



18 August 2023

Re: Ratification of Amendments to the Articles of Incorporation and Amended By-Laws of Valley Golf and Country Club, Inc.

Dear Stockholders:

The Board of Directors has approved amendments to our Articles of Incorporation and By-Laws and to submit the same to the stockholders for approval during the Annual Stockholders' Meeting scheduled on 24 September 2023.

The amendments to the Articles of Incorporation include among others: 1) the rewording of its secondary purposes so as to specifically authorize the Club to offer and sell its proprietary shares to the public; 2) stating with particularity its principal office address; 3) increasing the number of directors to eleven (11) (to accommodate the addition of two independent directors); 3) amending the Club's term of existence to perpetual existence; and 4) specifically stating that shareholders shall have the right to share in the assets of the Club in the event of its dissolution or liquidation.

In the same manner, there are significant amendments to the By-Laws, the most noteworthy and important are as follows: 1) shortening the term of directors to one (1) year (from three [3]); 2) institutionalizing the nomination and election of independent directors who should compose at least twenty percent (20%) of the number of directors; 3) providing for additional qualifications for regular directors and qualifications for independent directors; 4) inclusion among the standing committees of special committees as required by the Corporation's Amended Manual of Corporate Governance; 5) amendments to the composition of the Committee on Election, and; 6) authorization of stockholders' meetings by remote conference. Please refer to the Club website for the proposed amendments.

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These proposed amendments to the Articles of Incorporation and By-Laws were adopted to fully comply with the provisions of the Revised Corporation Code (Republic Act No. 11232), the Securities Regulations Code (Republic Act No. 8799), issuances and memorandum circulars of the Securities and Exchange Commission (SEC) and the Amended Manual of Corporate Governance of the Club. In fact, the SEC's Corporate Governance and Finance Department has previously directed the Club back in October 2021 to adopt these amendments in its Articles of Incorporation and By-Laws.

During last year's Annual Stockholders' Meeting, Valley Golf submitted these amendments for ratification by the stockholders so that Valley Golf will be compliant with the aforementioned laws and regulations. Unfortunately, most of them, particularly the more significant ones like the one (1) year term for directors and institutionalization of the nomination and election of independent directors, were not ratified for failure to reach the affirmative vote of the majority of the shares of stock. Prior to last year, there was also an attempt to ratify amendments to the By Laws to institutionalize the nomination and election of independent directors as required by law but this was also not ratified for the same reasons.

Recently, the SEC (through the Corporate Governance and Finance Department) in its 18 May 2023 response to Valley Golf's letter dated 09 May 2023 seeking advice on this point, has already reiterated to Valley Golf that it remains NON-COMPLIANT with CGFD's directive issued last 22 October 2021 for VGCCI to amend Article IV, Section 1 of its BL (By-Laws) to align with Section 22 of the RCC.

In addition, the SEC CGFD in the same letter has warned Valley Golf that non-compliance with a legal requirement of the RCC as well as CGFD's directive may subject the Club to administrative sanctions as provided in Sec. 158 of the RCC.

Thus, Valley Golf's compliance with the applicable laws and directives of the SEC is mandatory and cannot be delayed further or excused by the failure of the stockholders to ratify the necessary amendments to the AOI and By Laws. It is for this reason and to avoid the exposure to sanctions that the Board of Directors, in its resolution last July 15,

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2023 decided to implement the one (1) year term for directors and the institutionalization of the nomination and election of independent directors even pending submission to and ratification by the stockholders of the necessary amendments to the By Laws are ratified by the stockholders.

Nonetheless, it is still necessary to formalize the amendments to the AOI and By-Laws by ratifying the same so that there will be no confusion or ambiguity in the future and so that Valley Golf is in full compliance with the Revised Corporation Code, the Securities Regulations Code, other implementing rules and regulations of the SEC as well as our own Amended Manual of Corporate Governance. The SEC has also given notice that it requires these amendments to the AOI and By-Laws as a pre-requisite before it will even consider amendments of the AOI and By Laws pertaining to other matters.

Ratification of amendments to the Articles of Incorporation requires the affirmative vote of two-thirds (2/3) of the outstanding capital stock. On the other hand, amendments to the By-Laws requires the affirmative vote of a majority of the outstanding capital stock.

The Board of Directors appeal to the stockholders to carefully study these amendments and consider voting for their ratification so that the Club fully complies with existing laws and SEC rules and regulations. This is to ensure that the Club remains in good standing with its regulatory agency, the SEC, and avoid any issues, problems or difficulties with the latter, including possible penalties and sanctions.

Thank you.

**THE BOARD OF DIRECTORS
VALLEY GOLF & COUNTRY CLUB, INC.**

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