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 2024

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 Former name, former address, and former fiscal year, if changed since last report N/A

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 [x]   No [ ]

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

Yes [x]   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 2024 is PhP5.91 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 PhP40,526,536.62.

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 2024, the Company reported a net profit after tax of about PhP64.7 million as against a net profit after tax of PhP30.8 million in 2023 and profit after tax of PhP5.9 million in 2022.

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 2024, our Heritage Hotel occupancy was 56.8% versus competitor's occupancy of 67.3%. Our Average Room Rate was PhP3,169 while competitor rate was PhP3,169. The resultant Revenue Per Available Room (Revpar) of our Hotel was PhP1,800 versus competitor of PhP2,132.

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 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 2024 and remains valid until 2026.

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 conducted renovation of the 8th and 9th floors of the Hotel beginning on the third quarter of 2024. The Company anticipates the renovation to be completed by end of the second quarter of 2025.

Number of Employees

The Hotel employed a total of 271 employees for the year ended 31 December 2024. Out of the 271 employees, 162 are regular employees and 109 are casual employees.

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

	REGULAR	CASUAL	TOTAL
Hotel Operating Staff (All operating dept)	107	80	187
Management/Admin/Security (A&G Dept)	26	18	44

Sales & Marketing	13	0	13
Repairs & Maintenance	16	11	27
Total	162	109	271

Barring any unforeseen circumstances, for the year 2025, the Company will maintain more or less the same number of employees as in the year 2024.

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 expense for the Hotel site is PhP17,797,608 million.

The Company has no intention of acquiring additional property within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

This case is a Petition for Review with the CTA to invalidate the tax deficiency assessment in relation to the 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 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 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.

On 12 July 2023, the Corporation was informed by its counsel that the Supreme Court has denied the CIR's Petition for Review. CIR then filed a Motion for Reconsideration within 15 days upon receipt of decision.

There is no resolution from the Supreme Court as of 27 February 2025.

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 2024 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 2024 and 2023:

Amount in Peso:

	HIGH	LOW	HIGH	LOW
	Year 2024	Year 2024	Year 2023	Year 2023
First Quarter	9.75	6.86	9.77	9.75
Second Quarter	11.96	7.71	11.40	8.46
Third Quarter	7.72	6.71	12.00	10.78
Fourth Quarter	8.85	5.91	12.84	11.00

The last recorded trade of the shares of the Company during the fiscal year covered by this report occurred on 27 December 2024. The share price was PhP5.91.

Holders of Securities

The Company has only one class of shares, i.e., common shares. The total outstanding common shares as of 31 December 2024 is 87,318,270 inclusive of 33,600,901 treasury shares.

As of 31 December 2024, the number of shareholders of the Company is 16,738.

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	3,720,624	6.93%
04	PCD Nominee Non-Filipino	238,072	0.44%
05	Alexander Sy Wong	34,505	0.06%
06	Cabanatuan Electric Corporation	8,569	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	Rogelio Roleda Lim	5,361	<0.01%
15	Mary Dee Chinjen	4,878	<0.01%
16	Herbert Gochan Uy	4,801	<0.01%
17	Lucas M. Nunag	4,713	<0.01%
18	Vicente Bernard Amador	4,093	<0.01%
19	Palawan Pawn Shop Inc	4,002	<0.01%
20	Natividad B. Kwan	3,983	<0.01%
	Total	50,934,022	94.82%

Dividends

No dividends were declared for FY2024 and FY20223.

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:

	2024	2023	2022

Current ratio (Solvency ratio)	**2.02**	2.12	2.33
Debt/Equity	**0.56**	0.59	0.53
Assets/Equity	**1.56**	1.59	1.53
Profit/(Loss) before tax margin ratio	**14.23%**	8.70%	4.10%
Earnings before interest, tax, depreciation & amortization (EBITDA) Peso	**107.73 million**	72.03 million	9.18 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 reduced by 0.10 (4.7%) compared to the same period of last year. This is mainly due to lower current assets and is a result of lower cash balance and is 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 a decrease of 0.03 (5.1%) as compared to 2023 due to higher total equities.

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 a decrease of 0.03 (1.9%) as compared to 2023 due to higher total 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 Ph75.1 million this year as compared to prior year of PhP40.6 million.

EBITDA is a measure of the company profitability without interest, depreciation and taxes. This ratio improved by PhP35.7 million (49.5%) 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 does not have 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 the 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
2024	**527,984**	**60,880**
2023	468,291	30,863
2022	295,403	5,998

2024 Results of Operations

For the year under review 2024, the Company reported a net income after tax of PhP60.8 million as compared to PhP30.9 million in 2023. The strong rental income helped to boost the profit after tax.

Revenue:
Total revenue improved from PhP468.3 million to PhP527.9 million or PhP59.6 million (12.7%) increase. The better performance is registered in all segments of the business, especially rental income from a newly acquired tenant.

Room division recorded a 6.3% improvement in revenue from PhP237.9 million to PhP253.0 million. Occupancy was 57.1% as compared to 50.3% in 2023 while Average Room Rate also showed an increase from PhP2,880 to PhP3,023. With the normalization of travel, hotel was able to improve its Average Room Rate which drives higher profitability.

F&B showed respectable results with an 11.7% increase in total revenue. This is mainly driven by higher revenue in Riviera and Banquet. Both food covers and average food check improved by 12.1% and 4.7% respectively.

Rent income consists mainly of rent from a key tenant secured in 2023. Due to full recognition of rent in 2024, it increased by 36.1%.

Cost of sales and services:
F&B cost of sales increased by 55.4% relative to 2023 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 by 7.9% and is consistent with the higher revenue. Some of the key increases are payroll and employee benefits, credit card and commission, depreciation and insurance.

Other income/(expenses):
This balance reported an income of PhP23.0 million in 2024 as compared to an income of PhP6.1 million in the prior year. This is mainly due to a foreign exchange gain of PhP10.9 million in 2024 as compared to a loss of PhP5.2 million in 2023.

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 Louge. 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.

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
2024	**1,572,641**	**566,372**
2023	1,497,565	553,565

2022	1,399,729	485,793

2024 Financial Conditions

Total assets for the year 2024 increased by PhP75.0 million (5.0%) as compared to 2023 while total liabilities also increased by PhP13.0 million (2.4%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash decreased by PhP91.0 million (16.7%) versus end of last fiscal year. The negative variance is due to cash spent on the renovation of 8th and 9th floors guest rooms.

- Accounts receivables – net: This balance increased from PhP118.1 million to PhP187.9 million higher than prior year. The higher account receivables are 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 (9.7%) and this is due to improvement in F&B revenue and Hotel had to stock up more inventories. General supplies also increased.

- Property and equipment net: This balance increased by PhP115.3 million (21.5%) as compared to the previous year. This is mainly due addition of assets from the on-going renovation of the 8th and 9th floor guest rooms.

- 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 PhP15.0 million (13.1%) as a result of a decrease in advances to suppliers/contractors.

- Accounts payable and accrued expenses: There is an increase of PhP14.2 million or 12.7% versus prior year. As business recovered with higher occupancy and F&B business, 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.

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.

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 the 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	44
Bryan Cockrell	Vice Chairman/Director	American	No relation	78
Wong Kok Ho	Director	Chinese	No relation	77
Ricardo Pio Castro, Jr.	Director	Filipino	No relation	72
Natividad Alejo	Independent Director	Filipino	No relation	68
Simeon Ken R. Ferrer	Independent Director	Filipino	No relation	68
Yam Kit Sung	Director, General Manager of the Company / Chief Finance Officer / Compliance Officer / Chief Audit Executive	Singaporean	No relation	54
Farid Schoucair	General Manager The Heritage Hotel Manila Management Executive Committee	Swiss	No relation	68
Juancho Baltazar	Director of Human Resources/ Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	65
Alain Charles J. Veloso	Corporate Secretary	Filipino	No relation	45
Arlene De Guzman	Treasurer	Filipino	No relation	64
Jeffrey Villablanca	Director Of Finance / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	40
Lesley Anne C. Mondez	Asst. Corporate Secretary	Filipino	No relation	38

Ramon Perez Jr., PME	Director of Engineering, Member - Heritage Hotel Manila Management Executive Committee	Filipino	No relation	65
Cecille G. Bernardo	Assistant Compliance Officer	Filipino	No relation	53
Marinelle Pacheco	Director of Business Development	Filipino	No relation	52
Czar Gandollas	Director of Food & Beverage	Filipino	No relation	55

(*) 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 Eik Sheng joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. In 2014, he assumed his role as Chief Strategy Officer and undertook an added portfolio as Head of Asset Management in April 2016. On 1 January 2022, he was appointed Group Chief Operating Officer.

Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore, specializing in corporate finance roles from 2006 to 2008.

Mr. Kwek is an Executive Director of CDL's principal subsidiary, Millennium & Copthorne Hotels Limited (M&C), as well as a Non-Independent Non-Executive Director of CDL

Hospitality Trusts. He is a Non-Executive Director of Millennium Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited, both listed on New Zealand's Exchange. He is also Chairman of Grand Plaza Hotel Corporation listed on the Philippine Stock 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 PIO 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 10^{th} 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. 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 Millenium Hotels & Resorts, 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.

RAMON PEREZ JR., PME
DIRECTOR OF ENGINEERING, MEMBER - HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Ramon Perez's hotel career started in 1995 as part of the opening team of New World Hotel Manila in Makati, Philippines as Supervisor of HVAC and Laundry Section of the Engineering Department and was later promoted to Assistant Chief Engineer. In 1999, he joined the government Philippine Children's Medical Center as Chief of General Services managing the Engineering, Telephone Communications and Housekeeping Departments of the hospital. In 2001, he moved back to the hotel industry by joining Hyatt Regency Manila as Chief Engineer until its closure in 2007. Joined Dusit Thani Manila as Director of Engineering in 2008 and the opening team of Solaire Resort and Casino in 2012 as Senior Manager for Electro-Mechanical and Engineering Operations. In 2016, joined the opening team of Grand Hyatt Manila as Director of Engineering. The Covid Pandemic made him decide to avail early retirement in February 2020. On April 2021, he joined The Heritage Hotel Manila as Director of Engineering up to the present.

MARINELLE PACHECO
DIRECTOR OF BUSINESS DEVELOPMENT

A seasoned and motivated hotelier with more than 30 years of stable track record in the industry. Ms. Pacheco started her hotel career at the Holiday Inn Galleria Manila where she held several positions from Telephone Operator to Room Reservations Associate until she was promoted as a Travel Sales Manager. In 2004, Ms. Pacheco joined Camp John Hay as its Senior Sales Manager. From Baguio, Marinelle moved to Boracay and joined Boracay Tropics Resort Hotel as its Director of Sales and Marketing for 16 years. Her stay at Boracay Tropics ended at the height of the pandemic. Later in 2022, Ms. Pacheco joined the Heritage Hotel Manila as the Asst. Director of Sales and Marketing from 2022-2024 and was later promoted to Director of Sales and Marketing in 2023.

Ms. Pacheco is currently serving as one of the Board of Trustees of the Pacific Asia Travel Association Philippines Chapter.

CZAR GANDOLLAS
DIRECTOR OF FOOD & BEVERAGE

Czar brings with her 30+ solid years of professional hospitality management experience with expertise in the field of Events Managements, Food & Beverage and Sales & Marketing. She has been a part of major hotel chains like IHG hotels, Shangri-la hotels and Rosewood hotels group. She has held the posts such as Banquet Manager, Asst. F&B Director and Director of Events Management. Prior to joining the Heritage Hotel Manila Ms. Gandollas was the Director of Events Management at the New World Makati Hotel (under the Rosewood Group She has been part of several organizations like the Nutritionist-Dietitians Assoc of the Phils, Hotel Sales & Mktg Assoc, Toastmasters Makati Phils..

Czar graduated from St. Scholasticas College with a degree in Nutrition & Dietetics

Attendance Record

Meeting Attendance of the Company's Board of Directors in 2024:

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
8 April 2024	Present	Present	Present	Present	Present	Present	Present
7 May 2024	Present	Present	Present	Present	Present	Present	Present
10 July 2024(special)	Present	Present	Present	Present	Present	Present	Present
10 July 2024(organizational)	Present	Absent	Present	Present	Present	Present	Present
8 August 2024	Present	Absent	Present	Present	Present	Present	Present
12 November 2024	Present	Present	Present	Present	Present	Present	Absent

Total	6/6	4/6	6/6	6/6	6/6	6/6	5/6
Percentage of attendance	100%	66/67%	100%	100%	100%	100%	83.33%

Meeting Attendance of the Company's Audit Committee in 2024:

Date of Meetings	Names of Directors		
	Bryan Cockrell	Ricardo Pio Castro, Jr.	Natividad Alejo
8 April 2024	Present	Present	Present
7 May 2024	Present	Present	Present
8 August 2024	Absent	Present	Present
12 November 2024	Present	Present	Absent
Total	3/4	4/4	3/4
Percentage of attendance	75%	100%	75%

Meeting Attendance of the Company's Corporate Governance Committee in 2024:

Date of Board of Directors' meetings	Names of Directors				
	Kwek Eik Sheng	Bryan Cockrell	Simeon Ferrer	Ricardo Pio Castro, Jr.	Natividad Alejo
8 April 2024	Present	Present	Present	Present	Present
23 May 2024	Present	Present	Present	Absent	Present
Total	2/2	2/2	2/2	1/2	2/2
Percentage of attendance	100%	100%	100%	50%	100%

ITEM 10. EXECUTIVE COMPENSATION

EXECUTIVE AND DIRECTORS' COMPENSATION

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWANCES
Farid Alain Schoucair	General Manager of Hotel	2024			
Jeffrey Villablanca	Director of Finance	2024			
Juancho Baltazar	Director of Human Resources	2024			

Marinelle Pacheco	Director of Business Development	2024			
Czar Gandollas	Director of Food & Beverage	2024			
Total		2024			
Directors' allowances		2024			
All officers & Directors as a group		2024	18,282,800	1,085,726	710,418

The estimated total compensation for officers and directors in the year 2025 is as follows:

Salary – PhP19 million
Bonus – PhP1.5 million
Other Fees – PhP0.8 million

FOR THE LAST 2 FINANCIAL YEARS – 2023 and 2022

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWANCES
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

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWANCES
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

In 2024, the directors were given the following per diem allowance for their attendance in meetings in 2024: 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 2024) 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 2024.

TITLE OF CLASS	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 2024.

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 2024.

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits
None

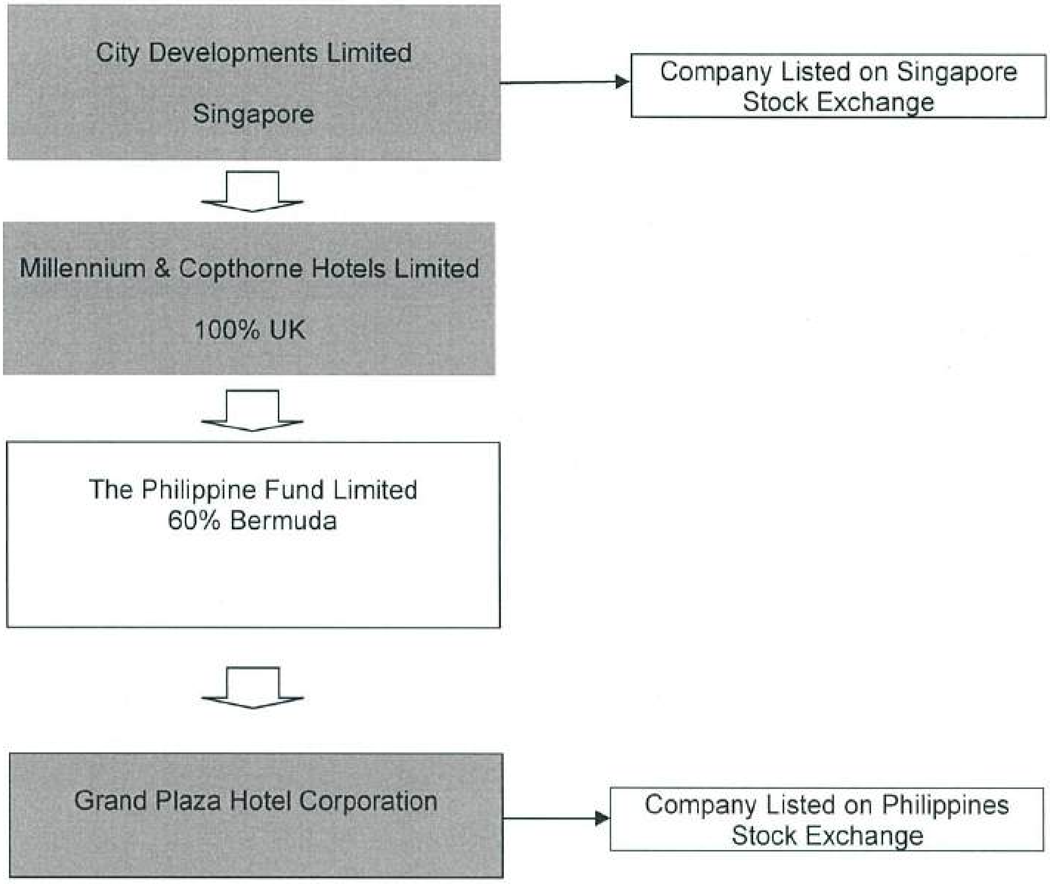
Reports on SEC Form 17-C

The following events were reported in SEC Form 17-C during the period January to December 2024:

Date of Filing of SEC Form 17-C	Summary of the matter disclosed
10 July 2024	Results of the Annual Stockholders' Meeting of Grand Plaza Hotel Corporation
10 July 2024	Results of the organizational meeting of the Board of Directors of Grand Plaza Hotel Corporation
11 April 2024	Postponement of Annual Stockholders' Meeting, New Date of Annual Stockholders' Meeting, and approval of Record Date
11 April 2024	Election of New Assistant Corporate Secretary

The Group Structure

The Philippine Fund Limited Group Structure



As at 31 December 2024

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 __________, 2025.

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 - 4 APR 2025 day of ________ 2025 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

NOTARY PUBLIC
Ho Suk Tsing
Leslie
NP2025/0211
1 Apr 2025 - 31 Mar 2026
SINGAPORE

Doc. No.
Page No.
Book No.
Series of 2025.

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 __________, 2025.

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 _____ day of _________ 2025 affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue

____
Notary Public

Doc. No.
Page No.
Book No.
Series of 2025.

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 Taguig on 11 April , 2025.

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 11 day of April 2025 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 No. P0173706B	09 January 2019	DFA NCR West

LARA CAMILLE A. LEE
NOTARY PUBLIC
ROLL NO. 63225
TAGUIG CITY, PHILIPPINES

LARA CAMILLE LEE
Notary Public for Taguig City
Appointment No. 52 valid until 31 December 2026
18th Floor, One/NEO Building, 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City, Taguig City 1634
Roll of Attorneys No. 63225
PTR No. A-6482998; Taguig City; 14 January 2025
IBP Lifetime No. 013207; O.R. No. 0991523; 13 January 2015; RSM
MCLE Compliance No. VIII-0009727; valid until 14 April 2028.

Doc. No. 152
Page No. 32
Book No. XXI
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

GRAND PLAZA HOTEL CORPORATION

4 April 2025

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, 2024 and 2023**, 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 - 4 APR 2025 2025, 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

Notary Public

Leslie

NOTARY PUBLIC
Ho Suk Tsing
Leslie
NP2025/0211
1 Apr 2025 - 31 Mar 2026
SINGAPORE

Doc. No.
Page No.
Book No.
Series of 2025

4 April 2025

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, 2024 and 2023**, 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.

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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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 6 8 7 8

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	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
charles.veloso@quisumbing torres.com	854-8838	0917-819-4954

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,383	May 15	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Yam Kit Sung		854-8838	

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.*

***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, 2024, 2023 and 2022

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, 2024 and 2023, 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 years then ended December 31, 2024, 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, 2024 and 2023, and its financial performance and its cash flows for each of the years then ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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.

Key Audit Matters

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were 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 PFRS Accounting Standards.

Valuation of Hotel Assets
Refer to Note 10 to the financial statements

The risk

The Company has significant hotel assets classified as property, and equipment which are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and are subject to an annual assessment for impairment indicators. In undertaking the impairment assessment, the Company takes into consideration several factors including the economic outlook, the quantum of available headroom from previous valuations undertaken (where applicable). The hotel assets are then subjected to a detailed impairment review whereby their recoverable amounts are estimated.

The Company uses a combination of internal and external valuations to estimate the recoverable amount of its properties identified as at risk of being impaired, which is determined to be higher of the fair value less cost to sell and value-in-use of these properties. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the recoverable amounts.

Our response

Our procedures included challenging the Company's assessment of the hotel assets being impaired. These include comparing the actual asset performance to previous forecasts and to market data, and assessing the quantum available headroom from previous valuations. We considered the valuation methods used against those applied by valuers for similar property types. We evaluated the key assumptions applied in the valuations, particularly those assumptions relating to occupancy rates, average room rate growth, discount rates and terminal rates, by comparing them to available industry data, taking into consideration comparability and market factors.

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, 2024, 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, 2024 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 PFRS Accounting Standards, 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
CPA License No. 0125463
SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 941-200-384
BIR Accreditation No. 08-001987-049-2025
Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467193
Issued January 2, 2025 at Makati City

April 10, 2025
Makati City, Metro Manila

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 25*	**P452,469,114**	P543,363,398
Receivables - net	*5, 25*	**190,897,960**	118,139,338
Loan receivable	*9, 14, 25*	**15,500,000**	15,500,000
Due from related parties	*14, 25*	**11,709,738**	11,404,381
Inventories	*6*	**7,804,071**	7,111,731
Prepaid expenses and other current assets	*7*	**91,101,574**	84,976,714
Total Current Assets		**769,482,457**	780,495,562
Noncurrent Assets			
Property and equipment - net	*10, 14, 20*	**632,541,309**	533,857,730
Investment in an associate	*8, 14*	**50,220,582**	50,037,982
Deferred tax assets - net	*22*	**16,872,954**	18,510,408
Other noncurrent assets	*11, 14*	**99,681,146**	114,663,381
Total Noncurrent Assets		**799,315,991**	717,069,501
		P1,568,798,448	P1,497,565,063
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*12, 25*	**P126,302,125**	P112,133,314
Refundable deposits	*19, 20, 25*	**103,092,300**	126,897,209
Due to related parties	*14, 25*	**86,731,074**	63,656,535
Lease liability - current portion	*14, 20, 25*	**5,422,802**	4,994,788
Other current liabilities	*13, 25*	**58,951,116**	61,086,216
Total Current Liabilities		**380,499,417**	368,768,062
Noncurrent Liabilities			
Lease liability - noncurrent portion	*14, 20, 25*	**148,506,527**	153,929,329
Retirement benefits liability	*21*	**37,366,075**	30,868,533
Total Noncurrent Liabilities		**185,872,602**	184,797,862
Total Liabilities		**566,372,019**	553,565,924
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*	**12,213,890**	14,666,679
Retained earnings	*23*	**1,782,392,692**	1,721,512,613
Treasury stock	*24*	**(1,680,020,370)**	(1,680,020,370)
Total Equity		**1,002,426,429**	943,999,139
		P1,568,798,448	P1,497,565,063

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF PROFIT OR LOSS

	Note	Years Ended December 31 **2024**	2023	2022
REVENUES				
Rooms		**P253,049,454**	P237,914,097	P201,076,345
Food and beverage		**166,944,305**	149,400,682	87,488,455
Rent income	*20*	**101,082,790**	74,280,488	1,687,396
Other operating departments		**1,411,655**	1,343,746	713,727
Others		**5,495,929**	5,352,447	4,437,933
		527,984,133	468,291,460	295,403,856
COST OF SALES AND SERVICES	*16*	**178,107,708**	157,934,954	103,126,291
GROSS OPERATING INCOME		**349,876,425**	310,356,506	192,277,565
ADMINISTRATIVE EXPENSES	*17*	**297,815,656**	275,815,035	199,568,770
NET OPERATING INCOME (LOSS)		**52,060,769**	34,541,471	(7,291,205)
OTHER INCOME - Net				
Interest income	*4, 9, 14*	**23,095,280**	22,837,181	9,823,215
Foreign exchange gain (loss) - net		**10,966,572**	(5,186,799)	22,390,968
Equity in net income of an associate	*8*	**1,782,600**	1,662,758	976,374
Interest on lease liability	*20*	**(12,802,820)**	(13,197,049)	(13,560,167)
		23,041,632	6,116,091	19,630,390
INCOME BEFORE INCOME TAX		**75,102,401**	40,657,562	12,339,185
INCOME TAX EXPENSES	*22*	**14,222,322**	9,794,180	6,340,963
NET INCOME		**P60,880,079**	P30,863,382	P5,998,222
Basic and Diluted Earnings Per Share	*18*	**P1.13**	P0.57	P0.11

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2024**	2023	2022
NET INCOME		**P60,880,079**	P30,863,382	P5,998,222
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability	*21*	**(3,270,385)**	(1,066,144)	8,760,347
Deferred tax benefit (expense)	*22*	**817,596**	266,536	(2,190,087)
		(2,452,789)	(799,608)	6,570,260
TOTAL COMPREHENSIVE INCOME		**P58,427,290**	P30,063,774	P12,568,482

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 Liabilty -** net of tax	**Retained Earnings** (Note 23)	**Treasury Stock** (Note 24)	**Total Equity**
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		-	-	-	5,998,222	-	5,998,222
Other comprehensive income for the year	*21*	-	-	6,570,260	-	-	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
Balances at January 1, 2024		**P873,182,700**	**P14,657,517**	**P14,666,679**	**P1,721,512,613**	**(P1,680,020,370)**	**P943,999,139**
Net income for the year		**-**	**-**	**-**	**60,880,079**	**-**	**60,880,079**
Other comprehensive loss for the year	*21*	**-**	**-**	**(2,452,789)**	**-**	**-**	**(2,452,789)**
Total comprehensive income for the year		**-**	**-**	**(2,452,789)**	**60,880,079**	**-**	**58,427,290**
Balances at December 31, 2024		**P873,182,700**	**P14,657,517**	**P12,213,890**	**P1,782,392,692**	**(P1,680,020,370)**	**P1,002,426,429**

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P75,102,401**	P40,657,562	P12,339,185
Adjustments for:				
Depreciation	*10, 17*	**42,870,585**	37,489,676	40,610,635
Interest on lease liability	*20*	**12,802,820**	13,197,049	13,560,167
Retirement benefits cost	*21*	**4,154,975**	3,780,654	3,664,899
Loss on disposal of property and equipment	*10*	**8,754**	-	-
Interest income	*4, 9, 14*	**(23,095,280)**	(22,837,181)	(9,823,215)
Unrealized foreign exchange loss (gain) - net		**(11,228,337)**	4,887,922	(21,972,092)
Equity in net income of an associate	*8*	**(1,782,600)**	(1,662,758)	(976,374)
Provision for (reversal of) impairment losses on receivables	*5, 25*	**(350,981)**	299,422	(211,593)
Reversal of impairment on property and equipment	*10*	**-**	-	(34,756,269)
Operating income before working capital changes		**98,482,337**	75,812,346	2,435,343
Decrease (increase) in:				
Receivables		**(72,407,641)**	(26,235,875)	41,102,350
Due from related parties		**(305,357)**	(361,790)	13,306,418
Inventories		**(692,340)**	(772,620)	(1,678,071)
Prepaid expenses and other current assets		**(6,124,860)**	(2,815,452)	(92,890,993)
Other noncurrent assets		**-**	(573,729)	6,415,621
Increase (decrease) in:				
Accounts payable and accrued expenses		**14,168,811**	48,908,421	1,629,754
Refundable deposits		**(23,804,909)**	26,667	99,736,489
Due to related parties		**23,074,539**	16,470,363	900,924
Other current liabilities		**(2,135,100)**	3,528,723	26,123,054
Net cash generated from operations		**30,255,480**	113,987,054	97,080,889
Interest received		**23,095,280**	22,837,181	9,823,215
Income taxes paid		**(11,767,272)**	(12,903,717)	(2,021,008)
Retirement benefits paid	*21*	**(927,818)**	(1,408,443)	(956,873)
Net cash provided by operating activities		**40,655,670**	122,512,075	103,926,223

Forward

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from an associate	*8*	**P1,600,000**	P1,600,000	P1,400,000
Proceeds from disposal of property and equipment		**1,274,222**	-	-
Additions to property and equipment	*10*	**(120,220,445)**	(21,013,220)	(5,725,349)
Advances to suppliers for capital expenditures		**(7,634,460)**	(27,070,663)	-
Net cash used in investing activities		**(124,980,683)**	(46,483,883)	(4,325,349)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment of lease liability	*20*	**(12,802,820)**	(13,197,049)	(13,560,167)
Principal payment of lease liability	*20*	**(4,994,788)**	(4,600,559)	(4,237,441)
Cash used in financing activities		**(17,797,608)**	(17,797,608)	(17,797,608)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**11,228,337**	(4,887,922)	21,972,092
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(90,894,284)**	53,342,662	103,775,358
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*4*	**543,363,398**	490,020,736	386,245,378
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P452,469,114**	P543,363,398	P490,020,736

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 & Copthorne 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

<u>Statement of Compliance</u>
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 4, 2025.

<u>Basis of Measurement</u>
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.

<u>Functional and Presentation Currency</u>
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.

<u>Use of Judgments, Estimates and Assumptions</u>
The preparation of the financial statements in accordance with PFRS Accounting Standards 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.

The following presents the summary of these judgments and estimates which have material effects 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.

<u>Company as Lessor</u>
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).

<u>Company as Lessee</u>
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 judgment 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 (reversal) for impairment losses on receivables amounted to (P350,981), P299,422, and nil for the years ended 2024, 2023, and 2022, respectively (see Note 5). As at December 31, 2024 and 2023, allowance for expected credit losses on receivables amounted to P14,036,747 and P14,387,728, respectively (see Notes 5 and 25). The carrying amount of receivables - net amounted to P190,897,960 and P118,139,338 as at December 31, 2024 and 2023, 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, 2024 and 2023, the carrying amount of property and equipment amounted to P632,541,309 and P533,857,730, 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, 2024 and 2023, recognized deferred tax assets amounted to P23,751,335 and P23,399,301, respectively (see Note 22).

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 P37,366,075 and P30,868,533 as at December 31, 2024 and 2023, respectively. The retirement benefits cost recognized in profit or loss amounted to P4,154,975, P3,780,654 and P3,664,899 for the years ended December 31, 2024, 2023 and 2022, respectively. Cumulative actuarial gain amounted to P16,285,187, P19,555,572 and P20,621,716 as at December 31, 2024, 2023 and 2022, respectively (see Note 21).

Estimating Allowance for Impairment Losses on Non-financial Assets
The Company assesses impairment on non-financial 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.

No impairment loss was recognized for the years ended December 31, 2024, 2023 and 2022 (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 a 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, 2024 and 2023 (see Note 26).

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New Standards and Amendments to Standards
The Company has adopted the following new standards and amendments to standards starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any material impact on the Company's financial statements.

- *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 recognizes 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 applied retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* to sale-and-leaseback transactions entered into 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, Presentation of Financial Statements).* 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.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7, Financial Instruments: Disclosure).* The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

  Date of recognition and derecognition. The amendments clarified that:

  - a financial asset or a financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;

  - a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and

  - a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of financial assets. The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs. The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature. Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually linked instruments and non-recourse features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on investments in equity instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards:

- *Gain or Loss on Derecognition (Amendments to PFRS 7)*. The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

- *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)*. The amendments:

  - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;

  - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 and PFRS 13; and

  - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9)*. The amendments:

  - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

  - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

- *Cost Method (Amendments to PAS 7, Statement of Cash Flows)*. The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

  The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *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, 2027. 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.

- PFRS 18, *Presentation and Disclosure in Financial Statements,* will replace PAS 1 and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

  - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined ‘operating profit or loss’ and ‘profit or loss before financing and income tax’ subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company’s main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the ‘most useful structured summary’ of those expenses. New disclosures apply if any operating expenses are presented by function.

  - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

  - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item’s characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share,* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Company is still in the process of assessing the impact of this new standard.

<u>Financial Instruments</u>
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 a 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.

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.

<u>Impairment of Financial Assets</u>
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.

<u>Derecognition of Financial Instruments</u>
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 non-financial 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 the liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or the 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.

Construction-in-progress (CIP) are measured at cost and shall be depreciated using the straight line method when the development is completed or the assets are ready for their intended use.

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 Non-financial Assets
The carrying amounts of the Company's non-financial 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, 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 current tax 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).

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:

	Note	2024	2023
Cash on hand and in banks		**P87,528,826**	P133,483,992
Short-term investments		**364,940,288**	409,879,406
	25	**P452,469,114**	P543,363,398

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 5.90%, 0.05% to 4.95%, and 0.00% to 4.33% in 2024, 2023 and 2022, respectively. Interest income earned from this account amounted to P18,420,280, P18,162,181 and 5,148,215 for the years ended December 31, 2024, 2023 and 2022, respectively.

5. **Receivables** - net

This account consists of:

	Note	2024	2023
Trade:			
Charge customers		**P67,937,379**	P74,548,074
Rent receivable		**68,265,828**	1,123,774
Others		**23,591,640**	23,591,640
	25	**159,794,847**	99,263,488
Utility charges		**35,545,069**	24,605,385
Interest		**1,040,606**	2,488,695
Advances to employees		**547,908**	944,962
Others		**8,006,277**	5,224,536
		204,934,707	132,527,066
Less allowance for impairment losses on trade receivables	*25*	**(14,036,747)**	(14,387,728)
	25	**P190,897,960**	P118,139,338

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 are receivables from Philippine Amusement and Gaming Corporation (PAGCOR) which 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. Other receivables from PAGCOR amounting to P22,111,431 are classified under "Utility charges".

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

	Note	**Amount**
Balance at January 1, 2023		P1,163,806
Provisions in 2023	*17*	299,422
Reclassification		12,924,500
Balance at December 31, 2023		14,387,728
Reversal in 2024	*17*	(350,981)
Balance at December 31, 2024	*25*	**P14,036,747**

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

6. Inventories

Inventories carried at cost consists of:

	2024	2023
Engineering supplies	**P3,300,271**	P3,869,067
Food	**2,209,074**	1,967,476
General supplies	**1,699,366**	754,690
Beverage and tobacco	**403,853**	431,464
Others	**191,507**	89,034
	P7,804,071	P7,111,731

There were no inventories written down to NRV in 2024, 2023 and 2022. Cost of goods sold recognized in profit or loss amounted to P71,288,899, P62,302,219 and P40,372,073, in 2024, 2023 and 2022, respectively (see Note 16).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Prepaid expenses	**P54,519,071**	P48,100,175
Creditable withholding VAT	**19,696,494**	25,513,001
Input VAT	**16,682,436**	11,159,965
Utilities deposit	**203,573**	203,573
	P91,101,574	P84,976,714

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 Overseas Workers Welfare Administration.

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:

	2024	2023
Acquisition cost	**P48,200,000**	P48,200,000
Accumulated share in net earnings:		
Balance at beginning of year	**1,837,982**	1,775,224
Equity in net income	**1,782,600**	1,662,758
Dividends received	**(1,600,000)**	(1,600,000)
Balance at end of year	**2,020,582**	1,837,982
	P50,220,582	P50,037,982

A summary of the information of HLC as follows:

	2024	2023
Current assets	**P32,692,660**	P34,410,101
Noncurrent assets	**121,830,382**	121,830,382
Current liabilities	**(5,008,131)**	(7,043,753)
Noncurrent liability	**(78,000,000)**	(78,000,000)
Net assets (100%) - net	**71,514,911**	71,196,730
Add: Subscription receivable	**54,000,000**	54,000,000
	P125,514,911	P125,196,730
Company's share of net assets (40%)	**P50,205,964**	P50,078,692
Revenue	**P17,797,608**	P17,797,608
Net income/total comprehensive income (100%)	**P4,456,500**	P4,156,895
Company's share in net income/total comprehensive income (40%)	**P1,782,600**	P1,662,758

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, 2024 and 2023 and is collectable on demand with interest rate of 5% per annum (see Note 14).

Interest income earned in 2024, 2023 and 2022 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	CIP	Right-of-Use Asset (Note 20)	Total
Cost							
Balance, January 1, 2023	P1,044,534,580	P401,735,002	P7,438,511	P385,157	P -	P178,571,220	P1,632,664,470
Additions	20,518,756	494,464	-	-	-	-	21,013,220
Reclassification	4,490,596	(7,021,192)	-	-	-	-	(2,530,596)
Balance, December 31, 2023	1,069,543,932	395,208,274	7,438,511	385,157	-	178,571,220	1,651,147,094
Additions	17,603,584	27,851,767	-	-	97,381,789	-	142,837,140
Disposals	(5,204,672)	(34,420,455)	-	-	-	-	(39,625,127)
Balance, December 31, 2024	**1,081,942,844**	**388,639,586**	**7,438,511**	**385,157**	**97,381,789**	**178,571,220**	**1,754,359,107**
Accumulated Depreciation							
Balance, January 1, 2023	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
Depreciation during the year	24,074,556	10,258,760	-	-	-	8,537,269	42,870,585
Disposal	(3,921,696)	(34,420,455)	-	-	-	-	(38,342,151)
Balance, December 31, 2024	**694,963,882**	**367,806,634**	**7,438,511**	**385,157**	**-**	**51,223,614**	**1,121,817,798**
Carrying Amount							
December 31, 2023	P394,732,910	P3,239,945	P -	P -	P -	P135,884,875	P533,857,730
December 31, 2024	**P386,978,962**	**P20,832,952**	**P -**	**P -**	**P97,381,789**	**P127,347,606**	**P632,541,309**

CIP pertains to the ongoing renovation of the Company's property.

Cash outflows for additions to property and equipment amounted to P120,220,445 and P21,013,220 in 2024 and 2023, respectively.

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 10.63% in 2024 and 11.17% in 2023.

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 0.63% and 1.17% in 2024 and 2023, respectively.

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 2024 and 2023.

No impairment loss was recognized in 2024, 2023 and 2022. 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 2024
Discount rate	**11.26%**
Terminal value rate	**11.14%**

	Change Required for Carrying Amount to Equal Recoverable Amount in 2023
Discount rate	11.17%
Terminal value rate	10.00%

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 years ended December 31, 2024 and 2023, see Note 17).

In 2024, the Company disposed certain property and equipment resulting to a loss of P8,754 (nil in 2023 and 2022).

11. Other Noncurrent Assets

This account consists of:

	Note	**2024**	2023
Lease deposit	*14, 20, 25*	**P78,000,000**	P78,000,000
Advances to suppliers		**12,088,428**	27,070,663
Miscellaneous deposits		**8,582,718**	8,582,718
Others		**1,010,000**	1,010,000
		P99,681,146	P114,663,381

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:

	Note	2024	2023
Trade		**P100,616,678**	P75,330,739
Accrued payroll		**9,034,124**	9,520,041
Accrued other liabilities		**6,464,474**	13,770,000
Accrued rent	*14*	**5,642,533**	9,521,720
Accrued utilities		**4,544,316**	3,990,814
	25	**P126,302,125**	P112,133,314

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	2024	2023
Output VAT payable		**P36,309,433**	P33,177,392
Payable to government agencies		**7,246,204**	6,065,614
Payable to employees		**6,007,318**	5,339,119
Deposits for utilities		**5,184,148**	5,184,148
Customer credit balance		**2,111,651**	9,217,454
Rewards redemption payable		**394,954**	387,454
Others		**1,697,408**	1,715,035
	25	**P58,951,116**	P61,086,216

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: Amounts owed by Related Parties	Outstanding Balance: Amounts owed to Related Parties	Terms	Conditions
Associate							
▪ Lease deposit	**2024**	*11, 20*	**P -**	**P78,000,000**	**P -**	Required lease	Collectable upon
	2023		-	78,000,000	-	deposit on the	termination of the
	2022		-	78,000,000	-	leased land	contract
▪ Interest income	**2024**	*14b, 20*	**3,900,000**	**-**	-	5% per annum of	Unsecured;
	2023		3,900,000	1,950,000	-	the lease deposit	no impairment
	2022		3,900,000	1,950,000	-		
▪ Accrued rent	**2024**	*12, 14*	**17,297,608**	**-**	**5,642,533**	Due and	Unsecured
	2023		17,297,608	-	9,521,720	demandable	
	2022		17,297,608	-	4,760,860		
▪ Rent income	**2024**	*14e*	**180,000**	**-**	**-**	Due and	Unsecured
	2023		180,000	90,000	-	demandable; non	
	2022		180,000	-	-	interest bearing	
Under Common Control							
▪ Management and incentive fees	**2024**	*14d, 17*	**14,474,322**	**-**	**70,173,619**	Due and	Unsecured
	2023		13,134,218	-	56,133,527	demandable; non	
	2022		10,613,328	-	44,838,608	interest bearing	
▪ Advances	**2024**	*14a*	**658,233**	**10,547,958**	**16,557,455**	Due and	Unsecured;
	2023		45,336	8,916,881	7,523,008	demandable; non	no impairment
	2022		5,702,893	8,769,674	2,347,564	interest bearing	
▪ Loan	**2024**	*9, 14c*	**-**	**15,500,000**	**-**	Due and	Unsecured;
	2023		-	15,500,000	-	demandable;	no impairment
	2022		-	15,500,000	-	interest bearing	
▪ Interest income	**2024**	*9, 14c*	**775,000**	**761,780**	**-**	5% per annum of	Unsecured;
	2023		775,000	387,500	-	the loan receivable	no impairment
	2022		775,000	322,917	-		
▪ Rent income	**2024**	*14e*	**420,000**	**400,000**	**-**	Due and	Unsecured
	2023		420,000	60,000	-	demandable; non	
	2022		420,000	-	-	interest bearing	
Key Management Personnel of the Entity							
▪ Short term employee benefits	**2024**	*14f*	**19,368,526**	**-**	**-**		
	2023		18,825,848	-	-		
	2022		17,782,052	-	-		
TOTAL	**2024**			**P105,209,738**	**P92,373,607**		
TOTAL	2023			P104,904,381	P73,178,255		
TOTAL	2022			P104,542,591	P51,947,032		

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

	Note	**2024**	2023
Loan receivable	*9*	**P15,500,000**	P15,500,000
Due from related parties		**11,709,738**	11,404,381
Other noncurrent assets	*11, 20*	**78,000,000**	78,000,000
		P105,209,738	P104,904,381

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

	Note	**2024**	2023
Due to related parties		**P86,731,074**	P63,656,535
Under accounts payable and accrued expenses:			
Accrued rent	*12*	**5,642,533**	9,521,720
		P92,373,607	P73,178,255

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 which was then continuously renewed. The said agreements were renewed for another one (1) year from January 1 until December 31, 2024, which was then subsequently renewed from January 1 until December 31, 2025. 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:

	2024	2023	2022
Executive officers	**P11,841,422**	P11,156,199	P12,076,725
Directors of hotel operations	**7,527,104**	7,669,649	5,705,327
	P19,368,526	P18,825,848	P17,782,052

   The compensation and benefits of one of key management personnel are paid by Millennium & Copthorne 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, 2024 and 2023, 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:

	2024	2023	2022
Food and beverage	**P36,881,720**	P30,963,233	P21,443,678
Rooms	**35,209,237**	33,621,756	19,257,839
Hotel overhead departments:			
Administrative and general	**38,278,233**	33,240,057	27,814,008
Sales and marketing	**12,022,226**	12,730,590	7,953,833
Engineering	**11,955,555**	12,235,221	10,128,056
Human resources	**3,894,913**	3,527,435	2,921,264
Other operating departments	**397,117**	481,106	410,670
	P138,639,001	P126,799,398	P89,929,348

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

	Note	2024	2023	2022
Cost of sales and services	*16*	**P72,488,075**	P65,066,094	P41,112,187
Administrative expenses	*17*	**66,150,926**	61,733,304	48,817,160
		P138,639,001	P126,799,398	P89,929,347

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	2024	2023	2022
Payroll and employee benefits	*15*	**P72,488,075**	P65,066,094	P41,112,187
Food and beverage	*6*	**53,099,520**	43,256,954	28,334,689
Commission		**10,640,544**	8,360,526	6,275,857
Guest supplies	*6*	**10,368,462**	8,585,335	5,947,072
Online selling and marketing tools		**7,545,074**	6,994,052	2,754,269
Operating supplies	*6*	**4,631,730**	7,711,159	2,571,770
Kitchen fuel	*6*	**2,437,719**	1,987,859	1,748,260
Permits and licenses		**2,285,202**	3,174,449	3,108,963
Transport charges		**2,054,872**	3,059,921	1,428,463
Printing and stationery		**1,711,716**	1,915,816	1,058,003
Housekeeping expenses		**1,502,801**	1,550,485	1,502,801
Music and entertainment		**1,145,037**	994,506	277,299
Laundry and dry cleaning		**871,223**	565,777	576,544
Cleaning supplies	*6*	**751,468**	760,912	1,770,282
Other operating departments		**33,326**	40,985	675,754
Miscellaneous		**6,540,939**	3,910,124	3,984,078
		P178,107,708	P157,934,954	P103,126,291

17. Administrative Expenses

This account consists of:

	Note	**2024**	2023	2022
Hotel Overhead Departments				
Payroll and employee benefits	*15*	**P66,150,926**	P61,733,304	P48,817,160
Management and incentives fees	*14*	**14,474,322**	13,134,218	10,613,328
Credit card and commission		**6,377,942**	4,998,871	2,995,780
Data processing		**5,590,150**	5,198,450	3,014,579
Advertising		**5,548,071**	3,514,326	2,978,226
Dues and subscription		**4,447,096**	4,810,440	1,387,108
Telecommunications		**2,823,745**	2,652,951	2,853,884
Awards and social activities		**2,180,226**	1,745,876	1,007,481
Entertainment		**479,800**	581,287	508,077
Miscellaneous		**5,940,520**	5,099,615	2,351,010
		114,012,798	103,469,338	76,526,633
Corporate Office				
Depreciation	*10*	**42,870,585**	37,489,676	40,610,635
Insurance		**19,428,149**	9,219,124	9,388,914
Property tax		**9,780,601**	9,651,911	9,265,202
Professional fees		**5,227,710**	8,378,717	5,115,374
Corporate office payroll and related expense		**3,163,235**	3,079,450	1,941,272
Taxes and licenses		**2,213,268**	1,803,244	93,760
Office supplies		**845,667**	713,030	547,910
Director's fees/allowances		**727,867**	799,600	799,600
Transportation and travel		**7,449**	60,963	7,313
Commission expense		**-**	-	7,557,268
Reversal of Impairment loss on property and equipment	*10*	**-**	-	(34,756,269)
Miscellaneous		**2,477,511**	2,881,825	2,492,821
		86,742,042	74,077,540	43,063,800
Power light and water		**81,596,525**	84,505,670	68,556,846
Property operations and maintenance		**15,464,291**	13,762,487	11,421,491
		P297,815,656	P275,815,035	P199,568,770

The commission expense relates to the 1-month rental equivalent paid to Star Fuzion Management Corporation as a commission for their effort to secure Goldwinnphil Inc. (the "Lessee")

Miscellaneous expense under "Corporate Office" includes provision (reversal) for impairment losses on receivables (see Note 5).

18. Earnings Per Share

Basic and diluted earnings per share is computed as follows:

	Note	**2024**	2023	2022
Weighted average number of common shares: Balance at beginning and end of year	*24*	**P53,717,369**	P53,717,369	P53,717,369

	Note	**2024**	2023	2022
Net income for the year		**P60,880,079**	P30,863,382	P5,998,222
Divided by weighted average number of outstanding shares	*24*	**53,717,369**	53,717,369	53,717,369
		P1.13	P0.57	P0.11

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

19. Refundable Deposits

This account consists of:

	Note	**2024**	2023
PAGCOR	*25*	**P25,349,438**	P25,349,438
Goldwinnphil Inc.	*27*	**71,777,410**	98,998,980
Others		**5,965,452**	2,548,791
	20	**103,092,300**	126,897,209
Less: Current portion		**103,092,300**	126,897,209
		P -	P -

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 Goldwinnphil 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 P103,092,300 and P126,897,209 as at December 31, 2024 and 2023, respectively, and are shown as "Refundable deposits" in the statements of financial position (see Note 19). Rent income amounted to P101,082,790, P74,280,488 and P1,687,396 in 2024, 2023 and 2022, 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 2024 and 2023, 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:

	2024	2023
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:

a. Annual rental on the land of P10,678,560;

b. Required lease deposit (shown as part of "Other noncurrent assets" in the statements of financial position) of P78,000,000; and

c. 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:

	2024	2023
Beginning balance	**P158,924,117**	P163,524,676
Interest expense during the year	**12,802,820**	13,197,049
Payments made	**(17,797,608)**	(17,797,608)
Ending balance	**P153,929,329**	P158,924,117

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

	2024	2023
Interest payment	**P12,802,820**	P13,197,049
Principal payment	**4,994,788**	4,600,559
	P17,797,608	P17,797,608

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

	2024	2023
Current	**P5,422,802**	P4,994,788
Noncurrent	**148,506,527**	153,929,329
	P153,929,329	P158,924,117

Contractual cash flows are as follows:

	2024	2023
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	**177,976,080**	195,773,688
	P266,964,120	P284,761,728

As at December 31, 2024 and 2023, total accrued rent outstanding recorded under 'Accounts payable and accrued expenses' account in the statements of financial position amounted to P5,642,533 and P9,521,720, 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, 2024.

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 P37,366,075 and P30,868,533 as at December 31, 2024 and 2023, respectively.

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

	2024	2023
Balance at January 1	**P30,868,533**	P27,430,178
Included in Profit or Loss		
Current service cost	**2,117,652**	1,860,542
Interest cost	**2,037,323**	1,920,112
	4,154,975	3,780,654
Included in Other Comprehensive Income (OCI)		
Remeasurement loss:		
Actuarial loss arising from:		
Experience adjustment	**2,367,896**	400,807
Financial assumptions	**902,489**	665,337
	3,270,385	1,066,144
Others		
Benefits paid	**(927,818)**	(1,408,443)
Balance at December 31	**P37,366,075**	P30,868,533

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:

	2024	2023	2022
Current service cost	**P2,117,652**	P1,860,542	P2,024,257
Interest cost	**2,037,323**	1,920,112	1,640,642
Retirement benefits cost	**P4,154,975**	P3,780,654	P3,664,899

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:

	2024	2023	2022
Cumulative actuarial gain at the beginning of the year	**P19,555,572**	P20,621,716	P11,861,369
Actuarial gain (loss) arising from:			
Experience adjustment	**(2,367,896)**	(400,807)	4,790,503
Financial assumptions	**(902,489)**	(665,337)	3,969,844
Cumulative actuarial gain at the end of the year	**P16,285,187**	P19,555,572	P20,621,716

The remeasurement gains on retirement liability, net of deferred tax, amounted to P12,213,890, P14,666,679 and P15,466,287 as at December 31, 2024, 2023 and 2022, respectively, as presented in the statements of changes in equity.

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

	2024	2023	2022
Discount rate	**6.10%**	6.60%	7.00%
Future salary increases	**2.00%**	2.00%	2.00%

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:

2024	**Increase**	**Decrease**
Discount rate (1% movement)	**(P1,762,813)**	**P1,944,004**
Future salary increase rate (1% movement)	**1,792,898**	**(1,652,877)**

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)

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 nine (9) and ten (10) years as at December 31, 2024 and 2023, respectively.

The maturity analysis of the benefit payments is as follows:

	2024				
	Carrying Amount	**Contractual Cash Flows**	**1 - 5 Years**	**6 - 10 Years**	**More than 10 Years**
Retirement benefits liability	**P37,366,075**	**P95,987,752**	**P27,127,553**	**P24,664,711**	**P44,195,488**

	2023				
	Carrying Amount	Contractual Cash Flows	1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P30,868,533	P87,611,305	P22,101,253	P25,613,394	P39,896,658

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:

	2024	2023	2022
Current tax expense	**P11,767,272**	P12,903,717	P2,021,008
Deferred tax expense (benefit)	**2,455,050**	(3,109,537)	4,319,955
	P14,222,322	P9,794,180	P6,340,963

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:

	2024	2023	2022
Income before income tax	**P75,102,401**	P40,657,562	P12,339,185
Income tax expense at statutory tax rate of 25%	**P18,775,600**	P10,164,391	P3,084,796
Additions to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses	**497,442**	-	-
Income subjected to final tax	**(4,605,070)**	(4,540,545)	(73,412)
Equity in net income of an associate	**(445,650)**	(415,690)	(244,094)
Remeasurement of previously recorded DTA	**-**	5,226,903	-
Application of NOLCO	**-**	(497,629)	-
Other nontaxable income	**-**	(143,250)	-
Unrecognized deferred tax assets on NOLCO and MCIT	**-**	-	3,573,673
	P14,222,322	P9,794,180	P6,340,963

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

2024	**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	**P12,820,577**	**P776,139**	**P -**	**P13,596,716**	**P13,596,716**	**P -**
Excess of ROU asset over lease liabilty	**5,759,812**	**885,620**	**-**	**6,645,432**	**6,645,432**	**-**
Allowance for impairment loss on receivables	**3,596,931**	**(87,744)**	**-**	**3,509,187**	**3,509,187**	**-**
Remeasurement gain on retirement benefit liability	**(4,888,893)**	**-**	**817,596**	**(4,071,297)**	**-**	**(4,071,297)**
Unrealized foreign exchange gain	**1,221,981**	**(4,029,065)**	**-**	**(2,807,084)**	**-**	**(2,807,084)**
Net tax assets and liabilities	**P18,510,408**	**(P2,455,050)**	**P817,596**	**P16,872,954**	**P23,751,335**	**(P6,878,381)**

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 liabilty	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.*

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.

In 2023, the Company applied P1,990,517 NOLCO arising from the taxable year 2022 (nil in 2024).

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
	P8,107,213	(P6,086,205)	P2,021,008	

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

	2024	2023
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, 2024 and 2023, 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.

<u>Credit Risk</u>
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, 2024 and 2023 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	Note	**2024**	2023
Cash and cash equivalents*	*4*	**P450,744,474**	P541,582,866
Receivables - net	*5, 14*	**190,897,960**	118,139,338
Lease deposit	*11*	**78,000,000**	78,000,000
Loan receivable	*14*	**15,500,000**	15,500,000
Due from related parties	*14*	**11,709,738**	11,404,381
		P746,852,172	P764,626,585

**Excluding cash on hand of P1,724,640 and P1,780,532 in 2024 and 2023, respectively.*

Details of trade receivables as at December 31, 2024 and 2023 by type of customer are as follows:

	Note	**2024**	2023
Corporations		**P78,365,618**	P1,881,316
Embassy and government		**37,355,404**	55,928,778
Credit cards		**12,160,535**	15,031,776
Airlines		**2,880,997**	10,035,195
Travel agencies		**366,520**	1,998,349
Others		**28,665,773**	14,388,074
	5	**159,794,847**	99,263,488
Less allowance for impairment losses on trade receivables - charge customers	*5*	**14,036,747**	14,387,728
		P145,758,100	P84,875,760

Others include unallocated accounts pending classification to its proper type of customers as at December 31, 2024 and 2023.

The aging of trade receivables as at December 31, 2024 and 2023 is as follows:

	2024			2023		
	Gross Amount	**Impairment**	**Carrying Amount**	Gross Amount	Impairment	Carrying Amount
Current	**P49,069,334**	**P -**	**P49,069,334**	P41,618,411	P -	P41,618,411
Over 30 days	**14,853,322**	**-**	**14,853,322**	1,712,885	-	1,712,885
Over 60 days	**11,385,736**	**-**	**11,385,736**	894,769	-	894,769
Over 90 days	**84,486,455**	**(14,036,747)**	**70,449,708**	55,037,423	(14,387,728)	40,649,695
	P159,794,847	**(P14,036,747)**	**P145,758,100**	P99,263,488	(P14,387,728)	P84,875,760

As at December 31, 2024 and 2023, receivables from PAGCOR included under Embassy and government amounted to P23,591,640, which management assess, are still collectable. In addition, any amount outstanding from PAGCOR can be offset against the deposit received from it as discussed in Notes 19 and 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, 2024			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in banks and cash equivalents	**P450,744,474**	**P -**	**P -**	**P450,744,474**
Receivables	**69,467,469**	**-**	**66,735,738**	**136,203,207**
Loan receivable	**15,500,000**	**-**	**-**	**15,500,000**
Due from related parties	**11,709,738**	**-**	**-**	**11,709,738**
Lease deposit	**78,000,000**	**-**	**-**	**78,000,000**
	P625,421,681	**P -**	**P66,735,738**	**P692,157,419**

	As at December 31, 2023			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P541,582,866	P -	P -	P541,582,866
Receivables	75,671,848	-	-	75,671,848
Loan receivable	15,500,000	-	-	15,500,000
Due from related parties	11,404,381	-	-	11,404,381
Lease deposit	78,000,000	-	-	78,000,000
	P722,159,095	P -	P -	P722,159,095

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. Assets that are credit-impaired are separately presented.

December 31, 2024	**Gross Amount**	**ECL**	**Carrying Amount**
Cash in banks and cash equivalents	**P450,744,474**	**P -**	**P450,744,474**
Receivables	**204,934,707**	**(14,036,747)**	**190,897,960**
Loan receivable	**15,500,000**	**-**	**15,500,000**
Due from related parties	**11,709,738**	**-**	**11,709,738**
Lease deposit	**78,000,000**	**-**	**78,000,000**
	P760,888,919	**(P14,036,747)**	**P746,852,172**

December 31, 2023	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P541,582,866	P -	P541,582,866
Receivables	132,527,066	(14,387,728)	118,139,338
Loan receivable	15,500,000	-	15,500,000
Due from related parties	11,404,381	-	11,404,381
Lease deposit	78,000,000	-	78,000,000
	P779,014,313	(P14,387,728)	P764,626,585

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.

<u>Liquidity Risk</u>
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, 2024 and 2023 amounted to P380,499,417 and P368,768,062, respectively, which are less than its total current assets of P769,482,457 and P780,495,562, 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, 2024 and 2023, assets denominated in US$ include cash in banks amounting to P10,101,379 (US$174,267) and P148,492 (US$2,680) respectively; short-term investment amounting to P258,325,361 (US$4,533,778) and P234,605,028 (US$4,356,915), respectively.

In translating foreign currency-denominated monetary assets into Php amounts, the exchange rates used were P57.97 and P55.40 to US$1 as at December 31, 2024 and 2023, 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 that those already affecting profit or loss.

	Increase (Decrease) in US$ Exchange Rate	Effect on Income before Income Tax	Effect on Equity after Income Tax
2024	**10%**	**P26,842,674**	**P20,132,006**
	(10%)	**(26,842,674)**	**(20,132,006)**
2023			
	10%	23,475,352	17,606,514
	(10%)	(23,475,352)	(17,606,514)

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:

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents*	**P450,744,474**	**P450,744,474**	P541,582,866	P541,582,866
Receivables - net	**190,897,960**	**190,897,960**	118,139,338	118,139,338
Loan receivable	**15,500,000**	**15,500,000**	15,500,000	15,500,000
Due from related parties	**11,709,738**	**11,709,738**	11,404,381	11,404,381
Lease deposit	**78,000,000**	**78,000,000**	78,000,000	78,000,000
Accounts payable and accrued expenses	**126,302,125**	**126,302,125**	112,133,314	112,133,314
Due to related parties	**86,731,074**	**86,731,074**	63,656,535	63,656,535
Refundable deposits	**103,092,300**	**103,092,300**	126,897,209	126,897,209
Other current liabilities**	**15,395,479**	**15,395,479**	21,843,210	21,843,210

Excluding cash on hand of P1,724,640 and P1,780,532 in 2024 and 2023, respectively.

***Excluding payables to government agencies and Output VAT Payable of P43,555,637 and P39,243,006 in 2024 and 2023, 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 from/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 from/to 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, 2024 and 2023, 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, 2024 and 2023. The original issue/offer price was P10.00 per share. There were no additional shares registered with the SEC as at December 31, 2024 and 2023.

Based on the Philippine Stock Exchange's website, the Company's traded price per share was P5.91 and P9.75 as at December 31, 2024 and 2023, respectively. The total number of shareholders was 16,738 and 16,629 as at December 31, 2024 and 2023, 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 December 31, 2024.

27. Subsequent events

On January 13, 2025, the Company issued a demand letter to the Lessee. after post-dated checks amounting to P63,728,900 for rental payments were dishonored by the drawee bank upon presentment. Pursuant to this, the Lessee paid P10,300,000 on January 27, 2025 as partial payment covering July 2025 to December 2025.

Net outstanding receivables after partial collection amounted to P66,736,998 which is fully covered by the remaining rental deposits amounting to P71,777,410 (see Note 19).

On February 11, 2025, the Company issued a letter to the Lessee clarifying application of payments received, the total outstanding balance, conditions for future payments, and applicability of deposits to any outstanding balance upon failure to pay.

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

In addition to the disclosures mandated under PFRS Accounting Standards, 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 PFRS Accounting Standards. Following are the tax information/disclosures required for the taxable year ended December 31, 2024:

Based on Revenue Regulations No. 15-2010

A. VAT

1. Output VAT	**P62,933,166**
Account title used	
Basis of the Output VAT:	
Vatable sales	**P486,270,032**
Sales to government	**38,173,017**
Zero rated sales	**3,362,224**
Exempt sales	**1,461,836**
	P529,267,109
2. Input VAT	
Beginning of the year	**P -**
Input tax deferred on capital goods from previous period	**938,627**
Current year transactions:	
a. Domestic purchases of goods other than capital goods	**5,227,666**
b. Domestic purchases of services	**27,121,126**
Deductions from input tax	**(4,566,969)**
Total allowable Input VAT	**P28,720,450**
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	**P12,822,547**
Creditable withholding taxes	**9,750,260**
	P22,572,807

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under Administrative Expenses	
Real estate taxes	**P9,780,601**
License and permit fees	**4,498,470**
	P14,279,071

D. Deficiency Tax Assessments and Tax Cases

As at December 31, 2024, the Company has pending deficiency tax assessments amounting to P508,101,387 for the taxable year 2008 which is pending review by the Supreme Court.

On September 22, 2023, the Company received a letter of authority from the BIR for the taxable year 2021.

On July 23, 2024, the Company issued a waiver of the statute of limitation under the NIRC until December 31, 2025 to have its request for the extension of submission of the required documents approved.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

GRAND PLAZA HOTEL CORPORATION

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

Unappropriated Retained Earnings, beginning of the reporting period		**P9,492,074**
Add: Category A: 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: Category B: 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		**9,492,074**
Add: Net Income for the current year		**60,880,079**
Less: Category C.1: 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	1,782,600	
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		**1,782,600**

Forward

Add: 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)		
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: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
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		**68,589,553**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		**-**

Forward

Add/Less: <u>Category E</u>: 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: <u>Category F</u>: 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	533,586	
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	(885,620)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		**(352,034)**
Total Retained Earnings, end of the reporting period available for dividend		**P68,237,519**

GRAND PLAZA HOTEL CORPORATION
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

	December 31	
	2024	2023
Total Audit Fees	**P1,269,000**	P1,175,000
Non-audit services fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**-**	-
Total Audit and Non-audit Fees	**P1,269,000**	P1,175,000
Audit and Non-audit Fees of Other Related Entities		
Audit fees	**P -**	P -
Non-audit services fees:	**-**	-
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Audit and Non-audit Fees of Other Related Entities	**P -**	P -

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209

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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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the Company) as at December 31, 2024 and 2023 and for each of the years then ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated April 10, 2025.

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
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
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. 2161, Transition clause)

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.

ANABELLA R. RESUELLO
Partner
CPA License No. 0125463
SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
  covering the audit of 2021 to 2025 financial statements
Tax Identification No. 941-200-384
BIR Accreditation No. 08-001987-049-2025
  Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467193
  Issued January 2, 2025 at Makati City

April 10, 2025
Makati City, Metro Manila

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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, 2024 and 2023 and for each of the years then ended December 31, 2024, and have issued our report thereon dated April 10, 2025.

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 (PFRS) Accounting Standards 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
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
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. 2161, Transition clause)

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 PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2024 and 2023 and for each of the years then ended December 31, 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

ANABELLA R. RESUELLO
Partner
CPA License No. 0125463
SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 941-200-384
BIR Accreditation No. 08-001987-049-2025
Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467193
Issued January 2, 2025 at Makati City

April 10, 2025
Makati City, Metro Manila

Annex 68-E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
GRAND PLAZA HOTEL CORPORATION
As of December 31, 2024

Key Performance Indicators	**FORMULA (Amount in Millions)**		**2024**	2023
Current Ratio	Total Current Assets	769.48	**2.02**	**2.11**
	Divide by: Total Current Liabilities	380.50		
	Current Ratio	**2.02**		
Acid Test Ratio	Total Current Assets	769.48	**1.76**	**1.86**
	Less: Inventories	(7.80)		
	Other current assets	(91.10)		
	Quick Assets	670.58		
	Divide by: Total Current Liabilities	380.50		
	Acid Test Ratio	**1.76**		
Debt to Equity Ratio	Total Liabilities	566.37	**0.56**	**0.59**
	Divide by: Stockholders Equity	1,002.43		
Asset to Equity Ratio	Total Assets	1,568.80	**1.56**	**1.59**
	Divide by: Stockholder's Equity	1,002.43		
Return on Equity	Net Income	60.88	**6.07%**	**3.28%**
	Total Equity	1,002.43		
Return on Asset	Net Income	60.88	**3.88%**	**2.07%**
	Divide by: Average Total Assets	1,568.80		
Profit before tax Margin Ratio	Profit Before Tax	75.10	**14.22%**	**8.68%**
	Divide by: Total Revenue	527.98		
EBITDA (Earnings before interest, tax, depreciation & amortization	Profit Before Tax	75.10	**P94.92 million**	**P72.05 million**
	Add: Depreciation Expenses	42.87		
	Interest Expense	12.80		
	Less: Foreign Exchange Gain	10.97		
	Interest Income	23.10		
	Equity in Net Income of Associate	1.78		
	EBITDA	94.92		

Annex 68-J
SCHEDULES
GRAND PLAZA HOTEL CORPORATION
As of December 31, 2024

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 -	P87,528,826	P87,528,826	P157,201
SHORT TERM INVESTMENTS	-	364,940,288	364,940,288	18,263,079
RECEIVABLES - NET	-	190,897,960	190,897,960	-
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, 2023	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	**Balance December 31, 2024**
THE PHILIPPINE FUND LIMITED	P9,021,545	P1,268,180	P -	P -	P10,289,725	P -	**P10,289,725**
ROGO REALTY CORPORATION	432,836	925,716	596,772	-	761,780	-	761,780
ELITE HOTEL MANAGEMENT SERVICES PTE	-	658,233	-	-	658,233	-	658,233
HARBOUR LAND CORPORATION	1,950,000	4,109,458	6,059,458	-	-	-	-
TOTAL	P11,404,381	P6,961,587	P6,656,230	P -	P11,709,738	P -	**P11,709,738**

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance December 31, 2023	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 31, 2024
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

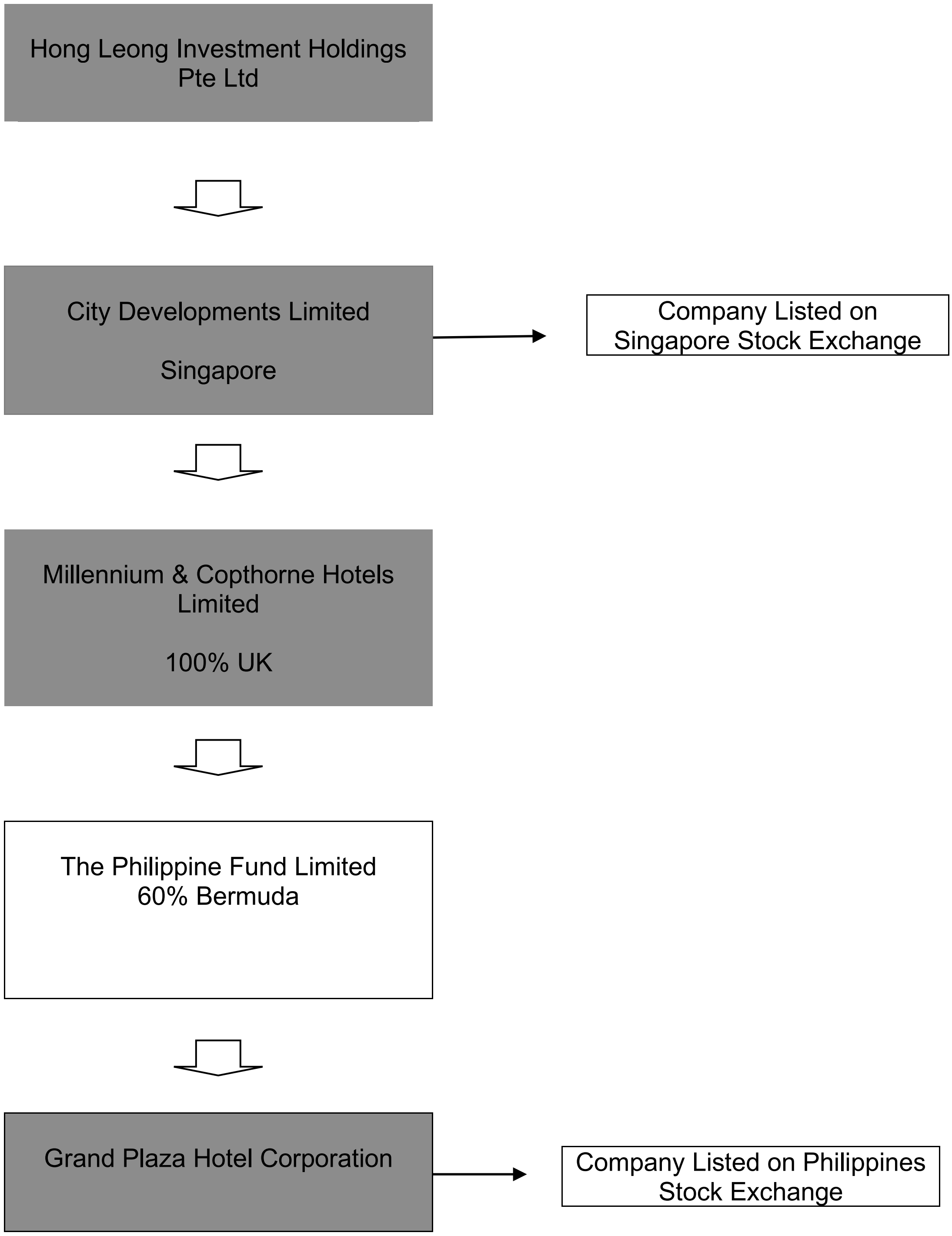
Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
Nothing to report				

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	Kwek Eik Sheng
					1	Bryan Cockrell
					1	Natividad Alejo
					1	Simeon Ken Ferrer
					1	Ricardo Pio Castro
					1	Wong Kok Ho
					2,999	Yam Kit Sung
					1,000	Arlene De Guzman
				29,128,932		The Philippine Fund Ltd.
				17,727,149		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, 2024