

## **Information to be Furnished to Security Holders**

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no disagreements with Accountants.

### **Plan of Operation**

The key sources of liquidity of the Club are the revenues generated from membership dues, green fees, transfer fees and other golf-related activities. As discussed earlier, measures were established to increase these revenues and control the Club's expenses from operations.

As for the receivables, the Club has resorted to collecting the dues through auction of delinquent memberships in accordance with the Club's By-laws. Moreover, the Club offers a one-month discount to members who pay their one-year monthly dues in advance.

With the presence of a collection office in Manila and a billing office in Baguio City, and with the efficient collection efforts and through auction of delinquent memberships, the Club is confident that its cash requirements will be maintained.

The Club is exercising effective financial planning of cash inflow and outflow to be able to sustain its operation. It will impose strict health and safety protocols to keep the Club running and in operations for the rest of the year and be able to collect on time from Members the dues and charges.

The Club has no plan for any product research and development for the next twelve months. Neither does it expect any purchase or sale of property and significant equipment within the same period. The Club will, however, continue in its golf course development projects and upgrade its equipment and facilities as funds become available.

The Club has no planned or intended acquisition (by purchase, lease or otherwise) of any kind of property within the next twelve (12) months, except for the probable acquisition of golf course maintenance equipment to replace broken down units which are already beyond repair and select renovation projects on the golf course and Clubhouse facilities.

There are no significant changes in the number of the Club's employees, as the required manning for the Club has been met. There is also no expected future hiring of regular employees, except for the usual hiring of casuals especially, in the golf operations department during peak season.

## **Management's Discussion and Analysis of Financial Condition**

### **Statement of Financial Position**

The Club's total assets amounted to ₱420.729 million as of December 31, 2020 compared to ₱448.760 million of the previous year, a decrease of 6% or ₱28.031 million. This is mainly due to the decrease in the net book value of its properties and equipment by ₱25.813 million from ₱426.578 million to ₱400.765 million.

Current assets decreased from ₱22.182 million in 2019 to ₱19.964 million in 2020 mainly due to the decrease in cash.

Cash amounted to ₱6.681 million in 2019, which decreased by 36% or by ₱2.404 million compared to ₱4.277 million balance in 2020. Accounts receivable of ₱8.059 million as at December 31, 2020 is lower by 6% or by ₱0.489 million compared to last year's ₱8.548 million.

The Club's current liabilities as of December 31, 2020 amounted to ₱45.478 million which is higher than the ₱38.328 million balance in the previous year. Accounts payable and other current liabilities increased by ₱7.178 million from ₱31.466 million in 2019 to ₱38.644 million in 2020.

The Club's non-current liabilities were stated at their fair values using the prevailing market rate at the dates of the respective transactions. Accrued retirement costs increased by ₱1.127 million or by 31% from ₱3.663 million in 2019 to ₱4.790 million in 2020.

Refundable deposits refer to the ₱0.025 million Golf Club Maintenance Deposit ("GCMD") paid by every golf club member for golf course upkeep, maintenance, and other related golf club expenses. The GCMD will be returned to the Club members at the end of the Club's lease term in 2047. Refundable deposits, due to their long-term nature, have been discounted to their present value. The difference between the gross amount of deposits and their present value is amortized over the term of the lease, thereby recognizing interest income using the effective interest rate prevailing at the time the liability was established. The amount of discounted deposit is accreted to the estimated future liability based on the effective interest rate method. Interest expense on accretion is recognized directly in the statement of comprehensive income. There were no GCMD payments received in 2020.

#### **Statement of Financial Position - Interim as of March 31, 2021**

The Club's total assets decreased by ₱1.981 million or by 0.46%, from ₱422.992 million as at December 31, 2020 to ₱421.011 million as of March 31, 2021. This is mainly due to the combined increase in cash and cash equivalents by ₱6.870 million or by 161% due to the collection of advanced payments from members who availed themselves of the annual payment of monthly dues which entitles them to a one-month discount on their monthly dues for 2021. Also, the property and equipment decreased by ₱5.864 million or by 1.5% as a result of depreciation. This is mainly due to the recent appraisal of the Club's golf course development asset as of December 31, 2020 following the Club's decision to change the method of accounting for its golf course development asset which is reflected as part of property and equipment account, effective December 31, 2016. Previously, the golf course development asset was accounted for using the cost model whereby, after initial recognition, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. The Club believes that the change in the revaluation method provides more reliable and relevant information and results in a more informative reporting of the total assets and members' equity of the Club in its financial statements.

Inventories decreased by ₱0.097 million or by 3% from ₱3.724 million as at December 31, 2020 to ₱3.627 million as at March 31, 2021 while prepaid expenses and other assets decreased by ₱0.331 million or by 34% from ₱0.969 million as at December 31, 2020 to ₱0.638 million as at March 31, 2021 as a result of amortization of various insurances.

The Club also acquired 753,224 units of Unit Investment Trust Fund (UITF) from Metrobank in 2006, which is classified in the statement of financial position as a financial asset (at fair value through profit or loss). As of March 31, 2021, the Club's net asset value per unit (NAVPU) is at 1.70203 or an additional gain in the financial asset at FVPL by ₱0.001 million, from ₱1.281 million on December 31, 2020 to ₱1.282 million as of March 31, 2021.

The Club's accounts payable and other current liabilities decreased by ₱6.795 million or 26%, from ₱25.926 million as at December 31, 2020 to ₱19.131 million as at March 31, 2021. This is mainly due to the payments of incurred tournament expenses.

The Club's non-current liabilities include refundable deposits, accrued retirement costs, loans payable and deferred income tax liability. As of March 31, 2021, this account decreased by ₱5.008 million from ₱94.371 million as of December 31, 2020 to ₱89.362 million as at March 31, 2021 mainly due to the payment of the 24-month term financing obtained for the acquisition of the various equipment for the Club. This also includes the unamortized amount of ₱77.152 million as of December 31, 2020 representing the deferred tax liabilities for the revaluation of the golf course.

There were eight (8) GCMD payments received as of March 31, 2021.

### **Statement of Comprehensive Income**

The Club had a net loss before depreciation and income tax of ₱3.004 million in 2020 which is a decrease from the net income before depreciation and income tax of ₱18.702 million in 2019. After depreciation and income tax, the Club had a net loss of ₱28.528 million, ₱2.523 million, and ₱15.649 million in 2020, 2019, and 2018, respectively. Remeasurement gain on retirement plan increased by ₱0.166 million from -₱0.401 million in 2019 to -₱0.235 million in 2020. Total comprehensive loss increased by ₱86.000 million or by 150% from ₱57.239 million net income in 2019 to -₱28.763 million loss in 2020 which is mainly due to the increase in net loss before depreciation and taxes as well as the remeasurement loss.

Total revenues amounted to ₱66.220 million in 2020, which is lower than the ₱77.750 million in 2019 and the ₱75.670 million revenues registered in 2018. This include membership dues which increased by ₱4.757 million or by 12% from ₱39.351 million in 2019 to ₱44.108 million in 2020. The Club started to operate its own Pro-shop in May 2015 which yielded a gross income of ₱2.209 million during the current year. Moreover, assignment and transfer fees decreased by ₱1.575 million or by 50% from ₱3.150 million in 2019 to ₱1.575 million in 2020. Membership Activation fees also decreased by ₱0.350 million or by 17% from ₱2.050 million in 2019 to ₱1.700 million in 2020. Green fees and tournament fees amounted to ₱13.077 million in 2020, a decrease from the ₱22.766 million in 2019. On the other hand, driving range revenue and golf cart rentals increased by ₱0.553 million or by 19% from ₱2.941 million in 2019 to ₱3.494 million in 2020 as a result of the ONE-PERSON-ONE-CART policy.

Costs and operating expenses other than depreciation in 2020 compared to 2019 decreased by ₱6.216 million or by 31% from ₱20.187 million in 2019 to ₱13.971 million in 2020.

The Club had other income in the amount of ₱0.084 million in 2020, ₱27.147 million in 2019 and ₱4.766 million in 2018. Other income includes income from venue rentals, private golf cart storage, private locker rentals and unrealized fair value gain of the Club's UITF.

Interest income increased by ₱0.424 million or by 1838% from ₱0.071 million in 2019 to ₱1.373 million in 2020.

Interest expense of ₱1.233 million increased in 2020 by ₱0.559 million or by 83% and by ₱0.132 million or by 12% compared to 2019 and 2018, respectively. This is primarily due to the interest expenses incurred on the payment of the finance lease acquired by the Club for the purchase of various golf equipment as well as of one unit of transportation equipment for use as employees' shuttle. Interest expense also includes movements in refundable deposit accretion of interest as a result of the cancellation of GCMD payments from auctioned and terminated memberships in 2020. Provision for current income tax pertains to final tax on interest income from savings deposits and minimum corporate income tax amounting to ₱108,432 for 2019 and ₱227,760 for 2018 and none for 2020.

The accounting policies adopted by the Club are consistent with those of the previous financial year. Last December 31, 2016, the Club changed the method of accounting for its golf course development asset which is reflected as part of Property and Equipment account. Prior to 2017, the golf course development asset was accounted for using the cost model.

### **Statement of Comprehensive Income Interim as of March 31, 2021**

For the three (3) months period ended March 31, 2021, the net income before depreciation of the Club amounted to ₱3.475 million which is higher by ₱1.564 million or by 82%, as compared to the ₱1.911 million during the same period last year. The Club posted a total comprehensive loss in the amount of ₱3.881 million for the period ended March 31, 2021 as compared to the ₱4.876 million during the same period last year.

The Club's total revenues generated for the three (3) months ended March 31, 2021 amounted to ₱18.043 million, which is lower by ₱9.148 million or by 34% as compared to last year's ₱27.193 million mainly due to the lower revenue resulting from the Corporate Cup not being held due to health restrictions imposed by the government. Sources of revenue for the Club are mainly the following: (a) monthly dues, which is ₱3,900/member (representing 67% of the Club's total revenues), amounting to ₱12.142 million; and (b) green fees and tournament revenues (representing 4.28% of the Club's total revenue) amounting to ₱0.774 million.

Assignment and transfer fees total to ₱0.850 million, which is higher by ₱0.375 million or by 79% as compared to last year's ₱0.475 million. Entrance fees amounted to ₱0.600 million which is higher than last year's amount of ₱0.350 million. On the other hand, driving range and golf cart rentals of ₱0.005 million is lower compared to the ₱0.062 million during the same period last year.

The Club's "other income" decreased by ₱0.420 million or by 31%, from ₱0.605 million in 2019 to ₱0.420 million this year. Other income includes income from venue rentals, private golf cart storage, private locker rentals and unrealized fair value gain of the Club's UITF.

Interest income amounted to ₱0.289 million which is higher than the ₱0.036 million in 2019. This include collected late payment charges from monthly dues and earned interests on bank deposits.

Costs and operating expenses decreased by 42% or by ₱10.713 million, from ₱25.282 million during the same period in 2019 to ₱14.569 million this year. A review of the expenses shows major variances in the individual expense accounts as follows:

- a. Decrease in personnel costs by ₱0.873 million or by 18% from last year's ₱ 4.785 million to this year's ₱3.912 million mainly due to the decrease in the number of employees and adjustment of salaries of regularized employees;
- b. Decrease in utilities expense by ₱1.734 million or by 69% from last year's ₱ 2.498 million to this year's ₱0.764 million as a result of there being no tournament for the month of March 2021;
- c. Decrease in materials, supplies and facilities by ₱0.206 million or by 41% from last year's ₱0.504 million to this year's ₱0.298 million as a result of there being no tournament for the year 2021 due to restrictions;
- d. Decrease in outside services costs by ₱0.739 million or by 55% from last year's ₱1.339 million to this year's ₱0.599 million;
- e. Decrease in security services costs by ₱0.171 million or by 14% from last year's ₱1.185 million to this year's ₱1.014 million;
- f. Increase in professional fees by ₱0.058 million or by 8% from last year's ₱ 0.714 million to this year's ₱0.772 million. This includes accrual of external audit expenses and golf course consultancy fees.

The Club's interest expense, which represents the accrual of the accretion of the refundable deposits and interest paid on loan, is lower by 60% or by ₱0.188 million, from ₱0.315 million in 2020 to ₱0.127 million this year as some loans were fully paid.

#### **Top Five (5) Key Performance Indicators**

The Club identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumables; and 5) earnings before taxes and depreciation ("EBTD").

Working Capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or short-term debt paying ability of the Club. Having a positive working capital and a current ratio of 1:1 is an indication of liquidity while base equity (members' equity over total liabilities and members' equity) of at least 25% measures the level of dependence of the Club on its members or creditors in meeting its financial obligations.

As of December 31, 2020, the Club had a working capital deficiency of ₱25.514 million compared to a working capital deficiency of ₱16.146 million in 2019. The increase in the deficiency of ₱9.368 million is mainly due to the decrease in cash and increase in accounts payable.

The base equity ratio of the Club of 67% is slightly lower as compared to last year's 69%. This is mainly due to the incurrence of a comprehensive loss amounting to ₱28.763 million and an increase in the total liabilities.

Collection from members (monthly dues and other charges) amounts to ₱44.108 million and ₱39.350 million in 2020 and 2019, respectively. The increase is mainly due to the increase in the amount of monthly dues billed to members during the year 2020.

For the year 2020, the Club has a ₱3.004 million net loss before taxes and depreciation compared to the net income of ₱18.702 million in 2019 and ₱5.511 million in 2018.

### **Top Five (5) Key Performance Indicators Interim as of March 31, 2021**

As of March 31, 2021, the Club had a working capital deficiency of ₱26.052 million compared to a working capital deficiency of ₱25.514 million in 2020. The increase in the deficiency of ₱0.538 million is mainly due to the increase in deferred revenue and deferred tax liability (revaluation surplus).

The base equity ratio of the Club of 66% as of March 31, 2021 is slightly lower as compared to last year's 67% as of December 31, 2020. This is mainly due to the decrease in revaluation surplus.

Collection from members (monthly dues and other charges) amounts to ₱12.142 million and ₱11.489 million in March 31, 2021 and December 31, 2020, respectively. The increase is mainly due to the increase in monthly dues billed to members during the year 2021.

As of March 31, 2021, the Club has a ₱3.475 million net income before taxes and depreciation compared to the net income of ₱1.911 million in December 31, 2020.

### **Prospects for the Future**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. The outbreak had a material impact on the Club's 2020 financial results and even periods thereafter. The Club is not involved in any business combination nor does it have subsidiaries. It does not maintain long-term investments. The Club has no material off-balance sheet transactions, arrangements, or obligations (including contingent obligations). The Club has made no relationships with unconsolidated entities or other persons during the reporting period.

There are no manifest trends, events, or uncertainties that would give rise to a material impact on revenues or income from continuing operations of the Club as at December 31, 2020. Neither are there evident causes or plans that would have a material impact in one or more items of the Club's financial statements. The Club does not have any material commitment for capital expenditures.

In general, the prospects of the Club for the future are quite optimistic and since there are no significant uncertainties surrounding the business, Camp John Hay Golf Club, Inc. is expected to be a strong competitor in the golf club market.

The fact that Baguio City is typically affected by rain for more than half of each year is already known to both existing and prospective members of the Club. Thus, this fact is not expected to have any material impact on the Club's operations. The occurrence of major fortuitous events, like typhoons and earthquakes, however, continue to pose a risk to the Club's operations.

### **Audit and Audit-Related Fees**

The Club incurred ₱0.330 million including out-of-pocket expenses for the 2020 audit. For the past years 2020 and 2019, the Club paid ₱0.330 million and ₱0.330 million, respectively to Isla Lipana & Co. and Sycip Gorres Velayo and Co. for the audit of the Club's annual financial statements. These expenses are properly reflected in the Club's audited financial statements under professional fees.

### **Tax Fees**

Isla Lipana & Co.	P300,000.00	Audit fee for the fiscal year 2020
Sycip Gorres Velayo and Co.	P300,000.00	Audit fee for the fiscal year 2019

### **All Other Fees**

Isla Lipana & Co.	P30,000.00	Audit fee for the fiscal year 2020
Sycip Gorres Velayo and Co.	P30,000.00	Audit fee for the fiscal year 2019

As provided in the Club's New Manual on Corporate Governance, the Audit Committee pre-approves all audit plans, scope and frequency which are discussed and presented by the external auditor one (1) month before the conduct of external audit.

### **General Nature and Scope of the Business**

#### **Business**

Camp John Hay Golf Club, Inc. (the "Club" or "CJHGC") was incorporated as a non-stock corporation on April 3, 1997 and was granted by the Securities and Exchange Commission ("SEC") permission to offer and sell its securities to the public on May 2, 1997.

The Club was organized exclusively for the promotion of social, recreational and athletic activities on a non-profit basis for its members. Being an exclusive membership club, the target market is its members, their dependents and guests. As a non-profit entity, the Club generates revenues mainly in the form of membership dues, green fees/tournament fees and golf cart, which represent 72%, 20% and 5%, respectively, of the total operating revenues earned this year. Revenues generated are used to meet the expenses of its general operations, and the maintenance and improvement of its premises and facilities. No part of its income inures to the benefit of any officer, member or private individual.

The Club is in competition with other golf courses, especially those located north of Metro Manila. In terms of direct competition, there is only one other golf club in Baguio City - the Baguio Country Club. However, the Club sees the presence of an existing golf course as complimentary to the Club because golf enthusiasts are given not only a choice between the two golf courses, but actually the opportunity to play in two distinctly different golf courses in the City of Baguio. As such, both clubs actually complement each other towards the improvement of local tourism in Baguio City by offering alternative golfing facilities to the public.

The Club's clubhouse restaurant is being operated and handled by Le Chef, Inc. Le Chef Inc. has been operating the said restaurant since November 17, 2009. In April 2015, the Club hired Eboueurs General Services, Inc. ("EGSI") for the Club's golf cart rental services replacing Maximus Golf Cart Services Corporation. In January 2019, the Club was notified of the acquisition of EGSI by IEE LTD. CO. ("IEE"). Nevertheless, the former officers of ESGSI are the same partners who composed the IEE.

The Club started billing membership dues in March 2000. On April 15, 2002, the Club became a registered enterprise in the John Hay Special Economic Zone (JHSEZ) in accordance with Republic Act (R.A.) No. 7227, known as the Bases Conversion and Development Act of 1992

(the Act), Presidential Proclamation No. 420, Customs Administrative Order No. 2-98, Bureau of Internal Revenue (BIR) Revenue Regulations (RR) No. 1-95, as amended, and the Implementing Rules and Regulations (IRR) of R.A. No. 7227. As such, the Club enjoys all the rights, privileges and benefits established under the Act and its IRR, which include, among others, a preferential rate of 5% of gross income earned in lieu of all local and national taxes, tax-and-duty free importations of raw materials, capital equipment and household and personal items pursuant to Sections 12(b) and 12(c) of the Act.

On October 24, 2003, the Supreme Court En Banc promulgated a decision nullifying the regime of tax and duty exemptions, as well as financial incentives and other privileges within the JHSEZ conferred by Section 3 of Proclamation No. 420 for being violative of Article VI, Section 28 (4) of the Philippine Constitution.

On March 20, 2007, President Gloria Macapagal-Arroyo approved R.A. No. 9400, “An Act Amending R.A. No. 7227, as amended, otherwise known as the Bases Conversion and Development Act of 1992 and for Other Purposes,” which restores the preferential income tax rate of 5% of registered enterprises within the freeport and special economic zones including JHSEZ. In addition, the President approved R.A. No. 9399, “An Act Declaring a One-Time Amnesty on Certain Tax and Duty Liabilities, Inclusive of Fees, Fines, Penalties, Interests and Other Additions Thereto, Incurred by Business Enterprises Operating Within the Special Economic Zones and Freeports,” which provides that business enterprises may avail themselves of the benefits of remedial tax amnesty granted on tax and duty liabilities, including fines and penalties and interests incurred or which might have been incurred as a result of the SC rulings on the tax exemptions. R.A. No. 9399 also provides that business enterprises in the said areas are required to pay ₱25,000 within six months from the effectivity of the law. R.A. No. 9399 was a combination of Senate Bill No. 2259 and House Bill No. 4901.

In 2007, pursuant to R.A. No. 9400 and the issuance to the Club of a Certificate of Registration (“COR”) from John Hay Management Corporation (JHMC), the Club adopted the 5% preferential income tax treatment on its Gross Income as provided by R.A. No. 7227 and changed its registration with the BIR effective May 15, 2007 from value-added tax (VAT) taxpayer to non-VAT taxpayer.

Consequently, the Club adopted the 5% preferential income tax treatment on its Gross Income as provided by R.A. No. 7227. The IRR of R.A. No. 9400 was later issued on February 13, 2008 by the Department of Finance through Department Order No. 3-08.

The Club’s Certificate of Registration expired on November 19, 2013. It has since applied for the renewal of the said registration and, accordingly, submitted all requirements and paid all fees to JHMC. As of April 22, 2020, JHMC has not acted on the Club’s renewal application.

In view of the release of the award in CJH Development Corporation (“CJH DevCo”) v. Bases Conversion and Development Authority (“BCDA”), PDRCI Case No. 60-2013, on February 11, 2015 as fully discussed in Note 22 to the financial statements, such renewal of the COR is not forthcoming because of the rescission of the Contract of Lease (“COL”) between CJH DevCo and BCDA due to the parties’ mutual breach.

Significantly, in the same award, the Arbitral Panel did not uphold the BCDA’s earlier rescission of the COL in July 2014, which the JHMC cited as the reason for the non-renewal of the COR. There was no more reason, therefore, for the JHMC to have withheld the COR for 2014.



In 2015, the Club's management and Poblador Bautista & Reyes Law Offices ("PBR") determined that the non-issuance/renewal by JHMC of the Club's COR removes the Club's entitlement to the incentives associated with the JHSEZ. As such, it became subject to income tax as an ordinary corporation and cannot avail itself of the 5% "in lieu of all taxes" preferential tax rate. It likewise became subject to 12% VAT, as opposed to zero-percent (0%) VAT had the Club's COR been renewed.

On June 2, 2016, the Club processed its VAT registration and started to recognize output tax on its revenues starting in August 2016. In addition, the Club applied the 30% regular corporate income tax rate in computing its income taxes.

On August 13, 2019, the Supreme Court ("SC") under SC G.R. No. 228539 issued a decision on whether the membership fees, assessment dues and fees of similar in nature collected by clubs which are organized and operated exclusively for pleasure, recreation and other non-profit purposes are subject to income tax and VAT.

Under this ruling, as long as the membership fees, assessment dues and the like are treated as collections by recreational clubs from their members as an inherent consequence of their membership, and are, by nature, intended for the maintenance, preservation, and upkeep of the club's general operations and facilities, the fees cannot be classified as income subject to tax. In addition, the SC supported the position that these fees are not subject to VAT because in collecting such fees, the club is not selling its service to the members. Conversely, the members are not buying services from the club when dues are paid. Hence, there is no economic or commercial activity to speak of as these dues are devoted for the operations and maintenance of the facilities of the club.

Accordingly, starting September 2019, the Club has not been charging VAT on its monthly dues, membership, assignment and transfer fees. These are also exempt from income tax.

There were no disbursements for research and development activities by the Club during the last five (5) fiscal years.

The Club has all the necessary permits and clearances from the Department of Environment and Natural Resources ("DENR") for its operations. To this end, the Club continues its tree planting projects and reforestation activities. Development of the golf course and other support facilities are done in cooperation with the Camp John Hay Development Corporation, the John Hay Management Corporation, the DENR, and the Baguio City Council in order to ensure the Club's compliance with environmental laws, and also to address the socio-economic concerns of Baguio City and its surrounding municipalities.

As of December 31, 2020, the Club has 49 employees working full time and 16 outsourced personnel performing cleaning services and landscaping maintenance. The required manpower for the operations of the Club has been met and there is no expected future hiring of regular employees. However, the Club usually hires casual employees especially in its Golf Operations and Engineering Department during peak seasons when different tournaments are held.

### **Properties**

By virtue of an April 3, 1997 Deed of Assignment between CJH DevCo (as the Assignor) and the Club (as the Assignee), the Club agreed to issue and deliver 2,500 regular membership certificates and 200 non-membership playing rights to CJH DevCo for and in consideration

of the latter's assignment of the beneficial rights to the use and possession of the golf course and the clubhouse.

The property being re-developed for the golf course, clubhouse, and related amenities of the Club is part of the property being leased by CJH DevCo from the BCDA under an October 19, 1996 Lease Agreement between CJH DevCo and the BCDA.

The re-development of the 18-hole golf course is complete. With reference to the land contributed by the project's developer, all of the 48.4276 hectares of land assigned by the developer of the Club has been utilized for the development of the golf course. This is one of the sixteen (16) clusters subject for development under the John Hay Master Development Plan. The Club's property is not mortgaged, and is free from any and all liens and/or encumbrances.

The clubhouse was transferred to the Club on December 1, 2001. In February 2003, the golf cart building was completed and likewise turned-over to the Club. The cost and corresponding depreciation of these buildings are reflected in the Audited Financial Statements ("AFS") of the Club. The Halfway House building was opened in April 2003. Its cost and depreciation have likewise been recorded in the AFS of the Club.

### **Membership**

Membership composition as of December 31, 2020 is as follows:

a. Regular Memberships	2,500
b. Playing rights	43

Membership composition as of March 31, 2021 is as follows:

a. Regular Memberships	2,500
b. Playing rights	41

### **Directors and Executive Officers of the Registrant**

The following are the names of all incumbent governors and executive officers of the Club:

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Citizenship</u></b>	<b><u>Age</u></b>	<b><u>Gov./Off. Since</u></b>
Robert John L. Sobrepeña	Chairman/Governor	Filipino	65	1997 to 2020
Ferdinand T. Santos	President/Governor	Filipino	69	1997 to 2020
Rafael Perez de Tagle, Jr.	Treasurer/Governor	Filipino	65	1997 to 2020
Gulshan Bedi	Governor	Filipino	56	2019 to 2020
Francisco C. Gonzalez	Governor	Filipino	75	1999 to 2020
Alfredo M. Mendoza	Governor	Filipino	69	2009 to 2020
Ramon Luis F. Garcia	Ind. Governor	Filipino	57	2016 to 2020
Mario V. Benitez, Jr.	Ind. Governor	Filipino	64	2015 to 2020
Jaime M. Cacho	Governor	Filipino	64	2020
Mauricio G. Domogan	Ind. Governor	Filipino	74	2016-2014; 2020
Gilbert Raymund T. Reyes	Corporate Secretary	Filipino	62	2004 to 2020
Raymund M. C. Rodriguez	Assistant Corp. Secretary/ Compliance Officer	Filipino	55	2004 to 2020

### **Term of Office**

The term of office of the Governors and Elected Officers is one (1) year from their election as such until their successors are duly elected and qualified.

### **Business Experience of the Governors and Executive Officers during the past five (5) years**

Members of the Board of Governors are as follows:

**MR. ROBERT JOHN L. SOBREPEÑA**, the Chairman of the Board of Governors of the Registrant, is also the Chairman of the Board of Directors of Fil-Estate Management, Inc., Metro Rail Transit Corporation (MRTC), Metro Rail Transit Development Corp. (MRTDC), The Manila Southwoods Golf & Country Club, Inc., Asia Pacific Corp., and CJH Development Corp. He is also Chairman of Metro Global Holdings Corp., which is publicly listed in the Philippine Stock Exchange. He is also the president of Forest Hills Golf & Country Club, Inc.

**ATTY. FERDINAND T. SANTOS** is the Chairman of the Board of Directors of Forest Hills Golf & Country Club, Inc. He is also the President of the Registrant, Fairways & Bluewater Resort Golf & Country Club, Inc., Fil-Estate Urban Development Corp., Metro Global Holdings Corp., CJH Development Corp., CJH Hotel Corp. and CJH Suites Corp. He is also a Director of The Manila Southwoods Golf & Country Club, Inc.

**MR. RAFAEL PEREZ DE TAGLE, JR.** is the Executive Vice-President and Chief Operating Officer of MRTDC. He is also the Treasurer of The Manila Southwoods Golf & Country Club, Inc.

**GULSHAN BEDI** is presently the Executive Vice President of Operations of CJH DevCo. He also served as Senior Vice President of CJH Hotel Corporation for the past ten years.

**MR. FRANCISCO C. GONZALEZ** is a director of The Manila Southwoods Golf & Country Club, Inc. He is also the President of Romago, Inc., Romago Electromech, Asia Pacific Golf Corp., Fabriduct & Metal Systems Inc., Electro Mechanical Products International, Inc. and G&P of Manila, Inc.

**MR. ALFREDO M. MENDOZA** is the Managing Director and President of CargoAire Freight Forwarders, Inc., CargoAire Maritime Corp. and Cyclo Air Systems Technology, Inc. He is also a director of The Manila Southwoods Golf and Country Club, Inc.

**MR. RAMON LUIS F. GARCIA** is the President of Afuengar Corporation. He is also the owner of RLFG Food Services and from March 2002 to March 2014, has opened and operated restaurants in Baguio City and Fort Bonifacio Global City, Taguig City namely - Brod Pit Bar and Grill, Katsutori Japanese Restaurant, The Backyard, Brod Pit Grill (in SM) and Brod Pit Grill (Market Mall, BGC, Taguig City).

**MR. MARIO V. BENITEZ, JR.** is the Managing Director of John Hay Coffee Services and a Director of the Hotel and Restaurant Association of Baguio (HRAB).

**MR. JAIME M. CACHO** is the President and Chief Operating Officer of Metro Countrywide Corporation. He is the Head of Project Development and Management Services of Fil-Estate Management, Inc. He is also a Director of Metro Global Holdings Corporation and the President and Chief Operating Officer of Metro Global Renewable Energy Corporation. He has 37 years of top-level management and construction experience in various organizations during his career.

**ATTY. MAURICIO G. DOMOGAN** is the Chairperson of the House Committee of the Issuer from 2009 to present. Atty. Domogan previously served as Independent Governor from 2006 to 2014 and as Chairperson of the Membership Committee from 2006 to 2007. He is currently engaged in the private practice of law in his own firm, Domogan and Associates Law Office. From 1988 to 2019, he was elected as Baguio City Councilor, Vice Mayor, Mayor, and Congressman.

**ATTY. GILBERT RAYMUND T. REYES** is a Founding Partner of Poblador Bautista & Reyes Law Offices and the Chairman of the Board of Governors of the U.P. Vanguard, Inc. He is also the Corporate Secretary of Levi Strauss Philippines, Inc., CJH Development Corporation, CJH Hotels, Inc., CJH Suites, Inc., and Southeast Asian Colleges, Inc. He is also Treasurer of Common Area (Philippines), Inc., Sleep Well Land Development Corp. and Sleep Well More Fun Corp. He also serves as the Compliance Officer of The Manila Southwoods Golf & Country Club, Inc.

**ATTY. RAYMUND MARTIN C. RODRIGUEZ**, the Assistant Corporate Secretary and Compliance Officer of the Registrant, is a Senior Partner in Poblador Bautista and Reyes Law Offices. He is also the Assistant Corporate Secretary and Compliance Officer of Forest Hills Golf and Country Club, Inc. He is also the Corporate Secretary of Common Area (Philippines), Inc., Ito Seisakusho Philippines Corporation, New Image Far East Philippines, Inc., Toyota Bacoor Cavite, Inc., Pacific Premium Fresh Produce Corp., TNT Express Deliveries (Phils.), Inc. and WPG Electronics Philippines, Inc.

### **Other Directorships Held in Reporting Companies**

Mr. Robert John L. Sobrepeña - Co-Chairman of the Board of Directors of Global Estate Resorts, Inc. and Chairman of the Board of Directors of Metro Global Holdings Corp., President and Director of Forest Hills Golf & Country Club, Inc.

Atty. Ferdinand T. Santos - Chairman of the Board of Directors of Forest Hills Golf & Country Club, Inc., Director and President of Metro Global Holdings Corporation, and President of Fairways and Bluewater Resort Golf and Country Club, Inc.

Mr. Rafael Perez De Tagle, Jr. - Director, Metro Global Holdings Corporation, Director, The Manila Southwoods Golf & Country Club, Inc., and Director and Treasurer of Forest Hills Golf & Country Club, Inc.

Mr. Jaime M. Cacho - Director of Metro Global Holdings Corp.

### **Market Information**

The Club is a non-stock corporation. The membership in the Club is divided into Two Thousand Five Hundred (2,500) regular memberships, inclusive of ten (10) founders' memberships. Likewise, the Club may grant playing rights to 200 persons who satisfy the qualifications set in the Club's Articles of Incorporation and By-Laws. According to the stock and transfer records as at December 31, 2020, there are 2,500 memberships issued and outstanding, and 43 local playing rights granted.

The Club's golf memberships are not traded in the Philippine Stock Exchange. The golf memberships are sold to individuals and corporations through the marketing arm of the developer, CJH DevCo.

### **Membership Prices (Philippine Pesos)**

	2020		2019	
	High	Low	High	Low
First Quarter	190,000	190,000	220,000	170,000
Second Quarter	190,000	190,000	170,000	170,000
Third Quarter	190,000	150,000	220,000	160,000
Fourth Quarter	220,000	130,000	220,000	190,000

Source: GGandA Club Shares Report

### **Holders of Memberships**

Top 20 holders as of December 31, 2020 and Interim Period of March 31, 2021:

Rank	Name	No. of Memberships Held	% to Total
1.	CJH Development Corporation	1,243	49.72%
2.	Philippine Veterans Bank	50	2.00%
3.	Incorporated College Assurance Plans	22	0.88%
4.	Bank of Commerce - Trust Services Group As Trustee for College Assurance Plan Phils., Inc.	13	0.52%
5.	Bank of Commerce - Trust Service Group As Trustee for Comp. Annuity Plans and Pension Corp.	12	0.48%

6.	Weetee S. Lato	4	0.16%
7.	Agus Development Corp.	3	0.12%
8.	Tree Land Development & Resources, Inc.	3	0.12%
9.	Robert John Lamb Sobrepeña	2	0.08%
10.	Manuel Cojuangco	2	0.08%
11.	Columbian Motors Corporation	2	0.08%
12.	Metropolitan Bank Trust Corporation	2	0.08%
13.	Phelps Dodge Phils., Inc.	2	0.08%
14.	Pilipino Telephone C	2	0.08%
15.	Manuel A. Roxas	2	0.08%
16.	San Miguel Corporation	2	0.08%
17.	SM Investments Corporation	2	0.08%
18.	Isabel C. Suntay	2	0.08%
19.	Universal Rightfield Property Holdings, Inc.	2	0.08%
20.	Manuel B. Zamora	2	0.08%

**Dividends**

Not applicable.

**Recent Sales of Unregistered Securities**

Not applicable.

**Discussion on the Compliance with Leading Practice on Corporate Governance**

The Club has adopted the SEC Corporate Governance Self-rating Form as a tool to evaluate the level of compliance with its New Manual on Corporate Governance. In addition, Atty. Raymund Martin C. Rodriguez, the Compliance Officer of the Club, reviews periodically the level of performance of the governors, officers, and significant employees with the leading practices and principles of good governance as embodied in the Code of Corporate Governance for Public Companies and Registered Issuers, as prescribed by SEC Memorandum Circular No. 24, Series of 2019, and the Securities Regulation Code and the Club's New Manual on Corporate Governance, and the rules and regulations that the SEC may issue from time to time.

There have been no violations of the provisions of the Club's New Manual on Corporate Governance and no governor, officer, or employee has been sanctioned by reason thereof. There are existing conditions in the management of the Club requiring formulation of plans to improve corporate governance compliance of the Club.

**UPON THE WRITTEN REQUEST OF A MEMBER, THE REGISTRANT WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE REGISTRANT'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE MEMBER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS. ALL REQUESTS MAY BE SENT TO MR. TIMOTHY ALLEN AVRAMIDIS, GENERAL MANAGER, CAMP JOHN HAY GOLF CLUB, INC., LOAKAN ROAD, BAGUIO CITY.**