



**EVER-GOTESCO RESOURCES  
HOLDINGS, INCORPORATED**

**NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING OF  
EVER-GOTESCO RESOURCES AND HOLDINGS, INC.**

**August 30, 2018, 03:00 P.M.**

**Best Western Hotel La Corona Manila**

1166 M.H. Del Pilar St. cor. Arquiza St. Ermita Manila

Notice is hereby given that the Annual Meeting of the Stockholders of Ever Gotesco Resources and Holdings, Inc., (the "Company") which will be held on August 30, 2018 at 03:00 P.M. at the Best Western Hotel La Corona Manila 1166 M.H. Del Pilar St. cor Arquiza St. Ermita Manila. The Agenda of the meeting is as follows:

1. Call to order
2. Proof of notice and due calling of meeting
3. Determination of existence of a quorum;
4. Reading and Approval of the Minutes of the Annual Meeting of the Stockholders held on August 25, 2017;
5. Approval of the Audited Financial Statements of the Company as of 31 December 2017;
6. Approval and ratification of all acts of the Board of Directors, standing committees and management since the last annual meeting;
7. Election of the members of the Board of Directors;
8. Appointment of external auditors;
9. Other matters; and
10. Adjournment.

For convenience in registering your attendance, please have available some form of valid identification, such as Voter's I.D., Driver's License etc.

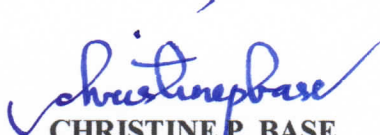
Pursuant to Section 7, Article II of the By-laws of the Corporation, all proxies must be in the hands of the secretary before the time set for the meeting or not later than August 29, 2018.

Registration starts at 2:00 P.M. and will close at exactly 03:00 P.M. Only stockholders of record as of August 6, 2018 shall be entitled to vote.

Manila, July 27, 2018

**EVER-GOTESCO RESOURCES  
& HOLDINGS INC**

by:

  
**CHRISTINE P. BASE**  
CORPORATE SECRETARY

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**  
**INFORMATION STATEMENT PURSUANT TO SECTION 20**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box :

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter :

**EVER- GOTESCO RESOURCES AND HOLDINGS. INC.**

3. Province, country, or other jurisdiction of incorporation or organization

**City of Manila, Philippines**

4. SEC Identification Number : **AS094-8752**

5. BIR Tax Identification Code : **032-004-817-595**

6. Address of principal office :

**12/F, Ever Gotesco Corporate Center,**  
**1958 C. M. Recto Avenue, Manila**

7. Registrant's telephone number, including area code : **(02) 735-6901**

8. Date, time and place of the meeting of security holders :

Date : **August 30, 2018**

Place : Best Western Hotel La Corona Manila

1166 M.H. Del Pilar St. cor. Arquiza St. Ermita Manila

Time : **03:00 P.M.**

9. Approximate date of which the Information Statement is to be sent or given to security holders : **about August 6, 2018**

10. Securities registered pursuant to Sections 4 and 8 of the RSA :

Title of Each Class

Number of Shares of Common Stock  
Outstanding or Amount of Debt Outstanding

\_\_\_\_\_

**Common Stock P1.00 par value**

**5,000,000,000**

11. Are any or all of registrant's securities listed on a Stock Exchange ?

Yes   X  

No           

If so, disclose name of the Exchange: **Philippine Stock Exchange – Common Shares**

**EVER-GOTESCO RESOURCES AND HOLDINGS, INC.**

**INFORMATION STATEMENT**

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

**ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS.**

- (a)     Date of Meeting             :   August 30, 2018  
          Time of Meeting          :   03:00 P.M  
          Place of Meeting         :   Best Western Hotel La Corona Manila  
  1166 M.H. Del Pilar St. cor. Arquiza St. Ermita Manila
- Principal Office         :   12<sup>th</sup> Floor, Ever Gotesco Corporate Center,  
  1958 C. M. Recto Avenue, Manila, Philippines
- (b)     Approximate Date on which Copies of the Information Statement are first to be sent or  
          given to security holders shall be on or before **August 6, 2018.**

**ITEM 2. DISSENTERS' RIGHT OF APPRAISAL**

Any stockholder of Ever Gotesco Resources and Holdings, Inc. and subsidiary may exercise his appraisal right against any proposed corporate action which qualifies as an instance under Section 81 of the Corporation Code and which gives rise to the exercise of such appraisal right pursuant to and in the manner provided in Section 82 of the Corporation Code. In accordance with the agenda of the annual stockholders' meeting as stated in the Notice of Annual Stockholders' Meeting, the company does not reasonably foresee the happening of any instance which may warrant the exercise of the appraisal right by any stockholder during the Annual Stockholders' Meeting.

**There are no matters to be taken up in the meeting which will trigger appraisal rights.**

**ITEM 3. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.**

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, nor any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the meeting, other than election to office.

#### **ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF.**

(a) Voting securities entitled to vote at the Annual Meeting :

As of June 30, 2018, there are 5,000,000,000 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. One share is equivalent to one vote except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(b) Record Date

Only holders of the Company's stock of record at the close of business on August 6, 2018 (the "Record Date") acting in person or by proxy on the day of the meeting are entitled to vote at the Annual Meeting to be held on August 30, 2018.

(c) Election of directors and voting rights (Cumulative Voting)

Each stockholder may vote the number of shares of stock outstanding in his own name as of Record Date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. However, no delinquent stock shall be voted. Cumulative voting is allowed for election of members of the Board.

(d) Security Ownership of Certain Record and Beneficial Owners and Management.

The table below shows persons or groups known to the Company as of June 30, 2018 to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's voting securities:

<b>Title of Class</b>	<b>Name, Address of Record Owner and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% of Ownership</b>
Common	Consolidated Ventures, Inc Matapang St., Quiapo Manila	Consolidated Ventures, Inc.	Filipino	1,592,000,000	31.84%
Common	PCD Nominee Corp. G/F, Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City	PCD Nominee Corp.	Filipino	1,181,300,877	23.63 %
Common	Gotesco Properties, Inc. 1958 C. M. Recto Ave., Manila	Gotesco Properties, Inc.	Filipino	1,069,235,000	21.38%

As of June 30, 2018, EVER knows of no one who beneficially owns in excess of 5% of EVER's common stock except as set forth in the table below:

There is no individual record or beneficial owner of more than 5% of the shares of stocks under PCD Nominee Corp. as of June 30, 2018.

Mr. Joel T. Go is natural person who has voting power over shares of Gotesco Properties, Inc. and Consolidated Ventures, Inc. as approved by the Board of Directors.

(e) Equity Ownership of Foreigners

<b>Title of Class</b>	<b>Name, Address of Record Owner</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% of Ownership</b>
Common	PCD Nominee Corp. 37F Enterprise Tower 1 Ayala Avenue Makati City	PCD Nominee Corp.	Foreign	104,490,100	2.09%
Common	Ming Zheng Yuan Rm. 1201 Richtown Tower 1417 Mayhaligue St. Sta. Cruz, Manila	Ming Zheng Yuan	Chinese	8,000,000	0.16%
Common	Ling Wang Bi Suite 1505, State Center Bldg., #333 Juan Luna	Ling Wang Bi	Chinese	7,000,000	0.14%
Common	Others		Various	10,535,000	0.21%

(2) Security Ownership of Management as of June 30, 2018

The table below shows the securities beneficially owned by all directors, nominees and executive officers of the Company as of June 30, 2018:

<b>Title of Class</b>	<b>Name of Beneficial/Record Owner</b>	<b>Amount/Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>% of Ownership</b>
common	Joel T. Go Director	228,672,599 Direct	Filipino	4.57%
common	Jose C. Go Chairman/Director	227,820,000 Direct	Filipino	4.56%
common	Evelyn C. Go Treasurer/Director	2,371,315 Direct	Filipino	0.05%
common	Jonathan T. Go Director	65,000,000 Direct	Filipino	1.30%
common	Lourdes G. Ortiga Director	81 Direct	Filipino	0.00%
common	Christian Grant Yu Tomas Independent Director	1 Direct	Filipino	0.00%
common	Senen D. Baccay Independent Director	1 Direct	Filipino	0.00%
	Christine P. Base Corporate Secretary	None	Filipino	0.00%
	Diana T. Huang AVP Corporate Planning	None	Filipino	0.00%

	Cynthia T. Dizon AVP Comptroller	None	Filipino	
	All executive officers and directors as a group – <b>All Filipino Citizens</b>	<u>523,863,997</u>		<u>10.48%</u>

*Note: No indirect beneficial ownership owned by directors, nominees and officer as of June 30, 2018.*

Directors and Officers as a group hold a total of 523,863,997 shares, equivalent to approximately 10.48% of the Company's issued and outstanding capital stock.

(e) Voting Trust Holders of 5% or more

No person holds 5% or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement

(f) Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

## ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the members of the Board :

Office	Name	Age	Nationality
Chairman	Jose C. Go	70	Filipino
Director/President	Joel T. Go	45	Filipino
Director	Evelyn C. Go	63	Filipino
Director	Jonathan T. Go	43	Filipino
Director	Loudes G. Ortiga	60	Filipino
Independent Director	Christian Grant Yu Tomas	40	Filipino
Independent Director	Senen D. Baccay	75	Filipino

The following are the brief description of the respective background of the Company Director's and nominees who have been nominated for election, their respective ages and involvement in other businesses for the past five (5) years.

**JOSE C. GO**, Filipino, was born on June 19, 1948, graduated from the University of Santo Tomas. He is presently the Chairman, President and Chief Executive Officer of the Ever Gotesco Resources and Holdings, Inc. Mr. Go received his extensive business and entrepreneurial training and experience from his early exposure to the various aspects of operations of family-owned corporations. He is also the Chairman, President and Director of Gotesco Land, Inc. (formerly Suricon Resources Corporation). He hold the position of Chairman and Chief Executive Officer of Gotesco Tyan Ming Development, Inc.. In addition, Mr. Go is the President of Ever Emporium, Inc., Gulod Resort, Inc., GMCC United Development Corp., Ever Plaza, Inc., Ever Center, Inc., Ever Commonwealth Center, Inc., and Nasugbu Resort, Inc. Re-elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified.

**JOEL T. GO**, Filipino, was born on January 25, 1973, is a graduate in Bachelor of Science in Electronics & Communications Engineering from De Lasalle University. He is the first child of the three children of Mr. Jose C. Go. His work experiences are with the family businesses and occupies the following positions in various company under the Ever Gotesco Group of Companies for the last five (5) years, viz : Chairman and President of Ever Plus Meisec Corp.; Ever Plus Superstore, Inc.; Ever Plus Convenience Stores, Inc. He is also President and Director of United Doctors Service Corp.; Majestic Plus Holdings Intl. Inc.; and Eagles Production Intl. Inc. and Director and Treasurer of Evercrest Golf Club Resort, Inc. Re-elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified.

**EVELYN C. GO**, Filipino, was born on December 23, 1954, is a graduate from the Philippine School of Business Administration with a degree in Business Management. Ms. Go started her practical business training at an early age covering various positions and aspects of the Go Tong family business enterprises. She is affiliated with and occupies the following positions in various institution for the last five (5) years, viz : President/Chief Operating Officer of Gotesco Tyan Ming Development, Inc., Executive Vice President of Ever Emporium, Inc., Ever Plaza, Inc. Ever Center, Inc., Ever Commonwealth Center, Inc., Director and/or Treasurer of Gotesco Properties, Inc., Megaheights Realty & Development Corp., Gulod Resort, Inc., Gotesco Land, Inc., (formerly Suricon Resources Corp.),and Nasugbu Resort, Inc. Re- elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified.

**JONATHAN T. GO**, Filipino, was born on October 28, 1974, holds a Bachelor of Science degree in Commerce major in Business Management from De La Salle University. He is the second child of the three children of Mr. Jose C. Go and Elvy T. Go. He is affiliated and occupies the following positions for the last five (5) years, viz : Entrepreneurial executive with more than 9 years of experience in managing marketing, sales, operation, personnel and merchandising for a start up and established retailer locally. He is the youngest member of the board of Directors of ECR composed of 30 industry's CEOs (both retail and manufacturing) and. re-elected Director in October 2011. He is a nominee for director for the forthcoming stockholders meeting.

**LOURDES G. ORTIGA**, Filipino, was born on September 28, 1957 is a Fine Arts Major in Interior Design graduate from the University of Santo Tomas. She is affiliated and occupies various position under the Ever Gotesco Group of companies for the last five (5) years, viz: Director and Corporate Secretary of Gotesco Tyan Ming Development, Inc.; Gotesco Properties, Inc.; Ever Shoppers, Inc.; Gusset Realty & Development, Corp.; and Revere Realty and Development, Corp. Director of Gotesco Holdings, Inc.; Ever Emporium, Inc.; Ever Plaza, Inc.; Ever Commonwealth Center, Inc.; Ever Center, Inc. and Primeworld Management Services, Inc. Executive Vice President for Marketing Communications Services of the Ever Gotesco Group of Companies. Re-elected Director in December 18, 2008 and a holdover Director since her election up to the present and until her successor shall have elected and qualified.

**CHRISTIAN GRANT YU TOMAS**, Filipino, Head, Legal Department of Tyche Consulting Ltd. Phil. Regional Operating Headquarters. Previously worked as Legal Counsel of Alphaland Corporation; Executive Assistant on Commission on Elections, Office of Commissioner Larrazabal; and Associate, ZAMORA POBLADOR VASQUEZ & BRETANA LAW OFFICE. He graduated from Ateneo De Manila University of Law with a Degree of Juris Doctor in 2004. He passed the Bar Examination in 2004. He graduated from De La Salle University with a Bachelor of Science Degree in Applied Economics in 1999.

**SENEN D. BACCAY**, Filipino, born on October 11, 1942, a Lawyer. He obtained his Bachelor of Laws from the University of the East in 1969, graduated in University of the Philippines with a Bachelor of Arts (Economics) in 1964. He passed the Philippine Bar Examinations in March 1970. President of Bluehounds Security and Investigation Agency Inc. since year 2012 up to present, Head in Human Resources and Legal Department of House of Investments, Inc for year 1994 to 2012. He was a professor of Law in University of the East in 2010-2012. Legal Counsel of Mapua Institute of Technology, Inc. in 2000-2004, Legal Counsel and Corporate Secretary of Zamboanga Wood Products, Inc., in 1987-1994, Senior Manager/ Legal Officer in Philippine American Investments Corporation 1981-1987. He was a Trial Attorney in Malayan Insurance Co., Inc in 1970- 1980 and Industrial Finance Corp. Group. In 1970-1977.

### **Senior Management**

**CRISTINE P. BASE**, Filipino, a Lawyer is currently a Securities, Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, She is a Director and the Corporate Secretary of various companies like Anchor Land Holdings Inc., Araneta Properties Inc. and Asiasec Equities Inc. She was an Auditor and a Tax Lawyer at Sycip, Gorres, Velayo & Co. She graduated at Ateneo de Manila University School of Law with a degree of Juris Doctor and passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant graduated from De La Salle University with a Bachelor of Science Degree in Commerce Major in Accounting.

**CEASAR P. CERTEZA**, Assistant Corporate Secretary, graduated from Ateneo de Manila University School of Law with a degree of Juris Doctor in 1995. He also graduated as Magna Cumlaude in Bachelor of Arts – Major in Economics in University of Santo Tomas in 1991. He passed the Philippine Bar Examination in 1995. He is currently the Corporate Legal Counsel in Metropolitan Medical Center. He became lawyer of CRCerteza Law Office in 2007-2011. A partner in Halili Certeza Matibag Law Office 2000-2007. Legal Officer I of NGL Pacific, Ltd., 1998-2000. Associate Lawyer of Sebastian Liganor Galinato and TierraLaw Offices 1995-1998. He is a Legal



Apprentice in Bautista Picazo Buyco Tan Fider Law Office during summer of 1993-1994. Atty. Certeza is also an Instructor I in University of Santo Tomas- Faculty of Arts and Letters in school year 1991-1998. A member of The Fraternal Order of Utopia and Integrated Bar of the Philippines.

**CYNTHIA T. DIZON**, AVP-Controller, graduated from Polytechnic University of the Philippines (3- yrs curriculum). She is a Certified Public Accountant and had been connected in various local and multinational companies with diverse industries like Hooven (Comalco) Phil. Inc., Windjammer Cruises, East Asiatic Corporation, Gold Packaging Corp., Richard Hamilton Properties Inc., Century Canning Corporation. Before she joined the company she was the Accounting Head of House of Investments Inc, the holding company of Yuchengco Group of Companies.

Period & Term of Office: Appointed as AVP-Controller effective June, 2012.

### **Nominations for Director including Independent Directors for 2017-2018**

The directors of the Company elected at the Annual Meeting are to hold office for one year and until their respective successors have been elected and qualified.

The following are the nominees to the Board of Directors :

- |    |                           |                      |
|----|---------------------------|----------------------|
| 1. | JOSE C. GO                |                      |
| 2. | EVELYN C. GO              |                      |
| 3. | JOEL T. GO                |                      |
| 4. | LOURDES G. ORTIGA         |                      |
| 5. | JONATHAN T. GO            |                      |
| 6. | CHRISTIAN GRANT YU TOMAS, | Independent Director |
| 7. | SENEN D. BACCAY           | Independent Director |

The Board has no reason to believe that any of the aforementioned nominees will be unwilling or unable to serve if elected as a director.

The nomination committee, following the guidelines and procedures embodied in the Revised Manual on Corporate Governance and its By-Laws of the Corporation, came up with the following nominees as Independent Directors, namely, Atty. Christian Grant Yu Tomas and Atty. Senen D. Baccay. Mr. Joel T. Go, member of the nomination Committee, properly screened then nominated the aforementioned candidates for Independent Directors of the Company. Mr. Go is not related to either Atty. Tomas or Atty. Baccay by consanguinity or affinity, and has no professional or business dealings with any of them. Messrs. Tomas and Baccay possessed the qualifications and none of the disqualifications of independent directors under relevant rules of the Securities Regulation Code (the "SRC") and its implementing rules and regulations (the "SRC Rules").

The members of the Nomination Committee are as follows :

- |          |   |                   |
|----------|---|-------------------|
| Chairman | - | JOEL T. GO        |
| Member   | - | EVELYN C. GO      |
| Member   | - | LOURDES G. ORTIGA |

For this Annual Meeting, the Committee has screened and evaluated the candidates for nomination as Independent Directors, using the aforementioned guidelines, pertinent provisions of the Corporation's Revised Manual on Corporate Governance and its By-Laws and relevant rules under the SRC and SRC Rules.

The company has adopted the SRC Rule 38 Requirements on Nomination and Election of Independent Directors and compliance therewith has been made.

#### Guidelines on the Nomination and Election of Independent Directors

Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

- a. Is not a director or officer of the company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- b. Does not own more than two percent (2%) of the shares of the company and/or its related companies or any its substantial shareholders;
- c. Is not related to any director, officer or substantial shareholder of the company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- d. Is not acting as a nominee or representative of any director or substantial shareholder of the company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed Trust or under any contract or arrangement;

#### **(B) FAMILY RELATIONSHIPS**

Three (3) Directors are siblings namely, Jose C. Go, Evelyn C. Go and Lourdes G. Ortega and Joel T. Go and Jonathan T. Go are the sons of Jose C. Go. All other directors and officers have no family relationships in any civil degree either by consanguinity or affinity.

#### **(C) INDEPENDENT DIRECTORS**

Messrs. Christian Grant Yu Tomas and Senen D. Baccay, Jr. are the Company's Independent Directors. They are neither officers nor substantial shareholders of the Company. Pursuant to SEC Memorandum Circular No. 9 dated December 5, 2011, the term limit of the Independent Directors is a maximum of five (5) consecutive years.

#### **(D) SIGNIFICANT EMPLOYEE**

No particular individual employee who is not an executive officer can be singularly identified as making in significant contribution to the business, because the strength of the company lies in the cooperative efforts of all officers, staff and employees of the corporation.

**(E) DEATH OF A DULY ELECTED DIRECTOR.**

Not applicable

**(F) ELECTION OF A DIRECTOR**

Not applicable

**(G) WARRANTS AND OPTIONS OUTSTANDING**

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

**(H) INVOLVEMENT OF DIRECTORS AND OFFICERS IN LEGAL PROCEEDINGS**

The Company is not aware and none of the directors and officers or persons nominated to become directors or officers has informed the Company of (a) any bankruptcy petition filed by or against any business of which any of its director or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time. (b) any conviction by final judgment of any director or senior executive in a criminal case domestic or foreign or being subject to a pending criminal case domestic or foreign, of any director, executive officer or person nominated to be a director, (c) any director or senior executive being subject to any order, judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining barring, suspending or otherwise limiting such directors' or executive officer's involvement in any type of business securities, commodities or banking activities, (d) any executive officer or director found by a domestic or foreign court of competent jurisdiction, the Commission or other foreign body or a domestic or foreign Exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated, which occurred during the past five (5) years up to the latest date that are material to evaluation.

Except for the proceedings described in Annex "A", to the knowledge and/or information of the Company, the present members of the Board or the executive officers are not, presently, or during the last five years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings.

Other pending legal proceedings involving the Company is described in Annex "A" hereof.

## (I) CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS.

In the ordinary course of business, the Group has related party transactions and balances as follows:

2017				
	Amount/ Volume	Outstanding Asset (Liability)	Terms	Condition
<i>Stockholder</i>				
Advances to	(P2,654,728)	P1,371,481,714	Payable in five years;	Unsecured; partially
Advances from	–	(76,923,077)	non-interest bearing	impaired
<i>Associated companies</i>				
Rent	58,921,351	1,237,994,326	Payable in one month;	Unsecured; partially
	221,619	–	non-interest bearing	impaired
	7,259,642	2,173,016,431	Due and demandable	Unsecured
Advances to			Payable in five years;	Unsecured; partially
			non-interest bearing	impaired
Payable to	(103,204,677)	(464,130,103)	Due and demandable	Unsecured
2016				
	Amount/ Volume	Outstanding Asset (Liability)	Terms	Condition
<i>Stockholder</i>				
Advances to	P 5,489,842	P1,374,136,442	Due and demandable	Unsecured; partially
Advances from	–	(76,923,077)		impaired
<i>Associated companies</i>				
Rent	252,387,559	1,167,911,171	Payable in one month;	non-Unsecured; partially
			interest bearing	impaired
Advances to	643,897,054	2,155,129,368	Due and demandable	Unsecured; partially
				impaired
Payable to	(51,964,834)	(360,925,426)	Due and demandable	Unsecured

- a. The Company entered into a renewable two-year sublease and management agreement with an affiliate. The affiliate receives future rental income from tenants and pays for the operating expenses relating to the mall operations. The agreement was terminated and was no longer renewed as of December 31, 2017.

In 2017, the Company transferred customers' deposits amounting to P59.6 million to the affiliate.

- b. The Group grants non-interest bearing advances to entities that are under common control and to its stockholder. These advances are originally payable in five years as approved by the BOD. As of December 31, 2017 and 2016, these advances have no payment terms and are considered payable on demand.

The long-term non-interest bearing advances were initially recorded at fair value, based on discounted cash flows, and are subsequently carried at amortized cost. The excess of the nominal amounts over the present values of the noncurrent receivables from entities under common control are recognized directly in equity on the date of grant. Accretion of the difference between nominal amount and present value is recognized in profit or loss.

Management did not recognize further accretion income in 2015 and changed the unamortized portion of the excess of nominal amounts over the present values of the receivables from related parties amounting to P208.7 million as allowance for doubtful accounts.

- c. Movements in and details of the allowance for doubtful accounts relating to receivables from related parties follow:

	2017	2016
Beginning balance	<b>₱833,614,342</b>	₱833,614,341
Addition (Note 14)	<b>888,818,144</b>	—
Ending balance	<b>₱1,722,432,486</b>	₱833,614,341

In 2015, the Group has written off receivables from related parties amounting to ₱443.0 million, ₱234.7 million of which was previously provided with allowance. There was no additional allowance for doubtful accounts for the year ended December 31, 2016. In 2017, the Company provided an additional allowance for doubtful accounts of ₱888.8 million on its receivables from related parties.

- d. The Group has non-interest bearing payables to entities that are under common control. Payables to related parties, included as part of “Accounts payable and other liabilities” in the consolidated balances sheets amounted to ₱541.1 million and ₱437.8 million as of December 31, 2017 and 2016, respectively (see Note 11).
- e. The Company granted non-interest bearing advances to GTMDI amounting to ₱204.3 million in 2014. Non-interest bearing advances amounting to ₱204.3 million as of December 31, 2017 and 2016, were fully eliminated in the consolidated financial statements.
- f. In 2016, the Company has assigned to related parties its parcels of land in Calamba and its fully depreciated commercial complex and improvements in Ever Manila Plaza amounting to ₱622.9 million and ₱34.8 million, respectively (see Note 7).
- g. In 2016, the Company entered into a lease agreement with an affiliate on its lease of office space (see Note 7).
- h. In 2017, the Company transferred its employees and their related retirement benefit liability, property and equipment, and computer software to an affiliate which assumed the mall operations due to the cessation of its mall operations (see Note 15).
- i. The compensation of key management personnel representing salaries and short-term employee benefits amounted to ₱1.1 million in 2017, ₱4.5 million in 2016 and ₱4.1 million in 2015. Retirement benefits for key management personnel amounted to ₱0.5 million in 2017, 2016 and 2015.

## ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

In accordance with the By-laws, the officers shall receive such remuneration as the Board of Directors may determine. All other officers shall receive such remuneration as the Board of Directors may determine upon recommendation of the President. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise and receiving compensation thereof.

The following table summarizes the names and aggregate compensation paid or accrued during the last three years and to be paid in the ensuing year to the company's highly compensated officers.

Name and Principal Position	Year	Salary (in million)	Bonus	Other Annual Compensation
The Five most highly compensated executive officers: Jose C. Go – Chairman Joel T. Go – President Diana T. Huang – AVP Corporate Planning Cynthia Dizon – AVP Comptroller Francis Z. Teoco- Operation***	2018*	P3.82	None	None
	2017	3.82	None	None
	2016	3.80	None	None
All other executive officers and directors as a group Unnamed	2017**	P 360,000.00	- 0 -	None
	2016**	360,000.00	- 0 -	None
	2015**	360,000.00	- 0 -	None

\*Estimated compensation of executive officers for the ensuing year.

\*\* Honorarium of the Independent Directors

\*\*\* \* Operations Head - Francis Z. Teoco died in Dec, 2014.

### Compensation of Directors

By resolution of the Board, each director shall receive a per diem allowance of P5,000.00 for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. For the last three years, the directors didn't draw any salaries or bonuses from the company and there are no accruals for Director's per diem.

Since December 1, 1995 up to the present, the directors (except for the Independent Directors) and some of the Executive officers of EVER didn't receive any per diem nor compensation from the company. These executives (President, Treasurer, and Corporate Secretary) acted their positions at EVER in their concurrent capacities at Gotesco Properties, Inc.

The Independent Directors are given a monthly honorarium of P20,000.00 in 2012 and P15,000.00 in 2013 up to present each for every regular and special board meeting actual attended.

The Company and the Executive Officers are not involved in any of the following transactions :

- a. standard arrangement and any other material arrangement;
- b. employment contract (between the registrant and named executive officers);
- c. compensatory plan or arrangement;
- d. outstanding warrants or options;
- e. adjustments or amendments on the price of stock warrants or options.

## **ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS**

The accounting firm of Sycip Gorres Velayo & Co. (“SGV”) has been the Company’s independent public accountant/external auditor for the year 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017. The same accounting firm is being recommended for re-appointment by the stockholders at the Annual Meeting. Representatives of said firm are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. SGV has accepted the Company’s initiation to stand for re-appointment this year.

Pursuant to SRC Rule 68, Paragraph 3(b) (iv) (Rotation of External Auditors) of the SRC Rules, the Company engaged Mr. Kristopher S. Catalan for the examination of the Company’s financial statements for the year 2016 and 2015. Previously, the Company engaged Ms. Catherine E. Lopez of SGV for the examination of the Company’s financial statements for the years 2009 to 2014, but was replaced by Mr. Catalan as certifying partner beginning year 2015.

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

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by SGV was P500,000 for the year 2017, P750,000.00 for 2016 and P1,148,000.00 in year 2015. These fees cover services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for calendar years 2017, 2016 and 2015.

There was no event in the past five years where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope of procedure.

The audit findings are presented to its Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee’s recommendations. The engagement of the external auditors was favourably endorsed by the Audit Committee to the Board of Directors and ultimately submitted for approval of the stockholders.

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

- |                             |            |
|-----------------------------|------------|
| 1. Christian Grant Yu Tomas | - Chairman |
| 2. Joel T. Go               | - Member   |
| 3. Evelyn C. Go             | - Member   |

**ITEM 8. COMPENSATION PLANS**

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE**

Not Applicable.

**ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES**

Not Applicable.

**ITEM 11. FINANCIAL AND OTHER INFORMATION**

The audited consolidated financial statements of the Company for the period ended December 31, 2017 and the quarterly report ending June 30, 2018 respectively is attached hereto as Annex “B.” Management’s Discussion and Analysis of Operations is incorporated in the Management Report.

**ITEM 12. MERGERS, CONSOLIDATION, ACQUISITION AND SIMILAR MATTERS**

Not Applicable.

**ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY**

Not Applicable.

**ITEM 14. RESTATEMENT OF ACCOUNTS**

The Company is not taking any action, which involves the restatement of any of its assets, capital or surplus account.

**ITEM 15. ACTIONS WITH RESPECT TO REPORTS AND OTHER PROPOSED ACTION**

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of the minutes of the previous annual meetings of its security holders.



Other proposed action include proposed approval of the Annual Report and audited financial statements of the Company for the period ended December 31, 2016, ratification of all acts, investments, proceedings and resolutions of the Board, the Executive Committee and the acts of the officers and management since the date of the last annual meeting.

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2017, and ratification of all acts, proceedings and resolutions of the Board, the Executive Committee and the acts of the officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote thereon.

The following is the summary of acts of the Board of Directors and Management from the last annual stockholders meeting up to the date of meeting this year (August 31, 2018):

1. April 12, 2018-Approval of Financial Statements as of December 31, 2018

#### **ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

Ratification of acts of management and of the Board of Directors referred to in the Notice of the Annual Meeting of Stockholders refers only to acts done in the ordinary course of business and operation of EGRHI, which have been duly disclosed to the SEC and the PSE in accordance with law. Ratification is being sought in the interest of transparency and as a matter of customary practice or procedure undertaken at every annual meeting of EGRHI stockholders.

This pertains to all acts, resolutions, proceedings and approval made by the Board of Directors, Executive Committee and Officers of the Company from the last stockholders' meeting in August 25, 2017 for the period 2016 and up to the date of meeting (August 31, 2018). This includes, among others, those that include day to day operations, administration and management of the corporate affairs such as (a) designation of authorized signatories, (b) renewal of credit facilities, (c) new/additional investments, (d), (e) (f) appointment of new officers.

Copies of the minutes of the stockholders' meeting shall be given to stockholders before the start of meeting.

#### **ITEM 17. AMMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS**

Not Applicable.

## **ITEM 18. OTHER PROPOSED ACTION**

The following actions are also proposed to be taken up during the Annual Meeting :

1. Election of directors for 2018-2019; and
2. Appointment of external auditor;

## **ITEM 19. VOTING PROCEDURE**

### **(a) Matters for Stockholders' Approval**

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. If stockholders or proxies of stockholders owning more than two-thirds (2/3) of the outstanding capital stock are present and identified in the meeting, voting shall be by raising of hands or viva voce; otherwise, voting shall be done in writing by secret ballot and counted thereafter. The votes will be validated by its external auditor.

### **(b) Election of directors**

Pursuant to the Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected. The formula may be stated as follows :

Number of shares held on record x Seven (7) = Total votes that may be cast.

The external auditor of the Company, Sycip Gorres Velayo & Co. is authorized to count votes on any matter properly brought to the vote of the stockholders, including the election of directors.

During the scheduled annual stockholders' meeting, the following items will be included in the agenda:

1. Call to order
2. Proof of Notice and due calling of meeting
3. Determination of Existence of a Quorum;
4. Reading and Approval of the Minutes of the Annual Meeting of the Stockholders held on August 25, 2017;
5. Approval of the Audited Financial Statements of the Company as of 31 December 2017;
6. Approval and ratification of all acts of the Board of Directors, standing committees and management since the last annual meeting;
7. Election of the members of the Board of Directors;
8. Appointment of external auditors;
9. Other matters; and
10. Adjournment.

#### SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed on the City of Manila on July 27, 2018.

  
By: **CHRISTINE P. BASE**  
Corporate Secretary 

## **MANAGEMENT REPORT**

- 1. SEE ATTACHED CONSOLIDATED AUDITED AND INTERIM FINANCIAL STATEMENTS AND THE STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.**
- 2. MANAGEMENT DISCUSSION & ANALYSIS OF PLAN OF OPERATIONS**

### **RESULTS OF OPERATIONS (For the period January-June 2018)**

Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary has a consolidated revenues for the period January to June 2018 of –Nil-, a 100% decline from the previous year’s revenue of ₱143.22 due to the expiration and non-renewal of lease contract at the Ever Gotesco Commonwealth mall.

“Direct Costs and Expenses” and “General and Administrative Expenses” decreased by 98% and 96%, respectively due to the same factor mentioned above. Only necessary/unavoidable costs were incurred by the Company for the period.

Net loss for Six Months operations ending June 30, 2018 posted at ₱2.33 million, compared to the net income of ₱68.95 million in the same period in 2017.

To address these losses, management plans to explore other business opportunities outside of mall operations. The Company will assess revenue potentials of other industries such as those in tourism and agriculture which remains to be promising.

### **CHANGES IN FINANCIAL CONDITION**

#### **Year 2017 vs. Year 2016**

#### **Cause for Material Changes from Period to Period of the Income Statement**

Total consolidated revenues declined by 72% or P227 million compared to last year from ₱313.91 million in 2016 to ₱87.35 million in 2017 mainly due to the non-renewal of lease at Ever Gotesco Commonwealth Center on March 31, 2017. The Company then ceased its operation as lessor of the mall.

Direct cost and expenses dropped by 51% or P64.99 million from P127.26 million in 2016 to P62.27 million in 2017 mainly due to the cessation of operation from the second quarter of the year. Part of Direct Costs are Depreciation Expenses which dropped by 55% from P114.07 million in 2016 to P51.19 million in 2017. Light, Water, Security and Janitorial expenses decreased by 74%, 78%, 62% and 59% respectively.

General and Administrative expenses decreased by 1% or P0.52 million from P35.27 million in 2016 to P34.74 million in 2017 mainly due to the decrease in salaries expense by 64% from P12.28 million in 2016 to P4.42 million in 2017. Transportation and communication decreased by 79%, while insurance & advertising, promotions and marketing increased by 50% and 74% respectively.

Loss before income tax in 2017 amounted to ₱833.48 million while income before tax in 2016 amounted to ₱81.89 million. Net loss was recorded at ₱846.11 million in 2017 while net income in 2016 amounted to ₱208.09 million.

## **Cause for material Changes from Period to Period of the Balance Sheet**

### **Current Assets**

Cash decreased by 11% from ₱1.35 million in 2016 to ₱1.21 million in 2017, due to the decrease in collections from tenants during the year.

Receivables decreased by 21 % due to increase in collections from tenants and affiliates. Additional provisions for doubtful accounts for related party receivables were recorded during the year due to the uncollectibility of said accounts.

Total Current Assets decreased by 21 % from ₱3.91 billion in 2016 to ₱3.08 billion in 2017 due to decrease of all current assets line item in the balance sheet.

### **Non-Current Assets**

Total non-current assets decreased by 81% from ₱87.27 million in 2016 to ₱16.81 million in 2017 mainly because of the decline by 100% investment properties and Property, Plant and Equipment. This is due to derecognition of the said assets since contract with in EGCC ended last March 31, 2017. In addition, the reversal of deferred income tax asset also contributed to the decline in asset.

### **Current Liabilities**

Total current liabilities decreased by 4 % from ₱1.39 billion in 2016 to ₱1.33 billion in 2017. mainly due to the derecognition of operating lease payable, customers' deposit and income tax payable though Accounts payable and other liabilities increase by 2%.

### **Non-Current Liabilities**

Retirement benefits liability decreased by 100% due to the derecognition of Retirement benefits liability since majority of the Company's employee were transferred to other affiliated Companies.

### **Stockholder's Equity**

Total Equity decreased by 23% due the amount of loss suffered during 2017.

## **Year 2016 vs. Year 2015**

### **Cause for material Changes from Period to Period of the Income Statement**

Total consolidated revenues slightly declined by 2% or ₱6.00 million compared last year from ₱319.91 million in 2015 to ₱313.91 million in 2016 mainly because of the discontinued operations of GTMDI mall, the only subsidiary of EGRHI. Other factor on the reduction of the revenue was the timing difference on the incoming tenants versus the outgoing tenants plus the discontinued cinema operations which were not anymore competitive on nearby malls, in 2015 cinema had ₱0.44 million and none in 2016.

Direct cost and expenses dropped by 27% or ₱47.93 million from ₱175.19 million in 2015 to ₱127.26 million in 2016 mainly due to the decrease in depreciation and amortization by 13% from ₱131.78 million in 2015 to ₱114.07 million in 2016. Taxes and license decreased by 11%, consumption of cost of utilities like power & light expense, water expense cost of security, janitorial and contractual expenses plus the increase in reimbursable expenses which resulted from a recovery of ₱13.92 million in 2016 compared to ₱14.36 million subsidy in 2015.

General and Administrative expenses declined by 64% or ₱63.86 million from ₱99.13 million in 2015 to ₱35.27 million in 2016 mainly due to provisions for doubtful accounts for long outstanding receivables, cost cutting measures imposed by management, some resigned employees not replaced and just distributed the work load which resulted to decline in personnel related expense, representation & entertainment dropped by 95%, transportation and communication decreased by

62%, while insurance & advertising, promotions and marketing increased by 12% and 41% respectively.

Income before income tax in 2016 amounted to ₱81.89 million while ₱298.80 million in 2015. Net income was recorded at ₱32.24 million in 2016 while ₱208.09 million in 2015.

### **Cause for material Changes from Period to Period of the Balance Sheet**

#### **Current Assets**

Cash decreased by 10% from ₱1.50 million in 2015 to ₱1.35 million in 2016, due to timing difference on collections and disbursements on direct and operating cost & expenses like utilities and agencies, salaries & wages etc.

Receivables escalated by 31 % due to increase in new tenants and increase in sales of percentage tenants and the growth of trade & non trade receivables from affiliates as a result of the return of payments made to the creditor banks for the investment property. Certain receivables from related parties reclassified from noncurrent to current receivables as well as the assignment of investment property to PMSI also resulted to the material increase in Receivables.

Total Current Assets increased by 29 % from ₱3.02 billion in 2015 to ₱3.91 billion in 2016 because of the increase in receivables and other current assets although offset by the decline in cash and creditable withholding tax due to the increased in provision of income tax thus increased also on available creditable withholding taxes for 2016.

#### **Non-Current Assets**

Total non-current assets decreased by 90% from ₱905.30 million in 2015 to ₱87.27 million in 2016 mainly because of the decline by 92% in investment properties due to cancellation/settlement of MTI with PNB and the assignment of land and impairment of investment property in Commonwealth. Property and equipment dropped by 9% due to depreciation.

#### **Current Liabilities**

Total current liabilities increased by 3% only from ₱1.35 billion in 2015 to ₱1.39 billion in 2016 mainly due to the increase in accounts payable and other liabilities by 8%, 100% decrease in current portion of payables to bank due to full settlement and 52% decline in operating lease payable.

Accounts payable and other liabilities increased by 8% from ₱1.16 billion in 2015 to ₱1.25 billion in 2016 due to increase in intercompany advances and increase in VAT Payable and Deferred Output Tax.

Operating lease payable decreased by 52% due to updating of payments of this account from ₱12.32 million in 2015 to ₱5.4 million in 2016.

#### **Non-Current Liabilities**

Retirement benefits liability decreased by 29% due to the increase in employees' turn-over rate and decrease in manpower for 2016.

#### **Stockholder's Equity**

Total Equity increased by 1% because of the slight contribution of income generated in 2016.

## **Year 2015 vs. Year 2014**

### **Cause for material Changes from Period to Period of the Income Statement**

Total consolidated revenues declined by 19% or P73.28 million compared last year from =393.19 million in 2014 to =319.91 million in 2015 mainly because of the discontinued operations of GTMDI mall, the only subsidiary of EGRHI. Other factor on the reduction of the revenue was the timing difference on the incoming tenants versus the outgoing tenants plus the dropped by 69% on the cinema operations which are not any more competitive on nearby malls from P 1.44 million in 2014 to P0.44 million in 2015.

Direct cost and expenses dropped by 26% or P61.66 million from P236.85 million in 2014 to P175.19 million in 2015 mainly due to decrease in consumption of cost of utilities like power & light expense decreased by 37%, water expense declined by 4%, decreased also in cost of security, janitorial and contractual expenses plus the decreased also in reimbursable expenses from the tenants by 27% or P68.94 million from P256.09 million in 2014 to P187.15 in 2015.

General and Administrative expenses grew by 78% or P43.55 million from P55.58 million in 2014 to P99.13 million in 2015 mainly due to the write off of long outstanding accounts which are not possible for collections anymore, cost cutting measures imposed by management, some resigned employees not replaced and just distributed the work load which resulted to decline in personnel related expense by

14%, representation & entertainment dropped by 29%, taxes & licenses decreased by 1%, advertising, promotions & marketing cut by 28% , transportation and communication decrease 38%, while insurance & rental expense increased by 42% and 19% respectively.

Income before income tax in 2015 amounted to P298.80 million while P191.52 million in 2014. Net income was recorded at P208.09 million in 2015 while =149.11 million in 2014.

### **Cause for material Changes from Period to Period of the Balance Sheet**

#### **Current Assets**

Cash reduced by 25% % from P1. 99 million in 2014 to P1.50 million in 2015, due to timing difference on collections and disbursements on direct and operating cost & expenses like utilities and agencies, salaries & wages etc.

Receivables escalated by 217 % due to increase in new tenants and increase in sales of percentage tenants and the growth of trade & non trade receivables from affiliates.

Total Current Assets increased by 183 % from =1.07 billion in 2014 to P3.02 billion in 2015 because of the material increase in receivables although offset by the decline in cash and creditable withholding tax due to the increased in provision of income tax thus increased also on availed creditable withholding taxes for 2015.

#### **Non-Current Assets**

Total non-current assets decreased by 75% from =3.56 billion in 2014 to P.90 billion in 2015 mainly because of the declined by 60% in investments properties due to cancellation/settlement of MTI with PNB, dropped by 70% on property and equipment by 70% and cut by 75% in other Noncurrent

Assets decreased by 98%, on receivables from related parties which were offset by the decrease in deferred income tax assets by 100%.

### **Current Liabilities**

Total current liabilities reduced by 37% from P2.15 billion in 2014 to P1.35 billion in 2015 mainly due to reduction on bank loans by 82%, declined by 27% on accounts payables & other liabilities, dropped by 74% on current portion of payables in bank, 31% declined on operating lease payable & 21% cut on customers deposit.

Bank loans dropped by 82% from P280.77 million to P50.00 million mainly because of monthly payment/settlements of the current bank loans.

Accounts payable and other liabilities decreased by 27% from P1.58 billion in 2014 to P1.16 billion in 2015 due to continuous payments in payables to suppliers and updating payments to various agencies.

Operating lease payable decreased by 31% due to updating of payments of this account from P17.83million in 2014 to P12.32 million in 2015.

### **Non-Current Liabilities**

Payables to bank- net of current portion (Long-term debt) decreased by 100% full settlement of material loans which were long term before.

Retirement benefits liability increased by 11 % for accrual in 2015 liability.

### **Stockholder's Equity**

Total Equity increased by 09 % because of the progressed in income for 2015 compared in 2014.

## **MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

### ***Market Information***

The principal market of the Company's common equity is the Philippine Stock Exchange. Below are the quarterly stock prices for the last three years and first up to second quarters of 2018:

	2018		2017		2016		2015	
Quarter	High	Low	High	Low	High	Low	High	Low
First	0.1470	0.1150	0.2060	0.1250	0.1670	0.1370	0.2400	0.1910
Second	0.1300	0.1300	0.1960	0.1550	0.1680	0.1420	0.1740	0.1740
Third			0.1970	0.1450	0.1650	0.1430	0.1910	0.1590
Fourth			0.1640	0.1350	0.1550	0.1230	0.1830	0.1560

The last trading date during the year 2017 was on December 29, 2017 of which price per share was at ₱0.148 high and ₱.148 low.

On June 28, 2018, price per share was ₱0.21 high and ₱0.115 low and the volume traded



was 20,000 shares for a total value of P2,360.00

## Holder

The number of stockholders of record as of June 30, 2018 was 5,632 Common shares outstanding as of the same date totalled 5 billion at P1 par value per share. Listed below are the top twenty (20) stockholders as of June 30, 2018:

Name of Stockholder	No. of Shares	%
CONSOLIDATED VENTURES, INC.	1,592,000,000	31.8400%
PCD NOMINEE CORPORATION (FILIPINO)	1,181,300,877	23.6260%
GOTESCO PROPERTIES, INC.	1,069,235,000	21.3847%
JOEL T. GO	228,672,599	4.5735%
JOSE C. GO	227,820,000	4.5564%
GOTESCO INVESTMENTS, INC.	105,000,000	2.1000%
PCD NOMINEE CORPORATION (FOREIGN)	104,490,100	2.0898%
LI CHIH-HUI	100,000,000	2.0000%
PCCI SECURITIES BROKERS CORP.	78,125,000	1.5625%
JOHANN TING GO	65,000,000	1.3000%
JONATHAN TING GO	65,000,000	1.3000%
ERNESTO B. LIM	12,050,000	0.2410%
JOSE YU GO, JR.	10,000,000	0.2000%
BERNADINE TAN ONG	9,610,000	0.1922%
ZHENG YUAN MING	8,000,000	0.1600%
ANTONIO KAW	7,700,000	0.1540%
WANG BI LING	7,000,000	0.1400%
QUI YI MAN	5,300,000	0.1060%
GREGORIO A. KAW	4,000,000	0.0800%
ALBINO A. KAW	4,000,000	0.0800%
Others	115,696,424	2.3139%
	<b>5,000,000,000</b>	<b>100.0000%</b>

## Dividends

**Dividend Policy** - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations.

**Covenants** - Under the syndicated loan agreements signed with their respective lenders, the company and its subsidiary -GTMDI, shall not declare or pay any dividend to their respective stockholders without the written consent of their respective syndicate lenders until the termination of commitments there under and the full payments of debt obligations and other amounts due them.

**Declaration of Dividend** - The Company and its subsidiary GTMDI, have not declared any dividend since the start of its commercial operation including the current year.

## Recent Sales of Unregistered Securities

The company and its subsidiary company did not have any sale of securities which were not registered under the RSA since its operation. Likewise, there were no sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

## **BUSINESS AND GENERAL INFORMATION**

### **Business Development**

The Company was registered with the Securities and Exchange Commission (SEC) on September 27, 1994 primarily to purchase, subscribe for, or otherwise acquire or exchange, or otherwise dispose of real and personal property of any kind of description, including shares of stock, and to do every act and thing covered generally by the denomination "holding company". The Company started its commercial operations on December 1, 1995.

The Company owns 100% of the outstanding capital stock of Gotesco Tyan Ming Development, Inc. (GTMDI), owner of the Ever Gotesco Ortigas Complex. GTMDI was registered with the SEC on September 21, 1994, to engage in real estate and related business. GTMDI started its commercial operations on December 1, 1995 and had contributed P121.09 million in 2013 which was 35% of the total revenue, P128 million in 2012 or 37%; P129 million or 37% in 2011; and P133 million or 37% in 2010. All other information related to GTMDI is integrated in the other aspects of this report.

Gotesco Tyan Ming Development, Inc. (GTMDI) took-over ownership and operations of the Mall Cinemas (Ever Gotesco Ortigas Complex) from an Affiliate on August 15, 2003. Cinema receipts contributed to GTMDI operations –P2.23 million in 2013 or 2% of total revenue, P2.47 million or 2% in 2012, P3.34 million or 3% in its total revenue in 2011 and P3.88 million or 3% in 2010. The decreasing revenue in cinema operations was due to film piracy, internet and cable television connections plus the fact that the cinemas need to be renovated and up-graded.

The Company had two operational malls namely Ever Gotesco Commonwealth Center (EGCC) and Ever Gotesco Manila Plaza (EGMP); and one named Ever Gotesco Ortigas Complex (EGOC) by its subsidiary company. Tenants Lease contracts for EGMP were not renewed in April 1, 2011. The Company did not pursue for more mall construction as it is affected by the general economic crisis. EGOC was foreclosed and sold in public auction to Philippine National Bank in July 1999. The Company failed to redeem the property within the one-year grace period but still is in possession and continues to manage the Mall by virtue of the right of preliminary injunction that was given by the Court on December 20, 2000.

In 2009, the Company and its Subsidiary (GTMDI) entered into a Compromise Agreement (CA) with the Creditor Banks (Philippine National Bank, Development Bank of the Philippines and Security Bank) of its foreclosed properties. The Compromise Agreements put on hold pending Court cases in lieu of the Company and its Subsidiary faithful compliance with the conditions set in the CA's. More details are discussed in Item # 3 and Item # 6 of this report.

The Group is faced with significant risks arising from unresolved legal cases. Prior to June 2015, GTMDI's land, including the commercial complex situated thereon, was foreclosed in 1999 by lender banks following GTMDI's loan default. These banks, however, were not able to take possession of the properties pending the decision on the case by the Regional Trial Court of Pasig (RTC-Pasig).

In June 2015, the lender bank has taken possession of the investment properties in exchange of the

extinguishment of its outstanding obligations from the lender banks. This resulted in the improvement of the working capital position and the net asset position as of December 31, 2015. However, the Group remains to have an accumulated deficit amounting to P2.3 billion and P2.4 billion as of December 31, 2016 and 2015, respectively.

For 2016 and the near term, the Company plans to look at other business opportunities outside of the mall operation as industry competition has become capital-intensive and continue to be dominated by big players. This is not expected to soften with the economic integration of the Asean market this year. Given the existing operational challenges, particularly in the legal aspects and debt servicing, the Company will assess the revenue potentials of other industries such as those in tourism and agriculture which remained to be promising.

## **Business of Issuer**

The company builds shopping malls and leases out to commercial tenants. The company's malls are primarily leased out to Ever Department Store and Supermarket, Cinemas, banks, amusement centers, food shops, specialty stores, boutiques, drug store, service shops, gym and sporting facilities. The mall has an atrium, state-of-the-art amenities, facilities, security and safety systems.

Revenues of the company and its subsidiary (GTMDI) in 2015 and 2014 are generated principally from its leasing operations and other income are derived from recovery (excess) of reimbursable expenses from tenants, cinema operations, interest and penalties from late payments and service requests of tenants.

The subsidiary (GTMDI) and the parent company (EGRHI) ceased its mall and cinema operations In June 2015 and April 2017, respectively. The company plans to look at other business opportunities outside of the mall operation as industry competition has become capital-intensive and being dominated by few big players, this market environment is not expected to change this year or in the next years. Given the existing operational challenges, particularly in the legal aspects and debt servicing, the Company will still assess other potential industries to venture such as tourism and agriculture which remained to be promising.

## **Competition**

Despite the growing market base, there is stiff competition among the different shopping centers because of the growing sophistication of consumers and continuous construction of shopping malls causing a thinner market spread. The trend is toward a one-stop shopping mall with more modern and complete facilities, and attractions that includes mall shows and entertainment. The Shopping Mall Industry is dominated by SM Malls with other big shopping mall chains such as Robinsons, and Ayala Center. The Company's Ever Gotesco Commonwealth Center Mall is more affected by SM Group, SM-Fairview and SM-San Mateo, Rizal, which covers the class C & D market, compared with other malls such as Robinsons (Big R in Fairview and Robinsons in Commonwealth Avenue); Rustan's (Shopwise in Commonwealth Avenue), Berkley Commercial Center (in Commonwealth Avenue); Royale Arcade (Don Antonio Ave. beside the Ever Commonwealth Mall); and Puregold (in Commonwealth Avenue and San Mateo, Rizal). Despite the newly built SM Group and Ayala Group, the Commonwealth mall is still very competitive because of its strategic locations and its own existing loyal captive market and regular patrons within the neighboring subdivisions and populace living therein who are proximate to Commonwealth mall especially the C & D market.

## **Customers**

### **Transactions with and/or dependence on related parties**

Ever Commonwealth Center, Inc. and Ever Shoppers, Inc. of the Ever Gotesco Group are the principal tenants in the mall. Rental income from the Ever stores and supermarket amounted to: ₱48.7 million in 2010 and ₱69 million in 2009. During the second quarter of 2010, Management decided to enter into a sub-lease agreement with the management company in order to maximize collections and reduce management supervision cost. As a result, rental income from Ever stores and supermarkets were for the account of the management company starting August 2010. The reduction in rental income in 2010 from 2009 was due to space down-sizing and rental rate reduction. Effective January 1, 2006 and for a period until November 30, 2016 rental contract and rate for the Ever Stores and Supermarket was renewed with an escalation of 5% every two years subject to yearly review. Revised rental rate for the Ever stores and supermarket was necessary in order for them to remain competitive.

### **Patents, trademarks, licenses, franchises, concessions and royalty agreements.**

During the past three years the Company and its subsidiary had no transactions related to the above.

### **Need for any governmental approval of principal products or services**

No principal product or services that the company has introduced needed that governmental approval.

### **Effects of existing or probable governmental regulations on the business**

The fluctuation of power rates per ERB regulations and legislated wage adjustments and the loose grip of the government on the exchange rate or inflation rate will certainly increase the major items of expense - cost of utilities, especially Meralco bills, janitors and messengerials, security and safety; repairs and maintenance and increase on cost of borrowings if the interest rate hiked because of higher inflation rate.

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### **Amount spent for research and development activities.**

During the past three years, the Company and its subsidiary have not spent for research and didn't have development activities except for minor repairs and improvements on the existing malls.

### **Cost and effects of compliance with environmental laws**

EGRHI and its Subsidiary meet all government, environment, health and safety requirements. Tenant spaces are regularly inspected and the Company has not experienced significant governmental, environment, health or safety problems.

## Employees

EGRHI and subsidiary company had the following manpower under its payroll, operations of the company's Mall in Commonwealth is managed by a Management Company and all security, janitorial and engineering maintenance requirements of the Malls are thru Contractor/manpower agencies.

	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Executive	0	2	2
Manager	0	11	12
Officer	0	5	6
Rank and File	2	14	13
<b>Total</b>	<b>2</b>	<b>32</b>	<b>33</b>
Administrative	0	26	26
Operations	0	1	1
Finance and Accounting	2	5	6
<b>Total</b>	<b>2</b>	<b>32</b>	<b>33</b>

Manpower declined in 2017 due to the discontinued operations in the subsidiary compared with 2016. Some employees resigned for better opportunities abroad, employees come and go. Employees of the company and its subsidiary have not formed nor are they subject to any collective bargaining agreements (CBA). Wage increases are based from the legislated wage orders or based on meritorious work performances.

## Additional Requirements as to Certain Issues or Issuers Debt Issues

EGRHI and subsidiary company has been in business since 1995. Total consolidated net worth as of December 31, 2017 amounted to ₱1.76 billion. EGRHI does not engage in unsecured bonds or securities.

## Description of Property.

The Company has the following properties:

Land holdings of EGRHI and subsidiary as of December 31, 2016 include:

1. A 112,047 sq. m. lot (covered by TCT Nos. 364590, 364591, 364592, 364593, 364594, and 364595) along Provincial Road, Barangay Real, Calamba, Laguna is the site of Ever Gotesco Laguna Plaza. The aforesaid real estate properties together with an assignment of the rentals receivable on the leaseable areas of the proposed mall served as a collateral for the ₱600 million (only ₱500 million was drawn) Syndicated Loan Agreement with a five-year term with the Philippine National Bank, the Security Bank Corporation and the Development Bank of the Philippines on May 28, 1996 for the construction of Ever Gotesco Laguna Plaza. The company had defaulted in its debt obligations with the lender banks in March 1998 which led to the foreclosure and sale through public auction to PNB on November 3, 1998. The Company did not exercise its right to redeem the property within the one-year period. This property has been written-off in 1999 against the loan it secured, resulting in a foreclosure loss of about ₱663.4 million. The company filed a complaint in the Court and was granted the right of Temporary Restraining Order, and subsequently, a Temporary Injunction. In 2009 the Company entered into Compromise Agreements with the Creditor Banks for the re-acquisition of the property and which put on hold the pending Court case. Together with the improvement (at 59.02% completed. The property was appraised at ₱ 1.94 billion on January 16, 2014 by Vitale Valuation Services. In 2016, the property was assigned to Primeworld Management Services, Inc.

2. A 66,390 sq. m. lot located at the district of Caranglaan and Mayombo, Dagupan City, Pangasinan in which Ever Gotesco Dagupan Center will be constructed. The latest appraised value is ₱39.83 million as appraised by Valencia Appraisal Corporation on June 20, 2014. In 2017, this was derecognized since ownership was no longer with the Company.
3. A 17,079 sq. m. lot located in M.H. Del Pilar St., Dagupan City, Pangasinan. This served as a collateral for the assumed mortgage of ₱126 million from Philippine National Bank. The company had defaulted in its debt obligations with the bank in November 1997 that which led to the foreclosure and sale through public auction to PNB on March 15, 1999. The Company did not exercise its right to redeem the property within the one-year period. This property has been written off in 1999, resulting in a foreclosure loss of ₱146 million. The company filed a complaint in Court and was granted by the Court a Writ of Preliminary Injunction.

#### **Commercial Complexes and Improvements:**

1. **Ever-Gotesco Commonwealth Center** - The center is located on a 5-hectare lot being leased at the corner of Don Mariano Marcos and Commonwealth Avenues, Old Balara Quezon City. The lease term is for a period of 25 years or up to year 2015 at a monthly rate of ₱525,000, with a 5% annual escalation rate. The structure consists of 5 levels and covers a total floor area of 91,053 sq. m. with parking and common spaces designed to accommodate 30,000 shoppers and promenades. Said property is free from any encumbrances. The building and other improvements including all machineries and equipment in the Mall has a fair market value of ₱1.20 billion as appraised by Valencia Appraisal Corporation on January 28, 2016. In 2017, this property was derecognized since the ownership was transferred to the lessor as stipulated in the Contact of Lease.
2. **Ever-Gotesco Laguna Plaza** - The mall would be a 5-level complex with a floor area of about 91,000 sq. m. It was envisioned as nucleus of the new mixed subdivision, which will integrate the planned hot spring resort, golf course, theme parks, commercial and residential developments in the area. Construction of this mall is partly financed by a ₱600 million (₱500 million of which has been actually drawn down) syndicated loan with PNB, SBTC and DBP to which rental receivable from this mall together with the improvements and land (as described in land holdings item # 2) are assigned as collateral. Construction of the project has slowed down towards the end of the last quarter of 1997 and eventually stopped in 1998 because of the economic crisis. Please refer to land holdings under item # 2. The cost of improvements together with the land has been written off in 1999. In 2016 said property was assigned to Primeworld Management Services, Inc.
3. **Ever-Gotesco Dagupan Center** - The proposed mall would be a 5-level complex with a floor area of about 91,000 sq.m. Project mobilization and ground works started during the last quarter of 1996 and had formal ground breaking and back-filling activities during the first quarter of 1997. However, the management has decided to defer construction of the project because of internal and external factors that could adversely affect the project. Cost of improvements had amounted to ₱3.5 million. Please refer to land holdings item # 3.

#### ***Properties under lease agreements:***

EGRHI has the following lease agreements:

1. Ever Gotesco Commonwealth Center - The lease term is for a period of 25 years or up to year 2017 at a monthly rate of ₱525,000, with a 5% annual escalation rate. Absolute ownership of the Building shall automatically be transferred to the Lessor without the need of any further act on the part of EGRHI after the expiration or termination of the term of the contract of lease. The lease contract expired in March 31, 2017.

The Company and its subsidiary have no intention of acquiring within the next twelve (12) months additional properties by purchase, lease or otherwise because of financial constraints.

## **Disclosure on Garnishment of Lease Payments**

The Notice of Garnishment on lease rental receivables issued on January 27, 2000 by the RTC of Manila against the parent company, its subsidiary and certain affiliates in relation to a civil complaint by the Banko Sentral ng Pilipinas was served to various tenants. This has substantially impaired collection effort on lease rental receivables and added to the company's cash flow problems. The Garnishment Notice limited the company's collections to tenants' utility dues and other assessments, which were exempted from the Garnishment. Cash Flows from these collections, however, allow the continuity of the mall operations and sustain the company's going concern. The company's counsels filed a Motion to Dismiss on the grounds, among others, that (a) summons were improperly served such that the Court did not acquire jurisdiction over the Company and certain affiliates, and (b) the complaint states no cause of action or if it does so state, it is founded on illegality. The said Motion to Dismiss was consolidated with a Motion to Dissolve the Writ of Preliminary Attachment. In 2003, the Group together with their co-defendants, on the garnishment case, entered into an extra-judicial settlement with the plaintiff. As a result, the RTC lifted the garnishment of lease payments on January 14, 2004 which the RTC returned to the Company. However, as the parties have agreed on the amortization schedule, the BSP filed a motion of execution anchored on the compromise agreement. While the RTC- Manila initially denied such motion, it eventually granted the same via a motion for execution. As a result thereof, Writ of Garnishment was issued.

## **Foreclosure of Mortgaged Properties**

### **Disclosure on the pull out of Anchor Tenant (Cinema)**

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned subsidiary of EGRHI, and nine (9) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

In 2004, GII turned over nine (9) remaining cinemas to EGRHI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue. Moreover, the Cinemas are considered as one of the major amenities of, and basic to, mall operations. Minus the Cinemas, low customers' traffic may be experienced. To preserve the contributions of the Cinemas to the mall's customers' traffic and to lessen the impact of rental revenue loss, GTMDI management, with the corresponding approval of its Board of Directors, decided to retain and takeover the operation of the five (5) cinemas. Operation of the cinemas generated revenue of P2.47 million in 2012; P3.34 million in 2011; and P3.88 million in 2010. In EGRHI, the parent company, the four (4) cinemas retained and presently being operated by Eagle Production Int'l Films Inc. while the remaining five (5) cinemas were converted to leasable spaces such as amusement, foods and other retail stalls.

## **FIVE (5) KEY PERFORMANCE INDICATORS**

The key operating performance indicators which remain to be the profit and loss determinants, earnings/losses per share and liquidity position of the Company and its wholly owned subsidiary are discussed hereunder.

1. Revenue – The increase in rental income was due to improved occupancy rate on rentable spaces and increased in sales of percentage tenants

FOR THE YEAR (In Million Pesos)			
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Rental Income	87.35	313.91	319.47
Cinema Ticket Sales	-	-	0.44
<b>Total</b>	<b>87.35</b>	<b>313.91</b>	<b>319.91</b>

2. Cost Effective Measures - During the year ended 2017, the costs exceeded the revenues due to the non-renewal of the contract at Ever Gotesco Commonwealth Mall, thus decreasing the revenue but still incurring necessary expenses.

<b>2017</b> (In Million Pesos)			
	<b>Mall</b>	<b>Cinema</b>	<b>Total</b>
Revenues	87.35	-	87.35
Direct Cost	62.27	-	62.27
General and administrative expenses	34.74	-	34.74
<b>Total</b>	<b>(9.66)</b>	<b>-</b>	<b>(9.66)</b>

<b>2016</b> (In Million Pesos)			
	<b>Mall</b>	<b>Cinema</b>	<b>Total</b>
Revenues	313.91	-	313.91
Direct Cost	127.26	-	127.26
General and administrative expenses	35.25	0.02	35.27
<b>Total</b>	<b>151.40</b>	<b>(0.02)</b>	<b>151.38</b>

3. Net Operating Profit – The Company's income for the actual mall and cinema operations, computed total revenue less the direct cost & expenses and General & Administrative expenses.

FOR THE YEAR (In Million Pesos)			
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenue	87.35	313.91	319.47
Income (Loss) from operation	(846.10)	81.89	298.80
Percentage	-10.30%	26%	93%



4. Earnings Per Share – Earnings (loss) per share for the year 2017 is (₱0.17), ₱0.006 in 2016 ₱0.042 in 2015. The earnings per share were calculated by dividing the Net Income by the weighted number of shares outstanding. There were no factors that would have dilutive effects on the Earnings per share.
5. The table below sets forth the comparative key performance indicators of the Company and its majority-owned subsidiary.

	<i>Six Months Ended- June 30, 2018</i>	<i>End-December 2017</i>	<i>End-December 2016</i>
Current Ratio	2.31:1.00	2.31:1.00	2.81:1.00
Debt to Assets Ratio	0.43:1.00	0.43:1.00	0.35:1.00
Net Profit Ratio	-	-10.03%	10.27%
Return on Equity	-0.00132%	-48.07%	1.24 %
Return on Assets	-0.00075%	-27.35%	0.81%

Manner of calculating the above indicators is as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Assets Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Net Profit Ratio	$\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$
Return on equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

### **Other relevant discussions**

#### **Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have impact on future operations of the company.**

Except as discussed in the foregoing results of operations and financial conditions and the disclosure on the pull-out of Anchor tenant of a wholly owned subsidiary under this item, there is/are no known:

- a. event/s that will trigger direct or contingent financial obligations that is/are material to the Company nor is/are there any other obligations in which the company may incur default or the acceleration thereof during the year;
- b. material off-balance sheet transaction, arrangements, obligations real or contingent, nor was there any relationship/s of the company with unconsolidated
- c. entities, or other persons entered into or created during the year under review.

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

Compliance with SEC Memorandum Circular No. 6 dated June 22, 2009 as well as all relevant Philippine Stock Exchange Circulars on Corporate Governance has been monitored.

The Company has already submitted its revised Corporate Governance Manual and complied with the leading practices and principles on good corporate governance.

The Company also complied with the appropriate self-rating assessment and performance evaluation to determine and measure the compliance with the Manual.

Any deviation, if any with the manual on Corporate Governance were properly explained and reasons thereof were properly indicated.

In, addition, the company continuously monitors all relevant PSE and SEC Circulars on Corporate Governance that may be used to improve its Manual for Corporate Governance.

In 2008, the Directors and key officers of the Corporation attended a seminar on Corporate Governance as required under its Manual on Corporate Governance.

## **UNDERTAKING**

**The Annual Report on SEC Form 17-A will be available upon written request of the stockholders, the Corporation undertakes to furnish said stockholders with a copy of the report free of charge. Any written request for a copy of the report shall be addressed to the following :**

**EVER- GOTESCO RESOURCES AND HOLDINGS, INC.  
12/F, Ever Gotesco Corporate Center,  
1958 C. M. Recto Avenue, Manila**

Attention :      **ATTY. CHRISTINE P. BASE**  
Corporate Secretary

## **ANNEX “A”**

### **PENDING MATERIAL LEGAL PROCEEDINGS**

#### **Land Bank of the Philippines vs. Ever Gotesco Resources and Holdings, Inc.**

This short-term loan by the Parent Company from LBP which was due for settlement in December 1997 was rolled over for another ninety days or up to March 1998. The loan was not allowed by the lender bank to be renewed thereafter. Initial proposal for its restructuring was not approved by the bank. As a result, the lender bank filed a civil complaint (Civil case No. 99-1454, RTC Makati, Br.56) against the company.

On November 22, 1999, the company lawyers filed their reply and submitted to the Court among others, the ongoing negotiations for the settlement of the obligations such that the complaint is premature, hence, counter-claimed that the plaintiff (Land Bank) be ordered to sit down with the company for the amicable settlement of the case. At the pre-trial set by the Court on November 12, 2000, the Court considered the company's submission that consistent with what the lawyers averred in their answer to the complaint, the company is ready to go into negotiation for the settlement of the case. The case was archived via an order dated February 9, 2009.

Be as it may the Company continues its negotiations and is optimistic that it can work out a solution that is acceptable to Land Bank of the Philippines.

#### **Garnishment of *Bangko Sentral ng Pilipinas (BSP)* vs. *Orient Commercial Banking Corporation* Cash and Receivables**

The company and its subsidiary company together with other affiliated companies were served a “Notice of Garnishment on Lease/Rental Payments” issued by the Regional Trial Court of Manila Branch 12, last January 27, 2000 in relation to a civil case complaint by the *Bangko Sentral ng Pilipinas*.

In summary, the BSP filed a case of sum of money against Orient Commercial Banking Corporation (OCBC) and other affiliate corporations of Gotesco. As a provisional remedy, BSP prayed for the granting of a writ of preliminary attachment against OCBC and other companies to which the Board of Directors of OCBC has substantial interest, including EGRHI and GTMDI, which the Court granted. OCBC, EGRHI, GTMDI and other companies filed a Petition for Certiorari with the Court of Appeals which ruled in favor of OCBC and other defendants. BSP filed a Petition before the Supreme Court, but before it could rule on it, the parties entered into a Compromise Agreement which was consequently, approved by the trial Court. Said Compromise Agreement has effectively lifted the writ of preliminary attachment and the whole obligation shall be settled on staggered basis.

BSP filed a motion for execution which was granted by the RTC. EGRHI et. al., filed a Motion for reconsideration but was denied.

EGRHI et. al., elevated the case to the Court of Appeals. An urgent Motion for Inhibition of Justice Villamor was filed by petitioners.

#### **Gotesco Tyan Ming Development, Inc. vs. PNB et al.**

GTMDI, a wholly owned subsidiary of EGRHI, had obtained a loan from a syndicate of four local banks led by the Philippine National Bank on April 7, 1995. A 60,000 sq. m. lot with its improvement – the Ever Gotesco Ortigas Complex was used as collateral for the loan. The Company had defaulted in its loan

obligations in January 1998 which led to the foreclosure and sale through public auction to PNB on July 30, 1999. The company was not able to exercise the right to redeem the property within the one-year grace period as provided by law.

The company filed a complaint (Civil Case no. 68139) with RTC Branch 168 in Pasig City seeking the Annulment of Foreclosure Proceedings with prayer for the issuance of Temporary Restraining Order and/or Injunction. Insofar as the provisional remedy is concerned, the Court granted the injunctive relief. The defendants filed a Petition for Review on Certiorari, thus, suspending the proceedings in the lower Court.

On December 21, 2000, the Regional Trial Court of Pasig, Branch 168 issued a Temporary Restraining Order, effectively restraining PNB from consolidating the ownership and taking possession of the said property. Therefore, a Writ of Preliminary Injunction was issued by the Court. Upon denial of PNB's Motion for Reconsideration, PNB elevated the matter to the Court of Appeals via a Petition for Review on Certiorari, which was unfortunately granted by the Court of Appeals whose decision was subsequently upheld by the Supreme Court. Considering the decision of the Supreme Court rendering the issue moot and academic, the proceeding before the Regional Trial Court of Pasig is now in the presentation of plaintiff's evidence.

On June 17, 2009, the GTMDI and PNB under the terms of the compromise agreement, agreed to arrive at a reasonable settlement of the case, subject to the terms and conditions set in their underlying compromise agreement, which was approved by the RTC-Pasig on August 14, 2009.

In June 2015, the lender bank has taken possession of the investment properties in exchange of the extinguishment of its outstanding obligations from the lender banks.

#### **EGRHI vs. PNB and Efren Marcelino Bascos**

The company assumed a loan of ₱126 million from Philippine National Bank for the construction of its Ever Gotesco Commonwealth Mall on a parcel of lot located in M.H. Del Pilar St., in Dagupan City, Pangasinan that was used as collateral. The company had defaulted in its loan obligations with the Bank on November 1997 which led to the foreclosure and sale through public auction of the collateral property to PNB on March 15, 1999. The company was not able to exercise the right to redeem the property within the one-year grace period as provided by law. The property has been written off in 1999, resulting in a foreclosure loss of ₱146 million.

The company filed a complaint (Civil Case no. 2000-0355-D) with the Regional Trial Court Branch 40 in Dagupan City seeking the Annulment of Foreclosure Proceedings/Sale of the property. The Court granted the company's application for a temporary restraining order on the said foreclosure, and subsequently, a temporary injunction on January 10, 2001. PNB and other creditors filed a Notice of Appeal and until the present. The Court of Appeals ruled in favor of the Bank. The Company thereafter filed a Petition for Review under rule 45 of the Rules of Court with the Supreme Court. Unfortunately, the Supreme Court denied the Petition for Certiorari. The case is, therefore, remanded to the RTC of Dagupan City. The case was set for further proceedings.

#### **EGRHI vs. PNB, Security Bank, DBP, et. al.**

In May 1996, the Parent Company obtained loans from a syndicate of three local banks led by PNB, to partly finance the construction of the Ever Laguna Plaza. The parcel of land that was the site of construction, the improvements thereon and the future rental receivables of the commercial complex when completed serve as the collateral of the loan.

However, the onset of the Asian economic crisis and the downturn of real estate industry took its toll on the Parent Company as it incurred substantial losses that placed severe pressure on the cash flow thereby resulting in the Parent company defaulting on its scheduled payments in 1997 and led to the

foreclosure of the aforesaid assets. The Parent Company was given redemption period until November 1999 but this was not exercised by the Parent Company. Accordingly, assets totaling about ₱1.365 billion, consisting of the land and its related improvements, were offset against the loan of ₱500 million with accrued interest resulting in a loss of ₱663.4 million which was recorded in 1999. Parties had entered into a compromise agreement duly approved by the Court.

Development Bank of the Philippine (DBP) was fully paid in January, 2013 while the loan to Security Bank Corporation (SCB) was paid in August, 2013. Philippine National Bank (PNB) portion was fully settled in August, 2016.

#### **Morrisson and Foerster v. EGRHI**

The former overseas lawyer of EGRHI filed a case for the recovery of attorney's fees. Morisson and Foerster's services was engaged by EGRHI to represent the interests of the Company in a case against the former franchise owner of Price smart membership club.

A decision was rendered on September 13, 2010, a Motion for Reconsideration was filed by EGRHI while plaintiff filed a Motion for Partial Reconsideration. Both Motions were denied. EGRHI filed a notice of appeal. The case was settled in June 2016.

#### **Toll Regulatory Board v. PNB, et al.**

This is a case filed by the Toll Regulatory Board against the defendants for the expropriation of the parcels of land subject matter of in the case of EGRHI v. PNB as mentioned above and this case was referred to the Board of Commissioners. A writ of possession was issued by the trial court. A petition for certiorari was filed by DBP before the court of appeals. The Court of Appeals reversed and set aside the order granting the writ of possession. The trial court ordered the counsel for DBP to furnish all parties copies of the decision and resolution of the Court of Appeals. In the meantime, the trial court does not set a case for hearing.

#### **ITEM 4. Submission of Matters to a Vote of Security Holders**

The latest Stockholders' meeting was held on August 25, 2017. In that Stockholders' Meeting, the following were submitted to a vote by the majority Stockholders': (a) Approval of the Minutes of the Annual Stockholders' Meeting held on August 26, 2016, (b) Approval of the Audited Financial Statements of the Company as of December 31, 2016, (c) Confirmation and ratification of all Resolutions, Contracts and Acts of the Board of Directors and Management since the last Annual Meeting, (d) Election of Directors, and (e) Appointment of External Auditors.

## **FIVE (5) KEY PERFORMANCE INDICATORS**

The table below and the profit and loss determinants, earnings/loss per share and liquidity position sets forth the comparative key performance indicators of the Company and its majority- owned subsidiaries.

	<i>Six Months Ended- June 30, 2018</i>	<i>End-December 2017</i>	<i>End-December 2016</i>
Current Ratio	2.31:1.00	2.31:1.00	2.81:1.00
Debt to Assets Ratio	0.43:1.00	0.43:1.00	0.35:1.00
Net Profit Ratio	-	-10.03%	10.27%
Return on Equity	-0.00132%	-48.07%	1.24 %
Return on Assets	-0.00075%	-27.35%	0.81%

Manner of calculating the above indicators is as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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Net Profit Ratio	$\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$
Return on equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

## CERTIFICATION OF INDEPENDENT DIRECTOR

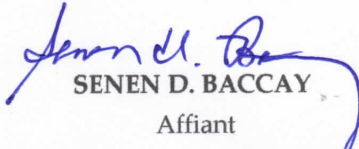
I, **SENEN D. BACCAY**, Filipino, of legal age and a resident of 365 Alicia St. Aurea, Subic, Baliuag, Bulacan, after having been duly sworn to in accordance with law do hereby declare that:

1. I am nominee for independent director of Ever-Gotesco Resources and Holdings, Inc. ("EGRHI") and have been its independent director since September 2014.
2. I am affiliated with the following companies or organizations (including Government- Owned and controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Bluehounds Security & Investigations Agency, Inc.	President	2012- Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EGRHI, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. To best of my knowledge, I am not related to any director/officer/substantial shareholder of EGRHI and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of EGRHI of any changes in the abovementioned information within five days from its occurrence.


Done, this 19 JUL 2018 day of CITY OF MANILA.

  
**SENEN D. BACCAY**  
Affiant

SUBSCRIBED AND SWORN to before me this 19 JUL 2018 day of CITY OF MANILA  
Affiant personally appeared before me and exhibited to me his/her

issued at \_\_\_\_\_ on \_\_\_\_\_.

Doc. No. 796  
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**ATTY. JOSE FRANCISCO S. ORDUÑA**  
NOTARY PUBLIC  
PTR NO. 297741 01-03-18 MANILA  
IBP NO. 1051157 / 11-04-17 12-31-19



## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CHRISTIAN GRANT YU TOMAS**, Filipino, of legal age and a resident of 15A Beaufort Condominium, 5<sup>th</sup> Avenue, BGC, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am nominee for independent director of Ever-Gotesco Resources and Holdings, Inc. ("EGRHI") and have been its independent director since August 2013.
2. I am affiliated with the following companies or organizations (including Government-Owned and controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP
Foley Ladner Holdings, Inc.	Stockholder
Fortissimum Holdings, Corporation	Stockholder
Magna Moventibus Holdings, Corporation	Stockholder
Calay Holdings, Inc.	Stockholder
Azotic Corp.	Stockholder
Lowe Sunrise Holdings, Inc.	Stockholder
Avalea Management and Consulting, Inc.	Stockholder
Granpalacios Holdings, Inc.	Stockholder
Qian Holdings Ltd., Inc.	Director and Stockholder
Diamondrock Properties, Inc.	Stockholder
Pranavid Management Co., Inc.	Stockholder

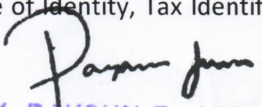
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EGRHI, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. To best of my knowledge, I am not related to any director/officer/substantial shareholder of EGRHI and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of EGRHI of any changes in the abovementioned information within five days from its occurrence.

Done, this 30<sup>th</sup> day of July 2018 at Makati City.

  
**CHRISTIAN GRANT YU TOMAS**  
Affiant

SUBSCRIBED AND SWORN to before me this 30 day of JUL 30 2018, affiant personally appeared before me and exhibited to me his Competent Evidence of Identity, Tax Identification No. 182-054-166-000.

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**ATTY. RAYSUN R. ARELLANO**  
NOTARY PUBLIC  
UNTIL DECEMBER 21, 2018  
PTR No. 7113561 / 1-31-2018  
MANILA  
Supreme Court Roll No. 66646  
IBP Member No. 1085285 / 1-31-18  
MCLE Compliance No. VI-000577 / 9-29-2016

**SECRETARY'S CERTIFICATE**

I, **CHRISTINE P. BASE**, Filipino, of legal age and with office address at the 8<sup>th</sup> Floor Chatham House, 116 Valero St., Salcedo Village, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

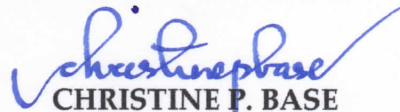
1. I am the duly elected Corporate Secretary of Ever Gotesco Resources and Holdings, Inc. (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at 12<sup>th</sup> Floor, Ever Gotesco Corporate Plaza, 1958 C.M. Recto Avenue, Manila;

2. As such Corporate Secretary, I have in my custody the books and records and other papers of the Corporation, including but not limited to the minutes of the meetings of the Board of Directors and stockholders of the Corporation;

3. I hereby certify that none of the Corporation's officers and directors works for the government;


4. The foregoing is in accordance with the records of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this JUL 30 2018  
at Makati City, Philippines.

  
**CHRISTINE P. BASE**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this JUL 30 2018 at Makati City, Philippines, affiant exhibiting to me her Integrated Bar of the Philippines Lifetime Member ID with No. 08661, Albay Chapter.

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Book No. VI;  
Series of 2018.

  
**JOSE FIDEL R. ACUNA**  
Pacis & Reyes Law Office  
8/F, Chatham House, 116 Valero cor.  
V.A. Rufino Sts 1227 Salcedo Village,  
Makati City, Tel No 8443906  
Roll No. 62644

Notary Lifetime Member No. 011846/Pangasinan Chapter  
MCLE Compliance No. v - 0024513  
PTR No. 6615847/Makati City/ Jan. 5, 2018/ Appt. No. M-65  
Notary Public for Makati City until 31 December 2019