366,883
Net income for the year		-	-	6,570,260	5,998,222	-	12,568,482
Other comprehensive income for the year	21	-	-	(6,570,260)	-	-	-
Total comprehensive income for the year		-	-	6,570,260	5,998,222	-	12,568,482
Balances at December 31, 2022		P873,182,700	P14,657,517	P15,466,287	P1,690,649,231	(P1,680,020,370)	P913,935,365
Balances at January 1, 2023		P873,182,700	P14,657,517	P15,466,287	P1,690,649,231	(P1,680,020,370)	P913,935,365
Net income for the year		-	-	-	30,863,382	-	30,863,382
Other comprehensive loss for the year	21	-	-	(799,608)	-	-	(799,608)
Total comprehensive income for the year		-	-	(799,608)	30,863,382	-	30,063,774
Balances at December 31, 2023		P873,182,700	P14,657,517	P14,666,679	P1,721,512,613	(P1,680,020,370)	P943,999,139

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P40,657,562	P12,339,185	P47,099,486
Adjustments for:				
Depreciation	10, 17	37,489,676	40,610,635	42,965,281
Interest expense on lease liability	20	13,197,049	13,560,167	13,894,621
Unrealized foreign exchange loss (gain)		4,887,922	(21,972,092)	(9,491,318)
Retirement benefits cost	21	3,780,654	3,664,899	3,142,494
Provision for (reversal of) impairment losses on receivables	5, 17, 25	299,422	(211,593)	(736,371)
Reversal of impairment on property and equipment	10	-	(34,756,269)	-
Interest income	4, 9, 14	(22,837,181)	(9,823,215)	(5,199,246)
Equity in net income of an associate	8	(1,662,758)	(976,374)	(1,587,026)
Operating income before working capital changes		75,812,346	2,435,343	90,087,921
Decrease (increase) in:				
Receivables		(26,235,875)	41,102,350	21,545,834
Due from related parties		(361,790)	13,306,418	4,677,188
Inventories		(772,620)	(1,678,071)	604,220
Prepaid expenses and other current assets		(2,815,452)	(92,890,993)	(10,341,338)
Other noncurrent assets		(573,729)	6,415,621	(2,050,573)
Increase (decrease) in:				
Accounts payable and accrued expenses		48,908,421	1,629,754	4,676,170
Refundable deposits		26,667	99,736,489	(753,169)
Due to related parties		16,470,363	900,924	4,150,521
Other current liabilities		3,528,723	26,123,054	14,442,817
Net cash generated from operations		113,987,054	97,080,889	127,039,591
Interest received		22,837,181	9,823,215	5,203,771
Income taxes paid		(12,903,717)	(2,021,008)	(1,162,457)
Retirement benefits paid	21	(1,408,443)	(956,873)	(3,181,692)
Net cash provided by operating activities		122,512,075	103,926,223	127,899,213

Forward



		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from an associate	8	P1,600,000	P1,400,000	P1,400,000
Cash advances to suppliers	11	(27,070,663)	-	-
Additions to property and equipment	10	(21,013,220)	(5,725,349)	(9,327,668)
Net cash used in investing activities		(46,483,883)	(4,325,349)	(7,927,668)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment of lease liability	20	(13,197,049)	(13,560,167)	(21,581,936)
Principal payment of lease liability	20	(4,600,559)	(4,237,441)	(5,737,392)
Net cash used in financing activities		(17,797,608)	(17,797,608)	(27,319,328)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(4,887,922)	21,972,092	9,491,318
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		53,342,662	103,775,358	102,143,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	4	490,020,736	386,245,378	284,101,843
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	4	P543,363,398	P490,020,736	P386,245,378

See Notes to the Financial Statements.



GRAND PLAZA HOTEL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

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

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

2. Basis of Preparation

Statement of Compliance

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

The financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2024.

Basis of Measurement

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

Functional and Presentation Currency

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



Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Due to the unforeseeable global consequences of the COVID-19 pandemic, these management's judgments and estimates are subject to increased uncertainty.

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

Determining whether an Agreement Contains a Lease

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

Company as Lessor

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

The Company has entered into a lease agreement for a period of five years which commenced on August 23, 2022. However, the right to use the asset is dependent on the ability of the lessee to obtain a license to operate its intended business from the government. Since the lessee does not have both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset as at December 31, 2022, the management assessed that the recognition of rent income using the straightline method is not yet applicable during the year ended December 31, 2022.

On February 20, 2023, the lessee obtained the license to operate from PAGCOR and started its operation in February 2024. Accordingly, rent income recognized in 2023 arising from this lease agreement amounted to P71,945,190 (nil in 2022 and 2021, see Note 20).

Company as Lessee

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

Estimating Allowance for Impairment Losses on Receivables

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

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Provision for impairment losses on receivables amounted to P299,422 for the year ended 2023 and nil for the years ended 2022 and 2021, respectively (see Note 17). As at December 31, 2023 and 2022, allowance for expected credit losses on receivables amounted to P14,387,728 and P1,163,806, respectively (see Notes 5 and 25). The carrying amount of receivables - net amounted to P118,139,338 and P92,202,889 as at December 31, 2023 and 2022, respectively (see Notes 5 and 25).

Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2023 and 2022, the carrying amount of property and equipment amounted to P533,857,730 and P550,334,183 respectively (see Note 10).

Estimating Realizability of Deferred Tax Assets

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

As at December 31, 2023 and 2022, recognized deferred tax assets amounted to P23,399,301 and P20,627,358, respectively (see Note 22). As at December 31, 2022, the Company's unrecognized deferred tax assets amounted to P3,573,673 as the management does not expect to have sufficient future taxable profit against which the Company can utilize the benefits therefrom.

Estimating Retirement Benefit Obligations

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

The Company's retirement benefits liability amounted to P30,868,533 and P27,430,178 as at December 31, 2023 and 2022, respectively. The retirement benefits cost recognized in profit or loss amounted to P3,780,654, P3,664,899 and P3,142,494 for the years ended December 31, 2023, 2022 and 2021, respectively. Cumulative actuarial gain amounted to P19,555,572, P20,621,716 and P11,861,369 as at December 31, 2023, 2022 and 2021, respectively (see Note 21).

Estimating Allowance for Impairment Losses on Nonfinancial Assets

The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

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

In 2022 and 2021, the Company's property and equipment were considered at risk of impairment due to the Corona Virus Disease 2019 (COVID-19) pandemic. The fear of COVID-19 led to significant uncertainty and chaotic conditions in many industries. In the Philippines and in other countries, each government has implemented drastic measures including travel restrictions and home quarantine, to control the pandemic. Thus, COVID-19 pandemic has affected every sector across the globe, and the hotel industry to which the Company belongs is an economic sector which is among those most severely affected. However, as discussed in Note 27, the Company was able to obtain contracts from several government agencies, thereby resulting to an increase in revenue despite the pandemic in 2021 and continue to recover and sustain its financial performance (see Note 27).

No impairment loss was recognized for the years ended December 31, 2023, 2022 and 2021 (see Note 10). The impairment loss recognized in prior years amounting to P34,756,269 was fully reversed on December 31, 2022 since management assessed that there has been a change in the estimates used to determine the recoverable amount and that the basis for impairment loss in prior years no longer exist.

Estimating Provisions and Contingencies

The Company is currently involved in tax case and assessment arising from the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the defense in these matters and is based upon an analysis of potential results. The Company's management and its legal counsel believe that the lawsuits and claims will not have material effect on the Company's financial position and performance. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as at December 31, 2023 and 2022 (see Note 26).

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements. There are no new standards, amendments to standards and interpretations effective starting January 1, 2023 that have a material impact on the Company's financial statements except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any material impact on the Company's financial statements.

Effective January 1, 2023

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Standards Issued But Not Yet Adopted

A new standard and a number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a material impact on the Company's financial statements.

Effective January 1, 2024

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, Leases)*. The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. Under PAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2025

- *PFRS 17, Insurance Contracts, replaces the interim standard, PFRS 4, Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9, *Financial Instruments*, will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

- *Lack of Exchangeability (Amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates)*. The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Financial Instruments

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

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

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

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

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs, (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Liabilities

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

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

Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

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

Derecognition of Financial Instruments

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

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

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Inventories

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

Inventories are derecognized upon sale or when there are no expected future benefits from disposal and are recognized under "Costs of sales and services" account in the statements of profit or loss.

Prepayments and Other Currents Assets

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed or expired with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investment in an Associate

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

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

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

Property and Equipment

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

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

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

The estimated useful lives are as follows:

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

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

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs of disposal or value in use. The 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, less the costs attributable to the disposal of an asset or CGU. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or CGU and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs to. An impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset only if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Capital Stock

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

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

Treasury Stock

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Retained Earnings

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

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

Revenue

Revenue from Contracts with Customers

The Company's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories, thereto, with a 15 to 30-day credit term.

The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Company generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the statements of profit or loss.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the service is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Other Operating Departments

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

Other Revenues

Other revenues are recognized at the point in time when the service has been rendered.

Other Income

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

Costs and Expenses

Costs and expenses are recognized when incurred.

Foreign Currency Transactions

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

Operating Segment

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

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessor

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

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and availed the practical expedient for exemption. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxes

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

Current Tax

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Deferred Tax

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

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

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

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

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

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

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

Earnings Per Share

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

Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities.

Employee Benefits

Retirement Costs

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary appointed by the Company using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term Employee Benefits

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

Provisions

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

Contingencies

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

Events After the Reporting Date

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

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2023	2022
Cash on hand and in banks		P133,483,992	P169,762,493
Short-term investments		409,879,406	320,258,243
	25	P543,363,398	P490,020,736

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments consist mainly of time deposits which earn annual interest ranging from 0.05% to 4.95%, 0.05% to 4.33% and 0.05% to 0.10% in 2023, 2022 and 2021, respectively. Interest income earned from this account amounted to P18,162,181, P5,148,215 and P524,246 for the years ended December 31, 2023, 2022 and 2021, respectively.

5. Receivables - net

This account consists of:

	<i>Note</i>	2023	2022
Trade:			
Charge customers	25	P44,420,107	P19,746,799
Others		70,561,967	65,697,740
		114,982,074	85,444,539
Utility charges		8,886,799	282,246
Interest		2,488,695	2,214,894
Advances to employees		944,962	851,384
Others		5,224,536	4,573,632
		132,527,066	93,366,695
Less allowance for impairment losses on trade receivables	25	(14,387,728)	(1,163,806)
	25	P118,139,338	P92,202,889

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

Trade - Charge customers include receivables from airlines, travel agencies and embassies.

Trade - Others include receivables from Philippine Amusement and Gaming Corporation (PAGCOR) and Overseas Workers Welfare Administration (OWWA). Receivables from PAGCOR amounting to P45,703,071, in 2023 and 2022, which mainly consist of unpaid billings from the contract with PAGCOR which was terminated in July 2013. The collection of the remaining receivables from PAGCOR is subject to the ongoing reconciliation of records between the Company and PAGCOR who have not yet reached an agreement as to the net amount of settlement due to each party.

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

	Amount
Balance at January 1, 2022	P14,299,899
Reversal and write-off in 2022	(13,136,093)
Balance at December 31, 2022	1,163,806
Provisions in 2023	299,422
Reclassification	12,924,500
Balance at December 31, 2023	P14,387,728

The Company's exposure to credit risks related to trade receivables is disclosed in Note 25.

6. Inventories

Inventories carried at cost consists of:

	2023	2022
Engineering supplies	P3,869,067	P3,414,618
Food	1,967,476	1,485,318
General supplies	754,690	1,041,602
Beverage and tobacco	431,464	178,834
Others	89,034	218,739
	P7,111,731	P6,339,111

There was no write down of inventories to NRV in 2023, 2022 and 2021. Cost of goods sold recognized in profit or loss amounted to P62,302,219, P40,372,073 and P30,730,623, in 2023, 2022 and 2021, respectively (see Note 16).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2023	2022
Prepaid expenses	P48,100,175	P33,672,435
Creditable withholding VAT	25,513,001	31,348,151
Input VAT	11,159,965	-
Utilities deposit	203,573	16,070,885
Others	-	1,069,791
	P84,976,714	P82,161,262

Input VAT is current and can be applied against Output VAT payable.

Creditable withholding VAT represents the five percent (5%) taxes withheld from its collections from OWWA.

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

8. Investment in an Associate

This account pertains to the 40% ownership in Harbour Land Corporation (HLC), which was incorporated and registered with the Philippine SEC and is engaged in the real estate business (see Note 14). HLC's registered office is located at the 10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City.

This account consists of:

	2023	2022
Acquisition cost	P48,200,000	P48,200,000
Accumulated share in net earnings:		
Balance at beginning of year	1,775,224	2,198,850
Equity in net income	1,662,758	976,374
Dividends received	(1,600,000)	(1,400,000)
Balance at end of year	1,837,982	1,775,224
	P50,037,982	P49,975,224

A summary of the information of HLC as follows:

	2023	2022
Current assets	P34,410,101	P34,430,730
Noncurrent assets	121,830,382	121,830,382
Current liabilities	(7,043,753)	(7,352,723)
Noncurrent liability	(78,000,000)	(78,000,000)
Net assets (100%) - net	71,196,730	70,908,389
Add: Subscription receivable	54,000,000	54,000,000
	P125,196,730	P124,908,389
Company's share of net assets (40%)	P50,078,692	P49,963,356
Revenue	P17,797,608	P17,797,608
Net income/total comprehensive income (100%)	P4,156,895	P2,440,936
Company's share in net income/total comprehensive income (40%)	P1,662,758	P976,374

9. Loan Receivable

This pertains to the loan granted to Rogo Realty Corporation (RRC), a company under common control, collateralized by RRC's investment in shares of stock of HLC with a carrying amount of P72,300,000 as at December 31, 2023 and 2022 and is collectable on demand with interest rate of 5% per annum (see Note 14).

Interest income earned in 2023, 2022 and 2021 amounted to P775,000 for each year.

10. Property and Equipment - net

The movements and balances in this account are as follows:

	Building and Building Improvements	Furniture Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Right-of-Use Asset Note 20	Total
Cost						
Balance, January 1, 2022	P1,040,328,696	P400,215,537	P7,438,511	P385,157	P178,571,220	P1,626,939,121
Additions	4,205,884	1,519,465				5,725,349
Balance, December 31, 2022	1,044,534,580	401,733,002	7,438,511	385,157	178,571,220	1,632,664,470
Additions	20,518,756	494,464				21,013,220
Reclassification	4,490,596	1,021,192				5,511,788
Balance, December 31, 2023	1,069,543,932	395,209,274	7,438,511	385,157	178,571,220	1,651,147,094
Accumulated Depreciation						
Balance, January 1, 2022	621,775,291	387,224,537	6,722,860	385,157	25,611,807	1,041,719,652
Depreciation during the year	27,378,457	4,146,225	548,684	-	8,537,269	40,610,635
Balance, December 31, 2022	649,153,748	391,370,762	7,271,544	385,157	34,149,076	1,082,330,287
Depreciation during the year	26,040,657	2,744,783	166,967	-	8,537,269	37,489,676
Reclassification	383,383	2,147,216				2,530,599
Balance, December 31, 2023	674,811,022	391,968,329	7,438,511	385,157	42,686,345	1,117,289,364
Impairment Loss						
Balance, December 31, 2021	32,956,783	1,703,373	96,113	-	-	34,756,269
Reversals	(32,956,783)	(1,703,373)	(96,113)	-	-	(34,756,269)
Balance, December 31, 2022	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Balance, December 31, 2023	-	-	-	-	-	-
Carrying Amount						
December 31, 2022	P395,380,832	P10,364,240	P166,967	P -	P144,422,144	P550,334,183
December 31, 2023	P394,732,910	P3,239,945	P -	P -	P135,884,875	P533,857,730

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

Valuation Techniques and Significant Unobservable Inputs

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

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

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

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

Discount Rate. The Company uses the weighted-average cost of capital as the discount rate. In determining the appropriate discount rate, regard has been given to various market information, including but not limited to, 10-year government bond yield, bank lending rates, market premium. The discount rate used is 11% in 2023 and 12% in 2022.

Terminal Growth Rate. The long-term rate used to extrapolate the cash flow projections of the property and equipment beyond the period covered by the cash flow excludes capital acquisitions and expansions in the future. The terminal growth rate used is 2% in 2023 and 2022.

Terminal Value Rate. The Company used 10% terminal rate to estimate the value of the asset at the end of the explicit projection period in 2023 and 2022.

No impairment loss was recognized in 2023, 2022 and 2021. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change Required for Carrying Amount to Equal Recoverable Amount in 2023
Discount rate	11.2%
Terminal value rate	10.0%

Change Required for
Carrying Amount to Equal
Recoverable Amount in 2022

Discount rate	7.8%
Terminal value rate	7.9%

The impairment loss recognized in prior years amounting to P34,756,269 was fully reversed during the year ended December 31, 2022 since management assessed that there has been a change in the estimates used to determine the recoverable amount and that the basis for impairment loss in prior years no longer exist. The reversal of impairment loss is recorded as part of "Administrative expenses" (nil during the year ended December 31, 2023, see Note 17).

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2023	2022
Lease deposit	14, 20, 25	P78,000,000	P78,000,000
Advances to suppliers		27,070,663	-
Miscellaneous deposits		8,582,718	8,008,989
Others		1,010,000	1,010,000
		P114,663,381	P87,018,989

Advances to suppliers pertain to the cash advances made to the ongoing renovation of the Company's property.

Miscellaneous deposits consist of utility and rent deposits.

12. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2023	2022
Trade		P75,330,739	P46,700,958
Accrued other liabilities		13,770,000	4,846,249
Accrued rent	14	9,521,720	4,760,860
Accrued payroll		9,520,041	4,702,322
Accrued utilities		3,990,814	2,214,505
	25	P112,133,314	P63,224,894

Trade payables have normal terms of 30 to 45 days.

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

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

13. Other Current Liabilities

This account consists of:

	Note	2023	2022
Output VAT payable		P33,177,392	P22,664,974
Customer credit balance		9,217,454	3,939,174
Payable to government agencies		6,065,614	4,294,251
Payable to employees		5,339,119	3,076,182
Deposits for utilities		5,184,148	18,108,648
Rewards redemption payable		387,454	367,954
Others		1,715,035	5,106,310
	25	P61,086,216	P57,557,493

The customer credit balance refers to the guest's advance payment as well as any overpayment intended for future transaction application. These are generally recognized as revenue within 30 days upon cash receipt.

Others are payable to hotel car and other concessionaires for their services to hotel guests, as well as unidentified direct deposits.

14. Related Party Transactions

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

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Amounts owed by Related Parties	Amounts owed to Related Parties		
Associate							
▪ Lease deposit	2023	11, 20	P -	P78,000,000	P -	Required lease deposit on the leased land	Collectable upon termination of the contract
	2022			78,000,000	-		
	2021			78,000,000	-		
▪ Interest income	2023	14b, 20	3,900,000	1,950,000	-	5% per annum of the lease deposit	Unsecured; no impairment
	2022		3,900,000	1,950,000	-		
	2021		3,900,000	1,950,000	-		
▪ Accrued rent	2023	12, 14	17,297,608	-	9,321,720	Due and demandable	Unsecured
	2022		17,297,608	-	4,760,860		
	2021		17,297,608	-	-		
▪ Rent income	2023	14e	180,000	90,000	-	Due and demandable; non interest bearing	Unsecured
	2022		180,000	-	-		
	2021		180,000	-	-		
Under Common Control							
▪ Management and incentive fees	2023	14d, 17	13,134,218	-	56,133,527	Due and demandable; non interest bearing	Unsecured
	2022		10,613,328	-	44,838,608		
	2021		19,178,154	-	45,316,898		
▪ Advances	2023	14a	45,336	8,916,881	7,523,008	Due and demandable; non interest bearing	Unsecured; no impairment
	2022		5,702,893	8,769,674	2,347,564		
	2021		1,839,438	104,000	966,350		
▪ Loan	2023	9, 14c	-	15,500,000	-	Due and demandable; interest bearing	Unsecured; no impairment
	2022		-	15,500,000	-		
	2021		-	15,500,000	-		
▪ Interest income	2023	9, 14c	775,000	387,500	-	5% per annum of the loan receivable	Unsecured; no impairment
	2022		775,000	322,917	-		
	2021		775,000	322,917	-		
▪ Rent income	2023	14e	420,000	60,000	-	Due and demandable; non interest bearing	Unsecured
	2022		420,000	-	-		
	2021		420,000	-	-		
Key Management Personnel of the Entity							
▪ Short term employee benefits	2023	14f	18,825,848	-	-		
	2022		17,782,052	-	-		
	2021		14,423,744	-	-		
TOTAL	2023			P104,904,381	P73,178,255		
TOTAL	2022			P104,542,591	P51,947,032		
TOTAL	2021			P95,876,917	P46,285,248		

Amounts owed by related parties is included in the following accounts:

	Note	2023	2022
Loan receivable	9	P15,500,000	P15,500,000
Due from related parties		11,404,381	11,042,591
Other noncurrent assets	11, 20	78,000,000	78,000,000
		P104,904,381	P104,542,591

Amounts owed to related parties is included in the following accounts:

	Note	2023	2022
Due to related parties		P63,656,535	P47,186,172
Under accounts payable and accrued expenses:			
Accrued rent	12	9,521,720	4,760,860
		P73,178,255	P51,947,032

- a. The Company grants/obtains advances to/from related parties for working capital purposes. These advances are non-interest bearing, unsecured and receivable/payable on demand.
- b. The interest receivable from HLC, an associate, represents the uncollected interest on the lease deposit of the Company to HLC at 5% a year (see Note 20). The related annual interest income amounted to P3,900,000.
- c. The interest receivable from RRC, an entity under common control, represents the uncollected interest on the loan granted by the Company to RRC at 5% per annum (see Note 9). The related annual interest income amounted to P775,000.
- d. The Company has a Management Agreement with Elite Hotel Management Services Pte. Ltd - Philippine Company (Elite), an entity under common control, under which the latter provides management, technical and administrative services. In return, the Company pays monthly basic management and incentive fees based on a percentage of the hotel's revenue (2%) and gross operating profit (7%), respectively, starting April 2011. The agreement was last renewed on January 1, 2022 and is effective until December 31, 2026.
- e. The rent income from HLC, RRC and Elite represents the sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel. The lease covers a period of 2.5 years until December 31, 2016, and was renewed for another three (3) years until December 31, 2019. The contract was further renewed for another one (1) year from January 1 until December 31, 2023, which was then subsequently renewed from January 1 until December 31, 2024. The Company leases the land occupied by the Hotel from HLC (see Note 20).

f. Transactions with Key Management Personnel

The total remuneration of key management personnel in the form of short-term employee benefits is shown below:

	2023	2022	2021
Executive officers	P11,156,199	P12,076,725	P8,500,527
Directors of hotel operations	7,669,649	5,705,327	5,923,217
	P18,825,848	P17,782,052	P14,423,744

The compensation and benefits of one of key management personnel are paid by Millennium & Corpthorne Hotels (M&C), the Parent Company's intermediary parent.

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

Amounts owned by and to related parties are normally settled in cash. As at December 31, 2023 and 2022, the Company determined that amounts owed by related parties are fully recoverable, hence, no impairment loss has been recognized.

15. Payroll and Employee Benefits

This account consists of:

	2023	2022	2021
Food and beverage	P30,963,233	P21,443,678	P12,223,772
Rooms	33,621,756	19,257,839	16,564,250
Hotel overhead departments:			
Administrative and general	33,240,057	27,814,008	26,204,622
Sales and marketing	12,730,590	7,953,833	8,555,634
Engineering	12,235,221	10,128,056	8,396,327
Human resources	3,527,435	2,921,264	2,631,945
Other operating departments	481,106	410,670	216,528
	P126,799,398	P89,929,348	P74,793,078

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

	Note	2023	2022	2021
Cost of sales and services	16	P65,066,094	P41,112,187	P29,004,550
Administrative expenses	17	61,733,304	48,817,160	45,788,528
		P126,799,398	P89,929,347	P74,793,078

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

16. Cost of Sales and Services

This account consists of:

	<i>Note</i>	2023	2022	2021
Payroll and employee benefits	15	P65,066,094	P41,112,187	P29,004,550
Food and beverage	6	43,256,954	28,334,689	17,729,947
Guest supplies	6	8,585,335	5,947,072	5,292,779
Commission		8,360,526	6,275,857	43,445
Operating supplies	6	7,711,159	2,571,770	5,224,133
Online selling and marketing tools		6,994,052	2,754,269	731,238
Permits and licenses		3,174,449	3,108,963	3,180,905
Transport charges		3,059,921	1,428,463	318,784
Kitchen fuel	6	1,987,859	1,748,260	1,123,137
Printing and stationery		1,915,816	1,058,003	792,555
Housekeeping expenses		1,550,485	1,502,801	610,718
Music and entertainment		994,506	277,299	4,902
Cleaning supplies	6	760,912	1,770,282	1,360,627
Laundry and dry cleaning		565,777	576,544	682,357
Other operating departments		40,985	675,754	622,402
Miscellaneous		3,910,124	3,984,078	3,942,298
		P157,934,954	P103,126,291	P70,664,777

17. Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Hotel Overhead Departments				
Payroll and employee benefits	15	P61,733,304	P48,817,160	P45,788,528
Management and incentives fees	14	13,134,218	10,613,328	19,178,154
Data processing		5,198,450	3,014,579	3,166,544
Credit card and commission		4,998,871	2,995,780	460,427
Dues and subscription		4,810,440	1,387,108	383,826
Advertising		3,514,326	2,978,226	501,934
Telecommunications		2,652,951	2,853,884	3,544,414
Awards and social activities		1,745,876	1,007,481	1,016,870
Entertainment		581,287	508,077	448,584
Miscellaneous		5,099,615	2,351,010	3,164,113
		103,469,338	76,526,633	77,653,394
Corporate Office				
Depreciation	10	37,489,676	40,610,635	42,965,281
Property tax		9,651,911	9,265,202	9,265,751
Insurance		9,219,124	9,388,914	9,145,748
Professional fees		8,378,717	5,115,374	7,087,706
Corporate office payroll and related expense		3,079,450	1,941,272	1,685,095
Taxes and licenses		1,803,244	93,760	192,637
Director's fees/allowances		799,600	799,600	799,600
Office supplies		713,030	547,910	871,498
Provision for impairment losses on receivables	25	299,422	-	-
Transportation and travel		60,963	7,313	31,116
Commission expense		-	7,557,268	-
Reversal of Impairment loss on property and equipment	10	-	(34,756,269)	-
Miscellaneous		2,582,403	2,492,821	1,329,142
		74,077,540	43,063,800	73,373,574
Power light and and water		84,505,670	68,556,846	56,126,157
Property operations and maintenance		13,762,487	11,421,491	12,298,962
		P275,815,035	P199,568,770	P219,452,087

The commission expense relates to the 1 month rental equivalent paid to Star Fuzion Management Corporation as a commission for their effort to secure the prospective lessee, Goldwinphil Inc.

18. Earnings Per Share

Basic and diluted earnings per share is computed as follows:

	<i>Note</i>	2023	2022	2021
Weighted average number of common shares:				
Balance at beginning and end of year	24	53,717,369	53,717,369	53,717,369
	<i>Note</i>	2023	2022	2021
Net income for the year		P30,863,382	P5,998,222	P33,669,054
Divided by weighted average number of outstanding shares	24	53,717,369	53,717,369	53,717,369
		P0.57	P0.11	P0.63

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

19. Refundable Deposits

This account consists of:

	<i>Note</i>	2023	2022
PAGCOR	5, 25	P25,349,438	P25,349,438
Goldwinphil Inc.		98,998,980	98,998,980
Others		2,548,791	2,522,124
		126,897,209	126,870,542
Less: Current portion		126,897,209	126,402,542
		P -	P468,000

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

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

On August 23, 2022, the Company entered into a lease contract with Goldwinphil Inc. (or the "lessee") to operate a casino in the Hotel. The total floor area is about 5,500 sqm and it is for an initial 5 years commencing on August 23, 2022 until August 23, 2027 with option to renew. Based on the agreement, lessee has to pay certain security and utilities deposits amounting to P88,998,980. On February 20, 2023, the lessee has obtained the License to Operate from the PAGCOR, for its operation in the leased premises. The lessee started its operation only in February 2024.

20. Leases

Company as Lessor

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

The lease agreements with the third parties required the latter to give the Company lease deposits which amounted to a total of P126,897,209 and P126,870,542 as at December 31, 2023 and 2022, respectively, and are shown as "Refundable deposits" in the statements of financial position (see Note 19). Rent income amounted to P74,280,488, P1,687,396 and P600,000 in 2023, 2022 and 2021, respectively, and is included under Revenue in the statements of profit or loss.

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

In 2023 and 2022, the Company has sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel to HLC, RRC and Elite (Note 14).

Contractual cashflows are as follows:

	2023	2022
Due within one year	P600,000	P600,000

Company as Lessee

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

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

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

The movements of lease liability follow:

	2023	2022
Beginning balance	P163,524,676	P167,762,117
Interest expense during the year	13,197,049	13,560,167
Payments made	(17,797,608)	(17,797,608)
Ending balance	P158,924,117	P163,524,676

Payments included in the statements of cash flows are as follows:

	2023	2022
Interest payment	P13,197,049	P13,560,167
Principal payment	4,600,559	4,237,441
	P17,797,608	P17,797,608

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

	2023	2022
Current	P4,994,788	P4,600,559
Noncurrent	153,929,329	158,924,117
	P158,924,117	P163,524,676

Contractual cashflows are as follows:

Lease Liability under PFRS 16	2023	2022
Due within one year	P17,797,608	P17,797,608
After one year but not more than five years	71,190,432	71,190,432
More than five years	188,358,018	206,155,626
	P277,346,058	P295,143,666

As at December 31, 2023 and 2022, total accrued rent outstanding recorded under 'Accounts payable and accrued expenses' account in the statements of financial position amounted to P9,521,720 and P4,760,860, respectively (see Note 12).

21. Retirement Cost

The Company has an unfunded, noncontributory, defined benefit retirement plan covering substantially all of its employees, except for its BOD and expatriates (see Note 14). It provides a retirement benefit equal to eighty-six (86%) of monthly salary per year of services payable to an employee who retires at age of 60 with at least 5 years in service. Annual cost is determined using the projected unit credit method. The Company's latest valuation date is December 31, 2023.

The recognized liability representing the present value of the defined benefit obligation presented as "Retirement benefits liability" in the Company's statements of financial position amounted to P30,868,533 and P27,430,178 as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Balance at January 1	P27,430,178	P33,482,499
Included in Profit or Loss		
Interest cost	1,920,112	1,640,642
Current service cost	1,860,542	2,024,257
	3,780,654	3,664,899
Included in Other Comprehensive Income (OCI)		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	665,337	(3,969,844)
Experience adjustment	400,807	(4,790,503)
	1,066,144	(8,760,347)
Others		
Benefits paid	(1,408,443)	(956,873)
Balance at December 31	P30,868,533	P27,430,178

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

	2023	2022	2021
Interest cost	P1,920,112	P1,640,642	P1,186,796
Current service cost	1,860,542	2,024,257	1,955,698
Retirement benefits cost	P3,780,654	P3,664,899	P3,142,494

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

	2023	2022	2021
Cumulative actuarial gain at the beginning of the year	P20,621,716	P11,861,369	P11,474,607
Actuarial gain (loss) arising from:			
Financial assumptions	(665,337)	3,969,844	3,731,496
Experience adjustment	(400,807)	4,790,503	(3,344,734)
Cumulative actuarial gain at the end of the year	P19,555,572	P20,621,716	P11,861,369

The remeasurement gains on retirement liability, net of deferred tax, amounted to P14,666,679, P15,466,287 and P8,896,027 as at December 31, 2023, 2022 and 2021, respectively, as presented in the statements of changes in equity.

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

	2023	2022	2021
Discount rate	6.60%	7%	5%
Future salary increases	2%	2%	2%

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

Sensitivity Analysis

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

2023	Increase	Decrease
Discount rate (1% movement)	(P3,399,556)	P3,399,556
Future salary increase rate (1% movement)	3,214,457	(3,214,457)
2022	Increase	Decrease
Discount rate (1% movement)	(P2,596,542)	P2,596,54
Future salary increase rate (1% movement)	2,596,542	(2,596,542)

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

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

The weighted-average duration of the defined benefit obligation is ten (10) years as at December 31, 2023 and 2022.

The maturity analysis of the benefit payments is as follows:

	Carrying Amount	Contractual Cash Flows	2023		
			1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P -	P87,611,305	P22,101,253	P25,613,394	P39,896,658
	Carrying Amount	Contractual Cash Flows	2022		
			1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P -	P83,375,205	P16,652,577	P26,254,403	P40,468,225

The Company is not required to pre-fund the future defined benefits payable under the Retirement Fund before they become due. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

22. Income Tax

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

	2023	2022	2021
Current tax expense	P12,903,717	P2,021,008	P1,162,457
Deferred tax expense (benefit):			
Reduction in tax rate	-	-	6,050,661
Origination and reversal of temporary differences	(3,109,537)	4,319,955	6,217,314
	P9,794,180	P6,340,963	P13,430,432

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

	2023	2022	2021
Income before income tax	P40,657,562	P12,339,185	P47,099,486
Income tax expense at statutory tax rate	P10,164,391	P3,084,796	P11,774,872
Additions to (reductions in) income tax resulting from the tax effects of:			
Remeasurement of previously recorded DTA	5,226,903	-	6,470,685
Income subjected to final tax	(4,540,545)	(73,412)	(80,723)
Application of NOLCO	(497,629)	-	-
Equity in net income of an associate	(415,690)	(244,094)	(396,757)
Other non taxable income	(143,250)	-	-
Unrecognized deferred tax assets on NOLCO and MCIT	-	3,573,673	(4,349,133)
Non deductible expense	-	-	11,488
	P9,794,180	P6,340,963	P13,430,432

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

2023	Net Balance at January 1	Recognized in Profit or Loss*	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P10,139,561	P2,681,016	P -	P12,820,577	P12,820,577	P -
Excess of ROU asset over lease liability	4,775,634	984,178	-	5,759,812	5,759,812	-
Allowance for impairment loss on receivables	3,522,076	74,855	-	3,596,931	3,596,931	-
Unrealized foreign exchange gain	(5,493,023)	6,715,004	-	1,221,981	1,221,981	-
Remeasurement gain on retirement benefit liability	2,190,087	(7,345,516)	266,536	(4,888,893)	-	(4,888,893)
Net tax assets and liabilities	P15,134,335	P3,109,537	P266,536	P18,510,408	P23,399,301	(P4,888,893)

*Including adjustment to deferred tax asset recognized in 2023 amounting to P5,226,903.

2022	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P11,611,816	(P1,472,255)	P -	P10,139,561	P10,139,561	P -
Excess of ROU asset over lease liability	2,532,961	2,242,673	-	4,775,634	4,775,634	-
Allowance for impairment loss on receivables	3,574,974	(52,898)	-	3,522,076	3,522,076	-
Remeasurement gain on retirement benefit liability	(2,965,342)	-	5,155,429	2,190,087	2,190,087	-
Unrealized foreign exchange gain	(2,372,829)	(3,120,194)	-	(5,493,023)	-	(5,493,023)
Allowance for impairment loss on property and equipment	8,689,067	8,689,067	-	-	-	-
Net tax assets and liabilities	P21,070,647	(P11,091,741)	P5,155,429	P15,134,335	P20,627,358	(P5,493,023)

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

Deferred tax assets of the following items have not been recognized:

	2023	2022
MCIT	P -	P3,573,673
NOLCO	-	1,990,517
	P -	P5,564,190

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

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2022	P1,990,517	(P1,990,517)	P -	December 31, 2025
2018	27,384,900	(27,384,900)	-	December 31, 2021
	P29,375,417	(P29,375,417)	P -	

The Company applied P1,990,517 NOLCO against its taxable income in 2023.

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

Year Incurred	Amount	Expired/ Applied	Unexpired	Expiry Date
2022	P2,021,008	P -	P2,021,008	December 31, 2025
2021	1,162,457	-	1,162,457	December 31, 2024
2020	2,099,250	(2,099,250)	-	December 31, 2023
2019	2,824,498	(2,824,498)	-	December 31, 2022
2018	2,073,471	(2,073,471)	-	December 31, 2021
	P10,180,684	(P6,997,219)	P3,183,465	

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

- a) Corporate Income Tax rate is reduced from thirty percent (30%) to twenty percent (20%) for domestic corporations with net taxable income not exceeding five million pesos (P5,000,000) and with total assets not exceeding one hundred million pesos (P100,000,000). All other domestic corporations and resident foreign corporations will be subject to twenty-five percent (25%) income tax. Said reductions are effective starting July 1, 2020.
- b) MCIT rate is reduced from two percent (2%) to one percent (1%) effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing revenue regulations (RR) that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act (RA) No. 11534, or the CREATE to the National Internal Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income.*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 RA No. 11534, Otherwise Known as CREATE, Amending Section 20 of the NIRC of 1997, As Amended.*
- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the CREATE, Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended.*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to RA No. 11534 or the CREATE, Which Further Amended the NIRC of 1997.*

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Act. The corporate income tax of the Company was lowered from thirty percent (30%) to twenty five percent (25%) for domestic corporations, on which the Company qualified, effective July 1, 2020.

The CREATE Act had been considered as substantively enacted as law as at March 31, 2021. Under paragraph 46 of PAS 12, *Income taxes*, it states that “an entity’s current tax liabilities/assets for the current and prior periods shall be measured at the amount expected to be paid to/recovered from the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period”.

The Company had applied and used the effective rate of the approved income tax rate under the CREATE Act in its computation of income taxes due and payable to the BIR as at December 31, 2021 using the 25% tax rate on normal income tax pursuant to RR No. 5-2021, considering that the CREATE Act had been substantively enacted as law as at March 31, 2021 and its retroactive application from July 1, 2020. This resulted to an adjustment recognized in 2021 for prior period deferred tax remeasurement amounting to an additional expense of P6,050,661 and benefit of P573,731 recognized in profit or loss and other comprehensive income, respectively.

Effective on July 1, 2023, under Revenue Memorandum Circular No. 69-2023, MCIT rate was reverted to 2% based on the gross income of such corporations.

23. Retained Earnings

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

24. Share Capital

a. Capital Stock

	2023	2022
Authorized - 115,000,000 shares at 10 par value shares:		
Issued	87,318,270	87,318,270
Less treasury stock	33,600,901	33,600,901
Total issued and outstanding	53,717,369	53,717,369

b. Treasury Stock

As at December 31, 2023 and 2022, the Company's treasury stock consists of 33,600,901 shares of stock.

25. Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

Credit Risk

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

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

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

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

The carrying amount of financial assets as of December 31, 2023 and 2022 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	Note	2023	2022
Cash and cash equivalents*	4	P541,582,866	P488,182,306
Receivables - net	5, 14	118,139,338	92,202,889
Lease deposit	11	78,000,000	78,000,000
Loan receivable	14	15,500,000	15,500,000
Due from related parties	14	11,404,381	11,042,591
		P764,626,585	P684,927,786

*Excluding cash on hand of P1,780,532 and P1,838,430 in 2023 and 2022, respectively.

Details of trade receivables as at December 31, 2023 and 2022 by type of customer are as follows:

	<i>Note</i>	2023	2022
Credit cards		P15,031,776	P7,514,875
Embassy and government		55,928,778	49,901,770
Airlines		10,035,195	8,135,351
Corporations		1,881,316	1,460,727
Travel agencies		1,998,349	3,425,420
Others		30,106,660	15,006,396
	5	114,982,074	85,444,539
Less allowance for impairment losses on trade receivables - charge customers		14,387,728	1,163,806
		P100,594,346	P84,280,733

Others include unallocated accounts pending classification to its proper type of customers as at December 31, 2023.

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

	<i>Note</i>	Amount
Balance at January 1, 2022		P14,299,899
Reversal and write-off in 2022		(13,136,093)
Balance at December 31, 2022	5	1,163,806
Provision in 2023		299,422
Reclassification		12,924,500
Balance at December 31, 2023	5	P14,387,728

The aging of trade receivables as at December 31, 2023 and 2022 is as follows:

	2023			2022		
	Gross Amount	Impairment	Carrying Amount	Gross Amount	Impairment	Carrying Amount
Current	P35,225,565	P -	P35,225,565	P11,235,963	P -	P11,235,963
Over 30 days	1,712,885	-	1,712,885	7,952,874	-	7,952,874
Over 60 days	894,769	-	894,769	8,093,767	-	8,093,767
Over 90 days	55,037,423	(14,387,728)	40,649,695	36,050,503	(1,163,806)	34,886,697
	P92,870,642	(P14,387,728)	P78,482,914	P63,333,107	(P1,163,806)	P62,169,301

As at December 31, 2023 and 2022, receivables from PAGCOR included under Embassy and government amounted to P45,703,071, which management assess, are still collectable. Thus, no allowance for impairment was provided. In addition, any amount outstanding from PAGCOR can be offset against the deposit received from it as discussed in Note 20.

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

	As at December 31, 2023			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P543,363,398	P -	P -	P543,363,398
Receivables	47,167,571	-	-	47,167,571
Loan receivable	15,500,000	-	-	15,500,000
Lease deposit	78,000,000	-	-	78,000,000
	P684,030,969	P -	P -	P684,030,969

	As at December 31, 2022			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P490,020,736	P -	P -	P490,020,736
Receivables	34,925,096	4,816,371	-	39,741,467
Loan receivable	15,500,000	-	-	15,500,000
Lease deposit	78,000,000	-	-	78,000,000
	P618,445,832	P4,816,371	P -	P623,262,203

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks. Lease deposit is also considered of good quality since this is transacted with counterparty that is capable of paying the lease deposit once due. Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Estimating ECL

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets as at December 31, 2023 and 2022. Assets that are credit-impaired are separately presented.

December 31, 2023	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P543,363,398	P -	P543,363,398
Receivables	132,527,066	(14,387,728)	118,139,338
Loan receivable	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000
	P769,390,464	(P14,387,728)	P755,002,736

December 31, 2022	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P490,020,736	P -	P490,020,736
Receivables	93,366,695	(1,163,806)	92,202,889
Loan receivable	15,500,000	-	15,500,000
Lease deposit	78,000,000	-	78,000,000
	P676,887,431	(P1,163,806)	P675,723,625

Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external credit ratings of the counter parties.

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

Liquidity Risk

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

The Company's total current liabilities as at December 31, 2023 and 2022 amounted to P368,768,064 and P298,971,660, respectively, which are less than its total current assets of P780,495,562 and P697,266,589, respectively. Thus, the Company has sufficient funds to pay for its current liabilities and has minimal liquidity risk. Maturity analysis of lease liability is disclosed in Note 20.

Market Risk

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

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

Room Rates

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

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

Interest Rate Risk

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

Foreign Currency Risk

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

As at December 31, 2023 and 2022, assets denominated in US\$ include cash in banks amounting to P148,492 (US\$2,680) and P5,848,349 (US\$104,571) respectively; short-term investment amounting to P234,605,028 (US\$4,356,915) and P320,258,242 (US\$5,726,377), respectively.

In translating foreign currency-denominated monetary assets into Php amounts, the exchange rates used were P55.40 and P55.76 to US\$1 as at December 31, 2023 and 2022, respectively.

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

	Increase (Decrease) in US\$ Exchange Rate	Effect on Income before Income Tax	Effect on Equity after Income Tax
2023	10%	P23,475,352	P17,606,514
	(10%)	(23,475,352)	(17,606,514)
2022	10%	34,361,873	25,771,405
	(10%)	(34,361,873)	25,771,405

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

Fair Values

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

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P543,363,398	P543,363,398	P490,020,736	P490,020,736
Receivables - net	118,139,338	118,139,338	92,202,889	92,202,889
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Accounts payable and accrued expenses	112,133,314	112,133,314	63,224,894	63,224,894
Due to related parties	63,656,535	63,656,535	47,186,672	47,186,672
Refundable deposits	126,897,209	126,897,209	126,870,542	126,870,542
Other current liabilities*	21,843,210	21,843,210	30,598,268	30,598,268

*Excluding payables to government and Output VAT Payable of P39,243,006 and P26,959,225 in 2023 and 2022, respectively.

Estimation of Fair Values

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

Cash and Cash Equivalents

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

Receivables - net , Loan Receivable, Accounts Payable and Accrued Expenses, Due to Related Parties, Refundable Deposits, Other Current Liabilities Except for Output VAT Liability and Other Statutory Payables, Lease Liability - Current Portion
Current receivables are reported at their net realizable values, at total amounts less allowances for estimated uncollectable accounts. Current liabilities are reported at amounts reasonably expected to be paid within the next twelve months or within the Company's operating cycle. Due to/from related parties and loan receivable are payable on demand.

Lease Deposit

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

Capital Management

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

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, due to related parties, other current liabilities, refundable deposits and retirement benefits liability. Total equity comprises mainly of the capital stock, additional paid-in capital and retained earnings.

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

As at December 31, 2023 and 2022, the Company is compliant with the minimum public float requirement of the SEC.

The Company has 115,000,000 shares registered with the SEC on August 9, 1989, the effective date of registration statement. The registered shares with the SEC remain the same as at December 31, 2023 and 2022. The original issue/offer price was P10.00 per share. There were no additional shares registered with the SEC as at December 31, 2023 and 2022.

Based on the Philippine Stock Exchange's website, the Company's traded price per share was P9.75 and P14.38 as at December 31, 2023 and 2022, respectively. The total number of shareholders was 16,629 and 16,038 as at December 31, 2023 and 2022, respectively.

26. Other Matter - BIR 2008 Tax Case

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

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

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

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

On November 6, 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated January 4, 2016 and March 11, 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

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

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

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

In a Manifestation dated September 1, 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

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

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

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

In the Decision rendered on July 4, 2018, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

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

Amended Decision

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

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

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

MR Filed by CIR

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

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

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

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

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

On September 29, 2020, CTA En Banc promulgated a decision affirming the CTA decision and denied the Petition of CIR for lack of merit. CIR, dissatisfied with the decision, filed a Motion for Reconsideration on October 20, 2020 and the Company has filed its Response to CIR's Motion for Reconsideration on November 11, 2020.

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

Petition for Review Filed by the CIR

On March 23, 2021, Management of the Company was advised by the Company's tax counsel that it had received a copy of the Petition for Review dated March 8, 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated September 29, 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated September 29, 2020 and Resolution dated January 19, 2021 and (ii) render a decision ordering the Company to pay the total amount of P37,394,322, P142,281,715, and P326,352,191 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of P506,028,228 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

On July 11, 2023, the Supreme Court further resolves to deny the CIR's petition for review in its Resolution dated February 22, 2023 for failure of petitioner to sufficiently show that the CTA committed any reversible error in the challenged decision.

On July 27, 2023, the CIR has filed its Motion for Reconsideration with the SC on which the Company filed its comments.

The Company has filed its Position Paper to the Supreme Court and awaiting the court's decision. No further update on the tax case as at April 8, 2024.

27. Impact of COVID-19

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the COVID-19. To manage the spread of the disease, the entire Luzon including Metro Manila has been placed under an Enhanced Community Quarantine (ECQ), effective March 17, 2020. The quarantine has caused restrictions in the mobility of people outside their homes, hence, limiting business activities and commercial operations. The quarantine status of Metro Manila went through extensions and modifications.

On September 14, 2021, Metro Manila was placed under General Community Quarantine (GCQ) with Alert Level 4 effective on the second half of the month of September 2021. This is based on the updated guidelines on the COVID-19 alert level system with granular lockdowns released by Inter-Agency Task Force for the Management of Emerging Infectious Disease. Alert Level 4 was further extended until October 15, 2021. Alert level status of Metro Manila was lowered to Alert Level 3 from October 16, 2021 to October 31, 2021 following the government's approval of the IATF's recommendations. On November 5, 2021, Metro Manila was placed under Alert Level 2 until November 21, 2021. This was subsequently heightened to Alert Level 3 until January 31, 2022, and reverted to Alert Level 2 starting February 1 to 15, 2022.

The Company is one of the hotels accredited to become a quarantine facility by Department of Health (DOH) during this pandemic. Contract with Overseas Workers Welfare Administration (OWWA) which started in May 2020 was extended until June 2022 to cater repatriated and returning Overseas Filipino Workers. The Company also secured a contract with Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO) companies to serve as a temporary shelter during lockdown. However, there was also a slow down on collection of its receivables and payment of its obligations.

For the year 2021, the concentration of revenue was from the contracts with Overseas Workers Welfare Administration (OWWA), Philippines Offshore Gaming Operators (POGO) and Business Process Outsourcing (BPO). In addition to this, the Company had a contract with maritime companies to serve as quarantine facility for returning seafarers. The Company is now planning their actions to transition from a quarantine facility back to its pre-pandemic normal operations which is catering guests for business and leisure purposes.

On November 9, 2021, the Company was also able to secure its Certificate of Inspection issued by the Bureau of Quarantine (BOQ) under the DOH. This certifies that the Company has been inspected, and is compliant with the prescribed public health and safety standards, thereby allowing it to operate as a multiple-use hotel. The Certificate for Multiple-use Hotel was then issued to the Company on December 13, 2021, officially permitting the Company to operate for leisure or staycation.

In 2022, the Hotel fully opened to the public from housing quarantined guests in 2021 and was able to secure rental agreements for the Company's hotel premises.

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

28. Supplementary Information Required by Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. The following are the tax information/disclosures required for the taxable year ended December 31, 2023:

Based on RR No. 15-2010

A. VAT

1. Output VAT	P55,661,075
Account title used	
Basis of the Output VAT:	
Vatable sales	P439,171,925
Sales to Government	24,670,366
Zero rated sales	768,832
Exempt sales	1,940,477
	P466,551,600
2. Input VAT	
Beginning of the year	P -
Input tax deferred on capital goods from previous period	2,192,844
Current year transactions:	
a. Domestic purchases of goods other than capital goods	7,661,311
b. Domestic purchases of services	18,451,497
Deductions from input tax	(2,927,008)
Total allowable Input VAT	P25,378,644
Total VAT payable during the year	P30,282,431
Less: Applied input VAT and payments during the year	30,282,431
Balance at the end of the year	P -

B. Withholding Taxes

Tax on compensation and benefits	P11,573,984
Creditable withholding taxes	7,737,469
	P19,311,453

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under	
Administrative Expenses	
Real estate taxes	P9,651,911
License and permit fees	1,803,244
	P11,455,155

D. Deficiency Tax Assessments and Tax Cases

As at December 31, 2023, the Company has pending deficiency tax assessments amounting to P508,101,387 for the tax period 2008 which is pending review by the Supreme Court.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE**

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

We have audited the accompanying financial statements of Grand Plaza Hotel Corporation as at and for the year ended December 31, 2023, on which we have rendered our report dated April 10, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president or any member of the Board of Directors and Stockholders of the Company.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO
Partner
CPA License No. 0125463
Tax Identification No. 941-200-384
BIR Accreditation No. 08-001987-149-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075194
Issued January 2, 2024 at Makati City

April 10, 2024
Makati City, Metro Manila

Partner - Philippine Registration & Accreditation
0125463 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
R.G. Manabat & Co., Group A, with 10 years covering the audit of 2023 to 2024
0125463 - BIR Accreditation No. 08-001987-149-2022, valid until January 26, 2025
PTR No. MKT 10075194, issued January 2, 2024 at Makati City
R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms
affiliated with KPMG International Limited, a private English company limited by guarantee.



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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Memorandum Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co. is a Philippine corporation and a member firm of the KPMG network, a global organization of independent member firms affiliated with KPMG International Limited, a private English company, which is a member



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO

Partner

CPA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila



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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 10, 2024.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J.

Firm Regulatory Registration & Accreditation
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC Group A, valid for five (5) years covering the period of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2013-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the period of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Secretary's Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co. is a Philippine partnership and a member firm of the global network of independent member firms affiliated with the PwC business, a private English company.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Anabella R. Resuello', written over a faint, circular stamp or watermark.

ANABELLA R. RESUELLO
Partner

CPA License No. 0125463

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-149-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075194

Issued January 2, 2024 at Makati City

April 10, 2024

Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023**

GRAND PLAZA HOTEL CORPORATION
10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard,
Pasay City

Unappropriated Retained Earnings, beginning of the reporting period		(P16,599,013)
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		(16,599,013)
Add/Less: Net Income (loss) for the current year		30,863,382
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	1,662,758	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		1,662,758

Forward

Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized foreign exchange gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	P -
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	29,200,624
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-

Forward

Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Sub-total		P -
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(3,109,537)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-
Others (describe nature)		-
Sub-total		(3,109,537)
Total Retained Earnings, end of the reporting period available for dividend		P9,492,074

Annex 68-E

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
GRAND PLAZA HOTEL CORPORATION**

As of December 31, 2023

Key Performance Indicators	FORMULA (Amount in Millions)		2023	2022
Current Ratio	Total Current Assets Divide by: Total Current Liabilities Current Ratio	780 369 2.11	2.11	2.33
Acid Test Ratio	Total Current Assets Less: Inventories Other current assets Quick Assets Divide by: Total Current Liabilities Acid Test Ratio	780 (7) (85) 688 369 1.86	1.86	2.04
Debt to Equity Ratio	Total Liabilities Divide by: Stockholders Equity	554 944	0.59	0.53
Asset to Equity Ratio	Total Assets Divide by: Stockholder's Equity	1,498 944	1.59	1.53
Return on Equity	Net Income Total Equity	31 944	3.28%	0.66%
Return on Asset	Net Income Divide by: Average Total Assets	31 1,498	2.07%	0.43%
Profit before tax Margin Ratio	Profit (Loss) Before Tax Divide by: Total Revenue	40.66 468.30	8.68%	4.18%
EBITDA (Earnings before interest, tax, depreciation & amortization)	Profit (Loss) Before Tax Add: Depreciation Expenses Interest Expense Less: Foreign Exchange Gain Interest Income Equity in Net Income of Associate EBITDA	40.66 37.50 13.20 (5.19) 22.84 1.66 72.05	P72.05 million	P33.32 million

Annex 68-J
SCHEDULES
GRAND PLAZA HOTEL CORPORATION
As of December 31, 2023

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds	Amount shown in balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
CASH ON HAND AND IN BANKS	P -	P133,483,992	P133,483,992	P292,772
SHORT TERM INVESTMENTS	-	409,879,406	409,879,406	17,869,409
RECEIVABLES - NET	-	118,139,338	118,139,338	-
LOAN RECEIVABLE	-	15,500,000	15,500,000	775,000
LEASE DEPOSIT	-	78,000,000	78,000,000	3,900,000

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related parties)

Name and Designation of Debtor	Balance December 31, 2022	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 31, 2023
HARBOUR LAND CORPORATION	P3,277,435	P3,901,297	P5,228,732	P -	P1,950,000	P -	P1,950,000
ELITE HOTEL MANAGEMENT SERVICES PTE	67,200	1,030,321	1,097,521	-	-	-	-
ROGO REALTY CORPORATION	110,844	1,189,521	867,529	-	432,836	-	432,836
TOTAL	P3,455,479	P6,121,139	P7,193,782	P -	P2,382,836	P -	P2,382,836

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance December 31, 2022	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 2023
	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>				
TOTAL	-	-	-	-	-	-	-

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
	Nothing to report		
TOTAL			

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	Nothing to report	
TOTAL		

Schedule F. Guarantees of Securities of Other Issuers

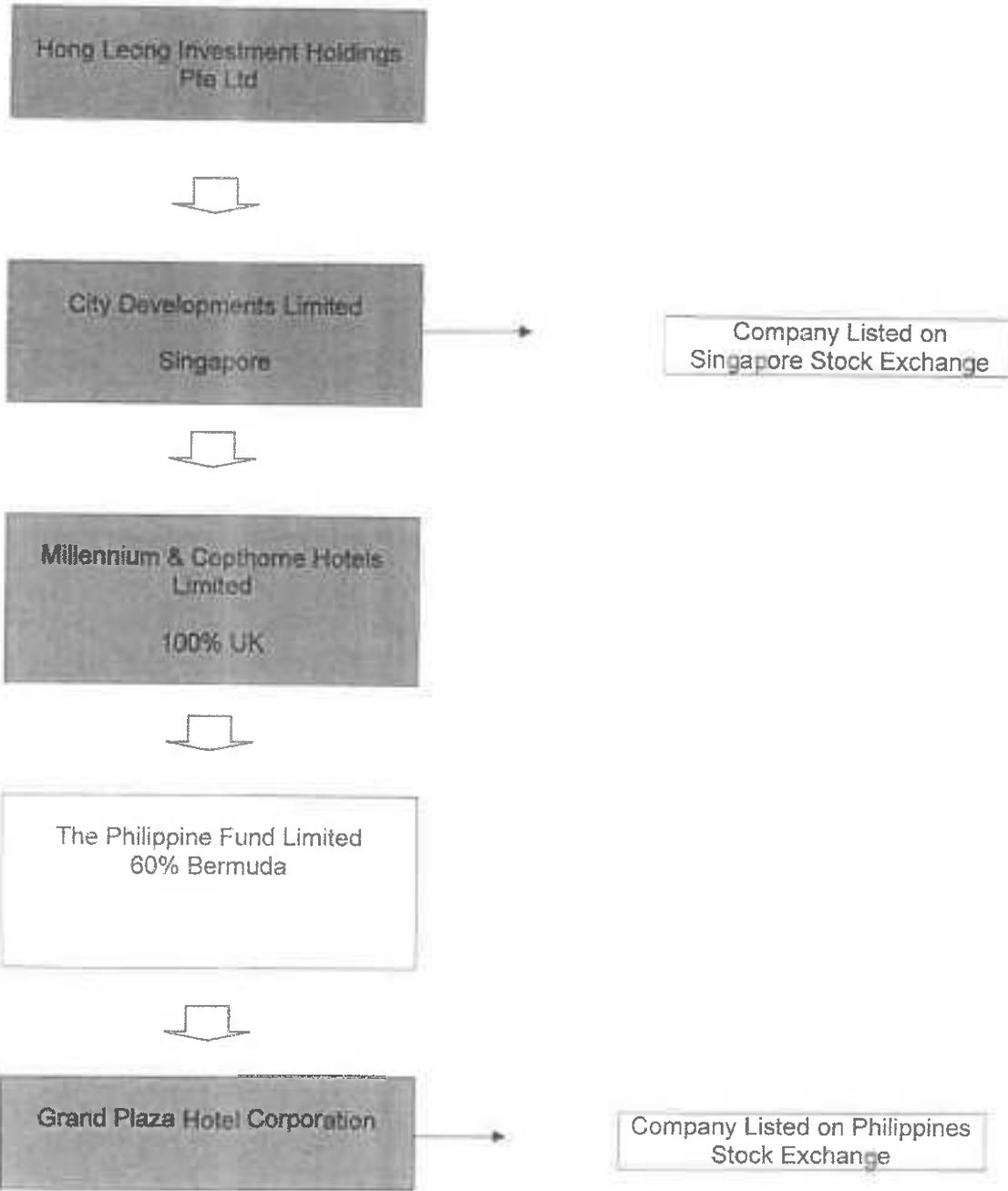
Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
	Nothing to report			

Schedule G. Capital Stock

Title of Issue	Number of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants conversion and other right	Number of shares held by related parties	Directors, officers and employees	Name
Common	115,000,000	53,717,369			1 1 1 1 1 1 2,999 1,000	Kwek Elk Sheng Bryan Cockrell Natividad Alejo Simeon Ken Ferrer Ricardo Pio Castro Wong Kok Ho Yam Kit Sung Arlene De Guzman The Philippine Fund Ltd. Zatrio PTE LTD **6,857,283 - owned by Public
TOTAL	115,000,000	53,717,369		46,856,081	4,005	

The Group Structure

The Philippine Fund Limited Group Structure



As at December 31, 2023

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-460-602-000
Name	: GRAND PLAZA HOTEL CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462400059109193
Amount Payable (Over Remittance)	: -10,560,131.00
Accounting Type	: ☉ - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/11/2024
Tax Type	: IT

[[BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#)]

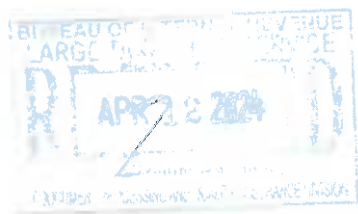




Republic of the Philippines
 Department of Finance
 Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			1702-RT 01/18ENCS P1	
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal	3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 Withholding Tax Code (ATC): <input type="checkbox"/> DOMESTIC CORPORATION IN GENERAL			
2 Year Ended (MM/DDYY): 12/2023						
Part I - Background Information						
6 Taxpayer Identification Number (TIN): 000-460-602-000			7 RDO Code: 125			
8 Registered Name (Enter on 1 letter per box using CAPITAL LETTERS): GRAND PLAZA HOTEL CORPORATION						
9A Registered Address (Indicate complete registered address): THE HERITAGE HOTEL MANILA ROXAS BOULEVARD COR. EDSA EXTE BARANGAY 76 PASAY CITY						
9B Zipcode: 1300						
10 Date of Incorporation/Organization (MM/DD/YY): 06/9/1989						
11 Contact Number: 8548825			12 Email Address: kilsung.yam@millenniumhotels.com			
13 Method of Deductions: <input checked="" type="checkbox"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="checkbox"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]						
Part II - Total Tax Payable <i>Do NOT enter Centavos</i>						
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)					12,903,717	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)					23,463,848	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)					(10,560,131)	
Add Penalties						
17 Surcharge					0	
18 Interest					0	
19 Compromise					0	
20 Total Penalties (Sum of Items 17 to 19)					0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of item 16 and 20)					(10,560,131)	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)						
<input type="checkbox"/> To be refunded		<input type="checkbox"/> To be issued a Tax Credit Certificate (TCC)		<input checked="" type="checkbox"/> To be carried over as tax credit next year/quarter		
I, the undersigned, under the penalties of perjury, state that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the Internal Revenue Code, its amendments, and the regulations issued under authority thereof. If authorized Representative, attach authorization letter and cooperate.						
Signature over printed name of President/Principal Officer/Authorized Representative					22 Number of Attachments: 4	
Title of Signatory			Title of Signatory			
TIN			TIN			
Part III - Details of Payment						
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount		
23 Cash/Bank Debit Memo				0		
24 Check				0		
25 Tax Debit Memo				0		
26 Others (Specify Below)				0		
Machine Generated Receipts Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		



Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to
REGULAR Income Tax Rate



1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 -460 -502 -000	GRAND PLAZA HOTEL CORPORATION

Part IV - Computation of Tax MCIT under Carryover

27 Sales/Receipts/Revenues/Fees	468,251,482
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)	468,251,482
30 Less: Cost of Sales/Services	157,854,354
31 Gross Income from Operation (Item 29 Less Item 30)	310,397,128
32 Add: Other Taxable Income Not Subjected to Final Tax	0
33 Total Taxable Income (Sum of Items 31 and 32)	310,397,128

Less: Deductions Allowable under Existing Law

34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	1,751,121
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 6)	1,993,571
37 Total Deductions (Sum of Items 34 to 36)	3,744,692
<i>OR (in case taxable under Sec. 27(A) & 28(A)(1))</i>	
38 Optional Standard Deduction (40% of item 33)	0

39 Net Taxable Income(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)	51,614,888
---	------------

40 Applicable Income Tax Rate 25%

41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)	12,903,717
42 MCIT Due (2% of Item 33)	4,725,473
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)	12,903,717

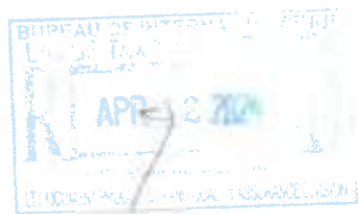
Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	16,915,175
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	3,571,297
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	2,977,376
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits (To Part V Item 58)	0
Other Credits/Payments (Specify)	0
53	0
54	0

55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)	23,483,848
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)	(10,560,131)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0
58 Add: Special Tax Credits (From Part IV Item 52)	0
59 Total Tax Relief Availment (Sum of Items 57 and 58)	0



Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to
REGULAR Income Tax Rate



1702-RT 01/18ENC5 P3

Taxpayer Identification Number (TIN)	Registered Name
000 -460 -602 -000	GRAND PLAZA HOTEL CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

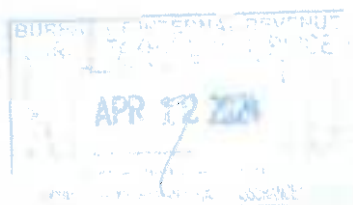
1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	0
16 Transportation and Travel	0
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below: Add additional sheet/s, if necessary)	
a Janitorial and Messengenal Services	0
b Professional Fees	0
c Security Services	0
d VARIOUS ACCOUNT PER AFS	256,751,121
e	0
f	0
g	0
h	0
i	0

18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34) 256,751,121

Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

Description	Basic	Amount
1		0
2		0
3		0
4		0

5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35) 0



Taxpayer Identification Number (TIN) 000-460-802-000 **Registered Name** GRAND PLAZA HOTEL CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	Amount	
4		0
5 2022	990,517	0
6	0	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) (E = A Less B + C + D)
4	0	0
5	990,517	0
6	0	0
7	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	990,517	0

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2021	0	1,162,457	1,162,457
2 2022	0	2,021,008	2,021,008
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1	0	0	1,162,457
2	0	0	2,021,008
3	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)			0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	40,857,562
Add: Non-deductible Expenses/Taxable Other Income	
2 VARIOUS ACCOUNT PER AFS	52,674,408
3	0
4 Total (Sum of Items 1 to 3)	93,531,970
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 VARIOUS ACCOUNT PER AFS	41,717,102
6	0
7	0
8	0
9 Total (Sum of Items 5 to 8)	41,717,102
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	51,814,868



GRAND PLAZA HOTEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of Grand Plaza Hotel Corporation (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as at and for the year ended December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



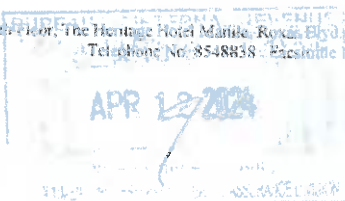
Kwek Eik Sheng
Chairman and President



Yam Kit Sung
Director, General Manager & Chief Financial Officer

Signed this 11 day of April

10th Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Ext., Pasay City
Telephone No. 8548838 - Facsimile No. 8548825



BIR Form No.
1709

**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY
(FOREIGN AND/OR DOMESTIC)**



December 2020 (ENCS)
Page 1

Enter all required information in CAPITAL LETTERS using SLASH (/) for hyphen and dots (.) for decimal. Two copies must be filed with the BIR and one held by the Taxpayer.

1 For the Calendar Fiscal 2 Year Ended (MM/YY) **12 20 23** 3 Number of Sheets Attached

Part I - Background Information

4 Taxpayer Identification Number (TIN) **000 460 604 0000** 5 RDO Code **125**
 6 Taxpayer's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
GRAND PLAZA HOTEL CORPORATION
 7 Registered Address (Trade Name, Branch, P.O. Box, etc. for individuals; street name, lot number, and P.O. Box for non-individuals)
10TH FLOOR THE HERITAGE HOTEL MANILA, ROXAS BLVD, CORNER EDSA
PASAY CITY 8 A ZIP Code **1300**
 8 Contact Number (Landline/Cellular No.) 9 Email Address

Part II - Details of Related Parties

(Fill out the table properly. Write 'N/A' if not applicable and use additional sheets, if necessary.)

A. Foreign Related Parties

Name	Nature of Relationship	Country of Residence	Foreign TIN	Local TIN	With Permanent Establishment (PE) in the Philippines? (Yes/No)	TIN of PE

B. Domestic Related Parties

Name	Nature of Relationship	TIN	Registered Address
Harbour Land Corporation	Associate	000-163-601-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City
Rojo Realty Corporation	Under Common Control	000-495-411-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City
Elite Hotel Management Services	Under Common Control	408-499-848-000	10th Floor The Heritage Hotel Manila, Roxas Blvd., corner EDSA, Pasay City

Part III - Related Party Transactions

A. Sale of Goods and Provisions of Services

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Were you granted treaty benefit in the source country? (Yes/No)	Income Tax Withheld by the Income Payer

B. Purchase of Goods and Services Except Those Provided by Key Management Personnel (KMP)

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Did the income recipient claim treaty benefit? (Yes/No)	Was a TIRA filed therefor? (Yes/No)	Income Tax Withheld by the Income Payer (if any)	Is the income payment attributable to PE? (Yes/No)

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 1709 12-20 ENCS P1

**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY
(FOREIGN AND/OR DOMESTIC)**



TIN: _____ Registered Name: _____

Continuation of Part III

C. Loans Granted to or Non-Trade Receivable from (Related Parties)

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debt (if any)*	Bad Debt Expense Recognized During the Period (if any)**
Rogo Realty Corporation	15,500,000.00		5% per annum collectible upon demand	15,500,000.00		

D. Loans Received from or Non-Trade Payable to (Related Parties)

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year

E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount in PHP
Harbour Land Corporation	Working Capital purposes		1,950,000.00
Rogo Realty Corporation	Working Capital purposes		432,836.00
Elite Hotel Management Services	Working Capital purposes		-0-

Part IV – Additional Disclosure

A. Brief business overview of the ultimate and immediate parents of the taxpayer:
 See attached Audited Financial Statements and various disclosures

B. Brief business overview/functional profile of the taxpayer:
 Grand Plaza Hotel Corporation was registered with SEC on Aug. 9, 1989 primarily to own, lease or manage one or more hotels, inns or resorts all adjuncts and accessories thereto and all.

C. Has there been any change in your functional profile during the taxable period? If yes, provide details. Yes No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. Yes No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years? If yes, provide details. Yes No

4/15/2021
 OFFICE OF THE COMPTROLLER GENERAL OF ACCOUNTS
 DEPARTMENT OF TREASURY
 MANILA, PHILIPPINES

BIR Form No.

1709

December 2020 (ENCS)
Page 3

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC)



TIN	Registered Name
-----	-----------------

Continuation of Part IV

F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include but are not limited to the following: (a) Organizational Structure; (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents.

Yes No

G. Do you have pending applications for relief with the BIR or with the tax authority of other countries? If yes, provide details.

Yes No

H. Do you have an Advance Pricing Agreement (APA) with your related parties?

Yes No

We declare, under the penalties of perjury that this return has been made in good faith, and true, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required documents to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. If authorized representative, please attach an authorization letter.

Stamp of receiving Office and Date of Receipt (RO's Signature)

[Signature]
AZUCENA OSI - TIN: 212-938-866-000

Signature (and Printed Name) of Taxpayer/Authorized Representative/Tax Agent	Title and TIN
Tax Agent Association Number (if Applicable)	
Date of Issue (MM/DD/YYYY)	Date of Expiry (MM/DD/YYYY)



SWORN DECLARATION

REPUBLIC OF THE PHILIPPINES
PROVINCE OF METRO MANILA
CITY/MINICIPALITY OF PASAY CITY

I, Azucena Osi, Filipino, of legal age designated as Finance Manager of Grand Plaza Hotel Corporation, with business address located at 10th Floor, The Heritage Hotel Manila Roxas Boulevard cor. EDSA, Pasay City do hereby certify the following:

- That in compliance with the requirements of Revenue Regulations No.2-2015, submitted herewith is 1 DVD-R/s containing 432 scanned BIR Form 2307/2316 covering the period January – December 2023.
- That the contents of the DVD-Rs being submitted herewith conform to the conditions/specification requirements set by the Bureau of Internal Revenue.
- That the soft copies of the BIR Form 2307/2316 contained in the DVD-R/s being submitted herewith are the complete and exact copies of the original thereof.

I HEREBY DECLARE UNDER THE PENALTIES OF PERJURY THAT THE FOREGOING ATTESTATIONS ARE TRUE AND CORRECT.


AZUCENA C. OSI
Name and Signature of Authorized Representative
TIN: 212-938-866-000

SUBSCRIBED and sworn before me, in the City/Municipality of Quezon City, this day of APR 12~~8~~ 2024 with Residence Certificate No. _____ issued at _____ of _____ 20__.

Notary public

Doc. No. 42
Page No. 3
Book No. I
Series of 2024



Re: 1702_12 2023_ATTACHMENT_GRAND PLAZA HOTEL CORPORATION

esubmission@bir.gov.ph <esubmission@bir.gov.ph>

Fri 4/12/2024 8:06 AM

To: Genalyn Escario <genalyn.escario@millenniumhotels.com>

The BIR has received your data file(s). Please be informed that you will receive another email on the file structure validation results of your submission, but no further email will be received on the TIN validation results. Hence, please ensure that the TIN of the Withholding Agent is valid for a successful submission of your Alphalist (or SLSP, as the case may be).

Thank you.



Contextual Information

Company Details	
Name of Organization	Grand Plaza Hotel Corporation ("Corporation")
Location of Headquarters	10 th Floor, Heritage Hotel Manila, EDSA corner Roxas Blvd. Pasay City
Location of Operations	Same as above
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	none
Business Model, including Primary Activities, Brands, Products, and Services	The Corporation owns and operates The Heritage Hotel Manila, a deluxe class hotel that offers 450 rooms and facilities and amenities such as restaurants, function halls, and a coffee shop, as one operating segment.
Reporting Period	
Highest Ranking Person responsible for this report	General Manager

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴

For the Corporation's submission of this Sustainability Report, the Corporation identified the material topics which are deemed relevant to the operations of the Corporation and the Hotel on the basis of the Sustainability Accounting Standards Board (SASB) Materiality Map, specifically, for the Hotels & Lodging industry. The SASB Materiality Map is referenced in the SEC Memorandum Circular No. 4, Series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies. The Corporation identifies the following issues as most likely to affect the economic, environmental and social impacts of the Corporation:

1. Environmental (Energy Management, Waste and Wastewater Management)
2. Social (Labor Practices, Product and/or Service Quality and Safety)
3. Economic (Supply Chain Management)

¹⁴ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	468,291,460	PhP
Direct economic value distributed:		
a. Operating costs	157,934,954	PhP
b. Employee wages and benefits	123,043,864	PhP
c. Payments to suppliers, other operating costs	152,771,170	PhP
d. Dividends given to stockholders and interest payments to loan providers	NIL	PhP
e. Taxes given to government	61,049,038	PhP
f. Investments to community (e.g. donations, CSR)	NIL	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Hotel and F&B Services - This entity generates revenue through the services it offers. The revenue generated benefits both this organization and the government via tax remittances.	Guests, Government, and Community	Management is consistently strong in delivering the stated and well circulated hotel policies and procedures
This entity creates jobs, employment, and other labor opportunities in the hotel and food and beverage industries.	Employees, Government	Management is consistently strong in delivering the stated and well circulated hotel policies and procedures. Weekly manning requisitions are properly monitored.

Hotel and F&B procurement- this entity procured goods and services and produced goods from raw products.	Suppliers, Employees, and Government	Management is consistently strong in enforcing the hotel's stated and widely circulated policies and procedures. The organization has a strong anti-bribery policy in place, and key managers who have been directly exposed are required to take an online exam.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Increased room market inventory in the bay area. Business growth, unstable market demand.	Guests, Organization, and Government	Working on the favorable growth of rooms market share and f&b productions. Competitive promotions and staff incentives are available.
Labor availability – certain skills and capabilities are required in the delivery of the services.	Employees, Organization	Strong coordination with agency providers and well sourced manning procurement are available.
Procurement bribery, unstable prices and availability of goods and services.	Suppliers, Employees, and Government	In placed policy and procedures.
Incidence of procurement bribery, unstable prices and availability of goods and services.	Guests, Organization, and Government	In placed policy and procedures.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Increased business influx due to infrastructural and financial upswing progress within the area.	Guests, Organization, and Government	Strong campaigns, and strategic planning are in place.
Employee empowerment	Employees, Organization	Human resource department is equipped with different approaches for employees growth.
Local suppliers growth and local economic advantage.	Suppliers, Employees, and Government	Management is backed with policies and procedures in assessing suppliers and depends on local farmers and suppliers.

Climate-related risks and opportunities¹⁵

The Corporation does not have sufficient information to fully assess the climate-related risks and opportunities at this stage. The Corporation has yet to implement certain metrics and targets to assess and manage the relevant climate-related risks and opportunities at this stage. The Corporation has implemented measures to reduce energy consumption, promote energy efficiency, and reduce wastes.

Governance	Strategy	Risk Management	Metrics and Targets
N/A	N/A	N/A	N/A
<i>Recommended Disclosures</i>			
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

N/A	N/A	N/A	N/A
-----	-----	-----	-----

¹⁵ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
<i>Percentage of procurement budget used for significant locations of operations that is spent on local suppliers</i>	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The majority of goods and services are provided by local companies. Dealing with local suppliers has the advantage of lower delivery costs and better product quality. Local suppliers are preferable because they are less expensive, easier to reach, and grown locally.	Guests, Suppliers, Community, Government.	Management prefers local suppliers due to easy access, lower delivery charges, lower carbon footprint, and higher quality of goods. Existing policies and procedure are in place.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

The availability of the type of goods and services required may not be sufficient to meet the needs based on standard requirements, either in terms of volume or quality.	Guests, Suppliers, Government.	Management will assess and apply the existing procedure in order to address any problems.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Locally sustainable, local economic growth, wide choices, and cheaper price.	Guests, Suppliers, Government.	Management weighs decision based on the contribution an option may bring.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	nil	#
Number of incidents in which employees were dismissed or disciplined for corruption	nil	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	nil	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	
Energy consumption (gasoline)	N/A	
Energy consumption (LPG)	116,568	kwh
Energy consumption (diesel)	343,350	ltr
Energy consumption (electricity)	6,193,847	kwh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Energy consumption is based on the daily operation/ needs of the hotel and depends on the quantity of the hotel guest	Management, hotel employees, suppliers, and hotel guests	Establish energy conservation committee led by the Certified Energy Manager who will conduct training and seminars regarding energy conservation
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The lesser the consumption, the lesser the cost and harm to the environment	Management and hotel employees	To conduct monthly meeting and training on energy conservation
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To have proper preventive maintenance of all major equipment to help reduce electricity consumption	Management and hotel employees	To have energy conservation committee and to have an Certified Energy Manager

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	123,511	Cubic meters
Water consumption	137,234	Cubic Meter

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption is also based and depends on the daily operation and occupancy of the hotel	Management, hotel employees, suppliers, and hotel guest	Establish water conservation committee led by the Certified Energy Manager who will conduct training and seminars regarding energy conservation
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The higher consumption, the higher the cost	Management and hotel employees	To have a monthly meeting to monitor the action plan regarding water conservation
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Materials used by the organization

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> renewable 	-	kg/liters
<ul style="list-style-type: none"> non-renewable 	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
Habitats protected or restored	-	

IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	-	
--	---	--

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
---	----------------------------------	---------------------

¹⁷ International Union for Conservation of Nature

organization's involvement in the impact?		
---	--	--

N/A	N/A	N/A
-----	-----	-----

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
---------------------------------	----------------------------------	---------------------

N/A	N/A	N/A
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What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
--	----------------------------------	---------------------

N/A	N/A	N/A
-----	-----	-----

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	--	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	--	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	--	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Air pollutants

Disclosure	Quantity	Units
NOx	22.07	Mg/Nm3
SOx	1.29	Mg/Nm3
Particulate matter (PM)	1.6	Mg/Nm3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
To conduct and pass the smoke emission testing required by DENR (Department of Environment of Natural Resources)	Employees, environment committee	To have refresher course training related to Environmental issues/impact.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and cause business operational failures and shutdown.	Employees, environment committee	To have refresher course training related to Environmental issues/impact.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Proper maintenance of our Boilers and Generators	Employees	To attend seminars conducted by the DENR and other related agency concerning to the environment.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	53,930	kg
Recyclable	7,170	kg
Composted	6,818	kg
Incinerated	7,325	kg
Residuals/Landfilled	28,249	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Improper handling of solid waste materials may lead to health and environment hazards	Employees, environment, and community	To have a refresher course related to Environmental issues / impact
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and can cause	Employees, environment, and community	To have a refresher course related to Environmental issues / impact
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To have awareness and be educated on how to handle proper waste management	Employees	To attend seminars conducted by the DENR and other related agency concerning to the environment.

Hazardous Waste

Disclosure	Quantity	Units
Total waste of hazardous waste generated	15,000	kg
Total weight of hazardous waste transported	15,000	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
To control and reduce the use of hazardous waste materials	Management, employees and the environment	To conduct seminar regarding solid waste management
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and cause business operational failures and shutdown.	Employees, environment committee	To conduct seminar regarding solid waste management

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To focus on the hazardous waste management program and ensure proper handling of waste materials	Management, employees and the environment	To have seminar and program regarding proper handling of hazardous waste management

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	123,511	Cubic Meter

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

To conduct monthly water sampling and pass the new parameters required by LLDA	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters
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What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply with the new standard and parameters given by the LLDA (Laguna Lake and Development Authority) can cause to business closure	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To avoid being penalized by the local government if not doing and following the new set of parameters	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters

Environmental compliance

Non-compliance with Environmental Laws and Regulations

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

SOCIAL

Employee Management Employee

Hiring and Benefits Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	160	
a. Number of female employees	60	#
b. Number of male employees	100	#
Attrition rate ¹⁹	20.946%	rate
Ratio of lowest paid employee against minimum wage	57/160=0.36	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	60	100
PhilHealth	Y	60	100
Pag-ibig	Y	60	100
Parental leaves	N	-	-
Vacation leaves	Y	-	-
Sick leaves	Y	-	-
Medical benefits (aside from PhilHealth))	Y	HMO Medicaid	HMO Medicaid
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	Retirement Pay	Retirement Pay
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	-	-
Flexible-working Hours	N		
(Others)	N	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The availability of these benefits for the employees provide them with a sense of security and impacts their productivity.	The hotel has a complete and broad SOPs that are in place to implement in-house benefits. HR department also assists the employees in availing said government benefits. From time to time seminars are conducted internally.

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What are the Risk/s Identified?	Management Approach
Employees become unhappy, demotivated, and unproductive. May form or join a union.	Management has put in place various Employee Engagement Programs
What are the Opportunity/ies Identified?	Management Approach
Keeping the employees happy and motivated will result to productive work output.	Engagement Programs – Employee Training & Development, Various Employee

Employee Training and Development as of December 31, 2023

Disclosure	Quantity	Units
Total training hours provided to employees	5225	
a. Female employees	1992	hours
b. Male employees	3233	hours
Average training hours provided to employees		
a. Female employees	32.66	hours/employee
b. Male employees	32.66	hours/employee

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
This impacts the competency level of the employees.	Hotel has a Training & Development program in place.
What are the Risk/s Identified?	Management Approach
Competitiveness of employees / Quality of employees can be affected	Performance Management is done twice a year.
What are the Opportunity/ies Identified?	Management Approach
Properly Administered, this will reduce employee turnovers.	All hotel departments have their own coach-in-action.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Although there is no union in the hotel, we have active employee participation in all employee-related activities.	Management fully supports all employee activities that happen on a daily basis.
What are the Risk/s Identified?	Management Approach
Risk is the revival of unions in the hotel.	Hotel has a regular program of administered by all employees. This is handled by various committees and involves employees from all levels.
What are the Opportunity/ies Identified?	Management Approach
These programs are geared towards achieving high productivity levels and industrial peace.	Management encourages & fully supports all of these programs for employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	60	-
% of male workers in the workforce	100	-
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Negligible impact on the organization because it fully respects & supports diversity & equal opportunity.	Management has in place pertinent SOPs to address said issues and follows these.
What are the Risk/s Identified?	Management Approach

Very minimal risk of a lawsuit	Hotel is transparent in handling of issues, should there be any.
What are the Opportunity/ies Identified?	Management Approach
Hotel is considered preferred by employees because of its non-discriminatory approach to staff engagement and involvement in activities and tasks.	Management is very open-minded about these situations.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	X8hrs	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Impacts the labor standards compliance of the organization & eventually its reputation in the hospitality sector.	Hotel fully ensures that labor standards are strictly followed.
What are the Risk/s Identified?	Management Approach
Fines/penalties that may be implemented by the Department of Labor & Employment.	We have hotel committees tasked to address issues & to rectify accordingly.
What are the Opportunity/ies Identified?	Management Approach
It will lead to a safe working environment that also impacts the happiness index of employees.	Management is strict in the implementation of these measures.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	1 (one)	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? Yes, P&P. Policy on anti-sexual harassment and the new law on SafeSpaces Act.

Topic	Y/N	If Yes, cite reference in the company policy
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Forced labor	N	
Child labor	N	
Human Rights	Y	P&P – Policy on Anti Sexual Harassment

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This situation impacts the reputation & image of the hotel.	Management is quite strict in upholding the rights of its employees.
What are the Risk/s Identified?	Management Approach
Possible lawsuit if not properly handled.	Management does not and will not tolerate violations committed by any of its employees
What are the Opportunity/ies Identified?	Management Approach
Management does not and will not tolerate violations committed by any of its employees	Seminars & legal updates are conducted accordingly.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

N/A

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
1. Tourism	Pasay City	N/A	No	N/A	
2. Entrepreneurship	Pasay City	N/A	No	N/A	
3. Revenue Generating	Pasay City	N/A	No	N/A	

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
YTD 2023 Customer Satisfaction Revinatereviews	4.84	Yes

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>General overall condition of guest rooms and amenities.</p> <p>Negative reviews and feed backs regarding the old condition of the rooms; while staff service & attitude consistently on high ranking score;</p>	<p>Our guest rooms will undergo renovation by the 2nd quarter of 2024.</p> <p>To maintain, improve the standard and quality of our services; we continue to train the team; continue aggressive guest engagement through Revinatereviews</p>
What are the Risk/s Identified?	Management Approach
It will significantly affect the cost & value, overall appearance of the rooms	YTD Project: Regular Preventive maintenance & repairs of the hotel rooms conducted and prepared by the RPM Team.
What are the Opportunity/ies Identified?	Management Approach
A customer satisfaction review helps the Corporation in improving its services and amenities.	The hotel has a readily available concierge and satisfaction survey forms where customers can share their comments

Health and Safety

The Corporation currently does not have sufficient information to assess the Social impact under this category as of this reporting period.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	--	#
No. of complaints addressed	--	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Marketing and labelling (Reference: 2023 Guest Reviews via THM Revinate Dashboard)

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling* (Condition of Rooms and Facilities)	7%	#
No. of complaints addressed	237	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Per guest experiences, 2023 reviews posted on Revinate showed complaints about Room Conditions and Facilities.	- All reviews are responded 24/7 - Included in the reply is the renovation of guest rooms that will happen this year

What are the Risk/s Identified?	Management Approach
Impression of the hotel as being “old” or “outdated”	- Capitalize on Service, Friendly Accommodation, Warm Welcome
What are the Opportunity/ies Identified?	Management Approach
Start on renovation projects	- Get support from Corporate to speed up Renovation Projects

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None YTD	Online reviews
No. of complaints addressed	97% Response rate	Online reviews
No. of customers, users and account holders whose information is used for secondary purposes	None	

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>To register the new member via QR Code or QSUP can increase direct website bookings.</p> <p>Any personal data provided will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group which includes all data’s obtained from the new member</p> <p>Per terms & condition policy, once the membership is accepted, membership in the programme will be governed by the full terms and conditions of the programme. Personal data provided will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group.</p>	<p>Once the Front Office Team identify who are the non-My Millennium Member/s during guest check in, Front office introduce the My Millennium Programme – MHR guest rewards programme to target guests to become a My Millennium member and to earn points during their stay in any MHR Property. Once the guest agrees to be a member,</p> <p>FO will present the My Millennium registration via QSUP. Guest must agree with the terms & condition related to data privacy by ticking the boxes in the Registration Cards upon check in; This membership will help build and develop a larger data base and to encourage customer retention through the brand website.</p>
What are the Risk/s Identified?	Management Approach
Personal data’s are being shared through My Millennium QSUP.	Guest must agree to the MM Rewards terms and conditions upon completing the membership via QSUP. Our hotel DPO conducts the training

<p>Any personal data provided in the form will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group.</p>	<p>regarding Data Privacy Law & Privacy Impact Assessment.</p> <p><i>We assure the 100% compliance of our front liners who obtain upon check in all delicate guest personal information.</i></p>
<p>Identify the opportunity/ies related to material topic of the organization.</p>	<p>Management Approach</p>
<p>Possible confusion of rates in website and OTA bookings. As a result of guest to possibly book via OTA. Introduce of the Acquisition program can help increase more bookings direct and explain further to the guest the rewards experience at all participating hotels and resorts.</p> <p>Possible risk if receiving various service communication via e-mail, including monthly points statements. To manage the communication preference via the preference center on the members My Millennium profile page.</p>	<p>Front Office will register the new enrolls via QSUP once the guest agrees with the terms & condition in the Registration Card and once Front Office enrolls the new members via QSUP; this will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group.</p>

Data Security

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#

<p>What is the impact and where does it occur? What is the organization’s involvement in the impact?</p>	<p>Management Approach</p>
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N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Hotel and Lodging Food and Beverage Service	Decent Work and Economic Growth. The Hotel provides job opportunities and decent working conditions.	The lack of available opportunities offered to the vulnerable sector.	N/A

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
GRAND PLAZA HOTEL CORPORATION
10 July 2023**

The annual meeting of the stockholders of Grand Plaza Hotel Corporation (**Corporation**) was held in person at The Heritage Ballroom of The Heritage Hotel Manila, located at the Second Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City, Philippines on 10 July 2023 at 11:30 a.m.

Mr. Yam Kit Sung, the General Manager, Chief Financial Officer, Chief Audit Executive & Compliance Officer, acted as the Chairman of the meeting (hereinafter referred to as the "Chairman") and presided over the same while the Corporate Secretary, Mr. Alain Charles J. Veloso, recorded the minutes thereof.

Mr. Veloso informed the Chairman that, based on the attendance record submitted by Stock Transfer Service, Inc. (**STSI**), the stock and transfer agent of the Corporation, stockholders owning or representing 87.23% of the outstanding capital stock of the Corporation were present, in person or by proxy. Based on this, Mr. Veloso certified the existence of a quorum for the meeting. Attached as Annex "A" and forming an integral part of these Minutes is the certification of STSI of the attendance report for the meeting.

The Chairman confirmed and recognized, for purposes of the meeting, the proxies presented, and directed that they be attached to the minutes.

The following directors also attended the meeting:

Mr. Yam Kit Sung, a Director, the General Manager, Chief Audit Executive, Chief Financial Officer, Compliance Officer

Mr. Wong Kok Ho, a Director of the Corporation

Mr. Farid Alain Schoucair, the General Manager of The Heritage Hotel

Ms. Cecille Bernardo, Assistant Compliance Officer

Ms. Alicia Columbres of R.G. Manabat & Co. (a Member Firm of KPMG International) (**KPMG**) and members of the KPMG Team, the Corporation's Independent Auditor

Mr. Simeon Ken R. Ferrer, Independent Director of the Corporation

Ms. Natividad Alejo, Independent Director of the Corporation

Mr. Ricardo P.C. Castro, Jr., Director of the Corporation

Mr. Alain Charles J. Veloso, Corporate Secretary of the Corporation

Ms. Frances L. Pabilane, an Associate of Quisumbing Torres

Members of the Stock Transfer Service, Inc., the Corporation's stock transfer agent

I. Presentation and Approval of the Annual Report for the Year Ending 31 December 2022

The Chairman informed the stockholders present that the Annual Report and Audited Financial Statements for the period ending 31 December 2022 may be found in the Information Statement, which was circulated to the stockholders pursuant to the requirements of the Securities Regulation Code and the SEC Notice.

Upon motion made, seconded and unanimously approved by the stockholders present, it was:

RESOLVED, that the annual report and the audited financial statements of the Corporation for the year ending 31 December 2022 be hereby approved.

II. Approval and ratification of the minutes of the stockholders' meeting held on 16 May 2022

The Chairman inquired with the Corporate Secretary whether the minutes of the Annual Stockholders' Meeting held on 16 May 2022 were made available for review of the stockholders. The Corporate Secretary confirmed that the Minutes of the Annual Meeting of the Stockholders held on 16 May 2022 were made available to the stockholders for their review and inspection at the office of the Corporate Secretary.

Upon motion made, seconded and unanimously approved by the stockholders present it was:

RESOLVED, that the Minutes of the Annual Stockholders' Meeting of the Corporation held on 16 May 2022 be hereby approved.

III. Ratification of All Acts and Proceedings of the Board of Directors, Acting within the Scope of its Delegated Authority, for the Year 2022 to 2023

The Chairman informed the stockholders present that the acts and proceedings of the Board during the year 2022 to 2023 are listed on pages 31 to 33 of the Information Statement, which was circulated to the stockholders pursuant to the requirements of the Securities Regulation Code and the SEC Notice. The Chairman inquired with the Corporate Secretary whether the minutes of the Board meetings for the year 2022 to 2023 were made available for review and inspection of the stockholders. The Corporate Secretary confirmed that the minutes of the Board meetings were made available to the stockholders for their review and inspection at the office of the Corporate Secretary.

Upon motion made, seconded and unanimously approved by the stockholders present it was:

RESOLVED, that the stockholders of the Corporation hereby approve and ratify all acts, decisions, contracts and proceedings done, taken, and effected by the Board of Directors of the Corporation, and resolutions approved and issued by the Board of Directors, acting within the scope of their authority, during the year 2022 to 2023.

IV. Amendment of the Articles of Incorporation and By-Laws to Change the Business or Trade Name of the Corporation

The Chairman informed the stockholders that the next item on the agenda is the amendment of the Articles of Incorporation and by-laws to change the business or trade name of the Corporation from “The Heritage Hotel Manila” to “The Millennium Hotel Manila”, which was approved by the Board of Directors in their meeting held on 5 April 2023 and which is proposed to be ratified in this annual stockholders’ meeting. The information on the amendment to the Articles of Incorporation and by-laws to change the business or trade name of the Corporation are explained in page 33 of the Information Statement. The Information Statement was circulated to the stockholders according to the requirements of the SRC and SEC Notice dated 13 March 2023, and also made available earlier to the stockholders.

The proposed resolution that is presented to the stockholders is to approve and ratify the amendment of the Articles of Incorporation and by-laws of the Corporation to change its business or trade name from “The Heritage Hotel Manila” to “The Millennium Hotel Manila”. Upon motion made, seconded and unanimously approved by the stockholders present it was:

RESOLVED, that the name of the business or trade name of the Corporation be changed from "The Heritage Hotel Manila" to "The Millennium Hotel Manila";

RESOLVED FURTHER, that the title of the Articles of Incorporation be amended to read as follows:

AMENDED
ARTICLES OF INCORPORATION
OF GRAND PLAZA HOTEL CORPORATION
DOING BUSINESS UNDER THE NAME OF
THE MILLENNIUM HOTEL MANILA
(formerly The Heritage Hotel Manila)

RESOLVED FURTHER that the First Article of the Amended Articles of Incorporation be amended to read as follows:

FIRST: The name of this Corporation shall be Grand Plaza Hotel Corporation doing business under the name of **The Millennium Hotel Manila**. (As amended by the Board of Directors on 5 April 2023, and ratified by the stockholders on 10 July 2023)

RESOLVED FURTHER, that the title of the By-Laws be amended to read as follows:

AMENDED BY-LAWS
OF GRAND PLAZA HOTEL CORPORATION
DOING BUSINESS UNDER THE NAME OF
THE MILLENNIUM HOTEL MANILA
(formerly The Heritage Hotel Manila)

RESOLVED FURTHER, that any director or officer of the Corporation acting and signing singly be, as he or she is hereby, authorized and empowered to sign, execute, and deliver all forms, documents, papers and contracts necessary to effect the Corporation's change of business or trade name required by the relevant agencies of the Philippine government;

RESOLVED FURTHER, that the Amended Articles of Incorporation and by-laws reflecting the foregoing amendment shall be filed with the Securities and Exchange Commission upon ratification of the foregoing amendments by the stockholders;

RESOLVED FURTHER, that the Corporation shall notify, and obtain all relevant registrations and permits from, all departments, agencies, bureaus and subdivisions of the Philippine Government, as may be required under law or regulations, in connection with the change in business or trade name of the Corporation;

RESOLVED FINALLY, that in connection with the foregoing, any director or officer and Quisumbing Torres Law Office, through any of its lawyers and representatives, acting singly, be, and is hereby authorized to deliver such, certifications, documents, papers and instruments to the relevant government agencies, including the SEC and the Bureau of Internal Revenue, to obtain the approval for, effect, register and notify, the change in the business or trade name of the Corporation.

RESOLVED FURTHER, that any and all actions taken by the Corporation prior to the date of this meeting in furtherance of the matters contemplated by the foregoing resolutions are hereby ratified, confirmed and approved in all respects;

RESOLVED FINALLY, that the foregoing resolutions shall remain valid, subsisting and enforceable upon the Corporation unless subsequently revoked or rescinded or superseded by a resolution of the Board of Directors.

V. Election of the Board of Directors, including the Two Independent Directors

The Chairman called for the nomination and election of the members of the Board who shall serve until the next annual stockholders' meeting or until their successors are duly elected and qualified. There are seven seats in the Board of Directors: five seats are for the regular members, while two seats are for independent directors.

The Chairman mentioned that the Corporation is required by law to elect two independent directors. Only the candidates for independent directors who are included on the final list of candidates prepared by the Corporate Governance Committee are eligible to be elected independent directors. No further nominations for independent directors are allowed.

The Chairman informed the stockholders present that the Corporate Governance Committee has submitted to the Chairman the final list of candidates for independent directors. Based on the list, there are three nominees for independent directors: namely, Mr. Simeon Ken R. Ferrer, Ms. Natividad Alejo, and Mr. Rodulfo Besinga. A description of the background and qualifications of the nominees for independent directors are found on pages 14, 16, and 17 of the Information Statement.

The Chairman then opened the table for the nomination of five regular directors of the Corporation. The Chairman gave the floor to the Corporate Secretary, Mr. Veloso, who discussed the qualifications and disqualifications of a regular director.

The following persons were nominated:

Mr. Kwek Eik Sheng
 Mr. Bryan K. Cockrell
 Mr. Yam Kit Sung
 Mr. Wong Kok Ho
 Mr. Ricardo P. C. Castro, Jr.

There were no other nominations. The nominating stockholder stated that the qualifications and business experience of the nominees are found on pages 15 to 17 of the Information Statement, which was distributed to the stockholders prior to the meeting.

Based on the tabulation of the votes cast for independent and regular directors, the result of the elections is, as follows:

For independent directors:

Natividad Alejo	46,860,343
Simeon Ferrer	46,860,343
Rodulfo Besinga	265

Regular Directors:

Kwek Eik Sheng	46,860,608
Bryan Cockrell	46,860,608
Yam Kit Sung	46,860,608
Ricardo Pio Castro Jr.	46,860,608
Wong Kok Ho	46,860,608

Upon motion made, seconded, and unanimously approved by the stockholders present it was:

RESOLVED, that the following:

Mr. Kwek Eik Sheng
Mr. Bryan K. Cockrell
Mr. Yam Kit Sung
Mr. Wong Kok Ho
Mr. Ricardo P.C. Castro, Jr.

are hereby elected as members of the Corporation for the year 2022 to 2023, to hold office until the next annual meeting of the stockholders of the Corporation, and until their successors are duly elected and qualified;

RESOLVED, FURTHER, that Mr. Simeon Ken R. Ferrer and Ms. Natividad Alejo are hereby elected as independent directors for the year 2022 to 2023, to hold office until the next annual meeting of the stockholders of the Corporation, and until their successors are duly elected and qualified.

VI. Appointment of External Auditor and Authority of the Board to Fix Independent Auditors' Remuneration

The Chairman informed the stockholders present of the need to appoint the external auditor of the Corporation, and to authorize the Board to fix the remuneration of the external auditor. Pursuant to the requirements of the Revised Manual of Corporate Governance of the Corporation, the Audit Committee and the Board recommended KPMG as the external auditor of the Corporation for the fiscal year 2023, with Ms. Annabella R. Resuello as handling partner. KPMG is a professional partnership established under Philippine law, and is a member firm of KPMG International, a Swiss cooperative.

Upon motion made, seconded and unanimously approved by the stockholders present, it was:

RESOLVED, that the Corporation hereby appoints R.G. Manabat & Co. (a Member Firm of KPMG International), as the Corporation's external auditor for the fiscal year 2023, with Ms. Annabella R. Resuello as handling partner;

RESOLVED, FURTHER, that the Board of Directors of the Corporation be hereby authorized to fix the remuneration or professional fees to be paid to R.G. Manabat & Co.

VII. Per Diem of Directors of the Corporation

The Chairman informed the stockholders that the Corporate Governance Committee of the Corporation recommended that each regular director will be paid a per diem of

PHP15,000, net of taxes, and each independent director will be paid a *per diem* of PHP15,720, net of taxes, for each attendance in a meeting of the Board of Directors. Members of the Audit Committee will also be paid a *per diem* of PHP15,000, net of taxes, for each attendance in a meeting of the Audit Committee.

There was a total of six Board of Directors' meetings and four Audit Committee meetings from 16 May 2022 to 10 July 2023. Thus, a regular director who attended all of the Board of Directors meetings in 2022-2023 will be entitled to a total per diem of PhP90,000, net of taxes, while an independent director who attended all of the Board of Directors meetings in 2022-2023 will be entitled to a total per diem of PhP94,320, net of taxes. An Audit Committee member who attended all of the Audit Committee meetings in 2022-2023, will be entitled to a total per diem of PhP60,000, net of taxes. Mr. Kwek Eik Sheng and Mr. Yam Kit Sung have waived their per diem allowance as Director of the Corporation

Upon motion made, seconded and unanimously approved by the stockholders present, it was:

RESOLVED, that the stockholders of the Corporation approve the payment (i) to each regular director of a *per diem* of PhP15,000 net of taxes, for each attendance in a meeting of the Board of Directors for the year 2022 to 2023, (ii) to each independent director a per diem of PhP15,720, net of taxes, for each attendance in a meeting of the Board of Directors for the year 2022 to 2023, and (iii) to each member of the Audit Committee of a *per diem* of PhP15,000, net of taxes, for each attendance in a meeting of the Audit Committee for the year 2022 to 2023.

VIII. Adjournment

There being no further questions from the stockholders and no further business to transact, the meeting thereupon adjourned.

ALAIN CHARLES J. VELOSO
Corporate Secretary

Attest:

YAM KIT SUNG
Chairman of the Meeting

Grand Plaza Hotel Corporation

Annual Stockholders' Meeting

10 July 2023 at 11:30 A.M.

Heritage Ballroom, 2nd Floor, The Heritage Hotel Manila


EDSA corner Roxas Boulevard, Pasay City

ATTENDANCE REPORT

	<u>No. of Shares</u>	<u>Percentage</u>
PROXIES (Tabulated by CORSEC)	<u>46,856,081</u>	<u>87.23%</u>
ATTENDANCE	<u>4,532</u>	<u>0.00%</u>
TOTAL PROXIES AND ATTENDANCE	<u>46,860,608</u>	<u>87.23%</u>
TOTAL ISSUED & OUTSTANDING SHARES (Net of Treasury Shares of 33,600,901)	:	<u>53,717,369</u>

Certified by:

STOCK TRANSFER SERVICE, INC.


JOEL C. CORTEZ
Supervisor

Stock Transfer Service, Inc.

34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Telephone Nos.: 8403-2410 / 8403-2412

Fax No.: 8403-2414

Proxy Form and Official Stockholders' Ballot

The undersigned stockholder of Grand Plaza Hotel Corporation ("Corporation"), hereby appoints _____ as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Corporation on 10 July 2024 and at any of the adjournments thereof for the purpose of acting on the matters set out below.

Stockholder's Name : _____ **No. of Shares:** _____
Name of Proxy (if applicable): _____

Signature: _____

Date: _____

INSTRUCTIONS: Upon accomplishment of this Proxy Form and Ballot Form, please submit this Proxy Form and Ballot Form to the Corporate Secretary or Assistant Corporate Secretary of the Corporation at Charles.Veloso@quisumbingtorres.com or Lesley.Mondez@quisumbingtorres.com, or at the venue of the Annual Stockholders' meeting at the Second Floor, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA Extension, Pasay City, Philippines, before 11:00 a.m. of 10 July 2024, the deadline for submission of proxies.

BY EXECUTING THIS PROXY FORM AND BALLOT FORM, THE STOCKHOLDER/PROXY CONFIRMS THAT: (I) HE/SHE HAS READ THE DEFINITIVE INFORMATION STATEMENT AND ITS ATTACHMENTS; AND (II) HE/SHE UNDERSTANDS THE MATTERS FOR APPROVAL, DETAILS OF WHICH ARE SET FORTH IN THE DEFINITIVE INFORMATION STATEMENT.

1.	Approval of the Annual Report for the year ended 31 December 2023	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
2.	Approval of the Minutes of the Stockholders' Meeting of 10 July 2023	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
3.	Ratification of all acts and proceedings of the Board of Directors, acting within the scope of their delegated authority, during the year 2023-2024.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
4.	Appointment of the Independent Auditor and the authority of the Directors to fix the Independent Auditors' remuneration	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
5.	Approval of Remuneration/ per diem of the Directors	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
6.	<p>Election of the Members of the Board of Directors including the Independent Directors for the Ensuing Year (2024-2025)</p> <p><i>You can only vote for a maximum of five (5) regular directors, and maximum of two (2) independent directors.</i></p> <p><i>If you vote for less than five (5) regular directors and less than two (2) independent directors, your total number of votes will be allocated equally among the candidates you have voted for, unless you expressly indicate how you would like to vote your shares.</i></p>	Yes (No. of Votes)	No (No. of Votes)	Abstain (No. of Votes)
	Name of Nominated Director			
	Natividad Alejo (Independent)			
	Simeon Ken R. Ferrer (Independent)			
	Kwek Eik Sheng (Regular)			

Bryan Cockrell (Regular)			
Yam Kit Sung (Regular)			
Ricardo Pio Castro, Jr. (Regular)			
KH Wong (Regular)			
TOTAL			

WE ARE NOT SOLICITING A PROXY. YOU ARE NOT REQUIRED TO ISSUE A PROXY. THIS FORM IS PROVIDED ONLY FOR YOUR REFERENCE AND CONVENIENCE.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

NOTARIZATION AND APOSTILLE OF THIS PROXY IS NOT REQUIRED.

COVER SHEET

106878
S.E.C. Registration Number

GRAND PLAZA HOTEL CORPORATION

(Company's Full Name)

10TH FLOOR, THE HERITAGE HOTEL MANILA
EDSA CORNER ROXAS BOULEVARD, PASAY CITY
1300
(Business Address: No. Street City / Town / Province)

CECILLE C. BERNARDO
Contact Person

02-8854 8838
Company Telephone Number

12/31
Month Day
Fiscal Year

17-Q
FORM TYPE

05 15
Month Day
Annual Meeting

Secretary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1 For the quarterly period ended March 31, 2024

2. Commission identification number _____

3. BIR Tax Identification No. 000-460-602-000

GRAND PLAZA HOTEL CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization _____

6. Industry Classification Code: _____ (SEC Use Only)

10F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA, Pasay City 1300

7. Address of issuer's principal office

Tel. No. (632) 8854-8838

Fax No. (632) 8854-8825

8. Issuer's telephone number, including area code

N.A.

9. Former name, former address and formal fiscal year if changed since last report

10. Securities registered pursuant to Sections 8 & 12 of the Code, or Sections 4 & 8 of the RSA

Title of each Class

Number of shares of common
Stock outstanding and amount
Of debt outstanding

COMMON SHARES

87,318,270*

*includes 33,600,901 treasury shares

11. Are any or all of the securities listed on Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE, INC.

COMMON

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No []

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

Yes [X] No []

PART I – FINANCIAL INFORMATION

Item 1 Financial Statements

Financial Statements and, if applicable, Pro-forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of “Annex C”

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report in SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **YAM KIT SUNG**

Signature and Title: **General Manager & Chief Financial Officer**

Date : **7 May 2024**

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

- Please see attached financial statements for interim Balance Sheets, Statements of Income, Statements of Changes in Equity and Statements of Cash flows.

Notes to Financial Statements

Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with Philippine generally accepted accounting principles (GAAP) and are denominated in Philippine pesos. The preparation of financial statements in accordance with Philippine GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies.

The same accounting policies and methods of computation are followed in the interim financial statements for the year 2024 as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations

All segments of the business are in its normal trading pattern.

Material Items

There are no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.

Estimates

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

Issuances of Debts and Equity

There are no issuances, repurchases and repayments of debts and equity securities.

Dividends

There were no dividends declared in the current interim period.

Segment Revenue and Results

Statement of Financial Accounting Standard No. 31, “Segment Reporting”, which becomes effective for financial statements covering periods beginning on or after January 1, 2001, requires that a public business enterprise report financial and descriptive information about its reportable segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Company organized its business into 3 main segments:

- Room Division – Business derived from the sale of guestrooms.
- Food and Beverage Division – Business derived from the sale of food and beverage at various restaurants.
- Other Operated Departments and rental – Business derived from telephone department, business center, car parking, laundry and rental of space.

The segment revenues and results are as follows:

	YTD 1 st Quarter Revenue – Peso ‘000	YTD 1 st Department Profit – Peso ‘000
Room	62,518	45,873
Food and Beverage	29,283	8,155
Other Operated Departments and rental	14,845	14,746

Subsequent Events

None

Composition of Company

There are no changes in the composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Contingent assets or liabilities

There are no changes in contingent assets or liabilities since the last annual balance sheet date.

Contingencies

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The top 5 Key Performance Indicators of the Company are as follows:

	31 March 2024	31 March 2023
Current liquidity ratios	2.0	2.1
Solvency (Debt to equity)	0.58	0.55
Assets to equity ratios	1.58	1.56
Profitability ratios Profit/(Loss) before tax margin ratio	7.0%	(14.7%)
EBITDA (Earnings before interest, tax, depreciation and amortization) - Peso	6.59m	(1.51m)

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

Current liquidity ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short term. The current ratio decreased by 0.1 during the period of review compared to the same period of last year due to higher current liabilities arising from higher accounts payable offset by higher cash and accounts receivable.

Debt to equity ratio measures a company’s financial leverage. It is derived by dividing total liabilities over equity. There is an increase in this ratio by 0.03 or 5.5% over the same period of last year and this is due to higher liability.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There is an increase in this ratio by 0.02 or 1.28% over last year as a result of higher assets balance specifically cash balance.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. For this quarter, the Company reported an improvement as compared to the same period last year with a profit before tax margin of 7.0%.

EBITDA represents earnings before interest, tax, depreciation and amortization. This indicator measures the operating cash flow of a company. For the quarter under review, EBITDA increased by Php8.1 million as compared to negative EBITDA in prior year.

Balance Sheets Analysis:

- Cash and investments in short-term notes: This balance consists mainly of cash and fixed deposits with banks. As compared to the end of last fiscal year, the balance increased by PhP23.5 million or 4.3% and increased by PhP77.4 million or 15.8% compared to the same period of last year. Due to improved trading at the hotel and further boosted by the rental income from casino tenant, cash improved.
- Accounts receivable: trade: As compared to 31 December 2023, trade receivable has fallen by PhP28.2 million (37.8%) due to improvement in collection effort while it increased by PhP15.5 million (50.6%) relative to same period of last year due to higher trading.
- Prepaid expenses: This balance increased by about Ph18.8 million (51.4%) as compared to same period last year due to prepaid insurance premium during the year which will be amortized in 2024.
- Deferred tax assets: This balance increased by PhP4.4 million (54.2%) as compared to the same period of last year due to lower foreign exchange loss.
- Property and equipment: As compared to the same period of last year, this balance fell by PhP0.7 million (0.2%) as a result of depreciation for the year offset by addition during the year.
- Accounts payable: As compared to the end of last fiscal year, this balance has decreased by PhP11.1 million (11.3%) due to lesser purchases while the balance increased by PhP39.5 million (83.5%) as compared to same period of last year due to higher trading volume.
- Due to associated/related companies: This balance increased by PhP19.0 million or 38.0% as compared to last year due to the Company had not repaid its outstanding balance to related companies which will be paid off in 2Q2024.

Income Statement Analysis for the 3 Months Ended 31 March 2024

Revenue:

Total revenue for 1Q2024 as compared to 1Q2023 improved by PhP18.4 million (20.8%). All departments showed improvement with a notable increase in rental income.

Rooms:

Occupancy improved by 1.8 percentage points as compared to the same period of last year. However, Average Room Rate registered an increase from PhP2,902 to PhP3,086 or

6.3% improvement. As such, Revpar increased by 10.2% compared to last year. Retail segments led the improvement.

F&B:

F&B revenue improved marginally by PhP0.5 million (1.7%). Although Riviera showed an improvement, the gap in Banquet offset the higher revenue at Rivera. Banquet revenue is 6% lower than last year due to lower rental income.

Cost of Sales:

Consistent with the increase in F&B revenue, the cost of sales for F&B increased.

Operating Expenses:

This comprised of payroll cost, operating expenses and utilities. This balance increased by PhP10.5 million (11.7%). The main reason for the increase is in Administration and General expenses as the increase in minimum wage mandated by the government impacted wages. With higher revenue, credit card commission also increased compared to last year.

Non-operating Income:

Non-operating income recorded an income of PhP10.5 million as compared to a loss of PhP2.5 million last year. This is due to an exchange gain of PhP3.9 million in this quarter while prior year was a loss of PhP8.7 million.

Net income before tax:

The Company reported a profit of PhP7.5 million versus loss before tax of PhP13.2 million in prior year.

There are no material event(s) and uncertainties known to management that would address the past and would have an impact on the future operations of the following:

- Any known trends, demands, commitments, events or uncertainties will have a material impact on the Company's liquidity.
- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the Company's continuing operations.
- The causes for any material change(s) (5% or more) from period to period in one or more line items (vertical and horizontal) of the Company's financial statements.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Management is not aware of any event that may trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation. Management is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that were created during the first 3 months of 2024.

PART II – OTHER INFORMATION

Tax matter:

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

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

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

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

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

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

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

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

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

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

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

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

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

On 4 July 2018, the CTA rendered its Decision.

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

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection

proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

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

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

MR filed by CIR

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

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

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

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the

CTA En Banc to file its comments to Petition of CIR. The corporation filed its comment on 20 June 2019.

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

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

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

Petition for Review filed by the CIR

On 23 March 2021, Management of the Corporation was advised by the Corporation's tax counsel that it had received a copy of the Petition for Review dated 8 March 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated 29 September 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated 29 September 2020 and Resolution dated 19 January 2021 and (ii) render a decision ordering the Corporation to pay the total amount of PhP37,394,321.84, PhP142,281,715.20, and PhP326,352,191.20 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of PhP506,028,228.24 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

The Corporation has filed its Position Paper to the Supreme Court and awaiting the court’s decision. No further update on the tax case as of 31 March 2024.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

Financial Risk Exposure:

In the context of the current global financial condition, the Securities and Exchange Commission sent us a memorandum to companies on 29 October 2008, which requires companies to make a self-assessment or evaluation to determine whether any of the items below are applicable. If applicable, these items must be disclosed in the interim financial report on SEC Form 17-Q (“Quarterly Report”):

1. The qualitative and quantitative impact of any changes in the financial risk exposures of GPHC, particularly on currency, interest, credit, market and liquidity risks, that would materially affect its financial condition and results of operation, and a description of any enhancement in the Company’s risk management policies to address the same.
2. A description of the financial instruments of the Company and the classification and measurements applied for each. If material in amount, provide detailed explanation or complex securities particularly on derivatives and their impact on the financial condition of the Company.
3. The amount and description of the Company’s investments in foreign securities.
4. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.
5. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities.
6. A comparison of the fair values as of date of the recent interim financial report and as date of the preceding interim period, and the amount of gain or loss recognized for each of the said periods.
7. The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under Philippine Accounting Standard 39 – Financial Instruments.

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

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. All risks faced by the Company are incorporated in the annual

operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Company. The results of procedures performed by Internal Audit are reported to the Audit Committee.

Credit Risk

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

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

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

Receivables balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts. As of balance sheet date, there were no significant concentrations of credit risk.

Liquidity Risk

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

and sets up required cash reserves as necessary in accordance with internal requirements.

Market Risk

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

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

Room Rates

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

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

Interest Rate Risk

The Company has no interest-bearing debt obligations to third parties. As such, the Company has minimal interest rate risk.

Foreign Currency Risk

Foreign assets and financing facilities extended to the Company were mainly denominated in Philippine Peso. As such, the Company's foreign currency risk is minimal.

The Company functional currency is Philippines peso. As at 31 March 2024, it holds bulk of its cash and cash equivalent in Philippines peso. The United States dollars are used to settle foreign obligations.

The Company does not have any third-party loans so it has no interest rate risk. The Company in the ordinary course of business extends credit to its customers. Exposure to credit risk is monitored on an ongoing basis, credit reviews being performed for clients requesting credit limit. The total exposure to trade receivables as at 31 March 2024 is PhP24.1 million.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. As at 31 March 2024, the Company has PhP817 million current assets and

PhP406 million current liabilities so the current assets are able to cover its current liabilities.

The Company does not invest in any other financial instruments. Any surplus funds are placed in short-term fixed deposits with local bank like Metropolitan Bank and Trust Co. and foreign bank like DBS Singapore and United Overseas Bank Singapore

The Company also does not invest in foreign securities.

The fair values together with the carrying amounts of the financial assets and liabilities shown in the balance sheet date are as follows:

	31 March 2024	31 March 2024	31 December 2023	31 December 2023
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	566,985,063	566,985,063	543,363,398	543,363,398
Receivables net	52,536,781	52,536,781	79,377,325	79,377,325
Due from/(to) related party net	(57,920,606)	(57,920,606)	(52,252,154)	(52,252,154)
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Accounts payable & accrued expenses	157,214,912	157,214,912	168,730,632	168,730,632

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

Cash and cash equivalent – the carrying amount approximates the fair value due to its short maturity.

Receivables/ due from related party/ loan receivable/ lease deposit/ accounts payable and accrued expenses/ due to related party – current receivables are reported at their net realizable values, at total amount less allowances for uncollectible amounts. Current liabilities are stated at amounts reasonably expected to be paid within the next 12 months or operating cycle. Due from/to related party and loan receivable are payable on demand. In the case of lease deposit, the fair value approximates the carrying amount.

GRAND PLAZA HOTEL CORPORATION**Balance Sheets****March 31, 2024***(with comparative figures for the year ended December 31, 2022)***(In Philippine Pesos)**

ASSETS	Unaudited March 31, 2024	Unaudited March 31, 2023	Audited Dec. 31, 2023
<i>Current Assets</i>			
Cash and investments in short term notes	566,985,063	489,463,873	543,363,398
Accrued interest receivable	2,981,978	791,654	2,488,695
Accounts receivable - trade	46,322,400	30,835,479	74,548,074
Accounts receivable - others	4,613,915	3,036,017	6,292,479
Provision for bad debts	(1,381,512)	(1,164,264)	(14,387,728)
Deferred tax assets/(liabilities)	12,627,610	8,185,189	18,510,408
Input tax			
Advances to associated/related companies	1,955,527	4,766,326	2,382,836
Advances to immediate holding company	9,225,608	8,317,176	9,021,545
Inventories	7,509,691	5,085,061	7,111,731
Prepaid expenses	55,453,861	36,624,651	48,100,175
Creditable withholding tax	33,327,836	31,976,053	25,513,001
Other current assets	77,393,132	74,712,794	87,632,019
Advances to/from THHM			
<i>Total Current Assets</i>	<u>817,015,108</u>	<u>692,630,011</u>	<u>810,576,633</u>
<i>Property and Equipment</i>	361,978,222	362,602,072	355,286,509
<i>Right-of-use Assets</i>	178,571,220	178,571,220	178,571,220
<i>Organization and Pre-operating Expenses</i>			
<i>Investment in Stock of Associated Company</i>	50,508,315	50,344,965	50,037,984
<i>Deposit on Lease Contract</i>	78,000,000	78,000,000	78,000,000
<i>Loans Receivable</i>	15,500,000	15,500,000	15,500,000
<i>Other Assets</i>			
Miscellaneous investments and deposits	8,582,719	8,582,719	8,582,719
Others	1,010,000	1,010,000	1,010,000
<i>Total Other Assets</i>	<u>9,592,719</u>	<u>9,592,719</u>	<u>9,592,719</u>
Total Assets	<u>1,511,165,584</u>	<u>1,387,240,986</u>	<u>1,497,565,064</u>

GRAND PLAZA HOTEL CORPORATION**Balance Sheets****March 31, 2024***(with comparative figures for the year ended December 31, 2022)***(In Philippine Pesos)**

LIABILITIES AND STOCKHOLDERS' EQUIT	Unaudited March 31, 2024	Unaudited March 31, 2023	Audited Dec. 31, 2023
<i>Current Liabilities</i>			
Accounts payable	86,830,667	47,336,312	97,967,560
Accrued liabilities	70,384,245	57,348,835	70,763,073
Rental payable	9,521,720	9,521,720	9,521,720
Due to associated/related companies	69,101,742	50,053,665	63,656,535
Refundable deposit	128,594,850	127,642,642	126,897,209
Hotel Lease Liability	5,098,515	4,325,440	4,994,788
Income tax payable			
Other current liabilities	35,726,833	37,831,755	24,467,277
Reserves	1,368,435	1,368,435	1,368,435
<i>Total Current Liabilities</i>	<u>406,627,007</u>	<u>335,428,805</u>	<u>399,636,597</u>
<i>Long - Term Liabilities</i>			
Hotel Lease Liability	<u>152,615,137</u>	<u>158,084,311</u>	<u>153,929,329</u>
<i>Total Long - Term Liabilities</i>	<u>152,615,137</u>	<u>158,084,311</u>	<u>153,929,329</u>
<i>Stockholders' Equity</i>			
Authorized - 115,000,000 shares in March 31, 2009 and December 31, 2008 at P10.00 par value per share			
Paid - in Capital	873,182,699	873,182,699	873,182,699
Premium on capital stock	11,965,904	11,965,904	11,965,904
Paid-in capital in excess of par - Warrants	2,691,614	2,691,614	2,691,614
Treasury stock	(1,680,020,370)	(1,680,020,370)	(1,680,020,370)
Retained earnings - beginning	1,723,073,889	1,690,648,498	1,690,648,498
Net income for the period	5,533,356	(20,780,492)	30,864,114
Dividend declared			
Working Capital Contribution			
Reserves / net Actuarial Loss	15,496,348	16,040,017	14,666,679
<i>Total Stockholders' Equity</i>	<u>951,923,440</u>	<u>893,727,870</u>	<u>943,999,138</u>
<i>Total Liabilities and Stockholders' Equity</i>	<u>1,511,165,584</u>	<u>1,387,240,986</u>	<u>1,497,565,064</u>

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the quarters ended March 31, 2024 and 2023
(In Philippine Pesos)

	Unaudited March 31, 2024	Unaudited March 31, 2023
Revenue		
Rooms	62,518,040	56,088,310
Food & Beverage	29,283,928	28,794,780
Other Operated Depts.	350,372	274,308
Rental Income/Others	14,495,011	3,077,472
	<u>106,647,351</u>	<u>88,234,870</u>
Cost of Sales		
Food & Beverage	9,151,675	8,854,563
Other Operated Depts.	8,502	9,864
	<u>9,160,178</u>	<u>8,864,426</u>
Gross Profit	97,487,173	79,370,443
Operating Expenses	<u>100,515,098</u>	<u>90,040,019</u>
Net Operating Income	<u>(3,027,925)</u>	<u>(10,669,576)</u>
Non-operating Income		
Interest Income	6,107,438	5,782,196
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	3,920,147	(8,710,169)
Share in Net Income/(Loss) of Associated Co.	470,331	369,740
Other Income	-	-
	<u>10,497,915</u>	<u>(2,558,233)</u>
Net Income/(Loss) Before Tax	7,469,991	(13,227,809)
Provision for Income Tax	<u>1,936,635</u>	<u>7,552,683</u>
Net Income/(Loss) After Tax	<u><u>5,533,356</u></u>	<u><u>(20,780,492)</u></u>
Basic earnings per share	<u><u>0.10</u></u>	<u><u>- 0.39</u></u>
Dilluted earnings per share	<u><u>0.10</u></u>	<u><u>(0.39)</u></u>

Notes:

In March 30, 2024 and 2023 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares

GRAND PLAZA HOTEL CORPORATION
Statements of Changes in Equity
For the quarters ended March 31, 2024 and 2023
(In Philippine Pesos)

	Unaudited March 31, 2024	Unaudited March 31, 2023
Balance - beginning	946,390,084	914,508,362
Net income for the period	5,533,356	(20,780,492)
Dividends	-	-
Retirement of shares	-	-
Buyback of shares	-	-
	<hr/>	<hr/>
Balance - end	<u><u>951,923,440</u></u>	<u><u>893,727,870</u></u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the quarters ended March 31, 2024 and 2023
(In Philippine Pesos)

	Unaudited March 31, 2024	Unaudited March 31, 2023	Audited Dec. 31, 2023
Cash flows from operating activities			
Net income	5,533,356	(20,780,492)	30,864,114
Adjustments to reconcile net income to net cash provided by operating activities			
Interest Expense on Lease Liability			(799,608)
Other Adjustments (increase in actuarial loss)			-
Other Comprehensive Income(loss)	-	-	-
Depreciation and amortization	9,626,200	9,160,891	37,489,674
Equity in net income of associated company	(470,331)	(369,740)	(1,662,758)
Provision for bad debts	14,306,012	1,164,264	14,387,728
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(493,284)	1,423,240	(273,800)
Accounts receivable - trade	13,837,947	7,717,039	(35,995,556)
Accounts receivable - others	1,678,565	(296,794)	(3,553,256)
Deferred income tax	620,694	6,949,146	(3,376,073)
Input tax	-	-	-
Advances to associated/related companies	427,309	(1,310,847)	1,072,642
Advances to immediate holding company	(204,064)	(730,064)	(1,434,432)
Inventories	(397,959)	1,254,047	(772,623)
Prepaid expenses	(7,353,686)	(2,952,216)	(14,427,740)
Creditable withholding tax	(161,781)	(627,902)	5,835,150
Other current assets	10,238,887	(8,875,864)	(21,795,088)
Increase (decrease) in			
Accounts payable	(11,136,893)	(4,513,252)	46,117,995
Accrued liabilities	(378,828)	4,898,824	18,313,061
Rental payable	0	4,760,860	4,760,860
Due to associated companies	5,445,207	2,867,493	16,470,363
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	-	-	-
Refundable deposit	1,697,640	772,101	26,668
Hotel Lease Liability	103,727	(275,119)	394,230
Income tax payable	-	-	-
Other current liabilities	(1,664,947)	47,328	(13,317,151)
Reserves	(0)	(0)	0
	<u>41,253,770</u>	<u>282,944</u>	<u>78,324,401</u>
Cash flows from investing activities			
Acquisition of property and equipment - net	(14,183,596)	2,134,317	(12,475,951)
Right-of-use Assets - net	(2,134,317)	(2,134,317)	(8,537,269)
Dividend (declared)/received	-	-	1,600,000
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	(573,730)
Retirement of treasury stocks	-	-	-
Buyback of shares - net	-	-	-
	<u>(16,317,913)</u>	<u>(0)</u>	<u>(19,986,950)</u>
Cash flows from financing activities			
Interest Paid on Lease Liability	-	-	-
Increase/(Decrease) in Hotel Lease Liability	(1,314,192)	(839,806)	(4,994,788)
	<u>(1,314,192)</u>	<u>(839,806)</u>	<u>(4,994,788)</u>
Net increase in cash and short-term notes	23,621,665	(556,862)	53,342,663
Cash and short-term notes, Beginning	543,363,398	490,020,736	490,020,736
Cash and short-term notes, Ending	<u>566,985,063</u>	<u>489,463,873</u>	<u>543,363,398</u>

