



## **CEBU COUNTRY CLUB, INC.**

(A corporation organized and existing under Philippine laws)  
Gov. M. Cuenco Ave.  
Kasambagan, Cebu City  
6000 Cebu  
Telephone No. (032) 231-0345

Offer of up to  
Thirty (30) Corporate Proprietary Ownership Certificates  
(CPOCs)  
With an Issue Price of ₱25,000,000.00 Per CPOC  
For An Aggregate Issue Price of ₱750,000,000.00

This Offering Circular is dated March 10, 2023.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFERING CIRCULAR IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

**THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

**CEBU COUNTRY CLUB, INC.**

Gov. M. Cuenco Ave.

Kasambagan, Cebu City

6000 Cebu

Telephone No. (032) 231-0345

<https://cebucountryclub.com/>

This Offering Circular relates to the offer by Cebu Country Club, Inc. (“**Club**” or the “**Issuer**”) of thirty (30) Corporate Proprietary Ownership Certificate (“**CPOCs**”). The CPOCs are not registered with the Securities and Exchange Commission of the Philippines (“**SEC**” or the “**Commission**”), but as discussed below, the Club obtained a confirmation of exemption from the SEC subject to the compliance by the Club with certain conditions.

The Club was incorporated in the Philippines and registered with the SEC on April 11, 1928, with SEC Registration No. 1202. Pursuant to the old Corporation Code, the Club secured SEC’s approval on the amendment of its Articles of Incorporation to extend the term of its existence for fifty (50) years from and after April 11, 1978 to April 11, 2028. However, under the Revised Corporation Code (Republic Act No. 11232), a corporation shall have perpetual existence unless otherwise provided in its Articles of Incorporation.

The Club’s registered address is at Gov. M. Cuenco Avenue, Barangay Kasambagan, City of Cebu, Republic of the Philippines.

The primary activity of the Club is to maintain, operate and manage a social and recreative club in Cebu City and Cebu province for the amusement, entertainment, instruction, recreation, and refreshment of its members. Pursuant to the Seventh Article of its Amended Articles of Incorporation, the Club is a non-stock corporation and membership therein as well as the right of participation in its assets shall be limited to qualified persons who are duly accredited owners of Proprietary Ownership Certificates (“**POCs**”) issued by the corporation in accordance with its By-laws. In the Eighth Article of its Amended Articles of Incorporation, it is clarified that CPOCs also has such right of participation.

As set out in the Eighth Article of the Club’s Amended Articles of Incorporation, POCs shall not be issued in excess of eight hundred (800), each of which represents an equal pro-rata equity in the net assets of the corporation and entitles the holder/owner thereof to apply for membership with the Club and, if accepted, to have the privilege and the right to use the facilities of the Club subject to its existing rules and regulations including amendments, changes or additions thereto that its Board of Directors may promulgate from time to time. CPOCs may likewise be issued not to exceed fifty (50), each of which represents an equal pro-rata equity in the net assets of the corporation counted, collated, and computed together with the eight hundred (800) POCs.

The Club has already issued all eight hundred (800) POCs as authorized under its Amended Articles of Incorporation, and accordingly, there are eight hundred (800) outstanding POCs.

As of the date of this Offering Circular, there are no outstanding CPOCs yet. The Club plans to offer and issue thirty (30) CPOCs (the “**Offer**”) from the available fifty (50) CPOCs which it is authorized to issue based on the Eighth Article of its Articles of Incorporation, but subject to compliance with applicable law. The thirty (30) CPOCs will have an issue price of ₱25.0 million each and an aggregate issue price of ₱750.0 million.

In connection with the Offer, the Club filed a request for confirmation of exemption with the SEC that the Club's proposed issuance to various corporations of thirty (30) CPOCs from the CPOCs authorized under Article Eight of the Club's Amended Articles of Incorporation, is exempt from the registration requirement under Section 8 of the Securities Regulation Code (the "**SRC**"), pursuant to Section 10.2 thereof.

In SEC – Markets and Securities Regulation Department ("**MSRD**") Order No. 66, Series of 2022, dated September 7, 2022, it was stated that the Commission *En Banc* in its meeting held on September 6, 2022 approved the application for exemption from registration under Section 10.2 of the SRC of the Club's proposed issuance to various corporations of thirty (30) CPOCs subject to compliance by the Club with certain conditions ("**Confirmation of Exemption**"). Among the conditions are (i) registration by the Club of all the CPOCs and the POCs already issued since the registration is required by law, it being necessary in the public interest or for the protection of the investors, (ii) submission of an undertaking to file a registration statement with the SEC Corporate Governance and Finance Department ("**CGFD**") for the registration of its eight hundred (800) outstanding POCs within sixty (60) days from the issuance of the Confirmation of Exemption, (iii) specification under the investor representation letter of the risks of investing in the CPOCs since the same are unregistered, among other risks, and (iv) issuance of this Offering Circular. Please refer to the section on "*Plan of Distribution*" for a discussion of the complete conditions of the Confirmation of Exemption.

To date, the Club has not filed yet with the SEC the application for registration of its outstanding POCs and the thirty (30) CPOCs subject of this Offering Circular, but it submitted on October 28, 2022, an undertaking to file a registration statement with the SEC CGFD for the registration of its outstanding POCs and such number of CPOCs as may be applicable. In the said undertaking, the Club also requested the SEC MSRD for an extension of time within which to file the registration statement or until June 30, 2023. The Club is still awaiting the SEC MSRD's official response to the said request for extension of time.

The Club intends to commence with the Offer of CPOCs on March 10, 2023 and end four months thereafter, subject to extensions from time to time as may be notified in writing by the Club to the SEC. However, the Offer will be closed at an earlier date once the Club has been able to obtain commitments from thirty (30) corporations through signed subscription agreements and receive the initial down payments pursuant to such subscription agreements.

The CPOCs will be sold by the Club to corporations of which members or registered owners of POCs not members of the Club are stockholders. First priority to buy CPOCs will go to the Proprietary Members and the registered owners of POCs, who are not members, each of whom shall have the right to nominate a corporation which can be a subscriber of the CPOCs. As there may be more than thirty (30) willing buyers in that group, a raffle was conducted to determine who will be entitled to subscribe for CPOCs. The raffle determined the order of priority at which the corporations will be offered to subscribe for CPOCs. If there are still CPOCs left to be sold, second priority will go to the Assignee Members (lessees of POCs). Again, the raffle method will be conducted if there are more buyers than the CPOCs available for sale. If the thirty (30) CPOCs are still not sold out, the Board of Directors is authorized to sell the remaining CPOCs to reputable corporations as may be approved by it. The Club reserves the right to withdraw the offer and sale of the CPOCs at any time, and the right to reject any application to purchase a CPOC.

The proceeds of the sale/disposition by the Club of the CPOCs will be used for the redevelopment of its clubhouse including (i) the construction of a new clubhouse and additional

facilities, and (ii) the renovation and overhaul of its golf course including the construction of a golf driving range.

No underwriters or selling agents have been engaged by the Club in respect of the Offer. No registrar or trustee has been appointed in respect of the CPOCs.

The CPOCs will not be listed on any exchange.

The CPOCs will be offered exclusively in the Philippines. The Club requires persons into whose possession this Offering Circular comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Offering Circular does not constitute an offer of any securities, or any offer to sell, or a solicitation of an offer to buy any securities of the Club in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

No person or group of persons has been authorized by the Club to give any information or to make any representation concerning the CPOCs and the POCs other than as contained in this Offering Circular. If given or made, any such information or representation must not be relied upon as having been authorized by the Club. Any reproduction or distribution of this Offering Circular in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering whether to buy a CPOC is prohibited.

All information in the Offering Circular is as of the date thereof, unless otherwise indicated. Neither the delivery of this Offering Circular nor any sale made pursuant to this Offering Circular shall, under any circumstances, create any implication that the information contained herein and therein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs or properties of the Club since such date.

Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Club's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS, Philippine Accounting Standards, and Philippine Interpretations of International Financial Reporting Interpretations Committee issued by the Financial Reporting Standards Council.

Market data and forecasts used throughout this Offering Circular, if any, were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and the Club does not make any representation as to the accuracy or completeness of such information.

Where certain agreements are referred to in this Offering Circular, they are described in summary form. Any such summary does not purport to be a complete or accurate description of

the agreement and prospective holders of CPOCs are expected to independently review such agreements in full.

Every corporation intending to buy a CPOC should be aware that no profit shall inure to the exclusive benefit of any of the CPOC holders. Hence, no dividends shall be declared in their favor. However, upon the dissolution or liquidation of the Club, the holders of the POCs and CPOCs shall be entitled to a pro-rata share of its assets at the time of its dissolution or liquidation.

The price of securities, such as the CPOCs, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. Hence, there is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities, such as the CPOCs. An investment in the CPOCs described in this Offering Circular involves a certain degree of risk. A prospective purchaser of the CPOCs should carefully consider several risk factors relating to the Club's operations and properties, risks relating to the Philippines and risks relating to the CPOCs, as set out in the section "*Risk Factors and Other Considerations*" found in this Offering Circular, in addition to the other information contained in this Offering Circular, in deciding whether to purchase the CPOCs.

The risk disclosure discussion does not purport to be an exhaustive enumeration of, and does not purport to disclose, all the risks and other significant aspects of buying the CPOCs. A person contemplating of buying a CPOC should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in the buying or trading of securities.

No representation or warranty, express or implied, is made by the Club regarding the legality of an investment in the CPOC under any legal, investment, or similar laws or regulations. This Offering Circular is not an investment, legal, or tax advice. Prospective buyers should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of a purchase of the CPOCs. In making any investment decision regarding the CPOCs, prospective buyers must rely on their own examination of the Club and the terms of the Offer, including the merits and risks involved. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Club or its legal advisers that any recipient of this Offering Circular should purchase the CPOCs.

Each prospective purchaser of the CPOCs, by accepting delivery of this Offering Circular, agrees to the foregoing.

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*[Signature page follows.]*

CEBU COUNTRY CLUB, INC.

By:

  
JOSE R. SOBERANO III  
President

REPUBLIC OF THE PHILIPPINES )  
Mandaue City ) s.s

SUBSCRIBED AND SWORN to before me this 10<sup>th</sup> day of March 2023 affiant exhibiting to me his Philippine Passport with No. P6678430B valid until 20 April 2031 as competent evidence of identity.

Doc. No. : 340 ;  
Page No. : 49 ;  
Book No. : 11 ;  
Series of 2023.



  
**ATTY. KRISBEN ZILNER P. BUOT**  
Notarial Commission No. 2022-02 until 22/11/2023  
City of Mandaue and the Municipality under its Jurisdiction  
Unit - 802, 9th Floor, DTIC 2 Bldg., Gateway Business Park,  
45 Fortuna St., Sanilad, Mandaue City, 6034  
Roll of Attorneys No. 63880  
PTR No. 350602/01-04-3023/Mandaue City  
IDP No. 283339/03-11-2022/Cebu Chapter  
MCLE Compliance No. 311-0005375; 02/12/2023

## FORWARD LOOKING STATEMENTS

This Offering Circular may contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Club's results or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Any such forward-looking statements are based on numerous assumptions regarding the Club's present and future strategies and the environment in which the Club will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Club's ability to successfully manage its activities or properties;
- the Club's ability to successfully implement its current and future strategies;
- the Club's ability to anticipate and respond to trends that may be relevant to it;
- the Club's ability to implement its plans, maintain its properties and provide services without delays due to regulatory or other causes;
- the Club's ability to successfully manage its future business, financial condition, results of operations, and cash flow;
- general political, social, and economic conditions and changes in the Philippines;
- any future political instability in the Philippines;
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- increases in inventory, maintenance, and rental costs;
- continued availability of capital and financing at acceptable cost;
- changes in the laws, including tax laws, regulations, policies, and licenses applicable to or affecting the Club;
- legal or regulatory proceedings in which the Club is or may become involved;
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents, and natural disasters; and,
- competition among proprietary club membership in Cebu City, the province of Cebu or in the Philippines.

Additional factors that could cause the Club's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under the section "*Risk Factors and Other Considerations*" and elsewhere in this Offering Circular. These forward-looking statements speak only as of the date of this Offering Circular. The Club expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Club's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This Offering Circular may include statements regarding the Club's expectations and projections for future operating performance and prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would,"

“could,” “shall,” “should”, and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular are forward-looking statements. Statements in this Offering Circular as to the opinions, beliefs and intentions of the Club accurately reflect in all material respects the opinions, beliefs, and intentions of its management as to such matters as of the date of this Offering Circular, although the Club gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Offering Circular discloses, under the section “*Risk Factors and Other Considerations*” and elsewhere, important factors that could cause actual results to differ materially from the Club’s expectations. All subsequent written and oral forward-looking statements attributable to the Club or persons acting on behalf of the Club are expressly qualified in their entirety by the above cautionary statements.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this Offering Circular speaks only as of the date the statement was made.

All of the forward-looking statements of the Club made herein and elsewhere are qualified in their entirety by the risk factors discussed in the section “*Risk Factors and Other Considerations*”. These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Offering Circular.



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## **GLOSSARY OF TERMS**

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In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

<b>“Articles” or “Articles of Incorporation”</b>	the Articles of Incorporation of the Club, as amended to date
<b>“BIR”</b>	Bureau of Internal Revenue of the Philippines
<b>“Board” or “Board of Directors”</b>	the Board of Directors of the Club
<b>“By-laws”</b>	the By-laws of the Club
<b>“Certificates”</b>	as the context may require, Proprietary Ownership Certificates and/or Corporate Proprietary Ownership Certificates
<b>“CGFD”</b>	SEC Corporate Governance and Finance Department
<b>“Club” or “CCCI”</b>	Cebu Country Club, Inc., a corporation duly organized and existing in accordance with the laws of the Republic of the Philippines
<b>“Commission”</b>	the SEC
<b>“Confirmation of Exemption”</b>	SEC MSRD Order No. 66, Series of 2022, dated September 7, 2022
<b>“CPOC”</b>	Corporate Proprietary Ownership Certificate
<b>“Deadline”</b>	This refers to the date when the application to purchase a CPOC shall be submitted to the Club as indicated in the invitation letter sent by the Club to a prospective Subscriber
<b>“Director”</b>	a member of the Board of Directors of the Club
<b>“Environmental Compliance Certificate” or “ECC”</b>	a document issued by the Department of Environment and Natural Resources / Environmental Management Bureau after a positive review of an ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking has complied with all the requirements of the Environmental Impact Statement System and has committed to implement its approved Environmental Management Plan to address the environmental impacts
<b>“Environmentally Critical”</b>	project or program that has high potential for significant

<b>Projects</b>	negative environmental impact as defined under Presidential Proclamation 2146 (1981)
<b>“First Installment”</b>	has the meaning given to such term in the section <i>“The Offer”</i>
<b>“First Monthly Installment Check”</b>	has the meaning given to such term in the section <i>“The Offer”</i>
<b>“Holder”</b>	owner of a CPOC or POC
<b>“Investor Representation Letter”</b>	the document titled as such which a potential buyer needs to submit to the Club as part of the documentary requirements to become a Subscriber, which document acknowledges that the Subscriber is aware of the risks in buying CPOCs, among other matters
<b>“Issue Price”</b>	issue price of one CPOC which is equivalent to ₱25.0 million
<b>“Issuer”</b>	the Club
<b>“Member”</b>	a POC holder who has been granted membership to the Club by the Board, with the rights and privileges defined in the Articles and By-laws, more specifically described in the section <i>“Description of Securities; Membership in the Club”</i> under the heading <i>“Classification of Membership”</i>
<b>“MSRD”</b>	SEC – Markets and Securities Regulation Department
<b>“Offer”</b>	the offering for sale of thirty (30) CPOCs
<b>“Offering Circular”</b>	this Offering Circular relating to the Offer of thirty (30) CPOCs
<b>“Offer Period”</b>	the period commencing on March 10, 2023 and four months thereafter, during which the CPOCs will be offered for sale to corporations, subject to extensions from time to time as may be notified in writing by the Club to the SEC
<b>“₱,” “Peso,” “Pesos,” or “PHP”</b>	the legal tender in the Philippines
<b>“Person”</b>	an individual or natural person, a partnership, joint venture, corporation, trust, and any other entity or unincorporated organization
<b>“PFRS”</b>	Philippine Financial Reporting Standards
<b>“POC”</b>	Proprietary Ownership Certificate

<b>“Project”</b>	the redevelopment of the Club’s clubhouse including (i) the construction of a new clubhouse and additional facilities, and (ii) the renovation and overhaul of its golf course including the construction of a golf driving range, to be funded from the proceeds of the Offer
<b>“SEC”</b>	the Philippine Securities and Exchange Commission
<b>“Subscriber”</b>	a corporation which executed a Subscription Agreement with the Club in respect of the purchase by such corporation of a CPOC
<b>“Subscription Agreement”</b>	the subscription agreement to be executed between the Club and a buyer of a CPOC, in a form acceptable to the Club
<b>“Subsequent Monthly Installment Checks”</b>	has the meaning give to such term in the section “ <i>The Offer</i> ”
<b>“SRC”</b>	Republic Act No. 8799, otherwise known as the Securities Regulation Code
<b>“SRC IRR”</b>	the 2015 Implementing Rules and Regulations of the Securities Regulation Code
<b>“Usage Right”</b>	the right to the use and enjoyment of all the facilities and privileges of the Club pursuant to the Articles, By-laws, and the rules and regulations of the Club

## **EXECUTIVE SUMMARY**

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The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, and audited consolidated financial statements (including notes thereto) found in the appendices of this Offering Circular.

Prospective buyers of CPOCs should read this entire Offering Circular fully and carefully, including the section on “*Risk Factors and Other Considerations*”. In case of any inconsistency between this summary and the more detailed information in this Offering Circular, then the more detailed portions, as the case may be, shall at all times prevail.

### **THE CLUB**

Cebu Country Club, Inc. was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 11, 1928 with SEC Registration No. 1202. Pursuant to the old Corporation Code, the Club secured SEC’s approval on the amendment of its Articles of Incorporation to extend the term of its existence for 50 years from and after April 11, 1978 to April 11, 2028. However, under the Revised Corporation Code (Republic Act No. 11232), a corporation shall have perpetual existence unless otherwise provided in its Articles of Incorporation.

The Club’s registered address is at Gov. M. Cuenco Avenue, Barangay Kasambagan, City of Cebu, Republic of the Philippines.

The primary activity of the Club is to maintain, operate and manage a social and recreative club in Cebu City and Cebu province for the amusement, entertainment, instruction, recreation and refreshment of its members. Pursuant to the Seventh Article of its Amended Articles of Incorporation, the Club is a non-stock corporation and membership therein as well as the right of participation in its assets shall be limited to qualified persons who are duly accredited owners of POCs issued by the corporation in accordance with its By-Laws. In the Eighth Article of its Amended Articles of Incorporation, it is clarified that CPOCs also has such right of participation.

Presently, the members of the Board of Directors and the officers of the Club are as follows:

<b>Name</b>	<b>Nationality</b>	<b>Residence</b>	<b>Position</b>
Jose S. Soberano III	Filipino	Cebu City	President and Director
Joselito F. Gullas	Filipino	Cebu City	Vice President and Director
Julius G. Neri, Jr.	Filipino	Cebu City	Corporate Secretary and Director
Antonio R. Moraza	Filipino	Cebu City	Treasurer and Director
Hector C. Almario	Filipino	Cebu City	House Chairman and Director
Robert L. Booth	American	Cebu City	Golf Chairman and Director
George T. Chiongbian III	Filipino	Cebu City	Activities Chairman and Director
Jose Marcelino G. Ugarte	Filipino	Cebu City	Independent Director
Elbert M. Zosa	Filipino	Cebu City	Independent Director

The Club is a private membership club which has a Golf and Sports Facilities Department that provides sports facilities to all its members, foremost of which is an 18-hole golf course nestled in its 51.7-hectare real property situated in the heart of the commercial district of Cebu City. Some of the amenities available to all the members, golfers and non-golfers alike, are air-

conditioned locker and shower rooms and sport facilities such as tennis courts, badminton courts, pelota courts and a swimming pool. The Club also provides golf carts and bag room services for its golfing members. It has a large veranda where members can dine and relax, but is, more often than not, used and patronized by member golfers and their guests.

For the general membership, the Club has its Food and Beverage Department which has a Social Hall where members can hold private social events, a restaurant for dining, a bar and other small food outlets serving Japanese and Korean dishes. The Club also has a huge parking space that presently can accommodate about 140 vehicles.

The main asset of the Club is an approximately 51.7-hectare prime commercial land situated in the heart of the commercial district of Cebu City.

## THE OFFER

The terms are set out below are qualified in their entirety by the more detailed discussion under "*The Offer*", the "*Description of the Securities; Membership in the Club*" and elsewhere in this Offering Circular.

<b>1. Issuer</b>	Cebu Country Club, Inc. a company incorporated under the laws of the Philippines.
<b>2. Instrument</b>	Thirty (30) CPOCs to be issued from the unissued fifty (50) CPOCs authorized in the Eighth Article of the Club's Amended Articles of Incorporation.
<b>3. Basis of Offer</b>	As of the date of this Offering, the CPOCs have not been registered with the SEC.  However, upon application by the Club, the SEC issued the MSRD Order No. 66, Series of 2022 dated September 7, 2022, where it was stated that the Commission <i>En Banc</i> in its meeting held on September 6, 2022 approved the application for exemption from registration under Section 10.2 of the SRC of the Club's proposed issuance to various corporations of thirty (30) CPOCs subject to compliance by the Club with certain conditions.
<b>4. Offerees</b>	The Club will issue thirty (30) CPOCs to be sold to pre-selected corporations only. Please see below section on " <i>Procedure for Selection of Subscribers</i> " and " <i>Plan of Distribution</i> ".
<b>5. Offer Period</b>	The Club intends to offer the CPOCs to pre-selected corporations within four (4) months from March 10, 2023, subject to extensions from time to time as may be notified in writing by the Club to the SEC.
<b>6. Issue Price and Terms of</b>	The issue price for each of the thirty (30) CPOCs is

<p><b>Payment</b></p>	<p>₱25,000,000.00 which will be paid on installments.</p> <p>The Issue Price will be paid on installment basis as set out below:</p> <table border="1" data-bbox="683 359 1365 600"> <thead> <tr> <th data-bbox="683 359 1021 428">Frequency</th> <th data-bbox="1021 359 1365 428">Amount of Installments</th> </tr> </thead> <tbody> <tr> <td data-bbox="683 428 1021 464">First Installment</td> <td data-bbox="1021 428 1365 464">₱6,250,000.00</td> </tr> <tr> <td data-bbox="683 464 1021 564">Next Monthly Installments for thirty (30) months</td> <td data-bbox="1021 464 1365 564">₱625,000.00</td> </tr> <tr> <td data-bbox="683 564 1021 600"><b>Total</b></td> <td data-bbox="1021 564 1365 600"><b>₱25,000,000.00</b></td> </tr> </tbody> </table> <p>Documentary stamp tax and all other taxes, if any, arising from the execution of the Subscription Agreement and the issuance of the CPOCs, and the registration fee, shall be for the account of and shall be paid by the Subscriber.</p>	Frequency	Amount of Installments	First Installment	₱6,250,000.00	Next Monthly Installments for thirty (30) months	₱625,000.00	<b>Total</b>	<b>₱25,000,000.00</b>
Frequency	Amount of Installments								
First Installment	₱6,250,000.00								
Next Monthly Installments for thirty (30) months	₱625,000.00								
<b>Total</b>	<b>₱25,000,000.00</b>								
<p><b>7. Use of Proceeds</b></p>	<p>The proceeds of the sale/disposition by the Club of the CPOCs will be used for the redevelopment of its clubhouse including (i) the construction of a new clubhouse and additional facilities, and (ii) the renovation and overhaul of its golf course including the construction of a golf driving range.</p> <p>Please see below section on “<i>Use of Proceeds</i>” which discusses in detail the intended use of proceeds that may be received by the Club from the issuance of the CPOCs.</p>								

**RISKS FACTORS IN INVESTING**

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the CPOCs. Some of these risks are briefly summarized below and discussed with additional details in the section entitled “*Risk Factors and Other Considerations*”.

*a. General Risk Warning*

- Prospective buyers should carefully consider the risks described below, in addition to other information contained in this Offering Circular, including the Club’s financial statements and notes relating thereto, before making any investment decision relating to the CPOCs.

*b. Risks Related to the CPOCs*

- Holders of the CPOCs may experience liquidity issues and may not be readily able to dispose of their CPOCs.
- There is no defined minimum or maximum price level of the CPOCs that can be dictated on the secondary market and hence a Holder thereof may experience

- potential loss if its CPOC is sold at a later date.
- Requirement of pre-screening corporate buyers may also affect liquidity of the CPOCs or the ability of a holder to readily sell or dispose of its CPOC.
- Values of CPOCs may be tied to real estate values and hence, are subject to fluctuations thereof. Moreover, additional CPOCs (or, as applicable, POCs) may be issued by the Club which may result in the dilution of the inchoate interest of a CPOC holder in the assets of the Club upon its dissolution.
- CPOCs are subject to a two-year holding period counted from the thirtieth (30th) month following the date of the fully executed Subscription Agreement for the relevant CPOC, which is the date when the Club has signed such Subscription Agreement.
- The Subscription Agreement may be terminated in case the Club is unable to find thirty (30) buyers with signed Subscription Agreements and with paid first installments.
- A Subscriber may experience financial loss in case of forfeiture of previous payments made.
- The grant of rights and privileges of a member of the Club to the nominees of a Subscriber is subject to approval by the Board of Directors of the Club.
- Holders of CPOCs have recurring financial obligations and will have to pay amounts for the use of certain facilities of the Club.

*c. Risks Related to the Club*

- The Club is currently not a reporting company under the SRC and the SRC IRR. Hence, there is limited information about it and its operations that is readily accessible to the public.
- There is a risk that the completion of the Project may be delayed or not completed at all.
- The Club's operations are affected by various laws and regulations in the Philippines.
- Natural calamities, disasters, and adverse weather conditions may adversely affect the Club's operations and its properties.
- Potential changes in consumer tastes and preferences may adversely affect the performance of the Club.
- The Club is in competition with other sports, golf and country clubs for patronage.
- There are dependencies which also pose as risk factors.
- There are restrictions on property ownership.
- The Club may be involved in legal and other proceedings arising out of its operations from time to time.
- The Club may become exposed to reputational risks.

*d. Risks Related to the Philippines*

- Economic considerations
- COVID-19 Pandemic
- Territorial Disputes
- Political and Social Instability
- Terrorist Acts or Fears of Such Occurrences in the Philippines



## SUMMARY OF FINANCIAL INFORMATION OF THE CLUB

The information set out below is qualified in its entirety by the more detailed discussion under "Management Discussion and Analysis", the Audited Financial Statements of the Club, and elsewhere in this Offering Circular.

### A. COMPARATIVE BALANCE SHEET ANALYSIS COVERING THE YEARS 2021, 2020 AND 2019

#### Statements of Financial Position

	2021	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	54,784,737	44,489,160	65,173,023
Trade and other receivables	14,488,673	15,752,346	15,461,285
Inventories	9,652,496	8,133,142	5,363,534
Prepayments	3,473,810	2,940,729	458,303
	<b>82,399,716</b>	<b>71,315,377</b>	<b>86,456,145</b>
<b>Noncurrent assets</b>			
Property and equipment	300,731,263	301,894,502	298,437,221
Trust fund investments	13,887,565	12,344,529	12,289,887
Long-term investment	14,814,450	14,814,450	14,814,450
Intangible asset	988,417	1,442,751	235,038
Deferred tax assets	7,036,174	8,231,772	5,359,578
Other noncurrent assets	105,520	301,124	532,293
	<b>337,563,389</b>	<b>339,029,128</b>	<b>331,668,467</b>
<b>TOTAL ASSETS</b>	<b>419,963,105</b>	<b>410,344,505</b>	<b>418,124,612</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	36,714,871	36,795,984	43,180,912
Contract liability (current)	8,204,659	6,479,419	4,988,074
Income tax payable			

			184,024
	<b>44,919,530</b>	<b>43,275,403</b>	<b>48,353,010</b>
<b>Noncurrent liabilities</b>			
Members' cash and option deposits	22,175,670	20,674,640	24,071,500
Retirement benefits liability	10,966,698	9,156,763	5,957,591
Contract liability (net of current portion)	31,078,610	23,865,983	20,832,211
	<b>64,220,978</b>	<b>53,697,386</b>	<b>50,861,302</b>
	<b>109,140,508</b>	<b>96,972,789</b>	<b>99,214,312</b>
<b>Members' Equity</b>			
Proprietary membership certificates	2,400,000	2,400,000	2,400,000
Additional contributions	108,345,528	108,345,528	108,345,528
Remeasurement loss on retirement benefits (net of tax)	(7,161,705)	(6,138,139)	(4,744,930)
Fair value gain on trust fund investments	4,312,410	3,020,974	9,164,462
Cumulative excess of revenues over expenses			
Restricted	6,449,730	6,198,130	
Unrestricted	196,476,634	199,545,223	203,745,240
Retained Earnings			
	<b>310,822,597</b>	<b>313,371,716</b>	<b>318,910,300</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>419,963,105</b>	<b>410,344,505</b>	<b>418,124,612</b>

**B. COMPARATIVE STATEMENT OF COMPREHENSIVE INCOME ANALYSIS COVERING THE YEARS 2021, 2020 AND 2019**

**Statements of Comprehensive Income**

<b>REVENUES</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Membership dues	50,262,538	49,526,740	44,058,377
Club operations:			
Food and beverages	22,414,924	17,533,563	46,680,242
Golf and other sports operations	14,751,277	15,710,358	55,176,029
Other income			

	1,295,148	1,863,807	5,822,407
	<b>88,723,887</b>	<b>84,634,468</b>	<b>151,737,055</b>
<b>COST OF SERVICES AND SALES</b>	46,681,711	49,152,239	94,674,343
GROSS PROFIT	42,042,176	35,482,229	57,062,712
TRUST FUND EARNINGS	251,600	267,142	399,717
<b>ADMINISTRATIVE EXPENSES</b>	(32,296,146)	(29,670,238)	(35,207,460)
INCOME BEFORE DEPRECIATION AND AMORTIZATION	9,997,630	6,079,133	22,254,969
DEPRECIATION AND AMORTIZATION	(11,821,568)	(12,199,412)	(13,451,582)
INCOME (LOSS) BEFORE TAX	(1,823,938)	(6,120,279)	8,803,387
INCOME TAX BENEFIT (EXPENSE)			
Current	-	-	(1,392,841)
Deferred	(993,051)	2,187,404	(925,133)
	<b>(993,051)</b>	<b>2,187,404</b>	<b>(2,317,974)</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	(2,816,989)	(3,932,875)	6,485,413
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefits (net of tax)	(1,023,566)	(1,393,209)	330,116
Fair value gain (loss) on trust fund investments	1,291,436	(212,500)	505,660
	267,870	(1,605,709)	835,776
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(2,549,119)</b>	<b>(5,538,584)</b>	<b>(7,321,189)</b>

**C. COMPARATIVE BALANCE SHEET ANALYSIS COVERING INTERIM DATE AS OF SEPTEMBER 2022 AND SEPTEMBER 2021**

**Statements of Financial Position**

*\*Note: These statements for the periods ended September 2022 and September 2021 have not been reviewed or audited by an external auditor.*

	SEPT 2022	SEPT 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	57,824,098	51,916,443
Trade and other receivables	16,748,296	8,727,652
Inventories	10,924,374	9,780,631

Prepayments	5,935,576	3,822,364
	<b>91,432,344</b>	<b>74,247,090</b>
<b>Noncurrent assets</b>		
Property and equipment	322,672,706	301,929,033
Trust fund investments	13,887,565	13,564,463
Long-term investment	14,814,450	14,814,450
Intangible asset	401,468	1,378,704
Deferred tax assets	7,175,240	8,076,358
Other noncurrent assets	105,520	105,520
	<b>359,056,949</b>	<b>339,868,528</b>
<b>TOTAL ASSETS</b>	<b>450,489,293</b>	<b>414,115,618</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables	59,711,474	33,824,349
Current liability (current)	7,036,952	6,012,468
	<b>66,748,427</b>	<b>39,836,817</b>
<b>Noncurrent liabilities</b>		
Members' cash and option deposits	21,445,813	21,766,450
Retirement benefits liability	10,966,698	9,156,763
Contract liability (net of current portion)	37,003,059	29,379,096
	<b>69,415,570</b>	<b>60,302,310</b>
	<b>136,163,997</b>	<b>100,139,127</b>
<b>Members' Equity</b>		
Proprietary membership certificates	2,400,000	2,400,000
Additional contributions	108,345,528	108,345,528
Remeasurement loss on retirement benefits (net of tax)	(7,161,705)	(6,138,139)
Fair value gain on trust fund investments	10,762,140	3,020,974
Cumulative excess of revenues over expenses	199,979,332	206,348,128
	<b>314,325,296</b>	<b>313,976,491</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>450,489,293</b>	<b>414,115,618</b>

## **RISK FACTORS AND OTHER CONSIDERATIONS**

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### **GENERAL RISK WARNING**

*The purchase of CPOCs involves a number of risks. Prospective buyers should carefully consider the risks described below, in addition to other information contained in this Offering Circular, including the Club's financial statements and notes relating thereto, before making any investment decision relating to the CPOCs. These factors, which are of equal importance and are organized in no particular order, may be summarized into those that pertain to the CPOCs, the Club and its operations and to the overall political, economic, and business environment in the Philippines.*

*This section does not purport to disclose all of the risks and other significant aspects of buying CPOCs. Investors deal in a range of investments each of which may carry a different level of risk. Potential buyers of CPOCs should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in buying, holding on or trading of the securities. Potential buyers of CPOCs should undertake independent research regarding the Club and the CPOCs before committing to subscribing the CPOCs and may request all publicly available information regarding the Club and the CPOCs from the Club.*

*The Club's past performance is not an indication of its future performance. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities, such as the CPOCs. There is an extra risk of losing money when securities are bought from companies such as the Club. There may be a big difference between the buying price and the selling price of these securities. Each type of investments may carry a different level of risk. Moreover, the occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Club or are currently considered immaterial could have a material adverse effect on the Club's result of operations, financial condition, and prospects, and could cause the market price of the CPOCs to fall significantly and investors may lose all or part of their investment.*

*Thus, each potential buyer of the CPOCs must determine the suitability of an investment in CPOCs in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the CPOCs, the merits and risks of investing in the CPOCs and the information contained in this Offering Circular; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the CPOCs; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the CPOCs; (iv) understand thoroughly the terms of the CPOCs and be familiar with the terms of the membership; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks. Prudence is required in undertaking research and study of the Club's CPOC. Each potential buyer of the CPOC should request information on the CPOC and the Club and should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in.*

### **RISKS RELATED TO THE CPOCs**

***Holders of the CPOCs may experience liquidity issues and may not be readily able to dispose of their CPOCs.***

The market for the CPOCs is small and may not be liquid. It is not anticipated that an organized trading market for the purchase and sale of CPOCs will develop in the near future. Prospective buyers of CPOCs who intend to invest purely for potential capital gains should consider that the CPOCs are not and will not be listed or publicly traded and market valuation may not be readily available.

Considering that the CPOCs will not be sold in an organized trading market, Holders of the CPOCs who wish to sell or dispose of their CPOCs may not readily find a counterparty for their desired transaction. As such, there may be limited liquidity in the secondary market for the CPOCs, and an active market for the CPOCs will possibly not develop following the Offer. Accordingly, there can be no assurance that a Holder of the CPOC will be able to dispose of such instrument or direct the sale of the CPOC at prices or at times at which such Holder would wish to do so, or at all.

To mitigate this risk, the Club may assist members who seek to sell or dispose of their CPOCs by matching them with potential buyers. The Club may have potential buyers from its existing member pool as there are Holders who would want to acquire more Certificates for wealth accretion and or for their children and grandchildren; as well as assignee members who would wish to become proprietary members and therefore look for Certificates to purchase. However, there is no assurance that the Club will be able to find such potential buyers.

***There is no defined minimum or maximum price level of the CPOCs that can be dictated on the secondary market and hence a Holder thereof may experience potential loss if its CPOC is sold at a later date.***

There is no defined minimum or maximum price level of the CPOCs that can be dictated on the secondary market. Subsequent sale or transfer of the CPOC is expected to be governed by the negotiation of the parties rather than market valuation. Moreover, the resale of the CPOCs will be highly dependent on supply and demand. The price levels are also heavily dependent on the image that the Club continues to enjoy as well as the satisfaction of its members. As with any membership club, the value may substantially deteriorate if negative feedback from the public is disclosed to the market. The investor takes the risk of price levels falling below the acquisition cost if there is dissatisfaction among members, negative feedback in the market, or lack of demand, among other possible factors.

Moreover, there is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

As the price of a secondary sale of the CPOCs is highly dependent on the market, the Club has no control over this risk.

***Requirement of pre-screening corporate buyers may also affect liquidity of the CPOCs or the ability of a holder to readily sell or dispose of its CPOC.***

Corporate buyers during the Offer will be pre-screened by the Board of Directors of the Club and determined by it as possessing the qualifications to become a Corporate Member of the Club. The factors that will be considered by the Board of Directors of the Club in considering whether a corporation may be a selected potential buyer offered to buy the Club's thirty (30) CPOCs include the corporation's or entity's net worth, amount of assets, experience in financial

and business matters, and general reputation in the industry where the corporation or entity operates.

Potential buyers of CPOCs are corporations and no CPOCs will be offered for sale to the general public. Accordingly, the CPOCs will not be sold to the public but only to corporations where members have shareholdings thereof.

Moreover, prior to full payment of the Issue Price of ₱25.0 million, Subscription Agreements may be assigned to another corporation acceptable to the majority of the Board of Directors of the Club. After full payment of the Issue Price to the Club, and of the documentary stamp tax and all other taxes, if any, by the Subscriber, the CPOC will be issued immediately in the name of the Subscriber. However, CPOCs once fully paid are subject to a two (2)-year holding period counted from the thirtieth (30<sup>th</sup>) month following the date of the fully executed Subscription Agreement for the relevant CPOC, which is the date when the Club has signed such Subscription Agreement, such that during such period, the Subscriber shall not have the right to transfer, assign, dispose or encumber the CPOCs.

All assignments or transfers of Subscription Agreement or the CPOCs shall become effective and binding upon the Club: (i) where the Issue Price has not been fully paid yet, upon approval of the majority of the Board of Directors of the Club which may be given or withheld at its absolute discretion, (ii) all the financial obligations to the Club of the transferee and its nominees have already been fully settled, (ii) if such transfer is made to another corporation; (ii) only upon registration and recording thereof in its corporate books. Any such sale, assignment or transfer may be registered in the corporate books of the Club upon the submission of the required documents to the Corporate Secretary of the Club. The Club may require such other standard documents from the transferee in connection with its membership in the Club. Once the aforementioned requirements are duly complied with to the satisfaction of the Club, the latter will record the sale, transfer or assignment in its corporate books and issue a new CPOC in the name of the transferee after cancelling the old CPOC.

The pre-screening of, and requirements imposed on, corporate buyers of CPOCs during the Offer and also after the Offer (such as when a Subscriber intends to assign its rights and obligations under the Subscription Agreement or when a holder of a CPOC intends to sell such Certificate) limits the market within which the Subscriber or Holder may sell its subscription rights or the CPOC, as applicable, and hence, may affect its ability to immediately liquidate its investment.

To mitigate this risk, the Club may assist members who seek to sell or dispose of their CPOCs by matching them with potential buyers, although there is no assurance that the Club will be able to find such potential buyers.

***Values of CPOCs may be tied to real estate values and hence are subject to fluctuations thereof. Moreover, additional CPOCs (or, as applicable, POCs) may be issued by the Club which may result in the dilution of the inchoate interest of a CPOC holder in the assets of the Club upon its dissolution.***

The investment in the CPOCs of the Club is an indirect investment in real property such that the usual risks associated with property ownership is a risk factor that may be considered. Other factors that may be considered are natural calamities, adverse changes in political and economic conditions, environmental laws, and other applicable Philippine law regulations, which may affect property values and could estate appreciation or depreciation of the

properties or assets of the Club in the future. Accordingly, the values of the properties of the Club at the time a Subscriber subscribes to a CPOC may possibly become lower in the future.

The Club has no control over this risk, but it practices constant and continuous vigilance up and down the organization to maintain its properties in good working condition.

Moreover, as set out in the Club's Amended Articles of Incorporation, each CPOC represents an equal pro-rata equity in the net assets of the corporation counted, collated, and computed together with the eight hundred (800) POCs. Accordingly, in case of dissolution, a holder of one CPOC will share equally with a holder of one POC in the assets of the corporation and vice-versa. Hence, upon dissolution and assuming full issuance of all 50 CPOCs (and no other subsequent issuances as may be authorized under the Articles of Incorporation), a holder of one CPOC will be entitled to 1/850 of the assets of the Club, just like a holder of POC, after settlement of the other obligations of the Club. However, nothing in the terms and conditions of the CPOCs shall be construed as a restriction on the rights of the Club to approve at any time an amendment to its Articles of Incorporation authorizing it to issue additional POCs and CPOCs and seek the approval of the SEC on such amendment. Thus, there will be potential dilution in the inchoate interest or equity interest of a CPOC holder in the net assets of the Club at dissolution in case additional CPOCs (and/or POCs) are issued by the Club.

Thus, as mentioned above, each potential buyer of the CPOCs must determine the suitability of an investment in CPOCs in light of its own circumstances.

***CPOCs are subject to a two-year holding period counted from the thirtieth (30th) month following the date of the fully executed Subscription Agreement.***

As mentioned above, CPOCs once fully paid are subject to a two (2)-year holding period counted from the thirtieth (30<sup>th</sup>) month following the date of the fully executed Subscription Agreement for the relevant CPOC, which is the date when the Club has signed such Subscription Agreement, such that during such period, the Subscriber shall not have the right to transfer, assign, dispose or encumber the CPOCs. Accordingly, a Holder of the CPOC will not be able to dispose of such instrument or direct the sale of the CPOC within the said two (2)-year holding period. A Holder of the CPOC cannot also use the said instrument as collateral or security for any obligation.

Potential buyers of CPOCs should inform themselves of this risk and should be ready to tie up their investment for the duration of the period during which they will amortize the Issue Price and two (2) years counted from the thirtieth (30<sup>th</sup>) month following the date of the fully executed Subscription Agreement for the relevant CPOC, which is the date when the Club has signed such Subscription Agreement.

***The Subscription Agreement may be terminated in case the Club is unable to find thirty (30) buyers with signed Subscription Agreements and with paid first installments.***

The terms of the CPOCs provide that the Club shall be given a period within which to sell all thirty (30) CPOCs, and if upon expiry of such period (the "**Sunset Date**") the Club shall have been unable to sell all thirty (30) CPOCs, the Club shall have the option to: (i) terminate the subscription agreement and cancel, or (ii) agree to the resetting of the Sunset Date to give the Club additional period within which to complete the sale of all thirty (30) CPOCs. The Sunset Date will be the date falling four months from the SEC Confirmation Date and will be specified by the Club in the Subscription Agreement.



In the event of such termination, the Club shall return to the Subscriber the first monthly installment, to the extent delivered pursuant to the Club, without any interest. A decision to terminate a Subscription Agreement on this ground will likely mean that the Club has decided to abort the Project for lack of funds.

A termination of the Subscription Agreement may be disadvantageous to a Subscriber in light of market conditions or its individual circumstances. Following a termination with refund (but without interest), there can be no assurance that the Subscriber will be able to re-invest such amounts in a club similar to the Club or to recoup any yield or return it would have gained had it invested the amounts in other securities. Moreover, in respect of a termination relating to the Sunset Date, since the termination will be upon mutual agreement of the Club and the Subscriber, it is also possible that the Club will not agree to any termination, and in such a case, there will be no obligation to return the subscription payments to the Subscriber but the obligation of the Subscriber to make full payment of the Issue Price will subsist even as the Project has been already aborted for lack of funds.

Thus, each potential investor buyer of the CPOCs must determine the suitability of buying a CPOC in light of its own circumstances.

***A Subscriber may experience financial loss in case of forfeiture of previous payments made.***

As part of the terms of the CPOCs, in the event of a payment default or misrepresentation by the Subscriber, the Club through its Board of Directors shall have the discretion to enter into a compromise agreement with the defaulting Subscriber, provided that such agreement shall not be disadvantageous to the Club and not unfair to the other Subscribers. In case the Club and the defaulting Subscriber fail to agree on a compromise agreement for the full payment of the Issue Price or to address or correct the misrepresentation, the Club shall have the right to terminate the Subscription Agreement, forfeit all payments that have been previously made, and sell the CPOC subscription rights to another corporation (the “**Transferee**”). The Transferee shall assume all the obligations of the previous Subscriber as if it were the original Subscriber and shall be liable to pay the full amount of the Issue Price. The Club shall have no obligation to return or refund to the previous Subscriber any amounts as it may have previously paid notwithstanding the assumption by a Transferee of the payment of the full amount of the Issue Price. For purposes of this paragraph, “payment default” shall include (i) the installment checks not being cleared for any reason (including without limitation, drawn against insufficient funds or a stop payment order) upon its deposit by the Club, or (ii) otherwise, the failure to pay any installment due on the relevant due date.

In view of the risk of forfeiture of payments, each potential buyer of the CPOCs must determine the suitability of buying a CPOC in light of its own financial circumstances.

***The grant of rights and privileges of a member of the Club to the nominees of a Subscriber is subject to approval by the Board of Directors of the Club.***

Payment of the first installment, which means the deposit and subsequent clearance of the first instalment of the Issue Price, will automatically make the Subscriber of the CPOC a Corporate Member of the Club, and will entitle such corporation to appoint two representatives/nominees who are natural persons as qualifying members; provided that such representatives/nominees should have been approved by the Board of Directors of the Club before being granted the

rights and privileges of a member of the Club; provided further that the Corporate Member shall only be authorized to appoint a second nominee after full payment of its CPOC. The representatives/members do not have proprietary rights as such belongs to the Corporate Member which appointed them. However, the first designated nominee may become a voting member if voted to be such by a unanimous vote of the Board of Directors of the Club or otherwise in accordance with the Club's By-Laws. The second nominee will only have the rights and privileges of an Assignee Member and shall not be eligible to become a voting member. Such nominees will be the official representatives of the nominating Corporate Member.

Accordingly, the representatives or nominees of a Subscriber are not assured of acceptance as such in the Club unless they are approved by the Board of Directors of the Club which can exercise discretion as regards this matter in like manner as a regular Proprietary Member are accepted to the Club following the Club's By-laws for acceptance of membership. In case any of the nominees of a Subscriber is disapproved by the Board of Directors, the Subscriber will have to provide another nominee for approval by the Board of Directors.

Potential buyers of CPOCs should inform themselves of the terms and conditions on how a person may be admitted as a member of the Club.

***Holders of CPOCs have recurring financial obligations and will have to pay amounts for the use of certain facilities of the Club by their respective nominees.***

Aside from the Issue Price which a Subscriber is required to pay pursuant to the terms of the Subscription Agreement, a Subscriber or Holder is required to pay monthly dues and other fees and assessments, including fees for the use of certain facilities of the Club. The fees and assessments may change from time to time.

While this matter is strictly not a risk factor, potential buyers of CPOCs should inform themselves of the obligations attached to being a Corporate Member of the Club.

## **RISKS RELATED TO THE CLUB**

***The Club is currently not a reporting company under the SRC and the SRC IRR. Hence, there is limited information about it and its operations that is readily accessible to the public.***

The Club is currently not a reporting company under the SRC and the SRC IRR since none of its securities (the POCs or the CPOCs) are currently registered with the SEC. The SRC IRR defines a reporting company as a corporation that has sold a class of its securities pursuant to a registration under Section 12 of the SRC, or a public company. A public company is a corporation with a class of equity securities listed on an exchange, or with assets in excess of Fifty Million Pesos (₱50,000,000.00) and has two hundred (200) or more holders each holding at least one hundred (100) shares of a class of its equity securities.

Not being a reporting company yet, the provisions in the SRC and the SRC Rules on reporting material events as they happen and filing of structured (such as information statements for every annual Voting Proprietary Members' meeting) and unstructured reports that are mandated to be filed by reporting companies are not yet, strictly speaking, applicable to it. (However, please see below one of the conditions in the Confirmation of Exemption which addresses this.)

Accordingly, information about the Club, its operations, its assets, and its Certificates may not be as readily available as information involving reporting companies. As a consequence, a potential buyer of CPOC, a Subscriber or a Holder may not always be able to readily access information or may not have all the information that is necessary for it to make an informed decision about investing in the CPOC or its investment in such.

However, the Club has been required by the Commission to file a registration statement with the SEC CGFD. Once the registration statement is declared effective, the Club will become a reporting company as such term is defined in the SRC IRR, subject to the disclosure and reporting requirements that are applicable to reporting companies.

In the meantime though, the Confirmation of Exemption requires the Club to make available to investors through the investor's agreement and periodic disclosure to the SEC regarding the following: (i) about itself, the Club; (ii) business operations; (iii) financial condition; (iv); governance principles and practices; (v) use of investor funds; and (vi) other appropriate matters. Moreover, the Club has undertaken to the SEC that it shall publish in the Club's website its Audited Financial Statements with a three-year period and General Information Sheets for the last three (3) years.

***There is a risk that the completion of the Project may be delayed or not completed at all.***

There are numerous factors that may adversely affect the timely completion of the Project, and hence, it is possible that the completion of the Project may be delayed or not completed at all. These factors include but are not limited to (i) cost overrun, delay in getting the required permits or in the construction schedule, problems in procurement, and error in quantity estimation, (ii) unexpected project complexity, (iii) design variation, (iv) miscalculation of estimates, risks, and uncertainties, (v) inflation, (vi) accidents, and (vii) force majeure and/or natural calamities, among other reasons. Moreover, as stated above, there is also a risk that the Club will not be able to find thirty (30) buyers who will sign subscription agreements and make the installments faithfully. There may be a default in the payments by any of the Subscribers resulting in the Club receiving less funds than the amount budgeted for the Project. The Club may not have access to ready financing for the Project and may have to look for other source of funds to complete the project.

Hence, there is a risk that the completion of the Project may be delayed or not completed at all.

As mentioned in the section on "*Use of Proceeds*", the discussion therein represents a best estimate of the use of proceeds of the Offer based on the Club's current plans and anticipated expenditures. In the event there is any change in the Club's current plans, including force majeure, market conditions and other circumstances, the Club will carefully evaluate the situation and may reallocate the proceeds at the discretion of the Club's management. The Club's cost estimates may also change as plans are developed further. For these reasons, timing and actual use of the net proceeds, and estimates, may vary from the discussion in the said section.

To mitigate these risks, the Club may take on an active role as project managers in supervising each phase of the construction of its Project. Moreover, the Club maintains a competent and dynamic team of professional executives and managers engaged in the management of the Club and its endeavors.

***The Club's operations are affected by various laws and regulations in the Philippines.***

The operations of the Club are subject to a number of national and local laws, rules and regulations, which may require the Club to obtain and maintain several approvals, licenses, and permits. The Club may need to renew such approvals, licenses, and permits that may expire from time to time. In addition, the Club may be subject to new licensing requirements in the future. There is also no assurance that it will be able to obtain and/or maintain such approvals, licenses or permits in a timely manner, or at all, or that it will not become subject to any regulatory action on account of not having obtained or renewed such approvals, licenses, and permits.

For example, under Environmental Management Bureau Memorandum Circular 005, Series of 2014, golf courses are considered as Environmentally Critical Projects. An entity that undertakes any Environmentally Critical Project is required to submit an environmental impact statement and secure an ECC.

As of the date of this Offering Circular, the Club has not obtained yet an Environmental Compliance Certificate, but is now in the process of applying for the issuance of this permit. Moreover, it is still in the process of planning its Sewage Treatment Plant and a Materials Recovery Facility, although it has already appointed a Pollutions Control Officer. These deficiencies are being addressed now so that its Project will be in full compliance with these requirements when completed.

The Club remains in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained.

***Natural calamities, disasters, and adverse weather conditions may adversely affect the Club's operations and its properties.***

Natural calamities such as typhoons, floods, droughts, and earthquakes may cause disruptions in the Club's operations. Also, such natural calamities could adversely affect any planned construction activities in relation to the Project.

The Club's operations are likewise susceptible to seasonal, non-seasonal and severe weather patterns. Extreme weather events, such as heavy rains, could interrupt the use of the Club's facilities such as the golf course, which could negatively impact the Club's business and results of operations.

***Potential changes in consumer tastes and preferences may adversely affect the performance of the Club.***

The success of the Club's business and operations is dependent on its ability to attract and retain members, as well as its ability to maintain or increase usage of the Club's facilities. Changes in consumer tastes and preferences, particularly those affecting the popularity of golf and private dining could adversely affect its business. Consumer preferences may shift for a variety of reasons, including changes in international, national, regional, and local economic conditions; culinary, demographic, and social trends; and leisure activity patterns or consumer lifestyle choices.

This risk may be mitigated by the Club's efforts to adapt to and keep itself updated on any shift in consumer tastes and preferences.

***The Club is in competition with other sports, golf and country clubs for patronage.***

The Club is expected to encounter competition from existing sports, golf and country clubs which are located in Cebu and other regions. The competition with these clubs is expected to be based on operating history, secondary price of available shares, amenities and location and accessibility. The Club has suitably differentiated itself from the competition through its location. The Club believes that there is no other leisure development in the area, whether existing or currently being developed, which offers proprietary certificates in a club with both golf and country club facilities situated in the middle of the city between two business parks.

***There are dependencies which also pose as risk factors.***

Golf operations, to a certain extent, are dependent on imported golf machineries and equipment that are essential to the maintenance and upkeep of a world-standard golf course. As long as imported golf equipment is available in the Philippine market, the golf operations of the Club can be maintained to its maximum. In the reverse, golf operations will still continue but its efficiency and competitiveness with world-standard golf courses and hence its golf revenues will be affected.

Typhoons and other natural calamities may also affect the revenues of the Club and its golf operations.

***There are restrictions on property ownership.***

Under the Philippine Constitution, certain restrictions are imposed on the ownership of private land. Private land may be transferred or conveyed only to citizens of the Philippines and corporations and associations at least sixty percent (60%) of the capital of which is owned by citizens of the Philippines, aliens (but only in cases of hereditary succession) and, subject to certain limitations, natural-born citizens of the Philippines who have lost their Philippine citizenship. As a consequence, not more than forty percent (40%) of the POCs of the Club may be issued, transferred or sold to any person who is neither a citizen of the Philippines, nor a corporation or association of which at least sixty percent (60%) of the issued capital stock is owned by citizens of the Philippines.

***The Club may be involved in legal and other proceedings arising out of its operations from time to time.***

The Club maybe involved in disputes involving Holders or members, involving its employees, or involving contractors or suppliers, or other claims from time to time. If these disputes occur, it may result in the Club incurring substantial costs or the diversion of the Club's resources and management's attention. It may also result in the delay in the construction or implementation of the Project. Even with contractual protections to ensure compliance by counterparties with standards of performance, there can be no assurance that these standards will be maintained.

In the course of its operations, the Club may also have disagreements with regulatory bodies, or local government units responsible for issuing the necessary permits or licenses for the Club's business, which may subject it to administrative proceedings and unfavorable decisions or result in fines or penalties and/or delay its projects. Any such disagreement with regulatory bodies or local government units may also involve the Project. Should any of these occur, the Company's business, financial condition, results of operations and cash flows could be

materially and adversely affected.

To mitigate the risk, the Club strives to maintain good relationships with customers, suppliers, contractors, regulators, and other parties it regularly deals with. As for counterparty risk, the Club carefully evaluates the performance, reputation and integrity of the third parties before it engages with them in relation to its activities. The Club prudently selects its network of accredited contractors and periodically evaluates performance. The Club also endeavors to amicably settle legal proceedings, resort to alternative methods of dispute resolution, and exhaust all legal remedies available.

***The Club may become exposed to reputational risks.***

Any business or entity is subject to reputational risk which is a threat or danger to the good name or standing of such business or entity. Reputational risk can occur directly as the result of the actions of the Club or due to the actions of its employee or employees. Other reputational risk may also occur as a result of an event outside the control of the Club.

The Board of Directors and management of the Club evaluate from time to time possible sources of such a risk so that it can adequately mitigate the same, or where unexpected, address the same in a timely manner.

## **RISKS RELATED TO THE PHILIPPINES**

### ***Economic Considerations***

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine peso, higher interest rates, slower growth, and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector.

### ***COVID-19 Pandemic***

The COVID-19 pandemic brought a record-breaking economic contraction and high unemployment rates in the Philippines, fueling economic uncertainties.

The Club's business has been affected by the COVID-19 pandemic as closing of borders, airports and local and international travel restrictions were implemented. The operations were brought to the minimum to lessen operational expense while still providing the same level of service to its clients.

During the onset of the pandemic, tourists, guests, and other non-members were not allowed in the Club and several of its facilities were shut down, resulting to a significant drop in its revenues from golf and restaurants. Nevertheless, the Club's maintenance fees and monthly dues ensured that the Club and its assets are still maintained despite the limited movement in Cebu City.

Due to a lack of operations, employees in the Club were scaled down to a skeletal workforce. Only maintenance staff for the Clubhouse and the Golf Course reported to work to maintain the Club.

As society slowly gained control over the pandemic, the Club also gradually opened its facilities one by one, so long as they were in compliance with the facilities allowed by Inter-Agency Task Force and the local government. It first opened its outdoor facilities for use by its members and their immediate family; then its indoor courts and limited dining at the Veranda, then finally fully opening its operations to guests in November 2021 and tourists in June 2022.

### ***Territorial Disputes***

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. China claims that it has historic rights to nearly all of the West Philippine Sea and has expanded its military presence in the area.

In January 2013, the Philippines lodged an arbitration case against China at the Permanent Court of Arbitration in The Hague to resolve the territorial dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the international tribunal rendered an award in favor of the Philippines. However, China has continued to take steps to exercise control over the disputed territory.

There is no assurance that the territorial disputes between the Philippines, China, and other countries in the region will not escalate further. The Philippines and its economy may be disrupted and the Club's operations could be adversely affected as a result.

### ***Political and Social Instability***

The Philippines has, from time to time, experienced severe political and social instability. In the last decade, there has been political instability in the Philippines, including declaration of martial law in Mindanao, alleged electoral fraud, impeachment proceedings against two (2) former presidents and two (2) chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, allegations of extra-judicial killings, human rights abuses, attacks against the free press, and the silencing of political opposition have been abundant during the past few years.

In May 2022, Ferdinand "Bongbong" Marcos, Jr., the son of former Philippine President Ferdinand Marcos Sr., was elected President of the Philippines. Meanwhile, Sara Duterte, daughter of former President Rodrigo Duterte, was elected Vice-President of the Philippines. The political and social stability of the Philippines, during the term of the new President and Vice-President, remains to be seen.

No assurance can be given that the future political or social environment in the Philippines will be stable. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the operations and business of the club, though it can be said that despite the historical upheavals in the political arena, the Club's viability in its operations was never adversely affected.

### ***Terrorist Acts or Fears of Such Occurrences in the Philippines***

Currently, there are no known criminal elements that will pose a significant threat to the Club's premises. To the best of the Club's knowledge, there have been no recorded incidents in the past where visitors of the Club were subjected to any form of violence. However, like other vacation clubs in the Philippine archipelago, the Club is cognizant of the potential threat of terrorism and the need to engage security and safety professionals to address the matter.

The Philippines has been subject to a number of terrorist attacks in the past. For example, sporadic bombings and prominent kidnappings and slayings of foreigners have taken place in the Philippines. The Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines.

There can be no assurance that the Philippines will not be subject to further acts of terrorism and violence in the future. Terrorist attacks have, in the past, had a material adverse effect on investment and confidence in, and the performance of, the Philippine economy and, in turn, the Club's business. The Club's current insurance policies do not cover terrorist attacks. Any terrorist attack or violent acts arising from, and leading to, instability and unrest, could cause interruption to parts of the Club's business and could materially and adversely affect the Club's financial condition, results of operations and prospects.



## THE OFFER

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The following terms and conditions should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offering Circular, including, but not limited to, the discussion on the “Description of the Securities, and Membership in the Club” and “Plan of Distribution”.

The table below may not contain all the information that prospective investors should consider before deciding to invest in the CPOCs. Accordingly, any decision by a prospective buyer to buy CPOCs should be based on a consideration of this Offering Circular, the Articles of Incorporation and By-laws (each as amended to date), resolutions of the Board of Directors of the Club, the Subscription Agreement, any other agreements or documents relevant to the Offer, and the Member’s Handbook and other issuances of the Club in relation to membership in the Club, as a whole.

Prospective Holders must make their own appraisal of the Club and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement, or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not substitutes for the prospective buyer’s independent evaluation and analysis. Prospective Holders are likewise encouraged to consult their respective legal counsels and accountants in order to be better advised of the circumstances surrounding the CPOCs.

Capitalized terms used but not defined herein have the meanings given to them in the “Glossary of Terms” in this Offering Circular.

<b>1. Issuer</b>	Cebu Country Club (the “ <b>Club</b> ” or the “ <b>Issuer</b> ”), a company incorporated under the laws of the Philippines
<b>2. Instrument</b>	Thirty (30) Corporate Proprietary Ownership Certificates (“ <b>CPOCs</b> ”) to be issued from the unissued fifty (50) CPOCs authorized in the Eighth Article of the Club’s Amended Articles of Incorporation
<b>3. Basis of Offer</b>	<p>As of the date of this Offering, the CPOCs have not been registered with the Securities and Exchange Commission (“<b>SEC</b>”).</p> <p>However, upon application by the Club, the SEC issued Markets and Securities Regulation Department (“<b>MSRD</b>”) Order No. 66, Series of 2022 dated September 7, 2022 where it was stated that the Commission <i>En Banc</i> in its meeting held on September 6, 2022 approved the application for exemption from registration under Section 10.2 of the SRC of the Club’s proposed issuance to various corporations of thirty (30) CPOCs subject to compliance by the Club with certain conditions (“<b>Confirmation of Exemption</b>”).</p>

<p><b>4. Offerees</b></p>	<p>The Club will issue thirty (30) CPOCs to be sold to pre-selected corporations only. Please see below section on “<i>Procedure for Selection of Subscribers</i>” and “<i>Plan of Distribution</i>”.</p>								
<p><b>5. Offer Period</b></p>	<p>The Club intends to offer the CPOCs to pre-selected corporations within four (4) months from March 10, 2023, subject to extensions from time to time as may be notified in writing by the Club to the SEC.</p>								
<p><b>6. Issue Price and Terms of Payment; Termination Grounds</b></p>	<p>The issue price for each of the thirty (30) CPOCs is ₱25,000,000.00 (the “<b>Issue Price</b>”).</p> <p>The Issue Price will be paid on installment basis as set out below:</p> <table border="1" data-bbox="683 766 1367 1008"> <thead> <tr> <th data-bbox="683 766 1023 835">Frequency</th> <th data-bbox="1023 766 1367 835">Amount of Installments</th> </tr> </thead> <tbody> <tr> <td data-bbox="683 835 1023 869">First Installment</td> <td data-bbox="1023 835 1367 869">₱6,250,000.00</td> </tr> <tr> <td data-bbox="683 869 1023 972">Next Monthly Installments for thirty (30) months</td> <td data-bbox="1023 869 1367 972">₱625,000.00</td> </tr> <tr> <td data-bbox="683 972 1023 1008"><b>Total</b></td> <td data-bbox="1023 972 1367 1008"><b>₱25,000,000.00</b></td> </tr> </tbody> </table> <p>The relevant subscription agreement (the “<b>Subscription Agreement</b>”) to be executed by a CPOC subscriber (such subscriber including any transferee of subscription rights, the “<b>Subscriber</b>”) will contain the following provisions:</p> <ul style="list-style-type: none"> <li>(a) The Issue Price shall be paid through monthly installments based on the schedule above.</li> <li>(b) The First Installment in the amount of ₱6,250,000.00 shall be payable on the Deadline indicated in the Invitation Letter.</li> <li>(c) The succeeding monthly installments of ₱625,000.00 each shall be payable by post-dated checks dated on the first (1<sup>st</sup>) day of each month following the month of the payment of the First Installment.</li> <li>(d) The CPOC subscriber shall issue and deliver to the Club: <ul style="list-style-type: none"> <li>(i) On the Deadline indicated in the Invitation Letter, the First Installment (the “<b>First Monthly Installment Check</b>”), and</li> </ul> </li> </ul>	Frequency	Amount of Installments	First Installment	₱6,250,000.00	Next Monthly Installments for thirty (30) months	₱625,000.00	<b>Total</b>	<b>₱25,000,000.00</b>
Frequency	Amount of Installments								
First Installment	₱6,250,000.00								
Next Monthly Installments for thirty (30) months	₱625,000.00								
<b>Total</b>	<b>₱25,000,000.00</b>								

- (ii) the post-dated checks covering the remaining payments for the Issue Price (the “**Subsequent Monthly Installment Checks**”).

For the avoidance of doubt, the First Monthly Installment Check shall be deposited to the account of the Club immediately upon receipt thereof or soon thereafter. The Subsequent Monthly Installment Checks shall be deposited to the account of the Club pursuant to the schedule of the monthly installments.

The above shall be without prejudice to the Club and the Subscriber agreeing to other modes of payment (including one hundred percent (100%) cash payment at subscription or other amounts of installments) at any time, provided that any such arrangement shall not be less advantageous to the Club or the deviation has been approved by the Board of Directors of the Club.

- (e) The Club and the Subscriber agree that the Club shall be given a period of four months from March 10, 2023 within which to sell all thirty (30) CPOCs, and if upon expiry of such period (the “**Sunset Date**”) the Club shall have been unable to sell all 30 CPOCs, the Club shall have the option to:

- (i) terminate the subscription agreement, or
- (ii) agree to the resetting of the Sunset Date to give the Club additional period within which to complete the sale of all thirty (30) CPOCs.

In the event of termination pursuant to this clause, the Club shall return to the Subscriber the payments received by the Club thus far, without any interest.

- (f) In the event of a payment default by the Subscriber, the Club through its Board of Directors shall have the discretion to enter into a compromise agreement with the defaulting Subscriber. In case the Club and the defaulting Subscriber fail to agree on a compromise agreement for the full payment of the Issue Price, the Club shall have the right to terminate the Subscription Agreement, forfeit all payments that have been previously made, and sell the CPOC

	<p>subscription rights to another corporation. If the Subscription Agreement is terminated pursuant to this clause, the Club shall have no obligation to return or refund to the previous Subscriber any amounts as it may have previously paid notwithstanding the sale of the CPOC subscription.</p> <p>For purposes of this paragraph, “payment default” shall include (i) the installment checks not being cleared for any reason (including without limitation, drawn against insufficient funds or a stop payment order) upon its deposit by the Club, or (ii) otherwise, the failure to pay any installment due on the relevant due date.</p> <p>In addition to the termination grounds set out above, in the event of any material inaccuracy in the representations and warranties of the Subscriber as set out in the Subscription Agreement (including the Investor Representation Letter) and such inaccuracy is inimical to the interest of the Club, as may be reasonably determined by the Board of Directors of the Club, the Club through its Board of Directors shall have the discretion to enter into a compromise agreement with the Subscriber to correct or otherwise address such inaccuracy. In case the Club and the Subscriber fail to agree on a compromise agreement to correct or otherwise address such inaccuracy, the Club shall have the right to terminate this Agreement, forfeit all payments that have been previously made, and sell the CPOC subscription rights to another corporation. If the Subscription Agreement is terminated pursuant to this clause, the Club shall have no obligation to return or refund to the previous Subscriber any amounts as it may have previously paid notwithstanding the sale of the CPOC subscription.</p> <p>Documentary stamp tax and all other taxes, if any, arising from the execution of the Subscription Agreement and the issuance of the CPOCs, and the registration fee, shall be for the account of and shall be paid by the Subscriber.</p>
<p><b>7. Procedure for the Selection of Subscribers</b></p>	<p>The CPOCs will, as a matter of priority, be sold by the Club to corporations of which Proprietary Members or registered owners of POCs not members of the Club are stockholders.</p> <p>First priority to buy CPOCs will go to the Proprietary Members and the registered owners of POCs, who are not members, each of whom shall have the right to</p>

	<p>nominate a corporation which can be a subscriber of the CPOCs.</p> <p>As there may be more than thirty (30) willing buyers in that group, a raffle was conducted to determine who will be entitled to subscribe for CPOCs. The raffle determined the order of priority at which the corporations will be offered to subscribe for CPOCs.</p> <p>If there are still CPOCs left to be sold and there are no more buyers from the first priority group willing and ready to buy a second or third CPOC, the next priority will go to the Assignee Members (lessees of POCs). Again, the raffle method will be conducted if there are more buyers than the CPOCs available for sale. Again, the said raffle will determine the order of priority at which the corporations will be offered to subscribe for CPOCs.</p> <p>If the thirty (30) CPOCs are still not sold out, the Board of Directors is authorized to sell the remaining CPOCs to reputable corporations as may be approved by it.</p> <p>In no case will the holders of the CPOCs exceed the number of CPOCs covered by the Confirmation of Exemption.</p>
<p><b>8. Requirements</b></p>	<p>Once a potential buyer has been picked during the raffle, the Club will give such potential buyer a reasonable period of time indicated in the Invitation Letter within which to submit the following requirements:</p> <ul style="list-style-type: none"> <li>(a) Three (3) originals of the application to purchase in the form to be provided by the Club to prospective Subscribers;</li> <li>(b) Five (5) originals of the duly executed and notarized Subscription Agreement the form to be provided by the Club to prospective Subscribers;</li> <li>(c) Three (3) originals of the duly executed Investor Representation Letter the form to be provided by the Club to prospective Subscribers;</li> <li>(d) Three (3) originals of the duly notarized board resolution or corporate secretary's certificate of the Company attesting to the approvals by the Board of Directors and stockholders of the Company, authorizing the subscription of the CPOC and membership with the Club and certifying the authorized signatories to execute the Subscription Agreement and other relevant</li> </ul>

documents, together with copies of the following documents relating to the applicant corporation:

- (i) Certificate of Incorporation;
  - (ii) Latest Amended Articles of Incorporation and By-Laws; and
  - (iii) Latest General Information Sheet as filed with the SEC;
- (e) The First Monthly Installment Check and the post-dated Subsequent Monthly Installment Checks each in amounts, with dates and in the new check format as required under the Invitation Letter. The First Monthly Installment Check and Subsequent Monthly Installment Checks are made/payable to the order of "CEBU COUNTRY CLUB, INC." and drawn against a bank in Cebu City or Cebu province;
- (f) The check for the documentary stamp tax in the amount of ₱250,000.00 also dated on or before the Deadline, made/payable to the order of "CEBU COUNTRY CLUB, INC.", in new check format and drawn against a bank in Cebu City or Cebu province; and
- (g) The check for the registration fee in the amount of ₱15,000.00 also dated on or before the Deadline, made/payable to the order of "CEBU COUNTRY CLUB, INC.", in new check format and drawn against a bank in Cebu City or Cebu province.

An applicant corporation should ensure compliance with the requirements set out in the invitation letter from the Club.

In the event that a corporation whose name was picked during the raffle and who was notified of such fails to deliver the complete requirements within a reasonable period given by the Club (or such other period as may be approved by the Board of Directors of the Club), or in case of dishonor of the First Monthly Installment Check or the check for the documentary stamp tax or registration fee delivered by such corporation to the Club, or a corporation's written indicated provided to the Club that it will not be subscribing for a CPOC or other similar language, the offer by the Club to such corporation shall be considered automatically revoked and the Club shall be authorized to move on to the next corporation in the list as determined during the raffle and to make an offer to another corporation in replacement of the corporation

	<p>to whom the offer was previously made. The Club shall also have the rights and remedies indicated in the terms and conditions of the CPOCs in case of dishonor of any of the Subsequent Monthly Installment Checks.</p>
<p><b>9. Procedure or Guidelines on the Sale, Assignment, Transfer or Disposition of the CPOCs Acquired by a Holder</b></p>	<p>Prior to full payment of the Issue Price of ₱25,000,000.00, a Subscription Agreement may be assigned to another corporation acceptable to the majority of the Board of Directors of the Club.</p> <p>After full payment of the Issue Price to the Club, and of the documentary stamp tax and all other taxes, if any, by the Subscriber, the CPOC will be issued immediately in the name of the Subscriber. <b>However, CPOCs once fully paid are subject to a two (2)-year holding period counted from the thirtieth (30<sup>th</sup>) month following the date of the fully executed Subscription Agreement for the relevant CPOC, which is the date when the Club has signed such Subscription Agreement, such that during such period, the Subscriber shall not have the right to transfer, assign, dispose or encumber the CPOCs.</b></p> <p>An owner/holder of a CPOC (also the Corporate Member as such term is defined below) may sell or dispose the CPOC after the expiration of the holding period, to any corporation of its choice.</p> <p>All assignments or transfers of CPOCs shall become effective and binding upon the Club:</p> <ol style="list-style-type: none"> <li>(1) if such transfer is made to another corporation;</li> <li>(2) only upon registration and recording thereof in its corporate books</li> </ol> <p>Any such sale, assignment or transfer may be registered in the corporate books of the Club upon the submission of the following requirements to the Corporate Secretary of the Club:</p> <ol style="list-style-type: none"> <li>(a) the original CPOC subject of the sale, assignment or transfer;</li> <li>(b) a duly notarized transfer document which may be in the form of a Deed of Assignment or Deed of Sale;</li> <li>(c) where applicable, a Corporate Secretary's Certificate attesting to the fact that majority of the Board of Directors of the Club have approved of</li> </ol>

	<p>such assignment or sale;</p> <p>(d) proof of payment of any and all taxes in respect of the sale, assignment or transfer, and a BIR clearance or Certificate Authorizing Registration;</p> <p>(e) a duly notarized board resolution or corporate secretary's certificate of the transferor attesting to the corporate approvals authorizing the transfer of its CPOC and certifying the authorized signatories to execute such transfer document; and</p> <p>(f) a duly notarized board resolution or corporate secretary's certificate of the transferee attesting to the corporate approval authorizing the purchase or acquisition of the CPOC and membership with the Club and certifying the authorized signatories to execute such transfer document.</p> <p>The Club may require such other standard documents from the transferee in connection with its membership in the Club.</p> <p>Once the aforementioned requirements are duly complied with to the satisfaction of the Club, the latter will record the sale, transfer or assignment in its corporate books and issue a new CPOC in the name of the transferee after cancelling the old CPOC.</p>
<p><b>10. Other Relevant Terms and Conditions</b></p>	<p>(a) <u>Corporate Membership and Nominees</u> - Payment of the first installment, which means the deposit and subsequent clearance of the First Monthly Installment Check, will automatically make the original Subscriber of the CPOC a corporate member of the Club ("<b>Corporate Member</b>"), without the payment of entrance fee and will entitle such corporation to appoint its <u>first</u> Nominee "A" who shall be a natural person and who will also not be subject to an entrance fee. The Corporate Member shall only be entitled to appoint its second nominee upon full payment of its CPOC. Both representatives/nominees who are natural persons shall undergo the same membership procedure applicable to all prospective members of the Club and be approved by the Board of Directors of the Club before being granted the rights and privileges of a member of the Club.</p> <p>A Corporate Member shall have the discretion as to when it shall appoint its two (2) nominees.</p>



Appointment can be done either simultaneously or one after the other. A Corporate Member shall also have the discretion to replace its nominees at any time by notifying the Club.

The two nominees will be classified as Nominee "A" and Nominee "B". Nominee "A" shall have the same rights and privileges as that of Proprietary Members and therefore may become a voting member if voted to be such by a unanimous vote of the Board of Directors of the Club or otherwise in accordance with the Club's By-laws. Nominee "B" shall have the same rights and privileges of an Assignee Member meaning that he/she will be granted only the rights and privileges of use of the Club facilities and cannot become a voting member.

The representatives/members do not have proprietary rights as such belongs to the Corporate Member which appointed them. However, Nominees "A" will be the official representatives of the nominating Corporate Member and shall be deemed authorized to act for and in behalf of the Corporate Member that nominated him and all his acts are officially and legally binding on the said Corporate Member.

- (b) Club Dues and Other Financial Obligations- A Corporate Member shall immediately start paying the Club the equivalent of the monthly dues, special assessments and maintenance fees that POC owners/members are paying to the Club, including increases thereof that the Club may impose from time to time.

Each Corporate Member guarantees to the Club the payment of all obligations of its nominees. A CPOC may be foreclosed and sold at public auction in case of non-payment of obligations and/or the obligations of any of its nominees.

Each nominee and their replacements are subject to entrance fees upon acceptance by the Club as such, except the first Nominee "A" who shall be exempt. Subsequent replacements shall already be subject to entrance fees.

- (c) Sale, Disposition or Transfer - Upon the sale or transfer of a CPOC, the seller thereof will automatically cease to be a Corporate Member,

except in cases when the Corporate Member has other subsisting CPOCs under its name, and its nominees will also suffer the same fate.

(d) Secondary Purchasers of CPOCs –

(i) Obligations of a Buying Corporation

A “Buying Corporation” is a corporation that has procured or obtained its CPOC from a Corporate Member and not from an original issuance of the Club.

The Deed of Sale or Transfer of CPOC to the Buying Corporation shall contain a provision that upon registration of the CPOC under the Buying Corporation’s name, the latter shall be automatically liable to pay all dues and fees payable to club pursuant to the ownership of the CPOC.

Any Deed of Sale or Transfer of the CPOC without the foregoing provision shall be void and shall not be binding to the Club.

(ii) Membership of a Buying Corporation

The Buying Corporation shall not have an automatic membership to the Club. However, the said corporation is qualified to apply for Club membership.

In case of approval of the Buying Corporation’s application for membership to the Club, it becomes a Corporate Member after paying the entrance fee and is entitled to all the rights of a Corporate Member. Its nominees and their replacements shall have to undergo the same membership procedure applicable to all prospective members of the Club. Its first Nominee “A” will be exempt from entrance fees but his succeeding replacements will already have to pay entrance fee. Nominee B and replacements have to pay entrance fee at all times.

(iii) Warranties of a Buying Corporation

A Buying Corporation guarantees to the Club the payment of all obligations of its nominees. Its CPOC may be foreclosed and sold at public auction in case of non-payment of obligations

	<p>and/or the obligations of any of its nominees.</p> <p>(e) <u>Dissolution</u> - In case of dissolution, a holder of one CPOC will share equally with a holder of one POC in the assets of the corporation and vice-versa. Hence, upon dissolution and assuming full issuance of all 50 CPOCs (and no other subsequent issuances as may authorized under the Articles of Incorporation), a holder of one CPOC will be entitled to 1/850 of the assets of the Club, just like a holder of POC, after settlement of the other obligations of the Club. However, nothing in these terms and conditions shall be construed as a restriction on the rights of the Club to approve at any time an amendment to its Articles of Incorporation authorizing it to issue additional POCs and CPOCs and seek the approval of the SEC on such amendment.</p> <p>(f) <u>Other Terms and Conditions</u>- Please see "<u>Description of the Securities; Membership in the Club</u>" for the additional terms and conditions attaching to the CPOCs and the Corporate Membership.</p>
<p><b>11. Use of Proceeds</b></p>	<p>The proceeds of the sale/disposition by the Club of the CPOCs will be used for the redevelopment of its clubhouse including (i) the construction of a new clubhouse and additional facilities, and (ii) the renovation and overhaul of its golf course including the construction of a golf driving range.</p> <p>Please see below section on "<u>Use of Proceeds</u>" which discusses in detail the intended use of proceeds that may be received by the Club from the issuance of the CPOCs.</p>
<p><b>12. Taxation</b></p>	<p>The Subscriber or Holder shall be responsible for all taxes in relation to its purchase, ownership or disposition of CPOCs.</p> <p>The following discussion describes the principal Philippine tax consequences, as of the date of this Offering Circular, of the purchase, ownership, and disposition of Certificates in the Club. The discussion below does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the CPOCs. Moreover, the discussion below is merely for information and shall not be binding on the Club, as there may be tax or tax rates applicable to an investor and the tax regulations are subject to change from time to time.</p>

As used herein, the terms (1) "domestic corporation" means a corporation organized and existing under Philippine laws; and (2) "Philippine resident" means (a) an individual, whether or not a citizen of the Philippines, who is actually present in the Philippines not merely as a transient or sojourner as this term is defined by relevant Philippine regulations, and (b) a corporation which is engaged in trade or business in the Philippines.

#### Capital Gains Tax

In general, a final tax is imposed on net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold or disposed of through the stock exchange at the rate of 15% per the TRAIN Law effective January 1, 2018 and the CREATE Act effective April 11, 2021. This applies to individuals or corporations, regardless of whether such holder is a resident of the Philippines or not.

#### Documentary Stamp Tax

Under the National Internal Revenue Code, as amended, documentary stamp tax on the original issuance of shares is payable at the rate of ₱2.00 for every ₱200.00, or fraction thereof, based on the par value and in the case of the original issuance of shares without par value, on the actual consideration for the original issuance of such shares.

Documentary stamp tax on the sale, agreement to sell or transfer of shares is payable at the rate of ₱1.50 for every ₱200.00, or a fraction thereof based on the par value of the shares and in the case of shares of stock without par value, the documentary stamp tax is equal to 50% of the documentary stamp tax paid upon the original issue of such shares.

The Company believes that the documentary stamp tax on the CPOCs shall be based on the rates indicated above. Accordingly, the documentary stamp tax for every issuance of CPOC with the Issue Price of ₱25,000,000.00 shall be ₱250,000.00. Documentary stamp tax shall be for the account of the Subscriber.

Note that there may be other taxes applicable in respect of the other payments that will be made by a Subscriber or Holder to the Club.

## PLAN OF DISTRIBUTION

### Basis of Offer: Confirmation of Exemption

As of the date of this Offering, the CPOCs have not been registered with the SEC. However, upon application by the Club, the SEC issued MSRD Order No. 66, Series of 2022 dated September 7, 2022 where it was stated that the Commission *En Banc* in its meeting held on September 6, 2022 approved the application for exemption from registration under Section 10.2 of the SRC of the Club's proposed issuance to various corporations of thirty (30) CPOCs subject to compliance by the Club with certain conditions ("**Confirmation of Exemption**").

The Confirmation of Exemption provides the following conditions for the issuance to various corporations of the Club's thirty (30) CPOCs:

1. The Club shall register all the CPOCs and the POCs already issued after the issuance of the exemption since the registration is required by law it being necessary in the public interest or for the protection of the investors.
2. Submission of an undertaking in accordance with Item 4 of Part C. Request for Confirmation of Exemption of CPOC in its letter dated 25 July 2022
3. Submission of an undertaking to file a registration statement with the CGFD for the registration of its eight hundred (800) outstanding POCs within sixty (60) days from the issuance of Confirmation of Exemption by the Commission.
4. Submission of the final list of offerees of CPOCs.
5. Specify under the Investor Representation Letter the following risks:
  - a. Limited information due to the non-registration of securities;
  - b. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities;
  - c. Past performance is not a guide to future performance;
  - d. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
  - e. An investor deals in a range of investments each of which may carry a different level of risk.
  - f. Prudence is required in undertaking research and study of the Club's CPOC. It may request information on the securities and the Issuer.
  - g. An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in.
6. To make available to investors through the investor's agreement and periodic disclosure to the Commission through the following:
  - a. Issuer;
  - b. Business operations;

- c. Financial condition;
  - d. Governance principles and practices;
  - e. Use of investor funds; and
  - f. Other appropriate matters.
7. Submission of Offering Circular with the following information disclosed:
- a. Summary and risk factors;
  - b. Plan of Distribution and Selling Security Holders, if any;
  - c. Use of Proceeds;
  - d. Description of Business;
  - e. Description of Property;
  - f. Management Discussion and Analysis;
  - g. Directors, Executive Officers and Significant Employees;
  - h. Compensation of Directors and Executive Officers;
  - i. Security ownership of management and certain security holders;
  - j. Interest of management and others in certain transactions;
  - k. Securities being offered;
8. Publish in the Club's website its Audited Financial Statements with a three-year period and GIS for the last three years;
9. Comply with all the additional requirements that the Commission may prescribe.

The Confirmation of Exemption likewise states that any future offer or sale thereof is subject to the registration requirement of the SRC unless such offer or sale qualifies as an exempt transaction.

It also states that the granting of the application is without prejudice to the prerogative of the Commission to act later against the Club for the violation it committed for the issuance of unregistered POCs, if warranted, to ensure full compliance with the provisions of the SRC, its implementing rules and regulations, and other pertinent laws, rules and regulations, as may be necessary and applicable under the circumstances.

In relation to conditions 1 to 3, the Club has not filed yet with the SEC the application for registration of its outstanding POCs and the thirty (30) CPOCs subject of this Offering Circular, but it submitted on October 28, 2022 an undertaking to file a registration statement with the SEC CGFD for the registration of its outstanding POCs and such number of CPOCs as may be applicable. In the said undertaking, the Club also requested the SEC MSRD for an extension of time within which to file the registration statement or until June 30, 2023. The Club is still awaiting the SEC MSRD's official response to the said request for extension of time.

In relation to condition 4, the Club has submitted a list of offerees to the SEC. Conditions 5 and 7 have been complied with. The requirement to disclose from time to time as set out in condition 6 is already covered by an undertaking submitted to the SEC. In compliance with condition 8, the Club's website its Audited Financial Statements with a three-year period and GIS for the last three years are available at the Club's website: <https://cebucountryclub.com/>.

## **Offer Period**

The Offer Period shall commence on March 10, 2023 and shall run four months thereafter, during which the CPOCs will be offered for sale to corporations, subject to extensions from time to time as may be notified in writing by the Club to the SEC.

The Club conducted a raffle to determine the order by which the Club will offer to corporations the option to subscribe for Offer Shares and will then make the offer and give the potential buyers a period within which to comply with the applicable requirements.

For this purpose, the

## **Procedure for the Selection of Subscribers**

The CPOCs will, as a matter of priority, be sold by the Club to corporations of which members or registered owners of POCs not members of the Club are stockholders.

First priority to buy CPOCs will go to the Proprietary Members and the registered owners of POCs, who are not members, each of whom shall have the right to nominate a corporation which can be a subscriber of the CPOCs.

As there may be more than thirty (30) willing buyers in that group, a raffle was conducted to determine who will be entitled to subscribe for CPOCs. The raffle determined the order of priority at which the corporations will be offered to subscribe for CPOCs.

If there are still CPOCs left to be sold, second priority will go to the Assignee Members (lessees of POCs). Again, the raffle method will be conducted if there are more buyers than the CPOCs available for sale. Again, the said raffle will determine the order of priority at which the corporations will be offered to subscribe for CPOCs.

If the thirty (30) CPOCs are still not sold out, the Board of Directors is authorized to sell the remaining CPOCs to reputable corporations as may be approved by it.

In no case will the holders of the CPOCs exceed the number of CPOCs covered by the Confirmation of Exemption.

The Club will not engage the services of underwriters or selling agents.

## **Requirements**

Once a potential buyer has been picked during the raffle, the Club will give such potential buyer a reasonable period within which to submit the following requirements:

- (a) Three (3) originals of the application to purchase a CPOC;
- (b) Five (5) originals of the duly executed and notarized Subscription Agreement;
- (c) Three (3) originals of the duly executed investor representation letter;
- (d) Three (3) originals of the duly notarized board resolution or corporate secretary's certificate of the Company attesting to the approvals by the Board of Directors and

stockholders of the Company, authorizing the subscription of the CPOC and membership with the Club and certifying the authorized signatories to execute the Subscription Agreement and other relevant documents, together with copies of the following documents relating to the applicant corporation:

- (i) Certificate of Incorporation;
  - (ii) Latest Amended Articles of Incorporation and By-Laws; and
  - (iii) Latest General Information Sheet as filed with the Securities and Exchange Commission of the Philippines;
- (e) The First Monthly Installment Check and the post-dated Subsequent Monthly Installment Checks each in amounts, with dates and in the new check format as required under the Invitation Letter. The First Monthly Installment Check and Subsequent Monthly Installment Checks are made/payable to the order of "CEBU COUNTRY CLUB, INC." and drawn against a bank in Cebu City or Cebu province;
- (f) The check for the documentary stamp tax in the amount of ₱250,000.00 also dated on or before the Deadline, made/payable to the order of "CEBU COUNTRY CLUB, INC.", in new check format and drawn against a bank in Cebu City or Cebu province; and
- (g) The check for the registration fee in the amount of ₱15,000.00 also dated on or before the Deadline, made/payable to the order of "CEBU COUNTRY CLUB, INC.", in new check format and drawn against a bank in Cebu City or Cebu province.

An applicant corporation should ensure compliance with the requirements set out in the invitation letter from the Club.

In the event that a corporation whose name was picked during the raffle and who was notified of such fails to deliver the complete requirements within a reasonable period given by the Club (or such other period as may be approved by the Board of Directors of the Club), or in case of dishonor of the First Monthly Installment Check or the check for the documentary stamp tax or registration fee delivered by such corporation to the Club, or a corporation's written indicated provided to the Club that it will not be subscribing for a CPOC or other similar language, the offer by the Club to such corporation shall be considered automatically revoked and the Club shall be authorized to move on to the next corporation in the list as determined during the raffle and to make an offer to another corporation in replacement of the corporation to whom the offer was previously made. The Club shall also have the rights and remedies indicated in the terms and conditions of the CPOCs in case of dishonor of any of the Subsequent Monthly Installment Checks.

The Club shall have full discretion, without any obligation to give any reason, to reject or accept any offer or counteroffer to subscribe for CPOCs. In addition to the dishonor of any of the First Monthly Installment Check or check for the documentary stamp tax or registration fee, another possible ground for rejection (among other grounds) of an offer by an applicant corporation is when the applicant corporation has no stockholder who is currently a holder of a Proprietary Ownership Certificate or a proprietary member of the Club. In this connection, the deposit by the Club to its account of the First Monthly Installment Check or check for the documentary stamp tax or registration fee, or the execution by the applicant corporation of the Application to Purchase or the Subscription Agreement, shall not be deemed to give rise to a contract binding on the Club until and unless the Club has accepted the applicant corporation's offer to subscribe a CPOC. In case of acceptance of an application, the Club shall inform the applicant



corporation in writing and provide it with a copy of the fully executed Subscription Agreement. In case of rejection, the Club shall return to the applicant corporation whose application has been rejected any amounts as may have been received by the Club in connection with the application and other relevant documents.

The Club reserves the right to revise the timetable at any time and will advise you as soon as practicable of any changes.

The terms and conditions of the Offer and the CPOCs were formulated on the basis of prevailing financial market conditions. Should these conditions materially change, the Club reserves the right to amend the terms and conditions prior to its execution of the Subscription Agreements. In case of change to the terms and conditions prior to the Club's execution of the Subscription Agreements, any Application to Purchase as may have been submitted prior to such date will be considered cancelled and the relevant documents will be returned to the applicant corporation, which may submit a new Application to Purchase on the basis of such amended terms and conditions within the deadlines set out in the communication relating to such amended terms and conditions.

### **Issue Price and Terms of Payment**

The Issue Price for each of the thirty (30) CPOCs is ₱25,000,000.00.

The Issue Price will be paid on installment basis as set out below:

<b>Frequency</b>	<b>Amount of Installments</b>
First Installment	₱6,250,000.00
Next Monthly Installments for thirty (30) months	₱625,000.00
<b>Total</b>	<b>₱25,000,000.00</b>

The Subscription Agreement to be executed by a Subscriber will contain the following provisions (among other provisions):

- (a) The Issue Price shall be paid through monthly installments based on the schedule above.
- (b) The First Installment in the amount of ₱6,250,000.00 shall be payable on the Deadline indicated in the Invitation Letter.
- (c) The succeeding monthly installments of ₱625,000.00 each shall be payable by post-dated checks dated on the first (1<sup>st</sup>) day of each month following the month of the payment of the First Installment.
- (d) The CPOC subscriber shall issue and deliver to the Club:
  - (i) On the Deadline indicated in the Invitation Letter, the First Monthly Installment Check, and
  - (ii) the Subsequent Monthly Installment Checks.

For the avoidance of doubt, the First Monthly Installment Check shall be deposited to the account of the Club immediately upon execution of the Subscription Agreement. The Subsequent Monthly Installment Checks shall be deposited to the account of the Club pursuant to the schedule of the monthly installments or on or after the dates of the said checks.

The above shall be without prejudice to the Club and the Subscriber agreeing to other modes of payment (including one hundred percent (100%) cash payment at subscription or other amounts of installments), provided that any such arrangement shall not be less advantageous to the Club or the deviation has been approved by the Board of Directors of the Club.

- (e) The Club and the Subscriber agree that the Club shall be given a period of four months from the Deadline within which to sell all thirty (30) CPOCs, and if upon expiry of such period (the “**Sunset Date**”) the Club shall have been unable to sell all 30 CPOCs, the Club shall have the option to:
  - (i) terminate the subscription agreement, or
  - (ii) agree to the resetting of the Sunset Date to give the Club additional period within which to complete the sale of all thirty (30) CPOCs.

In the event of termination pursuant to this clause, the Club shall return to the Subscriber the payments received by the Club thus far, without any interest.

- (f) In the event of a payment default by the Subscriber, the Club through its Board of Directors shall have the discretion to enter into a compromise agreement with the defaulting Subscriber, provided that such agreement shall not be disadvantageous to the Club and not unfair to the other Subscribers. In case the Club and the defaulting Subscriber fail to agree on a compromise agreement for the full payment of the Issue Price, the Club shall have the right to terminate the Subscription Agreement, forfeit all payments that have been previously made, and sell the CPOC subscription rights to another corporation. If the Subscription Agreement is terminated, the Club shall have no obligation to return or refund to the previous Subscriber any amounts as it may have previously paid notwithstanding the sale of the CPOC subscription.

For purposes of this paragraph, “payment default” shall include (i) the installment checks not being cleared for any reason (including without limitation, drawn against insufficient funds or a stop payment order) upon its deposit by the Club, or (ii) otherwise, the failure to pay any installment due on the relevant due date.

Documentary stamp tax and all other taxes, if any, arising from the execution of the Subscription Agreement and the issuance of the CPOCs shall be for the account of the Subscriber (or the Transferee, as the case may be).

## **USE OF PROCEEDS**

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Following the offer and sale of the thirty (30) CPOCs, the Club expects to receive the amount of ₱750.00million after fees and expenses over a course of more than thirty (30) months in light of the installment scheme for the settlement of the Offer Price.

The entirety of the proceeds will be used to finance the Project, i.e., for the redevelopment of its clubhouse including (i) the construction of a new clubhouse and additional facilities, and (ii) the renovation and overhaul of its golf course including the construction of a golf driving range. All other expenses related to the Project such as architectural fees, registration fees and all other expenses will be sourced from the operational income of the Club and its savings.

The table below shows the estimated breakdown of the proceeds of the Offer:

<u>Purpose</u>	<u>Amount Allocated</u>	<u>Disbursement</u>
Estimated Cost of Construction of New Clubhouse and Additional Facilities	₱491,901,000.00	Over the course of thirty-one (31) months from complete receipt of all the First Installments
Estimated cost of golf course renovation	258,099,000.00	Over the course of thirty-one (31) months from complete receipt of all the First Installments
<u>Total budgeted expenditure</u>	<u>₱750,000,000.00</u>	

The foregoing schedule represents a best estimate of the use of proceeds of the sale of the 30 CPOCs based on the Club's current plans and anticipated expenditures. The Club's cost estimates may change as the plans for the Project are developed further, and the Club may have to reallocate the amounts among the different expense items, and between sub-projects.

Pending the deployment of the proceeds from the Offer, the Issuer intends to invest such net proceeds in short-term liquid investments including, but not limited to, bank deposits which are expected to earn at prevailing market rates.

None of the proceeds will be used to reimburse any officer, director, employee, or Holder for service rendered, assets previously transferred, money loaned or advance or otherwise.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Club's current plans and anticipated expenditures. In the event there is any change in the Club's current plans, including force majeure, market conditions and other circumstances, the Club will carefully evaluate the situation and may reallocate the proceeds at the discretion of the Club's management. The Club's cost estimates may also change as plans are developed further. For these reasons, timing and actual use of the net proceeds, and estimates, may vary from the foregoing discussion.

Any material deviation, reallocation, or adjustment in the planned use of proceeds, as indicated above, will be approved by the Board of Directors of the Club and duly disclosed to the SEC.

## **DESCRIPTION OF THE SECURITIES AND MEMBERSHIP IN THE CLUB**

*The following discussion does not purport to be a complete listing of all the rights, obligations, or privileges of the CPOCs. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective buyers of CPOCs are enjoined to carefully review the Articles of Incorporation and By-laws (each as amended to date), resolutions of the Board of Directors of the Club, the company disclosures, the information contained in this Offering Circular, the Subscription Agreement, and any other agreements or documents relevant to the Offer.*

*Prospective buyer of the CPOCs should perform their own independent investigation and analysis of the Club and the CPOCs. Prospective holders of the CPOCs should make their own appraisal of the Club and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or on the significance, adequacy or accuracy of any information contained herein. The information and data contained in the “Description of the Securities; Membership in the Club” are not a substitute for the prospective Holder’s independent evaluation and analysis. Prospective Holders of the CPOCs are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the CPOCs being offered.*

### **Number of POCs and CPOCs Authorized**

As set out in the Eighth Article of the Club’s Amended Articles of Incorporation, POCs shall not be issued in excess of eight hundred (800), each of which represents an equal pro-rata equity in the net assets of the corporation and entitles the holder/owner thereof to apply for membership with the Club and if accepted shall have the privilege and the right to use the facilities of the Club subject to its existing rules and regulations including amendments, changes or additions thereto that its Board of Directors may promulgate from time to time. CPOCs may likewise be issued not to exceed fifty (50), each of which represents an equal pro-rata equity in the net assets of the corporation counted, collated, and computed together with the eight hundred (800) POCs.

The Club has already issued all eight hundred (800) POCs as authorized under its Amended Articles of Incorporation, and accordingly, there are eight hundred (800) outstanding POCs.

As of the date of this Offering Circular, there are no outstanding CPOCs yet. The Club plans to offer and issue thirty (30) CPOCs from the available fifty (50) CPOCs which it is authorized to issue based on the Eighth Article of its Articles of Incorporation but subject to compliance with applicable law. The thirty (30) CPOCs will have an issue price of ₱25.0 million each and an aggregate issue price of ₱750.0 million.

As may be determined by the Board of Directors, the Club may issue the twenty (20) remaining CPOCs subject to the Club complying with applicable laws. Nothing in the terms and conditions of the CPOCs shall be construed as a restriction on the rights of the Club to approve at any time an amendment to its Articles of Incorporation authorizing it to issue additional POCs and CPOCs and seek the approval of the SEC on such amendment. Thus, there will be potential dilution in the inchoate interest or equity interest of a CPOC holder in the net assets of the Club at dissolution in case additional CPOCs (and/or POCs) are issued by the Club.

## **Holders**

POCs shall be held by an individual or a corporation. Each POC shall be entitled one (1) Usage Right. However, if the POC is unused it may be assigned to an individual person who applies for Assignee membership with the Club in the manner set forth in the By-laws of the Club.

CPOCs shall be held by a corporation only. All corporations holding an originally Club-issued CPOC will immediately become a Corporate Member of the Club entitled to nominate two individual persons who when admitted to the Club will be accorded Usage Rights. A Corporate Member's Nominee "A" shall have the same rights and privileges as that of Proprietary Members and therefore may become a voting member if voted to be such by a unanimous vote of the Board of Directors of the Club or otherwise in accordance with the Club's By-laws. Nominee "B" shall have the same rights and privileges of an Assignee Member meaning that he/she will be granted only the rights and privileges of use of the Club facilities and cannot become a voting member.

## **Voting Rights**

Cebu Country Club, Inc. pursuant to its By-laws have Voting Proprietary Members and Non-Voting Proprietary Members. The former are entitled to vote in all affairs of the corporation while the latter are entitled to vote only in those specific issues granted to the by law. This is well defined in its 2014 and prior By-laws of the Club, Article III, Sections 1 & 2 of which reads:

### **Article III Voting Rights**

Section 1. Person Exercising Voting Rights - All present full resident members of the Cebu County Club, Inc., each of whom has elected to purchase a Proprietary Ownership Certificate and to pay for the same within the period allowed therefore, shall be entitled to one vote in all affairs of the corporation and shall be designated as a "Voting Proprietary Member".

Section 2. How Voting Rights are Acquired - By a unanimous approval of the Board, any proprietary member may be elected as and given the status of a voting proprietary member provided that at no time shall the number of voting proprietary members exceed one hundred (100) and provided further, that in no case shall the number of voting members who are not citizens of the Philippines exceed FORTY (40%) per cent of the total voting proprietary membership.

The afore-quoted By-laws was already in existence in 1970 when the Club was converting into a proprietary membership club and most probably had less than 100 members at that time. As years passed by, the Club implemented the afore-quoted By-laws and every year held its "annual regular meeting of voting members of the Club" pursuant to Article VIII of its By-laws where the annual elections of its Board of Directors took place and some affairs of the corporation were taken up.

Later in the years 2015 and 2018, the afore-quoted By-laws of the Club were amended to increase the number of the maximum allowable voting proprietary members of the Club to Two Hundred (200), among others.

Accordingly, POC-holder/members designated as Voting Proprietary Member shall be entitled to one vote in all affairs of the corporation as provided in Article III, Section 2 of the Club's Amended By-laws. Upon the other hand, CPOC-holder members are not included in the said section, but are entitled to vote only in those specific instances granted to them by law and they vote through their Nominee "A". However, if its Nominee "A" is made a voting member by unanimous vote of the Board of Directors, the CPOC holder may vote in all affairs of the Club through said Nominee "A".

### **No Pre-Emptive Right**

Pursuant to the Ninth Article of the Amended Articles of Incorporation of the Club, Holders of POCs and CPOCs are not entitled and they shall not exercise pre-emptive rights in the acquisition of the original or future issues of such certificates.

### **Foreign Ownership Restriction**

As provided in the Tenth Article of the Amended Articles of Incorporation of the Club, ownership of proprietary membership certificates by persons who are not citizens of the Philippines and by corporations who are not sixty percent owned by citizens of the Philippines shall in no case exceed forty percent (40%) of the total number of certificates issued and outstanding at any given time. For these purposes, no transfer, sale, attachment or other form of disposition of such shares shall be recorded in the books of the corporation if the transaction would result in an alien ownership of shares in excess of forty percent (40%) and any sale, transfer or disposition of proprietary membership shares in violation hereof shall, insofar as the corporation is concerned, be considered null and void and of no effect whatsoever.

### **Club Membership**

The following are based on the Club's current Amended By-laws. To the extent that certain provisions are not yet indicated in the Amended By-laws in respect of the CPOCs rights and obligations, and to the extent that such rights and obligations need to be reflected therein, it is the Club's intent to request approval from its Board of Directors and members and the SEC to amend the By-laws to incorporate relevant provisions involving CPOC Holders.

For the avoidance of doubt, the provisions herein are deemed binding on the Club and the Subscriber or Holder notwithstanding that the relevant provisions are not reflected in the Amended By-laws.

#### *Procedure and Application for Membership*

Membership in the Club is a privilege. No person or corporation shall be accepted for membership in the Club without the unanimous approval of the Board of Directors of the Club present in a Board Meeting when the membership is taken up. Per the Club's By-laws, the procedure is as follows:

- a) Any proprietary member, seconded by another proprietary member, shall submit to the Secretary a written proposal for the admission of a candidate for membership;
- b) Such proposal shall be posted by the Secretary for a period of thirty (30) days on the Club's bulletin board, during which time any member may interpose objections to the

admission of the candidate by communicating the same to the Board of Directors or to any one member thereof. The Director or Directors concerned shall treat the same with strict confidentiality and will have the sole and absolute discretion to give or not to give credence and weight to the objection in voting for the approval or disapproval of the candidate for admission to membership in the Club;

- c) After the expiration of the aforesaid thirty (30) days, the Board may take up the proposal at a regular or special meeting by voting on it secretly and in such a manner that no member of the Board will know how any one of them voted. Considering that membership in the Club is a mere privilege and not a right, the members of the Board, either collectively or individually, need not explain or justify to any one why admission to membership was denied. A candidate shall be considered approved for membership in the Club when the proposal for his/her admission for membership in the Club is approved by unanimous vote of all Directors present at a regular or special meeting; and
- d) Provided, however, that the candidate who has been approved for admission to membership in the Club must acquire and present to the Club a valid POC in his name or a valid assignment of POC, for membership purposes, in his favor, no later than six (6) months from the date of notice of approval. Once the transaction is duly recorded in the books of the corporation, he shall become a Proprietary member or an assignee member, as the case may be, upon payment of a non-refundable admission fee as fixed by the Board, which shall not be less than ₱7,500 nor less than any previously fixed admission fee. A former proprietary or assignee member who is proposed for membership within two (2) years from the date of his resignation or termination of membership shall be exempt from payment of entrance fees. If he applies for any other class of membership, he shall pay the full entrance fees applied for. All other classes of members upon application or change of membership category shall pay the full entrance fee of the membership category he/she is applying for. An assignee member must first resign before he/she may be proposed for proprietary membership.

In the case of the thirty (30) CPOCs to be disposed of by the Club, the Club shall qualify the prospective Corporate Members first before the actual sale or transfer of the CPOCs to the corporate purchaser.

#### *Classification of Membership*

The following are the classifications, qualifications, and conditions for membership with the club which shall extend to CPOC holders to the extent applicable:

- a) General qualifications for all members – All persons of legal age, not otherwise disqualified by law or the By-laws may become members of the Club as hereunder provided.

It is the Club's intent that the relevant provisions of the By-laws shall be amended to clarify that this age requirement does not apply to corporations, for clarity.

- b) Proprietary Members – The proprietary members of the Club are:
  - 1. All present members of the Club in good standing, except non-resident and special temporary members, who have acquired and registered in their names in



the books of the corporation a POC, provided, however, that upon their becoming such proprietary members, they automatically lose all of their former membership classifications and privileges;

It is the Club's intent that the relevant provisions of the By-laws shall be amended to include the nominees of CPOC holders.

2. All others regularly admitted as proprietary members under the terms and conditions prescribed in the amended By-laws;
3. The surviving spouse of proprietary members shall be exempted from paying initiation fees upon becoming eligible for membership as provided for in the By-laws.

- c) Non-Proprietary Members – All present full and associate members who have not acquired a POC are classified as Non-Proprietary members of the Club during their natural lifetime on condition that they remain in good standing and that they forfeit their absent membership status and rights.

It is the Club's intent that the relevant provisions of the By-laws shall be amended to include reference to the nominees of CPOC holders for completeness.

It is also the Club's intent that the relevant provisions of the By-laws shall be amended to include reference to CPOC holders and its nominees in relation to their principal places of business or residence.

- d) Absent Members – Absent members of the Club retain their status as such until they resume active membership or have become proprietary members in any of which event they are deemed to have renounced permanently their absent membership status and rights.
- e) Non-resident members – Non-resident members are those present non-resident members of the Club who do not maintain a residence in the Province of Cebu and Cities within the Province of Cebu and who are restricted in the use of the Club facilities to three (3) days in any calendar month. Should a non-resident member use the facilities of the Club for a period of more than three (3) days in any month, such member shall pay the regular monthly dues for that month.
- f) Special Temporary Members – Upon application to the Board of Directors by a voting proprietary member, duly seconded by another voting proprietary member, the Board may, by a unanimous vote of all Directors present at a regular or special meeting, extend temporary membership to any qualified person under the following conditions:

1. That the person is not a permanent resident of the City or the Province of Cebu, Mactan, Camotes, and/or Bantayan

It is the Club's intent that the relevant provisions of the By-laws shall be amended to include reference to CPOC holders and its nominees in relation to their principal places of business or residence.

2. That the temporary membership status is good only for a period not exceeding

two (2) years, unless, for special reasons, the Board decides to grant an extension not to exceed one (1) year and is not renewable unless an extension fee of ₱4,500 is paid by the special temporary member for the additional year or such higher amount as the Board may require.

3. That maximum number of temporary members at any given time shall not exceed thirty-five (35).
  4. That the temporary members shall pay a non-refundable admission fee of not less than ₱4,500 or such regular amount as the Board may require. In addition, the special temporary member shall deposit a sum of not less than ₱7,500 or such higher amount as the Board may require, refundable to the special temporary member after deducting all unpaid obligations to the Club upon termination of his period as temporary members.
  5. That no valid objection to the admission for temporary membership had been interposed by any member for the period of 30 days following the posting of the application on the Club's bulletin board during which time, however, the applicant is granted the use of the Club facilities.
- g) Special company non-proprietary members – Upon proposal by a voting proprietary member, seconded by another, the Board may, by a unanimous vote of all Directors present at a special or regular meeting, authorize and issue to a company, for a fee, to be fixed by the Board, a special company non-proprietary membership certificate which entitle any duly designated officer of the company to the use of the club facilities in the same manner as a resident non-proprietary member, provided that:
1. Upon approval of the application, the company shall pay a non-refundable admission fee fixed by the Board which in no case, however, shall be less than ₱15,000 or such higher amount as the Board may require.
  2. In addition, the company shall deposit a sum of not less than ₱15,000 or such higher amount as the Board may require, refundable to the company after deducting all unpaid obligations to the club in the event the company non-proprietary membership certificate is withdrawn or otherwise cancelled or recalled.
  3. The officer originally designated to represent the company as special non-proprietary member and all subsequent replacements must first be approved by the Board in like manner as admission to membership is done and provided that the company has settled the obligation of any replaced officer before a replacement may be allowed to use the Club facilities.
  4. The company shall pay the regular fees and other assessments paid by associate members provided however that such monthly dues and other assessments may from time to time be increased or decreased by the majority vote of the board of directors with the concurrence of the majority of the voting members, in a general meeting or special meeting called for the purpose. In addition thereto, all officers replacing the one originally designated shall pay a replacement fee of ₱1,500 or such higher amount as the Board may require.

5. At any given time, outstanding special company membership certificates cannot exceed 120 in number.
  6. All special company non-proprietary membership certificates issued after March 1, 1978 shall be automatically cancelled and recalled within ten (10) years of the date of issuance, without prejudice to the company's application for a new membership certificate.
- h) Assignee members – An owner of an unused or idle unencumbered POC may assign the same to an Assignee by placing the said assigned POC in the custody of the Club's Secretary and by executing a deed of assignment in favor of the Assignee. The deed of assignment must conform to the minimum essential requirements that the board of directors may promulgate from time to time. Such an assignee may become a member of the Club and shall be known as an Assignee member entitled to the privileges of proprietary members and use of all the facilities of the Club. He may be privileged to bring in guests to use the golf course and other facilities of the club subject to the approval of the Board and to the rules and regulations that the Board may promulgate from time to time. He has absolutely no right to the assets and properties of the Club, and he has no right to vote and to hold office. He shall pay the regular monthly dues and shall be subject to the same disciplinary and remedial measures that the Club may adopt against other members. In addition to the regular entrance fee the Assignee member shall be required to deposit a refundable fee of not less than ₱5,000 or any higher amount that the board of directors may impose from time to time. In the event of delinquency on the part of the Assignee, the Assignor shall be jointly and severally held liable therefore. The Assignor shall immediately pay upon demand the Assignee's unpaid obligation, otherwise his assigned POC shall automatically answer for the unpaid account of the Assignee. For this purpose, the Club may sell at public auction the Assignor's share provided that the procedure in Section 3, Article II hereof is followed. For the assignment of shares, the Club shall charge a registration fee of ₱3,000.00 for the first year and thereafter ₱1,000 for each and every year, payable on or before the 31<sup>st</sup> day of January. Any payment paid for a particular year shall be considered payment for that whole year and as a consequence thereof no member/payor shall be entitled to any proportionate rebate.

It is the Club's intent that the relevant provisions of the By-laws shall be amended to extend to CPOC holders.

- i) Junior Members – Any son or daughter of a POC holder may be admitted for membership in like manner as other members are admitted in the Club, except that they shall be exempted from the payment of an admission fee, under the following terms and conditions below.

Pending amendment of the By-laws, a son or daughter of the Nominee A of a CPOC holder shall likewise be entitled to be a Junior Member under this section.

1. *Eligibility:* The son or daughter must be between the ages of 21 and 30. Sons who sold their POC provided them by their parents under the option plan are disqualified to become Junior members. Any regular or proprietary members cannot revert to Junior Membership.
2. *Application for Membership:* The application for membership must be made by

the parent-proprietary member duly seconded by another proprietary member. The application must contain a written undertaking of guarantee to be executed by the parent member for the payment of all monthly bills of the Junior member. Likewise, the POC of the parent member may be sold at public auction for any unpaid account of the junior member in like manner as other POCs are held answerable for unpaid account of a proprietary member. Both the parent member and the Junior member must be current in their accounts with the Club, otherwise, both will lose their privilege as a member and their right to use the facilities of the Club.

3. *Duties and privileges:* Junior members shall have the same duties and privileges as that of a non-voting proprietary member. However, they have no guest card rights and they cannot sponsor functions. They cannot refuse service duties twice in row otherwise their membership may be terminated by appropriate action of the Board of Directors.
4. *Termination of Membership:* Junior membership shall automatically terminate upon the member's reaching of the age of 31 years or upon expulsion or resignation of such member. Junior membership shall likewise automatically terminate upon resignation or expulsion of his parent or member.

It is the Club's intent that the relevant provisions of the By-law shall be amended to extend to nominees of CPOC holders.

- j) Associate Members – Any person may be admitted as an associate member in like manner as other members are admitted without need of ownership of a POC provided that his monthly dues shall be double that of the monthly dues of a non-proprietary member. Furthermore, and in addition to the regular admission fee such associate member shall be required to deposit a refundable fee of not less than ₱7,500.00 or any higher amount that the Board of Directors may impose from time to time. His signing privileges shall be automatically suspended by management without need of notice to him at anytime whenever the records of the accounting department would show that the sum of his previously signed and unpaid chits exceed 80% of his deposit. He shall have the same duties and privileges as that of a non-voting proprietary member except that he shall have no proprietary rights. He cannot propose guest members and he shall be considered automatically resigned after five (5) years. The number of associate members shall be limited to a maximum of 50.

It is the Club's intent that the relevant provisions of the By-laws shall be amended to include reference to CPOCs for completeness.

- k) Senior Proprietary Members – Any voting or non-voting proprietary member who has been a regular member of the Club for a total of twenty-five (25) consecutive years upon reaching the age of seventy (70) may on that time or at anytime thereafter elect to change his membership status and become a Senior member of the Club. The Senior member shall be exempted from owning a POC for continued membership and from the payment of monthly dues and other assessments provided that he makes a refundable deposit to the Club in the amount of not less than ₱20,000.00 or such higher amount as the Board of directors may require from time to time if he disposes of his POC and provided further that if he is a voting member he shall immediately cease to be such though he may continue to enjoy all other benefits and privileges of a senior

member. These privileges shall extend to the unmarried widow of a senior member who applies for membership in the Club and is approved unanimously by the board of directors. She shall be exempted from paying the entrance fees. If the widow remarries, she shall lose these privileges. The Board of Directors cannot refuse a qualified member's request to become a Senior member.

### Rights and Privileges of Members

Except as otherwise provided for in the By-laws, all members of Cebu Country Club, Inc., except absent members, enjoy equal rights and privileges in the Club in the use of its facilities and all are eligible for service in the committees and in such other capacities as the Board may determine.

**Voting Rights.** Voting rights are lodged only on the Proprietary Members of the Club. Proprietary Members of the Club are in turn classified into Voting Proprietary Members and Non-Voting Proprietary Members. Voting Proprietary Members are limited to a maximum of 200 only, but currently there are only 100 Voting Members. Only Voting Proprietary Members can be directors of the Club, elected annually by the Voting Proprietary Members every year in a General Membership Meeting of Voting Proprietary Members conducted every first Friday of the month of May. Non-Voting Proprietary Members of the Club vote only on issues allowed or required of them to vote by the provisions of the Revised Corporation Code of the Philippines such as on the issue of dissolution through their Nominee "A". However, if a CPOC holder's Nominee "A" is made a voting member by unanimous vote of the Board of Directors, the CPOC holder may vote in all affairs of the Club through said Nominee "A".

**Rights to Club Assets.** In case of dissolution, one CPOC will share equally with one POC in the assets of the corporation and vice-versa.

**Use of Club Facilities.** Club Members, or nominees of CPOC holders in case of CPOCs, and their authorized family members shall be entitled to use the facilities of the Club at any time during the regular operating hours, subject to such rules and regulations set forth by the Club's Board of Directors from time to time. Delinquent members shall not be entitled to the use of the Club facilities.

**Play Golf.** Club Members, or nominees of CPOC holders in case of CPOCs, and their authorized family members shall be entitled to play golf on the Club's grounds without having to pay for green fees. Such use must be during the operating hours of the Club. Delinquent members shall not be entitled to this privilege.

**Incur Debt (Signing Privilege).** Club Members, or nominees of CPOC holders in case of CPOCs, can sign checks and have their accounts charged for any transaction incurred by him or his authorized family members in the Club.

**Guest Privileges.** Any member of the Club, or nominee of CPOC holders in case of CPOCs, shall have the privilege to request for a temporary guest card for any friend or acquaintance not a resident of Cebu and not a member of the Club, subject to approval by any one member of Board of Directors. Such a guest card shall entitle the guest to the use and privileges of the Club buildings and premises for a period not exceeding 30 days.

Any member, or nominee of CPOC holders in case of CPOCs, may also have the privilege to

bring to the Club as his guest any person, unless such guest has been banned from the Club premises by the Board of Directors for whatever reason at their sole and absolute discretion, but such guest shall only be entitled to such privileges of the Club as his host may indicate and he shall not incur any indebtedness to the Club, nor shall he be allowed on the Club premises except when accompanied by his host.

Obligations of and/or Limitations on Members

**Pay debt.** It is the duty of every member, or nominee of CPOC holders in case of CPOCs, to pay all his dues, obligations, and other assessments to the Club's cashier at the clubhouse on time as provided in the Club's By-laws, otherwise, sanctions shall be imposed.

**Debt Incurred by Family Members and Guests.** A member shall likewise be responsible for the indebtedness or unpaid account to the Club of his/her dependents, guests, visitors, and prospective members whom he has proposed and given signing privileges while their application for membership is still pending resolution by the Board.

**Behavior of Family Members and Guests.** A member shall be fully and completely responsible and liable for any damage to the Club property as well as injury/injuries caused to other person(s) within the Club premises caused by himself, his dependents, guests, and visitors.

Procedure on Termination of Membership

**Resignation.** Any member of any class may resign upon a written notice to the Board provided payment is made of all obligations and the monthly dues up to the time of resignation.

**Losing Ownership of a Proprietary Ownership Certificate.** Any proprietary member who ceases to own a proprietary ownership certificate either by its sale, transfer or assignment to other parties shall be considered automatically resigned from the date the transfer is recorded in the books of the corporation, although a proprietary member who owns more than one POC may, without being considered resigned, transfer his extra shares. Likewise, any Assignee member who ceases to be an Assignee shall be considered resigned from the date the termination or revocation of such assignment is recorded in the books of the corporation.

**Abuse of Guest Privileges.** The Board has the power to expel members who it finds in its judgment as abusing his/her right to bring in guests to the Club and such expulsion shall take effect immediately and cannot be questioned except by appeal to the General Voting Membership in its immediately next coming regular annual meeting. By a majority vote of the total number of voting members, the resolution of the Board may be reversed, and the expelled member shall be reinstated.

**Disorderly Conduct.** The Board may, with an affirmative vote of at least five (5) directors, suspend or expel any member for disorderly or unbecoming conduct considered by the Board to be injurious or detrimental to the honor and dignity of the Club, or for violation of the rules of the Club or its By-laws, and such decision of the Board shall be immediately effective and shall remain so, unless an appeal is interposed by the aggrieved member to the next general meeting of members and, by a vote of two-thirds of the voting members, the action of the Board is set aside and the member ordered reinstated.

**Collection of Accounts.** Should any member of the Club fail to pay his monthly dues and his

other obligations within the required period, the Treasurer shall make a formal written demand for payments.

1. After the Treasurer's written demand, if no payment is made on or before the last day of the current month, the Treasurer shall notify the member concerned, copy furnished to the assignor in cases where it involves an Assignee member, writing that his name will be posted on the club's bulletin board as a delinquent member and shall remain posted until all his unpaid obligations are settled, unless for reasons satisfactory to the Board, the delay in payment is explained and a period of grace granted.
2. If the member fails or refuses to settle his obligations within thirty (30) days from the time his name was posted as a delinquent member, he shall automatically forfeit his membership in the Club and is considered expelled, unless the Board of Directors decides otherwise.

**No Dividend Policy**

As the Club is intended as a non-profit organization, no profit shall inure to the exclusive benefit of any of the proprietary certificate holders; hence, no dividends shall be declared in their favor. However, upon the dissolution or liquidation of the Club, the proprietary certificate holders shall be entitled to a pro-rata share of its assets at the time of its dissolution or liquidation.

**Amounts Payable by Corporate Members**

Please see below list of the amounts payable by a Subscriber or member. It should be noted that the Board of Directors by a majority vote and with the concurrence of the majority of the voting members physically present in a general or special meeting called for the purpose, provided that there is a quorum, may increase or decrease the dues and fees applicable to all kinds of members including inactive or unused CPOCs. Additional charges or assessments may also be made.

1. Upon submission of requirements to acquire the CPOC, the following need to be paid:

First Installment	₱6,250,000.00	
		Payable immediately upon submission of an application to purchase a CPOC
Monthly installments	₱625,000.00	
		Installments shall be paid in thirty (30) months
Documentary stamp tax	₱250,000.00	
Registration Fee in the Corporate books of CCCI	₱15,000.00	

2. Once a downpayment has been made, the Subscriber automatically becomes a Corporate Member and must pay the following:

Monthly Dues	₱4,000.00	charged monthly
Maintenance Fee	₱1,400.00	charged monthly

3. Also, immediately upon approval of either Nominee A or B, the monthly dues and other assessments fixed by the Board shall be charged to each Nominee. These dues and assessments include the following:

Monthly Dues	₱4,000	charged monthly (with ₱1,000 consumable)
Maintenance Fee	₱1,400	charged monthly
Easter Party Assessment	50% of monthly dues	charged every April or May of the year
2 Parties Assessment	50% of monthly dues	charged twice annually
Founder Golf Tournament Assessment	100% of monthly dues	charged every November



## **THE CLUB**

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### **Form and Date of Organization**

The Club was organized as a non-stock, non-profit corporation and was registered with the Securities and Exchange Commission (SEC) on April 11, 1928 with SEC Registration No. 1202. Pursuant to the old Corporation Code, the Club secured SEC's approval on the amendment of its Articles of Incorporation (AOI) to extend the term of its existence for 50 years from and after April 11, 1978 to April 11, 2028. However, this was superseded by the 2019 Revised Corporation Code which states that a corporation shall have perpetual existence unless otherwise provided in its AOI.

The Club's registered office address is at Gov. M. Cuenco Avenue, Brgy. Kasambagan, Cebu City, Philippines.

The Club is not involved in any bankruptcy, receivership, or similar proceedings. Neither is the Club involved in any material reclassification, merger, consolidation or purchase or sale of significant amount of assets not in the ordinary course of business.

### **Description of Business**

The Club was incorporated for the purpose of maintaining, operating, managing, and carrying on the business of a social and recreational club in the City and Province of Cebu, for the amusement, entertainment, instruction, recreation and refreshment of its members, and others as may be designated in the Club's By-laws. The Club operates a golf course, tennis courts, gymnasiums, bowling alleys, billiard and pool tables, and other games, sports, and other forms of leisure activities for the amusement, entertainment, recreational and athletic activities of the Club, on a non-profit basis, of its members.

Revenues of the Club are derived from its monthly dues, green fees for the use of the golf course, golf cart rentals, registration fees for golf tournaments, sales of food and beverages, and other revenue-generating activities related to the operations of the Club. However, since it will be operated on a non-profit basis, no part of its net income shall inure to the benefit of any certificate holder. Assessments, fees, and dues collected from its members and certificate holders shall be for the sole purpose of meeting the operational and maintenance expenses of the Club.

### **Description of Business Strategy**

The Club is a private membership club which has a Golf and Sports Facilities Department that provides sports facilities to all its members. The Club intends to set itself apart from other leisure clubs in the country by providing a world standard golf course and clubhouse, tennis courts and various sports facilities, high quality restaurants, function rooms, swimming pools, sufficient number of parking areas and other leisure amenities for family and social activities that would make the Club the premier social and family-oriented golf and country club in Cebu City.

The Club hopes to attain an international reputation that it will be a club that no visitor or tourist of Cebu City can afford to miss. Its competitors will always come short when compared to the Cebu Country Club because not one of them will be able to match its world standard quality of

its golf course and restaurants when completed, not to mention its huge area of 51.7 hectares, and more importantly, its accessibility and convenience of location.

### Description of Property

The Club's existing golf course and clubhouse and sits on five (5) parcels of land that are contiguous and adjacent to each other. The parcels of land are absolutely owned by the Club and described as follows:

Lot No.	Location	Area (sqm)	No.	Date
787	Kasambagan, Mabolo	5,246	RT-1316 (T-11348)	November 19, 1931
802	Kasambagan, Mabolo	14,791	RT-1322 (T-11349)	November 19, 1931
788	Kasambagan, Mabolo	9,021	RT-1317 (T-11347)	November 19, 1931
791-A	Kasambagan, Mabolo	5,385	RT-1320 (T-12685)	November 19, 1931
789	Kasambagan, Mabolo	6,784	RT-1318 (T-11346)	November 19, 1931
790	Kasambagan, Mabolo	5,372	RT-1319 (T-11346)	November 19, 1931
779	Kasambagan, Mabolo	6,008	RT-1311 (T-11350)	November 19, 1931
806	Kasambagan, Mabolo	38,398	RT-1323 (T-11343)	November 19, 1931
785	Kasambagan, Mabolo	6,132	RT-1315 (T-13847)	November 19, 1931
784	Kasambagan, Mabolo	5,547	RT-1314 (T-13846)	November 19, 1931
792	Kasambagan, Mabolo	6,853	RT-1314 (T-11345)	November 19, 1931
727 D	Kasambagan, Mabolo	366,006	92719	November 19, 1931
782 B	Kasambagan, Mabolo	9,982	92720	January 7, 1985
812 B	Kasambagan, Mabolo	17,535	92710	January 7, 1985
783	Kasambagan, Mabolo	14,813	92621	January 7, 1985
<b>Total</b>		<b>517,873</b>		

The Club is not considering acquiring any adjacent parcel of land in the next 12 months.

### Legal and Regulatory Matters

As of the date of this Offering Circular, the Club is not a party to any litigation which would have any material or adverse effect upon its business or financial condition. The parcels of land owned by the Club is not the subject of any legal proceedings.

CCCI does not foresee any existing or probable government regulation which may in any way hinder the development and operation of the Club.

## DIRECTORS, EXECUTIVE OFFICERS, AND SIGNIFICANT EMPLOYEES

### Board of Directors

The Sixth Article of the Amended Articles of Incorporation of the Club provides that the number of directors of the Club shall be nine (9) to be composed of seven regular directors and two (2) independent directors.

The members of the Board of Directors of the Club for 2022-2023 are as follows:

Director	Nationality	Position
Jose R. Soberano III	Filipino	Director; President
Joselito F. Gullas	Filipino	Director; Vice-President
Julius G. Neri Jr.	Filipino	Director; Corporate Secretary
Antonio R. Moraza	Filipino	Director; Treasurer
Hector C. Almario	Filipino	Director; House Chairman
George T. Chiongbian III	Filipino	Director; Activities Chairman
Robert L. Booth	American	Director; Golf Chairman
Jose Marcelino Ugarte	Filipino	Independent Director
Elbert M. Zosa	Filipino	Independent Director

The following describes the relevant business experience of the Club's directors and officers for the past five (5) years:

President: Jose R. Soberano III, Filipino, 66, is the President of Cebu Country Club, Inc. He is also the Chairman and CEO of Cebu Landmasters, Inc. (CLI). In addition, he has served as president of the Rotary Club of Cebu, president of the Chamber of Real Estate Builders Association (CREBA), and is currently the Chairman of the Board at the Center for Industrial Technology and Enterprise (CITE), a socially oriented institution that offers technical training to less privileged youth.

Vice-President: Joselito F. Gullas, Filipino, 63, is the Vice President of Cebu Country Club, Inc. He is the Vice-Chair of the Board of Trustees of the University of the Visayas from 2019, the Vice-President of Finance and Administration the Board of Trustees from 1998 to 2019. He is also the President of the Board of Directors of JF Gullas, Inc. He received his Bachelor of Science in Business Administration from the University of Nebraska in Omaha and he received his Master in Business Administration from Washington State University.

Corporate Secretary: Julius G. Neri, Jr., Filipino, 55, is the Corporate Secretary of CCCI. He is currently the General Manager, CEO, and part of the Board of Directors as the Private Sector Representative of Mactan-Cebu International Authority Airport. He was also previously the President and Chief Executive Officer of SunStar Publishing, Inc. He has also previously served as the Chairman of the Board of SunStar Bacolod, SunStar Baguio, SunStar Cagayan de Oro, SunStar Davao, and SunStar Pampanga. He was also the President and CEO of One Box, Inc., and the Proprietor of Casa Rosario Hotel. He received a Bachelor of Science in Business Management from University of the Philippines-Cebu and a Masters Degree in Strategic Business Economic Program from the University of Asia in the Pacific.

Treasurer: Antonio R. Moraza, Filipino, 65, is the Treasurer of CCCI. He is also a director of

Aboitiz & Company, Inc. and the President of Aboitiz Infracapital, Inc. He received a Bachelor of Science in Business Management from Ateneo de Manila University.

Director: Hector C. Almario, Filipino, 65, is a Director of CCCI. He is the president of First Auto LPG Gas Holdings, Inc. and the president of 12 Sika Holdings, Inc. He is also a director of El Camino Developers, Inc. and the president of the Rotary Club of Cebu, which is the mother club of district 3680 and the 2<sup>nd</sup> oldest rotary club in the Philippines. He received a Bachelor of Science in Psychology from the University of the Philippines Diliman in Quezon City.

Director: Robert L. Booth, American, 65, is a Director of CCCI. He is the president of Mehitabel Inc., one of the oldest furniture manufacturers in the Philippines. He has served on the boards of the Cebu Furniture Industries Foundation, Cebu International School, and Philippine Exporters Foundation Inc. (Cebu Chapter) and is currently serving as golf chairman on the board of the Cebu Country Club. He received a Bachelor of Science in Business Administration from Loyola Marymount University in Los Angeles and a Masters Degree in Finance from the California State University at Long Beach.

Director: George T. Chiongbian III, Filipino, 53, is a Director of CCCI. He is the President of George & Peter Lines, Inc. He also serves as a director of Cebu Memorial Park, Georich Development, Inc., and FYChiongbian Development Corp.

Independent Director: Jose Marcelino Ugarte, Filipino, 51, is an Independent Director of CCCI. He is the Managing Director of Heidelberg Cement Bangladesh, Brunei, and Myanmar. He also previously served as the Managing Director of CEMEX Bangladesh and CEMEX Indonesia. He received his Bachelor of Science in Business Administration for the University of San Francisco in San Francisco, California.

Independent Director: Elbert M. Zosa, Filipino, 75, is an Independent Director of CCCI. He is the Chairman of Providence CI Holdings. He also previously served as the Executive Vice President, Corporate Planning Head, Chief Corporate Information Officer, Senior Consultant to the Chairman of RCBC. He was also the Head of Strategic Planning-Managing Strategy, Planning, Corporate/Marketing Communications, Economics, Investor Relations and Budgets of PCIBank (which was acquired by BDO). He received his Bachelor of Arts in Economics from Ateneo de Manila University and his Master of Business Administration from Wharton School, University of Pennsylvania.

### **Significant Employees**

In addition to the directors identified above as holding management positions, the following are the other significant employees of the Club:

General Manager	<i>Vacant</i>
HR/Admin Manager	Ethel Ghee T. Maylon
Finance/Accounting Manager	Glenn M. Parame
Golf Operations Manager	Donna T. Cawaling
Greens Superintendent	Joel V. Gomez

The following describes the relevant business experience of the Club's managers for the past five (5) years:

HR/Admin Manager: Ethel Ghee Maylon, Filipino, 43, is the Club's HR/Admin Manager. She previously served as the Admin/HR Manager of Megawide GMR CJV, and took up HR Manager roles in Vismotor Corp. and Talavera Meganorth Holdings. She also served as an Executive Assistant in Cebu's Court of Appeals. She received her Bachelor of Laws from the University of San Jose-Recoletos.

Accounting/Finance Manager: Glenn Parame, Filipino, 36, is the Accounting and Finance Manager of the Club. He previously served as the Accounting Supervisor of Hyundai Cebu, Inc. Before that, he worked as the internal auditor of Nikita Lending Investors Corp. He received his Bachelor of Science in Accountancy from the University of San Jose-Recoletos.

Golf Operations Manager: Ma. Donna Cawaling, Filipino, 43, is the Golf Operations Manager of the Club. She was previously the Administrative Assistant to the SAVP of Pacific Plans, Inc. and Secretary to the Regional Manager of Metro Cebu 2 Region Pacific Plans, Inc. She received her Bachelor of Science in Secretarial Administration from the University of San Carlos.

Greens Superintendent: Joel Gomez, Filipino, 44, is the Club's Course Superintendent. He has served the Club for 21 years and took his Bachelor of Science in Marine Transportation from Cagayan Capitol College.

As of the date of this Offering Circular, the Club has over one hundred thirty (130) employees.

#### **Compensation of Directors and Officers Identified Above**

No remuneration shall be paid by the Club, directly or indirectly, to the directors of the Club. The President of the Club shall not receive any remuneration or compensation from the Club.

The employees identified above receive salaries based on their employment contracts.

Compensation for the Club's key management personnel are as follows:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Compensation and Benefits	P3,558,681	3,345,543	3,186,231

#### **Involvement in Legal Proceedings**

For the past five (5) years immediately preceding the date of this Offering Circular, none of the directors and officers has been involved in any material pending legal proceedings in any court or administrative agency of the Government.

## SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITY HOLDERS

### Security Ownership of Management

There are no security ownership of certain record and beneficial owners of more than five percent (5%) of POCs or CPOCs as of the date of this Offering Circular.

The security ownership of management as of the date of this Offering Circular is as follows:

Title	Name	Position	Amount & Nature of Ownership	Citizenship
POC	Jose R. Soberano III	Director/President	1 (cert owner)	Filipino
POC	Joselito F. Gullas	Director/Vice President	1 (cert owner)	Filipino
POC	Julius G. Neri Jr.	Director/Corporate Secretary	1 (cert owner)	Filipino
POC	Antonio R. Moraza	Director/Treasurer	1 (cert owner)	Filipino
POC	Hector C. Almario	Director/House Chair	1 (cert owner)	Filipino
POC	Robert L. Booth	Director/Golf Chair	1 (cert owner)	American
POC	George T. Chiongbian III	Director/Activities Chair	1 (cert owner)	Filipino
POC	Jose Marcelino Ugarte	Independent Director	1 (cert owner)	Filipino
POC	Elbert M. Zosa	Independent Director	1 (cert owner)	Filipino

None of the members of the Club's directors and management own 1% or more of the outstanding POCs of the Club. Further, the Club has no commitment to its directors and officers with respect to the issuance of certificates of any class.

### Recent Sales of Unregistered or Exempt Securities

The Club's eight hundred (800) outstanding POCs were issued without a registration statement being filed with the SEC. In this regard, the SEC MSRDC required the Club to submit a history of issuances by the Club of its eight hundred (800) outstanding POCs. In its response, the Club explained the circumstances of the issuances of the eight hundred (800) POCs and submitted arguments to support its view that it did not violate laws in effect at the time of such issuances.

The Confirmation of Exemption of the SEC states that the granting of the application is without prejudice to the prerogative of the Commission to act later against the Club for the violation it committed for the issuance of unregistered POCs, if warranted, to ensure full compliance with the provisions of the SRC, its implementing rules and regulations, and other pertinent laws, rules and regulations, as may be necessary and applicable under the circumstances.

The Club has not filed yet with the SEC the application for registration of its outstanding POCs and the thirty (30) CPOCs subject of this Offering Circular, but it submitted on October 28, 2022 an undertaking to file a registration statement with the SEC CGFD for the registration of its outstanding POCs and such number of CPOCs as may be applicable. In the said undertaking, the Club also requested the SEC MSRDC for an extension of time within which to file the registration statement or until June 30, 2023. The Club is still awaiting the SEC MSRDC's official response to the said request for extension of time.

The Club has not reacquired any securities, issued new securities, issued securities in exchange for property, services, or other securities, or issued new securities resulting from the modification of outstanding securities.

### **Changes in Control**

There are no arrangements which may result in a change in control of the Club.

## **INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS**

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None of the directors, executive officers, and members of their immediate families own ten percent (10%) or more of total outstanding Certificates in the Club.

No transactions have been entered into by the Club in which any director, executive officer, nominee for election as director, security holder in the Club, or immediate family member of any of the foregoing, have a direct or indirect material interest.

The total outstanding POCs is owned by the Club's members and certificate holders. As of the date of this Offering Circular, there are no outstanding CPOCs yet.

There will be no transactions entered into by the Club with promoters.



## **CORPORATE GOVERNANCE**

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The machinery for corporate governance of the Club is principally contained in the Articles of Incorporation and By-laws and their amendments. These constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Club.

New initiatives are regularly pursued to develop and adopt corporate governance best practices and to build the right corporate culture across the organization.

The Club, once it files an application for registration, will be required to adopt a Manual of Corporate Governance which will supplement and complement the Club's Articles of Incorporation and By-laws by setting forth principles of good and transparent governance. The Board of Directors, Management, officers, and employees of the Club shall commit themselves to the principles and best practices of governance contained in the Manual of Corporate Governance as a guide in the attainment of its corporate goals. The Club shall make a continuing effort to create awareness of good corporate governance within the organization.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### A. COMPARATIVE BALANCE SHEET ANALYSIS COVERING THE YEARS 2021, 2020 AND 2019

#### Statements of Financial Position

	2021	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	54,784,737	44,489,160	65,173,023
Trade and other receivables	14,488,673	15,752,346	15,461,285
Inventories	9,652,496	8,133,142	5,363,534
Prepayments	3,473,810	2,940,729	458,303
	<b>82,399,716</b>	<b>71,315,377</b>	<b>86,456,145</b>
<b>Noncurrent assets</b>			
Property and equipment	300,731,263	301,894,502	298,437,221
Trust fund investments	13,887,565	12,344,529	12,289,887
Long-term investment	14,814,450	14,814,450	14,814,450
Intangible asset	988,417	1,442,751	235,038
Deferred tax assets	7,036,174	8,231,772	5,359,578
Other noncurrent assets	105,520	301,124	532,293
	<b>337,563,389</b>	<b>339,029,128</b>	<b>331,668,467</b>
<b>TOTAL ASSETS</b>	<b>419,963,105</b>	<b>410,344,505</b>	<b>418,124,612</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	36,714,871	36,795,984	43,180,912
Contract liability (current)	8,204,659	6,479,419	4,988,074
Income tax payable			184,024
	<b>44,919,530</b>	<b>43,275,403</b>	<b>48,353,010</b>

**Noncurrent liabilities**

Members' cash and option deposits	22,175,670	20,674,640	24,071,500
Retirement benefits liability	10,966,698	9,156,763	5,957,591
Contract liability (net of current portion)	31,078,610	23,865,983	20,832,211
	<b>64,220,978</b>	<b>53,697,386</b>	<b>50,861,302</b>
	<b>109,140,508</b>	<b>96,972,789</b>	<b>99,214,312</b>

**Members' Equity**

Proprietary membership certificates	2,400,000	2,400,000	2,400,000
Additional contributions	108,345,528	108,345,528	108,345,528
Remeasurement loss on retirement benefits (net of tax)	(7,161,705)	(6,138,139)	(4,744,930)
Fair value gain on trust fund investments	4,312,410	3,020,974	9,164,462
Cumulative excess of revenues over expenses			
Restricted	6,449,730	6,198,130	
Unrestricted	196,476,634	199,545,223	203,745,240
Retained Earnings			
	<b>310,822,597</b>	<b>313,371,716</b>	<b>318,910,300</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>419,963,105</b>	<b>410,344,505</b>	<b>418,124,612</b>

- Cash.** In 2020, the Club's cash and cash equivalents amounted to ₱44,489,160, which is ₱20,683,863 lower than the cash and cash equivalents balance in 2019 of ₱65,173,023. This is due to lesser operations from COVID-19 restrictions.
- Trade and Other Receivables.** The Club's trade and other receivables remained consistent from 2019 to 2020. In 2020, its balance amounted to ₱15,752,346, which is only ₱291,061 higher than the balance in 2019 which amounted to ₱15,461,285. As penalties over unpaid dues were suspended, the Club's collection fell resulting in a higher receivables balance. In 2021, the receivables amounted to ₱14,488,673 which is lower by ₱1,263,673 than the prior year due to aggressive collections during the year.
- Inventories.** The increase of ₱2,769,608 from the 2019 balance of ₱5,363,534 to the 2020 balance of ₱8,133,142 is mainly due to the stocking up of spare parts for course maintenance equipment. This is also true of the 2021 increase of ₱1,519,354.
- Prepayments.** The increase of ₱2,482,426 in prepayments from ₱458,303 in 2019 to ₱2,940,729 in 2020 is due to a significant increase in Input VAT with no Output VAT as sales have significantly decreased during the year. In addition, there is prepaid income tax at the end of the year. The same is true of 2021 with the prepayment amounting to

₱3,473,810 with its unused Input VAT.

5. **Property and equipment.** The Club's property and equipment net of accumulated depreciation amounted to ₱301,894,502 in 2020. This is an increase of ₱3,457,281 from the balance of ₱298,437,221, which is the result of purchases during the year. In 2021, there is a decrease of ₱1,163,239 from the prior year due to depreciation.
6. **Trust fund Investment.** The trust fund investment account is made in accordance with the Club's amended By-laws which provides that an amount not less than fifty percent (50%) of the proceeds of sale of POC and 100% of the option money shall be deposited under a trust instrument with any established reputable trust corporation for the purpose of deriving a steady and dependable income for the Club. The earnings derived from the deposit shall be used exclusively for capital improvements of the Club and no part of the trust deposit may be used or disposed of without approval of 2/3 of the members entitled to vote, except for the refund of option payments. Additions to this account include the interest income added to the principal amount.
7. **Long-Term Investment.** This account is a five-year time deposit with a local bank maturing in 2023 with interest of 4%. This amount remains constant throughout the years at ₱14,814,450.
8. **Intangible assets.** In the 2020 audited statements, there is an increase of ₱1,207,713 in the balance of intangible assets which is due to the acquisition of a back-end computer software. The decrease of ₱454,334 in 2021 is due to the amortization of the said software.
9. **Trade and Other Payables.** In 2020, trade and other payables decreased by ₱6,384,928 from ₱43,180,912 in 2019 to ₱36,795,984 in 2020. Such decrease is due to the decrease in the operating activities of the Club. There was a minimal change from 2020 to 2021 by ₱81,113.
10. **Members' Cash and Options Deposits.** Members' cash deposits are payments made by assignee, especially assignee Club members and senior members upon approval of their membership application. When the members withdraw their membership, the Club is obliged to return the cash deposit. In the 2020 audited financial statements, there was a decrease in this amount by ₱3,396,860, from ₱24,071,500 in 2019 to ₱20,674,640. This is due to a decrease in assignee members, particularly those who were from outside the Philippines, as they are not able to return to the Philippines due to the pandemic restrictions. In 2021, there was an increase of ₱1,501,030 to ₱22,175,670 due to an increase in membership.
11. **Retirement Benefits Liability.** The Club maintains a funded, noncontributory defined benefit plan administered by a trustee covering all regular and full-time employees. The fund is administered by a trustee bank that is authorized to invest the fund as they deem proper. The actuarial valuation report showed an increase in the liability by ₱3,199,172 from ₱5,957,591 in 2019 to ₱9,156,763 in 2020. Such increase can be attributed to the increase in employee salaries as negotiated in the Collective Bargaining Agreement between the employee union and the Club. It also increased by ₱1,809,935 to ₱10,966,698 in 2021.
12. **Contract Liabilities.** Contract liabilities pertain to unearned portion of the admission

fees, which is amortized over the average membership life of 10 years in accordance to PFRS 15. The unearned portion of admission fees amounted to ₱6,479,419 in 2020 and ₱8,204,659 in 2021.

13. **Members' Equity.** In the 2020 audited financial statements, Members' Equity amounted to ₱313,371,716, which is a decrease of ₱5,538,584 from the prior year. The decrease is mainly due to the net loss posted for the year. In 2021, the balance decreased by ₱2,549,119 to ₱310,822,597, again mainly due to the year's net loss.
14. No part of the Club's assets is used as collateral for any of the Club's payables and no contractual commitments for its future acquisition of any property, plant, and equipment. The Club has no existing long-term debt from financial institutions.

**C. COMPARATIVE STATEMENT OF COMPREHENSIVE INCOME ANALYSIS COVERING THE YEARS 2021, 2020 AND 2019**

**Statements of Comprehensive Income**

<b>REVENUES</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Membership dues	50,262,538	49,526,740	44,058,377
Club operations:			
Food and beverages	22,414,924	17,533,563	46,680,242
Golf and other sports operations	14,751,277	15,710,358	55,176,029
Other income	1,295,148	1,863,807	5,822,407
	<b>88,723,887</b>	<b>84,634,468</b>	<b>151,737,055</b>
<b>COST OF SERVICES AND SALES</b>	<b>46,681,711</b>	<b>49,152,239</b>	<b>94,674,343</b>
<b>GROSS PROFIT</b>	<b>42,042,176</b>	<b>35,482,229</b>	<b>57,062,712</b>
TRUST FUND EARNINGS	251,600	267,142	399,717
<b>ADMINISTRATIVE EXPENSES</b>	<b>(32,296,146)</b>	<b>(29,670,238)</b>	<b>(35,207,460)</b>
<b>INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>9,997,630</b>	<b>6,079,133</b>	<b>22,254,969</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>(11,821,568)</b>	<b>(12,199,412)</b>	<b>(13,451,582)</b>
<b>INCOME (LOSS) BEFORE TAX</b>	<b>(1,823,938)</b>	<b>(6,120,279)</b>	<b>8,803,387</b>
<b>INCOME TAX BENEFIT (EXPENSE)</b>			
Current	-	-	(1,392,841)
Deferred	(993,051)	2,187,404	(925,133)
	<b>(993,051)</b>	<b>2,187,404</b>	<b>(2,317,974)</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>(2,816,989)</b>	<b>(3,932,875)</b>	<b>6,485,413</b>

## OTHER COMPREHENSIVE INCOME (LOSS)

Items that will not be reclassified subsequently to profit or loss

Remeasurement gain (loss) on retirement benefits (net of tax)	(1,023,566)	(1,393,209)	330,116
Fair value gain (loss) on trust fund investments	1,291,436	(212,500)	505,660
	267,870	(1,605,709)	835,776
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(2,549,119)</b>	<b>(5,538,584)</b>	<b>(7,321,189)</b>

1. **Revenues.** Total revenues in 2020 plummeted by ₱67,102,587 from 2019 due to the effects of the pandemic on the Club. Such drop is the result of the closure of the Club starting from March 2020 due to the quarantine levels imposed during the pandemic. During this time, the Club's golf course and F&B facilities were closed, resulting in a decrease in revenue streams of ₱39,465,671 and ₱29,146,679, respectively.
  - a. **Membership Dues.** From 2019 through 2021, Membership dues remained consistent despite the pandemic. In 2020, there is an increase in membership dues of ₱5,468,363 as inactive proprietary certificate holders were required to pay for monthly dues. It should be noted that regardless of the status of the Club, members are still required to pay for its upkeep and maintenance (dues) as provided for in the By-laws. From 2020 to 2021, membership dues increased by ₱735,798 due to an increase in members, seeing as the Club has gradually opened its facilities to members and other stakeholders.
  - b. **Food and Beverages.** F&B revenues fell by ₱29,146,679 in 2020 from 2019 as a result of the closing of the Club's F&B operations, including its 2 restaurants and the use of its function rooms. In 2021, there is an increase of ₱4,881,361 due to the gradual easing of restrictions on restaurants; its al fresco dining area was first opened with limited capacity, followed by its function areas which also became available on a limited capacity in accordance with social distancing restrictions.
  - c. **Golf and Other Sports Operations.** Revenues from golf and other sports operations dropped by ₱39,465,671 in 2020 from 2019 due to the effects of the imposition of COVID-19 quarantine protocols. During quarantine, the golf course was not opened for use, even for members. With eased restrictions on the later part of 2020, fees were collected for the use of Club golf carts. In 2021, there is a further decrease in golf and other sports revenues of ₱959,081 as tourists were still not permitted to use the golf course and thus the Club has not yet fully recovered.
  - d. **Other Income.** Other income pertains to interest income, penalties, locker fees, proshop fees and minor miscellaneous income. In 2020, due to the pandemic, penalties pertaining to unpaid balances were put on hold for consideration of the members who may also be experiencing difficulties. Locker rentals and proshop fees were also placed on hold as these spaces were closed. Due to these factors, other income fell by ₱3,958,600 in 2020 and fell another ₱568,659 in

2021.

2. **Cost of Sales and Services.** In the 2020 audit report, there is a significant drop in cost of sales due to the halting of operations resulting from restrictions imposed to curb the pandemic. Though there is an increase in operations from 2020 in 2021, this increase in operations only pertained to those areas which were allowed to be opened; labor cost only thus pertained to open areas. This resulted in a lower labor cost for 2021, further resulting in lower cost of services. In addition, electricity costs were negotiated in 2021, whereby instead of paying for the usage cap on a monthly basis, only the actual usage would be charged and paid. As there were only partial operations, the actual usage was lower, also contributing to a lower cost of services.
3. **Gross Profit.** Gross profit in 2020 decreased by ₱21,580,483, which is the combined results from the limited operations of golf and F&B from the pandemic. As the Club slowly recovered in 2021, there is an uptick in operations and thus in gross profit by ₱6,559,947.
4. **Administrative Expenses.** Administrative expenses decreased only by ₱5,537,222 as maintenance work and other upkeep activities for the Club continued despite Club closure. Administrative expenses include the salaries and wages from personnel doing housekeeping and maintenance work, and the salaries of a new general manager. The expenses also included contract services that were approved in 2019 and was implemented at the start of 2020, particularly the design of the Club's future pool.
5. **Income Tax Expense.** Taxes went down by ₱4,505,378 in 2020 as the Club experienced a loss from the closure of a number of its operations from the pandemic, and thus resulting to an income tax benefit of ₱2,187,404. In 2021, income tax increased to ₱993,051 with the uptick in Club operations.
6. **Net Income (Loss).** In 2020, the Club incurred a net comprehensive loss of ₱5,538,584 mainly due to effects of the pandemic, which is lower than the net comprehensive income of ₱7,321,189 in 2019. In 2021, the Club incurred a net loss of ₱2,549,119.

**D. COMPARATIVE BALANCE SHEET ANALYSIS COVERING INTERIM DATE AS OF SEPTEMBER 2022 AND SEPTEMBER 2021**

**Statements of Financial Position**

*\*Note: These statements for the periods ended September 2022 and September 2021 have not been reviewed or audited by an external auditor.*

	SEPT 2022	SEPT 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	57,824,098	51,916,443
Trade and other receivables	16,748,296	8,727,652
Inventories	10,924,374	9,780,631
Prepayments	5,935,576	3,822,364
	<b>91,432,344</b>	<b>74,247,090</b>

**Noncurrent assets**

Property and equipment	322,672,706	301,929,033
Trust fund investments	13,887,565	13,564,463
Long-term investment	14,814,450	14,814,450
Intangible asset	401,468	1,378,704
Deferred tax assets	7,175,240	8,076,358
Other noncurrent assets	105,520	105,520
	<b>359,056,949</b>	<b>339,868,528</b>

**TOTAL ASSETS****450,489,293**      **414,115,618****LIABILITIES AND MEMBERS' EQUITY****Current liabilities**

Trade and other payables	59,711,474	33,824,349
Current liability (current)	7,036,952	6,012,468
	<b>66,748,427</b>	<b>39,836,817</b>

**Noncurrent liabilities**

Members' cash and option deposits	21,445,813	21,766,450
Retirement benefits liability	10,966,698	9,156,763
Contract liability (net of current portion)	37,003,059	29,379,096
	<b>69,415,570</b>	<b>60,302,310</b>
	<b>136,163,997</b>	<b>100,139,127</b>

**Members' Equity**

Proprietary membership certificates	2,400,000	2,400,000
Additional contributions	108,345,528	108,345,528
Remeasurement loss on retirement benefits (net of tax)	(7,161,705)	(6,138,139)
Fair value gain on trust fund investments	10,762,140	3,020,974
Cumulative excess of revenues over expenses	199,979,332	206,348,128
	<b>314,325,296</b>	<b>313,976,491</b>

**TOTAL LIABILITIES AND MEMBERS' EQUITY****450,489,293**      **414,115,618**

*\*Note: These statements for the periods ended September 2022 and September 2021 have not been reviewed or audited by an external auditor.*

1. **Cash.** In September 2022, the Club's cash and cash equivalents amounted to ₱57,824,098, which is higher by ₱5,907,656 than September of the prior year, which is the result of higher operations of the Club from the gradual re-opening of its facilities. The Club started accepting tourists in April 2022.
2. **Trade and Other Receivables.** The Club's trade and other receivables increased by ₱8,020,643 by September 2022 from the same month of the prior year due to higher operations as more facilities of the Club opened by 2022.
3. **Inventories.** The increase of ₱1,143,743 from the September 2021 balance of



₱9,780,631 to the September 2022 balance of ₱10,924,374 is mainly due to higher spare parts of course maintenance equipment and higher stocks for food and beverage arising from the increase in operations.

4. **Prepayments.** The increase of ₱2,113,212 in prepayments from ₱3,822,364 of the prior year is due to the accumulation of unused Input VAT that was largely unclaimed.
5. **Plant and Equipment.** The Club's property and equipment net of accumulated depreciation amounted to ₱322,672,706 by September 2022. This is an increase of ₱20,743,673 from the prior year, which is due to design works and purchases of additional course equipment.
6. **Intangible Assets.** The decrease in Intangible Assets of ₱977,237 in September 2022 is due to the amortization of the back-end computer software purchased in 2020.
7. **Trade and Other Payables.** Trade and other payables increased by ₱25,887,126, from ₱33,824,349 in September 2021 to ₱59,711,474 in September 2022. This is still due to the increase in operations from the re-opening of the facilities of the Club.

**B. COMPARATIVE STATEMENT OF INCOME ANALYSIS COVERING THE INTERIM DATES SEPTEMBER 2022 AND SEPTEMBER 2021 (UNAUDITED AND UNREVIEWED)**

**Statements of Income**

<b>REVENUES</b>	<b>SEPT 2022</b>	<b>SEPT 2021</b>
Membership dues	38,816,219	38,035,549
Club operations:		
Food and beverages	29,364,719	15,746,214
Golf and other sports operations	17,160,911	10,759,975
Other income	2,957,966	867,059
	<b>88,299,815</b>	<b>65,408,797</b>
<b>COST OF SERVICES AND SALES</b>	<b>(53,096,423)</b>	<b>(35,300,202)</b>
<b>GROSS PROFIT</b>	<b>35,203,392</b>	<b>30,108,595</b>
<b>ADMINISTRATIVE EXPENSES</b>	<b>(23,861,654)</b>	<b>(21,861,281)</b>
<b>INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>11,341,738</b>	<b>8,247,314</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>(7,840,752)</b>	<b>(8,862,474)</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>3,500,986</b>	<b>(615,160)</b>

1. **Revenues.** Total revenues in September 2022 increased by ₱22,891,018 from ₱65,408,797 in September 2021 to ₱88,299,815 in September 2022. This is largely attributed to the increase in operations of the Club as the Club has reopened its facilities. In particular, tourists have been allowed to play in the Club, and function room use has been allowed at full capacity.
  - a. **Membership dues.** Membership dues remained consistent, with a slight increase of ₱780,670, representing a net increase in the new members of the Club.

- b. **Food and Beverages.** F&B revenues increased by ₱13,618,505 from ₱15,746,214 in September 2021 to ₱29,364,719 in September 2022. This is due to an increase in the consumption in the Club's restaurants as tourists have been allowed to play in the Club. In addition, the club's function rooms have recently been allowed to operate at full capacity, subject to certain safety protocols.
  - c. **Golf and Other Operations.** Revenues from golf and other sports operations increased by 6,400,936 from September 2021 due to the re-opening of the course to tourists. As more players come into the Club, other golf-related revenue streams such as the usage of club carts also increase.
  - d. **Other Income.** In prior years, penalties pertaining to unpaid balances were on hold for consideration of members who may have been experiencing difficulties during the pandemic. These penalties have been re-imposed in 2022. In addition, other Club facilities have also been re-opened, including the use of lockers and the bag room, resulting in additional charges to those who used them. As such, these developments contributed to the increase in other income in September 2022 of ₱2,957,966, which is an increase by ₱2,090,907 from the prior year of ₱867,059.
2. **Cost of Sales and Services.** There is an increase in Cost of Services and Sales of ₱17,796,221 from ₱35,300,202 in September 2021 to ₱53,096,423 in September 2022. The highest factor in the increase is the increase in consumption for food and beverage, followed by an increase in labor costs as more of the Club's facilities reopened. Light and water, and the consumption of supplies likewise increased due to higher and longer operations in 2022.
  3. **Gross Profit.** Gross profit in September 2022 increased by ₱5,094,797, which is the combined result of the re-opening of the course to tourists and the increase in the operations of both Golf and F&B operations.
  4. **Administrative Expenses.** There is an increase of ₱2,000,373 in the administrative expenses of the Club due to the increase in Club operations.
  5. **Net Income (Loss).** In September 2022, the Club earned a net income of ₱3,500,986, which is higher than ₱4,116,146 than the previous year which is a loss of ₱615,160 due to the higher operations during the year.

#### **Notes to Interim Financial Statements:**

1. The interim operations are dependent on the prevailing weather conditions. The Club's peak months are in the last to first quarters as there are more tourists from the Northern Hemisphere which corresponds to their countries' winter season. The lean season begins in the third quarter when days become rainy.
2. The Club has maintained the same method of estimates incorporated in the interim periods of the current and prior financial years.
3. Kindly note that trust fund earnings are recorded at the end of the year as its value is

volatile.

4. There were no transactions involving issuances, repurchases, and repayments of debt and equity security.
5. There were no material events subsequent to the end of the interim period that has not been reflected in the financial events for the interim period.

### **Business Segments**

The Club's main purpose is to provide amenities to its members through golf and other facilities. Ancillary services necessary to operating a country club are also operating, such as food and beverage outlets, functions, among others.

A copy of the Audited Financial Statements of the Club as of December 31, 2021 is attached hereto as part of the Exhibits.

## **INDEPENDENT AUDITORS**

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The Club has engaged the services of DMD & Co. to perform the audit of the financial statements of the Club for the year 2021 for an audit fee of ₱200,000. There were no disagreements with DMD & Co. on any matter of accounting and financial disclosure.

No other services have been rendered by DMD & Co. apart from the audit of the foregoing financial statements of the Club.

The Audit Committee of the Club, which shall describe policies and procedures for the audit of the books of the Club, has been formed upon the creation of the Audit Charter.

## **FINANCIAL INFORMATION**

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The succeeding pages set forth the audited financial statements of CLI as of December 31, 2021, 2020 and 2019 and consolidated financial statements as at and for the three months ended September 30, 2022 and 2021.