



**MEGAWIDE CONSTRUCTION CORPORATION**  
Company's Full Name

**2/F Spring Bldg.,  
Arnaiz Ave. cor. P. Burgos St., Pasay City**  
Company's Address

**655-1111**  
Telephone Number

**December 31**  
Fiscal Year Ending  
(Month & Day)

**SEC FORM 17-A**  
Form Type

**December 31, 2017**  
Period Ended Date

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(Secondary License Type and File Number)

**cc: Philippine Stock Exchange**

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended **December 31, 2017**
2. SEC Identification Number **CS200411461**
3. BIR Tax Identification No. **232-715-069-000**
4. Exact name of issuer as specified in its charter **Megawide Construction Corporation**
5. Province, Country or other jurisdiction of incorporation or organization **Philippines**
6. Industry Classification Code (SEC Use Only)
7. Address of Principal Office **2/F Spring Bldg. Arnaiz Ave. cor. P. Burgos St., Pasay City, Metro Manila**  
Postal Code
8. Issuer's telephone number, Including area code **655-1111**
9. Former name, former address and fiscal year, if changed since last report **Not Applicable**
10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA

<b>Title of Each Class</b>	<b>Number of Shares Outstanding</b>	<b>Amount of Debt Outstanding (₱)</b>
Common	2,138,577,497	0
Preferred	40,000,000	0

11. Are any or all these securities listed on a stock exchange?

Yes [  ] No [  ]

If yes, state the name of such stock exchange and classes of securities listed therein:

**Philippine Stock Exchange Common and Preferred Shares**

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes  No

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

Yes  No

1. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Number of non-affiliate shares as of December 31, 2017 2,138,577,497

Closing price per share as of December 31, 2017 P18.00

Market value as of December 31, 2017 P38,494,394,946.00

## **PART I - BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **Description of Business**

##### ***Business Development During the Past Three Fiscal Years (2015-2017)***

Megawide Construction Corporation (Megawide) was registered with the Securities and Exchange Commission (SEC) on July 28, 2004 to exist for 50 years, or until July 28, 2054. Its primary purpose is to engage in the general construction business. It includes constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures, and to own, use, improve, develop real estate of all kinds. Its registered office is located at 2/F Spring Bldg., Arnaiz Ave. cor. P. Burgos St., Pasay City. The Company also maintains an office in its own building at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

Below are the significant business developments of Megawide for the past 3 fiscal years:

#### **2015**

In 2015, Megawide expanded its portfolio in the mass housing sector with Deca Homes, a high value project under leading developer 8890. Valued for its Engineering Excellence and unique customer approach, blue chip clients continued to entrust Megawide with key projects. Contracts with Megaworld included mixed-use projects ranging from commercial centers to business process and outsourcing (BPO) towers.

Megawide's client portfolio also increased with Double Dragon Plaza Mall at the Meridian under commercial and real estate developer, Double Dragon Properties Corp. (DD). Extending its presence in the commercial sector, Megawide also secured contracts that included the construction of high-quality warehouse shopping outlets. Its client portfolio and range of vertical projects positions Megawide as one of today's leading and preferred contractor.

On April 17, 2015, the Citicore-Megawide consortium officially turned-over the country's first completed Public-Private Partnership (PPP) project, the Philippine School for Infrastructure Project (PSIP) Phase 1. The project has a Build-Lease-Transfer agreement for 10 years with the Department of Education.

On April 25 2015, Megawide and joint venture partner WM Property Management (MWM Terminals Inc), signed the 35-year concession agreement issued by the DOTC to build-operate-transfer the Southwest Integrated Transport System. The terminal, under the public-private partnership framework, will provide state-of-the-art facilities and services to improve the transfer of passengers by providing access to private vehicles, public transport vans, buses, taxis, jeepneys and LRT 1. The terminal will also feature office towers, a supermarket, restaurants, retail shops, and other amenities.

On June 29, 2015, GMR Megawide Cebu Airport Corporation (GMCAC) started the construction of Terminal 2 of the Mactan-Cebu International Airport (MCIA). The primary goal of the project is to increase the passenger handling capacity of the airport from 4.5M to 12.5M per annum.

Determined to improve terminal service and give passengers a better arrival and departure experience, GMCAC undertook renovations and introduced enhancements to reduce congestion as well as improve the ambiance of Terminal 1. It also deployed a dedicated customer service team to ensure that passengers in MCI A are given the utmost service. Additionally, GMCAC rolled-out corporate social responsibility (CSR) programs designed to help the underprivileged and build a better community.

In only eleven (11) months of operation, MCI A has already been ranked as Asia's 18<sup>th</sup> Best Airport. MCI A was also recognized by the Asset Asian Awards as the Best Transport Deal in 2015.

On September 29, 2015, Megawide's subsidiary, Megawatt Clean Energy Incorporated (MCEI), pursued opportunities in Renewable Energy with the construction and development of a 25MW solar power farm in Silay City. Megawide's strength in construction proved successful in this growing market as this was shortly followed by an 18MW solar power plant in Bataan.

Central to Megawide's daily operational excellence is its Safety performance. Its commitment to pursue excellence in Safety was recognized by the Safety Organization of the Philippines and the Occupational Safety and Health Center with five (5) Awards of Merit and an Award of Excellence for the achievement of safe man hours in Megawide's project sites.

## **2016**

In 2016, Megawide ramped up its construction operations from its order backlog and was able to display a year-on-year construction revenue growth of 13% in 2016. It continued to expand its portfolio in the affordable housing sector and mixed-use projects ranging from commercial centers to BPO towers by bagging additional contracts from Deca Homes, Double Dragon Plaza and Megaworld. Known for its Engineering Excellence, Megawide remains to be Philippines' leading and preferred contractor.

Its airport operation segment, GMCAC, continues to strengthen Cebu's position as an international hub. Improvements were applied in Terminal 1, including the launch of the new passenger processing technologies such as the country's first Veripax Passenger Reconciliation System that will streamline the airport's security check process.

In November 15, 2016, the GMAC was named Asia Pacific Regional Airport of the Year by CAPA-Center for Aviation in Singapore. GMCAC also landed as 14<sup>th</sup> best airport in Asia in 2016 according to The Guide to Sleeping in Airports' website, an improvement from last year's 18<sup>th</sup> place standing. MCI A looks forward to further increasing the airport's connectivity and expects passenger capacity to increase to 12.5 million upon completion of Terminal 2. Construction of Terminal 2 remains to be in progress and is expected to be completed in June 2018.

On May 5, 2016, Megawide, together with its airport subsidiary partner GMR, incorporated an entity Globemercants, Inc. (GMI) to facilitate the retailing of general merchandise within MCI A. Megawide owns 60% ownership interest of GMI. To date, GMI has not yet started its commercial operations and is currently on the business development stage.

On October 2016, MWM Terminals, Inc., the joint venture of Megawide and WM Property Management, conducted its groundbreaking ceremony following the issuance of the Notice to Proceed (NTP) last October 17, 2016 by the Department of Transportation (DOTr) to

construct the Southwest Integrated Transport System, the first intermodal terminal in the Philippines, under a Build-Operate-Transfer Agreement.

On October 28, 2016, Megawide incorporated Megawide Land Inc. (MLI), to carry out real estate operations of the Group. Megawide owns 100% of MLI while MLI owns 60% of Megawide Cold Logistics, Inc. (MCLI), a business designed for trading. MLI and MCLI are currently on the business development stage and has not yet started its commercial operations.

## **2017**

2017 saw Megawide continue market leadership by booking new EPC contracts worth P10.8 billion, bringing its total order book to P32.6 billion. Private sector projects proved essential in growing construction revenue by 6% year-on-year. These include Megaworld's Worldwide Plaza and Albany Residences, Double Dragon's Ascott DD-Meridian Park and Double Dragon Tower, and Maynilad's 88MLD Water Reclamation Facility. Other key wins include the PhP9.6-billion contract to build the new passenger terminal of the Clark International Airport together with its partner in airport operation GMR Infrastructure (Singapore) PTE Limited.

Megawide's airport operations business, through GMCAC, continues its phenomenal growth, recording a double-digit passenger increase of 12% for 2017 at the MCI. This is a key factor in GMCAC's 24% growth in net income. For last year alone, twelve (12) international routes were added at the MCI apart from the additional twenty-three (23) domestic destinations. New international airlines include Juneyao Airlines, Sichuan Airlines, Lucky Air, Okay Airways, and Pan Pacific while AirJuan is the newly added domestic airline.

MCI received a commendation during the 2017 Routes Asia Conference for its excellence in airport marketing under the 4 to 20 million passengers per annum category. Established in 1997, the Routes Asia Marketing Awards recognizes various airport's exemplary performance in marketing as voted by the airline community based on the best marketing services provided to industry players.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of Globemercants to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, Globemercants is 50% owned by the Parent Company.

On June 20, 2017, the Parent Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands, a primarily engage in buying and holding shares of other companies. MCBVI registered address, which is also its principal place of business, is Marcy Building, 2<sup>nd</sup> floor, Purcell Estate, Road Town Tortola, British Virgin Islands. As of December 31, 2017, MCBVI has not yet started commercial operations.

On August 16, 2017, Megacore Holdings, Inc. (Megacore) acquired 313,786,575 shares representing 14.7% ownership over the Parent Company from Citicore Holdings Investment, Inc (Citicore). This resulted to a decrease in Citicore's ownership from 66.7% to 51.0%.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted to an increase in its total outstanding shares to the Parent Company equivalent to 28.9% or 617,709,197 as of December 31, 2017. The Parent Company remains as a subsidiary of Citicore which owns and controls 33.3% and 66.7% of the issued and outstanding capital

stock of the Parent Company as of December 31, 2017 and 2016. Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies.

### ***Description of Issuer***

Megawide is a fast-rising construction company in the Philippines, which employs modern Advanced Technology Building Systems (ATBS), such as Pre-cast Concrete and Formwork Systems in its projects. It is the preferred contractor of several major real estate developers for its quality workmanship, efficient delivery of projects, excellent construction safety standards, and its use of ATBS.

### ***Subsidiaries & Affiliates***

As of date, Megawide holds 100% interest in Altria and MLI, 60% in GMCAC, 50% in GMI, 70% in MCEI, 51% in MWCCI and MWM, 50% MGCJV, an unincorporated joint venture, 10% CMCI, 60% indirect ownership interest over MCLI through MLI and holds 100% ownership in MCBVI. GMCAC, MLI, GMI, MCEI, MCLI and MCBVI are considered subsidiaries of the Group while MWCCI, MWM and CMCI are considered affiliates. Altria is accounted for as asset acquisition while MGCJV is accounted for as joint operations.

#### *Altria East Land, Inc.*

Altria East Land Inc. (Altria) was incorporated on April 16, 2010 with SEC Registration Number CS201005977. It is authorized to deal and engage in land or real estate business, such as to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of housing projects, commercial, industrial, urban or other kinds of property.

#### *GMR Megawide Cebu Airport Corporation*

GMR Megawide Cebu Airport Corporation (GMCAC) was incorporated on January 13, 2014 with SEC Registration Number CS201400629 and currently has an authorized capital stock amounting to P6,000,000,000 and subscribed capital stock amounting to P5,067,410,273 with P1 par value per share. It is authorized to engage in the business of building, rehabilitation, renovating, constructing, developing, operating and maintaining the MCLA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility pursuant to the concession granted to GMCAC and in accordance with R.A. No. 7718 and other applicable laws, rules and regulation.

#### *Megawatt Clean Energy, Inc.*

Megawatt Clean Energy, Inc. (MCEI) was incorporated on September 4, 2014 with SEC Registration Number CS201417147. It is authorized to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, the processing and commercialization of by-products in the operations and generally the carrying out of contracts and transactions of every kind and character that may be necessary or conducive to the accomplishment of the purposes of MCEI.

*Megawide World Citi Consortium, Inc.*

Megawide World Citi Consortium, Inc. (MWCCI) was incorporated on January 16, 2014 with SEC Registration Number CS201400872. It is authorized to plan, construct, equip, operate, own, manage and maintain hospitals, medical facilities, clinical laboratories and such other allied enterprises which may have similar or analogous undertakings or dedicated to services in connection with providing curative and rehabilitative care to sick, diseased or disabled persons; provided that purely professional medical and surgical services shall be performed by duly licensed physicians or surgeons who may or may not be connected with MWCCI and whose services shall be freely and individually contracted by the patients.

*MWM Terminals Inc.*

MWM Terminals Inc. (MWMTI) was incorporated in the Philippines on February 3, 2015 and established primarily to engage in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC.

*Megawide Land, Inc. (MLI)*

Megawide Land, Inc. (MLI) was incorporated on October 28, 2016 to deal and engage in land or real estate business including housing projects, commercial, industrial, urban and other kinds of real property. A wholly-owned company by Megawide Construction Corporation with Michael C. Cosiquien and Edgar B. Saavedra as two of its incorporators.

*Globemerchant Inc. (GMI)*

Globemerchants, Inc. was incorporated On May 5, 2016 to engage in, conduct and carry on the business of importing, exporting, buying, selling, distributing, marketing at wholesale goods, wares, and merchandise of every kind as permitted by law. Globemerchant's major shareholders are Megawide Construction Corporation and GMR Holdings Overseas (Singapore) Pte. Ltd. which hold 60% and 40% shares, respectively.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of Globemerchants to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, Globemerchants is 50% owned by the Parent Company.

*Megawide Cold Logistics, Inc. (MCLI)*

Megawide Cold Logistics, Inc. (MCLI) was incorporated on December 15, 2016 to engage in cold and dry storage business, to acquire, construct, own, lease, charter, establish, maintain and operate factories, plants, cold storage, refrigerators, refrigerated vehicles, warehouses, and other machineries and equipment. MCLI is 60% and 40% owned by Megawide Land, Inc. (MLI) and Philware Magnate, Inc., respectively.

*Megawide Construction (BVI) Corporation (MCBVI)*

Megawide Construction (BVI) Corporation (MCBVI), was incorporated on June 20, 2017 in the territory of British Virgin Islands, to primarily engage in buying and holding shares of

other companies. MCBVI registered address, which is also its principal place of business, is Marcy Building, 2<sup>nd</sup> floor, Purcell Estate, Road Town Tortola, British Virgin Islands.

*Citicore-Megawide Consortium, Inc.*

Citicore-Megawide Consotrium, Inc. (CMCI) was incorporated on October 15, 2012 with SEC Registration Number CS201219238. It is authorized to engage in the general construction business, including the construction, improvement and repair of, or any other work upon, buildings, roads, bridges, plants, waterworks and railroads. Its principal place of business is in Quezon City, Metro Manila.

*Megawide – GISPL Construction Joint Venture*

Megawide – GISPL Construction Joint Venture (MGCJV) is unincorporated and is not registered with SEC. It is engaged in construction works related to the concession for Mactan – Cebu International Airport Terminal project. It is jointly owned and managed by the Company and GMR Infrastructure (Singapore) Pte. Limited – Philippine Branch (GISPL).

Parent Company and Other Affiliates

*Citicore Holdings Investment, Inc.*

Citicore Holdings Investment, Inc. (Citicore) was incorporated on December 3, 2011 and operates primarily as a holding company with ownership interests in Megawide (at 57.43%), MWCCI (at 39%), My Space Properties, Inc. (at 100%), CMCI (at 90%).

*Megacore Holdings, Inc.*

Megacore Holdings, Inc. (Megacore) was incorporated on July 20, 2017 and is primarily organized to invest in or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real or personal property including shares of stocks, subscriptions, bonds, debentures, evidences of indebtedness and any securities of any corporations. Megacore has 28.88% ownership interests in Megawide as of December 31, 2017.

*My Space Properties, Inc.*

My Space Properties, Inc. (MySpace) was incorporated on February 6, 2010, and is presently engaged in real estate development. The construction of its current project “The Hive” which is located at San Isidro St., Ortigas Ave. Ext., Taytay, Rizal is already in full swing. MySpace is wholly-owned subsidiary of Citicore.

*Future State Myspace, Inc.*

Future State Myspace, Inc. (FSMI) was incorporated on January 27, 2012 to primarily engage in purchasing, acquiring, leasing and selling properties. FSMI is 36% owned by Michael Cosiquien and Edgar Saavedra. It owns 100% of IRMO, Inc.

*IRMO Inc.*

IRMO, Inc. was incorporated on August 13, 2008 to principally engage in the realty development business, including home building and development. Megawide is constructing The Curve for IRMO, Inc.

*Citicore Power Inc.*

Citicore Power Inc. (CPI) was incorporated and registered with the SEC on March 11, 2015 and has not yet started commercial operations as of December 31, 2015. CPI was incorporated primarily to engage in the development of renewable and non-renewable energy sources for power generation, including the design, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and the processing and commercialization of by-products in its operations.

*Silay Solar Power Inc*

Silay Solar Power Inc. (SSPI) was incorporated in the Philippines on August 7, 2015 and established for the development, construction, installation and other related services through contractors, subcontractors, or otherwise, of solar power and other clean or renewable energy infrastructure.

*Next Generation Power Technology Corporation*

Next Generation Power Technology Corp. (Next Gen) was incorporated in the Philippines and registered with the SEC on December 11, 2013 primarily to explore, develop, utilize and commercialize renewable energy resources such as biomass, solar, wind, hydropower, geothermal and ocean energy sources, including application of hybrid systems and other emerging renewable energy technologies for the generation, transmission, distribution, sale and use of electricity, and fuel generated from renewable energy resources.

*First Toledo Solar Energy Corp.*

First Toledo Solar Energy Corp. (First Toledo) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 26, 2015 which is primarily engaged to promote, market, distribute and sell renewable energy systems and solar energy products on wholesale basis and components and to engage in energy generation, distribution, development of energy and electricity systems using renewable energy and hybrid systems.

*Citicore Infrastructure Holdings Inc.*

Citicore Infrastructure Holdings Inc. (CIHI) was incorporated in the Philippines and registered with the SEC on March 11, 2015 and has not yet started commercial operations as of December 31, 2015. CIHI was established primarily to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale.

### *Megapolitan Realty and Development Corporation*

Megapolitan Realty and Development Corporation (Megapolitan) was incorporated on June 20, 1997 to engage in real estate development. Michael C. Cosiquien and Irving Cosiquien each own 5% of Megapolitan's outstanding capital stock and both serve as its directors. Megapolitan's controlling shareholders are the parents of Michael and Irving Cosiquien. Megawide is leasing the lot where its corporate office is located from Megapolitan.

### *Philwide Development and Construction Corporation*

Philwide Development and Construction Corporation (Philwide) was incorporated in 1981 to engage in real estate development and is majority-owned by the father of Michael, Yerik and Irving Cosiquien. Megawide is leasing its current principal office from Philwide.

### ***Customer and Project Selection***

Megawide is frequently being invited to bid for major domestic low to high-rise building projects. The scope of work on these projects generally include, among others, site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

In line with its risk policies while frequently invited to project biddings, Megawide carefully selects which projects to participate in, based on the following criteria:

- Creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, Housing and Land Use Regulatory Board (HLURB) standing and major suppliers credit records; and
- Liquidity of the project owner determined through financial ratios and financial performances for the past three years.

In addition, Megawide also evaluates each potential project based on the following:

- Size of the over-all development blueprint of the project and its implementation timetable on phases;
- Complexities and limitations of the structural design of the high-rise building project;
- Project location accessibility of heavy construction equipment and proximity to clusters of on-going project sites;
- Logistics difficulties and limitations; and
- Profitability.

Megawide negotiates the final construction price with the project owner. Upon receipt of the Notice to Proceed or the Notice of Award for a project, Megawide, depending on the agreement with the project owner, procures the necessary building permits and other regulatory permits, and immediately prepares for mobilization of construction equipment, manpower and materials needed for the project. Megawide secures performance bonds and surety bonds required to obtain downpayment from the project owner, and contractor's all-risk insurance. It also negotiates and finalizes the terms of its construction contract with the project owner. The responsibilities and warranties of Megawide under its construction contracts typically include on-time project turn-over and completion as per an agreed

timetable, adherence to the agreed material specifications and construction methods, and warranty on workmanship and material defects. In the normal course of business, on a per project basis, Megawide sub-contracts to specialty or trade contractors such tasks as mechanical and electric works for its projects.

During construction, quality control procedures are strictly followed. The Assistant Vice President – Quality assurance and quality control (AVP QA/QC) is responsible for quality assurance and quality control during production and construction. Under her are highly-trained inspectors and personnel. Her team conducts on-site inspections to assure compliance. As standard procedure, concrete samples are tested by specialized laboratories to ensure compliance with American Society for Testing and Materials (ASTM), American National Standards Institute (ANSI) and Construction Specifications Institute (CSI) specifications.

To ensure that projects are on schedule, on-site project managers monitor and control the progress of projects, mindful of the completion date pursuant to the construction contract. Project managers are responsible for accomplishing project objectives, developing the project plan, managing the project team and budget.

Upon project completion, the following activities are conducted as a condition to project turnover to the owner:

- Megawide submits a Notice of Turn-Over and Completion to the project owner;
- Megawide and the project owner conduct a joint inspection and punch listing;
- Should there be no pending items for completion, the project owner issues a Certificate of Completion;
- The project owner releases retention monies upon submission by Megawide of a guarantee bond. The guarantee bond is typically valid for up to 1) year from the project's turnover date and is required by project owners to guarantee the quality of the materials provided, the equipment installed and its workmanship.

### ***Terms Granted to Customers***

Bids for construction projects are typically accompanied with particular material specifications and the kind of finishes to be used for the project. Deviations from agreed material specifications are subject to variation orders. Consistent with industry practice, Megawide normally requires the following key terms of payment in its construction contracts:

- A downpayment of 15% - 20% of the contract price prior to commencement of construction activities. Customers usually require that Megawide obtain a performance bond to guarantee that it will execute the work in accordance with the contract;
- Monthly progress billing (or interim billings). Progress billings are subject to pro-rata recoupment of downpayments, and retention monies equivalent to 10% of the billed amount, to be reduced to 5% upon 50% completion of the project; and
- The release of the 5% retention monies within one-year from full completion of the project. Customers usually require that Megawide obtain a guarantee bond to

guarantee the quality of the materials provided, the equipment installed and its workmanship.

The exposure of Megawide to credit risk on its receivables relates primarily to the inability of the customer to fully settle the unpaid balance of contract receivables and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of the customer.

### ***Completed Projects***

As of December 31, 2017, Megawide has approximately 4,631,393.94 square meters floor area under its construction portfolio. The notable projects that Megawide has completed for the past 3 years are:

1. **Hampton Garden Tower K and L** - Hampton Garden Tower K and L is a low-rise residential condominium located at C. Raymundo Avenue, Maybunga, Pasig City, with total floor area of 7,500 square meters offering 191 residential units.
2. **SM Grass Residences Tower 1** – 41-storey high-rise residential building located at the back of SM City North Edsa with 1,956 residential units. Its total floor area is 77,151.20 square meters.
3. **SM Sea Residences** - The project is located near the SM MOA and is composed of six (6)-storey residential condominiums (Phases 1, 2 and 3). The Sea Residences has a total of 2,703 residential units on a gross floor area of 139,850 square meters. Amenities offered include a swimming pool, playgrounds and a clubhouse.
4. **Belle Grande Casino** - The project is a casino consisting of two L-shaped hotel towers and four high-end condominiums on top of a 2-level casino podium located at Macapagal Avenue, Pasay City. Total floor area is 250,000 square meters and lot area of 3.5 hectares. Once completed, it will be the largest casino in the Philippines.
5. **University Tower II** - University Tower II is a 31-multi-storey office and residential condominium located across University of Santo Tomas (UST) with a floor area of 25,000 square meters. The Project offers 736 units with 65 parking slots located at the Second, Third and Fourth Floors.
6. **University Tower Malate** - University Tower III is a 40-multi-storey commercial and residential condominium with a floor area of 29,000 square meters. The project is located near the university belt area at Pedro Gil, Malate and consists of 6 commercial units at the ground floor and 689 residential units with 86 parking slots.
7. **Berkeley** – Berkeley Residences is a 35-storey residential building located at Katipunan Avenue corner Escalera St., Loyola Heights, Quezon City, with floor area of 55,310 square meters.
8. **Hampton Gardens Condominiums Tower I and J** – Hampton Gardens is a multi-storey residential building consisting of 16 cluster buildings located at C. Raymundo Avenue, Maybunga, Pasig City. Tower I and J consists of 10,000 square meters floor area offering 320 residential units.

9. **Asya Office Building** – Asya Office Building is a medium-rise office and commercial building located at Macapagal Boulevard, MOA Complex with total floor area of 17,000 square meters.
10. **Antel Serenity Tower Hotel & Residences** – Antel Serenity Tower is a 36-storey hotel and residential condominium located in Makati Avenue, Makati City that features 144 exclusive hotel units and 184 private residences. The Serenity Tower will have a hotel standard ballroom, high-ceiling grand lobby, function rooms and business center. This has a total floor area of 33,360 square meters.
11. **Bench Corporate Office Building** – Bench Tower is a 23-storey office building located in Global City, Fort Bonifacio, Taguig City with a gross floor area of 35,000 square meters.
12. **Malate Bayview Mansion – Malate Bayview Mansion** – Malate Bayview Mansion is a commercial condominium located in the center of Malate, Manila. The project consists of a 44-storey mixed-use condominium building with floor area of 59,060 square meters.
13. **SM Grass Tower 3 Residences** – Tower 3 has 1,988 residential units and total floor area of 220,018 square meters.
14. **My Place South Triangle Phase I** – My Place Phase 1 (Residential Tower A& B) is a 27-storey residential condominium located at South Triangle, Quezon City. Its total floor area is 96,513 square meters.
15. **Dimensione** – 4-storey commercial building with area of 650 square meters.
16. **SM Blue Residences** – a 40-storey residential condominium located at Katipunan Avenue, Quezon City with total floor area of 72,700 square meters.
17. **SM Grass Residences Tower 2** – Tower 2 has 1,988 residential units. It has a total floor area of 220,018 square meters.
18. **Belle Grande Casino Phase II** – Expansion of the Belle Grande Entertainment Complex located in Macapagal Ave., Paranaque City with estimated 116,206.72 square meters.
19. **Studio City** – Studio City is an 18-storey residential condominium located in FCC, Alabang, Muntinlupa City with total floor area of 12,334.74 square meters.
20. **Studio Zen** – Studio Zen is a 22-storey residential condominium located in Taft Avenue, Pasay City with total floor area of 18,992.67 square meters.
21. **My Place South Triangle Phase II** – My Place Phase II (Residential Tower C & D) is a 27-storey residential condominium located at South Triangle, Quezon City. Its total floor area is 96,513 square meters.
22. **SM Jazz Residences** – SM Jazz Residences is composed of four 40-storey towers, on top of a 5-level shopping mall and parking basement. It is located along Jupiter Street,

Bel-Air Makati. The project has a total floor area of 300,000 square meters in a lot area of 2-hectares.

23. **The Linear** – The Linear is an office and commercial building located at San Antonio, Makati City. Its total floor area is 7,400 square meters.
24. **IHUB 9 Building** – Ihub 9 is a BPO building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.
25. **IHUB 10 Building** – Ihub 10 is also a BPO building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.
26. **BPO Complex Cebu** – BPO Complex Cebu is located in Phase 1 Lahug, Cebu City, 14-storey commercial building for BPO with lot area of 45,428.07 square meters.
27. **Dexterton** – A 15-storey commercial building with floor area of 12,769.43 square meters located in Fort Bonifacio, Taguig City.
28. **New Frontier Theater** –With a total floor area of approximately 10,813.23 square meters, over a lot of approximately 5,817.31 square meters, New Frontier Theater is a 2-storey commercial building owned by Araneta Center, Inc. located at Gen. Aguinaldo Ave., Araneta Center, Cubao, Quezon City.
29. **B-Hotel QC** – A 10-storey hotel building located at Lot 5 and 6 Block S-31, No. 14 Scout Rallos St., Brgy. Laging Handa, Quezon City owned Northbelle Properties, Inc. with a total lot area of 1,380 square meters and has a total floor area of 11,348 square meters.
30. **Camarin Project** – This is a 10 five-storey medium rise buildings with land development located in Camarin Colocan City. This is a low-cost housing project of National Housing Authority. Its total lot area is 3,823.98 square meters.
31. **Cyber Part Tower 1** – A 29-storey BPO building with 3 basement parkings located in Araneta Center, Cubao, Quezon City and owned by the Araneta Group. It has a total lot area of 4,072.65 square meters.
32. **One World Place** – A 34-storey commercial building with floor area of 46,130.39 located in Fort Bonifacio, Taguig City.
33. **World Hotel & Residences** – A 38-storey hotel and condominium with total floor area of 44,011 square meters located in Makati City.
34. **Rockwell Business Center** –A 15-storey building owned by Rockwell-Meralco BPO Venture, a joint venture between Rockwell Land Corp. and Manila Electric Company (MERALCO). The project is located in Meralco Compound, Ortigas Extension. This has a total leasable floor area of 30,287.91 square meters.
35. **SM Grass Residences Tower 4** – A 40-storey residential building owned by SM Development Corporation with a gross floor area of 135,000 square meters and a total

lot area of 13,888.458 square meters located at Nueva Viscaya cor. Misamis and Nueva Ecija Sts., Sto. Cristo, Quezon City.

36. **Arthaland Tower Substructure** – A 6-level substructure owned by Arthaland Corporation with a total floor area of 12,000 square meters.
37. **Mactan Newtown STP** – A sewage treatment plant contract with Megaworld Construction Corporation with a total lot area of 1,189.50 square meters and a gross floor area of 4,022.99 square meters.
38. **Landers Warehouse Balintawak**—A warehouse construction owned by Southeast Asia Retail, Inc. located at Balintawak, Caloocan City. It has a total floor area of 8,360 square meters.
39. **Landers Warehouse Otis** —A mixed-used complex warehouse developed by Southeast Asia Retail, Inc. located at Otis, Sampaloc, Manila with a total floor area of 16,783.50 square meters.
40. **Bataan Solar Project** —This is a construction and operation of an 8.986MWdc and an expanded 9.018MWdc ground-mounted photovoltaic power generation facility in Barangay Alas-Asin, Freeport Area of Bataan, Mariveles, Bataan for a total generation of 18MWdc. Bataan Solar Project is owned by Next Generation Power Technology Corporation.
41. **Toledo Solar Project**— This involves construction and operation of 60MWp ground-mounted photovoltaic power generation facility located at Toledo, Cebu Province. The project is under the ownership of First Toledo Solar Energy Corporation.
42. **Silay Solar Project** – A construction and operation of an 18.3MWdc and an expanded 6.7MWdc ground-mounted photovoltaic power generation facility in Barangay Rizal, Silay City, Negros Occidental for a total generation capacity of 25MWdc held by Silay Solar Power, Inc.
43. **Le Grand Avenue ABC** – A 2-tower, 5-storey office and commercial building developed by Megaworld Corporation. This is located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City with 46,290.85 and 13,500 square meters gross floor area and total lot area, respectively.
44. **Le Grand Avenue DEF** – A 2-tower, 5-storey office and commercial building developed by Megaworld Corporation. With a total floor area of 46,324.18 square meters and a total lot area of 13,500 square meters located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City.
45. **Shangrila Salcedo** – With a total floor area of 3,880 square meters, Shang Salcedo Place, a 68-storey residential building is located in Salcedo Village, Makati City, and has 715 residential units.
46. **Hampton M and N** – A 9-storey residential building owned by Dynamic Realty Resources Corporation with a total lot area of 1,600 square meters and a gross floor area of 8,971 square meters located at C. Raymundo, Maybunga, Pasig City.

47. **Proscenium Substructure** – This composed of a 3-level basement for Phase 1A and a 2-level basement for Phase 1B owned by Rockwell Land Corporation located in Estrella Corner J.P. Rizal St., Guadalupe Viejo, Makati City and with a total lot area of 35,995 square meters and gross floor area of 101,792.23 square meters.
48. **Plaza Magellan** – A 13-storey commercial building located at Mactan, Cebu City owned by Megaworld Corporation with a total lot area of 2,284.04 and a floor area of 28,890 square meters.
49. **Philam Life Center Cebu** – A 12-storey office building developed by The Philippine American Life and General Insurance Co. with a total floor area of 35,000 square meters and a total lot area of 3,427.11 square meters. The project is located at Cardinal Rosales St. Cor. Samar Loop, Cebu Business Park, Cebu City.
50. **27 Annapolis**—A 44-storey residential building with three (3) basements owned by Bayswater Realty and Development Corporation located at No. 27 Annapolis St., Greenhills, San Juan City. 27 Annapolis has a total lot and floor areas of 1,129.60 square meters and 41,584.05 square meters, respectively.
51. **Southwoods Mall and Office Tower** – Developed by Southwoods Mall, Inc., with a gross floor area of 61,762.42 square meters and a total lot area of 18,984.71 square meters. A 52-storey mall and office with one basement located at Southwoods Eco-centrum, Biñan, Laguna.
52. **One Town Square** – Owned by La Fuerza, Inc., One Town Square is 12-storey office building located at Alabang City with a gross floor area of 29,608.80 square meters and a total lot area of 3,729 square meters.

### **On-Going Projects**

The following are on-going projects of Megawide as of December 31, 2017:

53. **Urban Deca Tower EDSA** – A 44-storey residential building located at Sierra Madre and EDSA, Brgy. Highways Hills, Mandaluyong City owned by Foghorn, Inc. with a total lot area of 866.25 square meters and a total gross area of 27,527.50 square meters.
54. **University Tower 4** – Located in P. Noval, Sampaloc, Manila, a 46-storey condominium with roof deck with estimated area of 43,320.21 square meters. This is another project of Prince Jun Development Corp.
55. **The Rise Mixed Development Project** - A 3-level substructure owned by The Rise Development Company, Inc. located at Malugay St., San Antonio Village, Makati City with a total lot area of 10,000 square meters.
56. **World Plaza** – A 27-storey office building owned by Real Property Innovative Solutions, Inc. located at 5<sup>th</sup> Ave., Bonifacio Global City, Taguig, Metro Manila. World Plaza has a total lot area of 2,731 square meters and an approximate total floor area of 61,500 square meters.

57. **The Curve** – A 32-storey office building located at Lot 1, Block 7, Fort Bonifacio Global City, Taguig owned by Irmo, Inc. The Curve has a total floor area of 45,393.66 square meters and a total lot area of 1,585.20 square meters.
58. **Mareic Building** – Owned by Greenway Properties Realty Corporation, Mareic Building is a 40-storey office building with 3 basement areas located at 121 Tordesillas Sts., Salcedo Village, Makati City with a total lot area of 911.26 square meters and a gross floor area of 29,422.74 square meters.
59. **DEP ED Phase 2** – Involves construction of school buildings in Regions I, II, III and CAR thru a direct contract with the Department of Education.
60. **Arthaland Tower Superstructure** – A 31-storey office building owned by Arthaland Corporation. The project is located at 7<sup>th</sup> St., Bonifacio Global City, Taguig with a total floor area of 56,652 square meters and a total combined lot area of 2,231.94 square meters.
61. **Proscenium Superstructure (Lincoln and Lorraine)** – Developed by Rockwell Land Corporation, Proscenium (Lincoln and Lorraine) is 42 and 44-storey residential building, respectively and four (4) parking floors located at Estrella Cor. JP Rizal Sts., Guadalupe Viejo, Makati City. The project has an estimated total lot area of 36,000 square meters and a combined gross floor area of 88,337.16 square meters.
62. **Urban Deca Tondo** – A mass housing contract with Fog Horn, Inc. which initially focuses on the first four (4) buildings namely, Building 9,10,12 & 13. In 2016 it has commenced its additional two buildings, Building 1 and 2. The first six buildings have a total combined lot area of 162,067.37 square meters. A 14 clusters 13-storey residential complex located at Tondo, Manila.
63. **Urban Deca Ortigas** – A 24 clusters 13-storey residential complex located at Ortigas Ext., Pasig City.
64. **Double Dragon Plaza** – A 4-tower 12-storey office building with mall and basement parking owned by DD-Meridian Park Development Corp. It has 230,130.58 square meters and 23,728.69 square meters gross floor area and total lot area, respectively located at EDSA Ext. cor. Macapagal Ave., Pasay City.
65. **Double Dragon Center East and West** - An 11-storey office and commercial building with one basement and roof deck developed by DD-Meridian Park Development Corp. located at EDSA Ext. cor. Macapagal Ave., Pasay City. It has a total gross floor area and lot area of 51,956.61 and 5,452.26 square meters, respectively.
66. **Shang Fit-Out Works** – A fit-out work under Shang Salcedo Place project developed by Shang Property Developers, Inc. located at Tordesillas St., Salcedo Village, Makati City.
67. **Southeast Asian Campus** – A 12-storey office owned by Megaworld Corporation with a gross floor area of 84,410.85 square meters and a total lot area of 8,387.47 square meters located at Campus Avenue, McKinley Hills, Taguig City.

68. **The Hive Buildings** – A 4-block 12-level residential tower owned by Myspace, Inc. located at San Isidro St., Ortigas Ave. Ext., Taytay, Rizal. Buildings A and B have combined total floor area of 24,101.55 square meters and a total lot area of 27,306.11 square meters.
69. **Cyber Park Tower 2** – A 33-storey BPO building with 3 basement and a roof deck located in Araneta Center, Cubao, Quezon City and owned by the Araneta Group. It has a total gross floor area of 74,722.21 square meters and a total lot area of 3,678.63 square meters.
70. **10 West Campus** – An 18-storey office building developed by Megaworld Corporation located at Block 16, Lot 4 McKinley West, Fort Bonifacio, Taguig City. 10 West has a total gross floor area and lot area of 34,200 and 3,466 square meters, respectively.
71. **St. Moritz Private Estate Residences Cluster 1 and 2** – A 2-cluster 9-storey residential buildings with lower grounds located at McKinley Hill, Fort Bonifacio, Taguig City. St. Moritz is owned by Megaworld Corporation with a total gross floor area of 35,384 square meters and lot area of 5,695 square meters.
72. **One Manchester Place** – An 18-storey residential construction owned by Megaworld Corporation with a total gross floor area of 55,580.02 square meters and a lot area of 6,880.20 square meters located at Mactan, Newtown, Cebu City.
73. **Mactan-Cebu Airport Structural Works** – This project pertains to the site development, earthworks and structural works of Mactan Cebu Terminal 2 owned by MGCJV with a total gross floor area of 66,544 square meters and a total lot area of 65,865 square meters.
74. **Landers Warehouse Arcovia** - A mixed-used complex warehouse with a basement developed by Southeast Asia Retail, Inc. located at Pasig City. It has a total floor area of 17,000 square meters and lot area of 14,000 square meters.
75. **Landers Warehouse Alabang** – A 2-storey building for mixed use purposes owned by Southeast Asia Retail, Inc. located at Daang Hari Road, Almanza Dos Las Pinas City with total floor area of 8,800 square meters and lot area of 20,926 square meters.
76. **Zenith Foods Plant Expansion 3** – A mixed use complex owned by Zenith Foods Corporation composed of a Bun line, warehouse and 4 other buildings – Cold Storage, Process Line and Administrative with an aggregate floor area of 45,387.27 square meters. It is located in a 4-hectare land in Integrity Ave., Carmelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna.
77. **Project Delta Phase 1** – a plant expansion project for Zenith Foods Corporation. This includes earthworks, substructure, superstructure and roofing for the Red Ribbon Plant Expansion project at Productivity Ave., Camelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna with gross lot area of 5 hectares.
78. **Project Delta Phase 2** – this pertains to the architectural and site development of Red Ribbon Plant Expansion project of Zenith Foods Corporation. It includes a 2-storey industrial building located in a 5-hectare lot inside the Zenith Foods Complex at Productivity Ave., Carmelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna.

79. **8990 Urban Deca Tondo – Site Development, STP and Fire Pump** - This project pertains to the site development and structural works of Urban Deca Tondo owned by Fog Horn, Inc. located at Vitas St. Tondo, Manila. The Site development has a total floor area of 35,689.70 square meters.
80. **Urban Deca Mall Tondo** – a 2-storey commercial building located in the residential complex of Urban Deca Tondo at Vitas St. Tondo, Manila with a total floor area of 20,132.76 square meters.
81. **Edades Suites** - a 21-storey high-end residential development of Rockwell Land with 18-storey residential floors, 3-storey podium and a 3-level basement parking. It is located in a 3,158 square meters lot in Rockwell Center, Makati with a total floor area of 25,769 square meters.
82. **BGC 5<sup>th</sup> Avenue Apartments** – a 17-storey residential building of Fort Bonifacio Development Corp. located at a 2,235 square meter lot at 5th Ave. Cor. 34th Street, Bonifacio Global City, Taguig City with total floor area of 16,441.94 square meters.
83. **Gateway Mall 2** - a commercial building owned by Araneta Group. This is part of their mall expansion project in Araneta Center, Quezon City.
84. **Hampton O and P** – developed by Dynamic Realty Resources Corporation, Hampton O and P is a 12-storey residential building inside the Hampton Gardens residential complex at C. Raymundo, Maybunga, Pasig City. It has a total lot area of 1,400 square meters and a gross floor area of 26,045.64 square meters.
85. **Cold Storage Buildings** – an industrial complex project in Taguig and Caloocan which includes a cold storage warehouse and a 3-storey support building. Its total floor area is 11,276 square meters and lot area of 31,166.00 square meters.
86. **Worldwide Plaza** – an addition to Uptown Bonifacio complex is this commercial and office building developed by Megaworld Corporation. This 24-storey building with 3-level basement parking will stand at a 7,800 square meter-lot with total floor area of 114,310 square meters.
87. **Albany Luxury Residences** – a residential development in McKinley Hill, Taguig of Megaworld Corporation composed of two clusters of 14-storey buildings with 2-level basement and roofdeck. Total gross floor area is 41,515.12 square meters and total lot area is 5,329.6 square meters.
88. **Ascott Double Dragon Meridian** – a new addition to Meridian Park of Double Dragon Properties Corp. - a luxury residence developed in partnership with Ascott Singapore. It is composed of a 10-storey building with one basement and gross floor area of 49,541.67 square meters. It is located in a 5,657 -square meter lot in DD Meridian Park, Bay Area corner Macapagal Avenue and EDSA Extension, Pasay City.
89. **Double Dragon Plaza Headquarters** – another addition to Meridian Park of DD Properties Corp as its new Corporate Headquarters building. It is a two-storey building with a gross floor area of 8,502.41 square meters.

90. **Double Dragon Tower** – the latest addition to DD Meridan Park. It is an office building composed of 11-storeys with one basement parking. Gross floor area is 61,859.05 square meters and its total lot area is 5,257 square meters.
91. **88 MLD Las Piñas Water Reclamation Facility** – a design and construction project in partnership with UEM India Private LTD. and Link Energie Industries Co. for the Maynilad Water Services, Inc. - Las Piñas Water Reclamation Facility. The facility will have a gross floor and lot area of 25,470 square meters.

### ***Major Customers***

Megawide is currently servicing the majority of high-rise residential, commercial, office and mixed-use development projects in Metro Manila for several major local developers, primarily for its use of High Technology Building Systems, and quality workmanship. While Megawide is constantly invited to bid for major domestic high-rise building projects, it opts to focus on a selected clientele that provides synergy in business operations and better risk management.

### ***SM Development Corporation***

SM Development Corporation (SMDC) is a leading developer of vertical villages integrated with commercial retail environment. Their properties are strategically situated in key areas across Metro Manila specifically the cities of Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig, Quezon City, and Taguig, as well as Tagaytay City. Some of these properties include the Jazz Residences, Sea Residences and Grass Residences.

### ***Belle Corporation***

Belle Corporation is a publicly-listed company and is a leading developer of high-end residential and leisure properties. The Belle group owns approximately 1,280 hectares of land.

In 2013, Belle Corporation partnered with Macau-based Melco Crown Entertainment Ltd. to bring its City of Dreams brand to the Philippines renaming the former's Belle Grande and expanding that project from 242 gaming tables and 1,450 electronic gaming machines to 365 gaming tables, 1,680 slot machines and 1,680 electronic table games.

### ***Rockwell Land Corporation***

Rockwell Land Corporation is one of the premier real estate development companies in the Philippines. It was formed in 1995, after the shutdown of the thermal power plant, by the Lopez Group. Its primary task was to transform the old thermal plant property into a high-end commercial business district, truly a benchmark for innovation in the real estate industry.

### ***Megaworld Corporation***

Megaworld is one of the country's leading real estate developer and top BPO office developer and landlord in the Philippines. Led by real estate magnate and visionary, Dr. Andrew L. Tan, Megaworld pioneered the LIVE-WORK-PLAY-LEARN township concept in the country. The company introduced the successful large-scale, master-planned mixed-use developments such as Eastwood City in Libis, Quezon City; Newport City in Pasay;

McKinley Hill, Forbes Town Center, McKinley West, and Uptown Bonifacio, all in Fort Bonifacio; Woodside City in Pasig; Iloilo Business Park in Mandurriao, Iloilo City; the Mactan Newtown in Lapu-Lapu City, Cebu and the Davao Park District in Davao City.

### ***Shangri-La Properties***

Shang Properties, Inc. is a luxury real estate developer in the Philippines. They are the Philippines' property development arm of the prestigious Kuok Group and with core businesses in upscale office and retail leasing and residential development. The company has a landbank of over 500 hectares located in Batangas, Tagaytay, Cavite, and Mactan earmarked for future development. Backed by the added value and advantages provided by its affiliates worldwide – Kerry Properties, the Kuok Group, and Shangri-La International Hotels and Resorts, and their ever-growing network of property, logistics and infrastructures assets, Shang Properties, Inc. continues to set the pace for premium real estate projects in the Philippines.

### ***8990 Holdings, Inc.***

8990 Holdings, Inc. is the largest Mass housing developer in the Philippines in terms of units licensed under B.P. 220 from 2011 to 2013, according to the HLURB. The Company has been developing Mass Housing Projects in high-growth areas across the Visayas, Mindanao and Luzon since 2003. 8990's DECA Homes and Urban DECA Homes brands have also gained a strong reputation in the market, resulting in 8990 garnering numerous awards such as Q Asia Magazine's Best Housing Developer for 2012 to 2013. 8990 has an identified pipeline of eight projects with an existing and available landbank, which projects are scheduled to commence between 2015 and 2019 and which in total are expected to provide approximately 64,000 units available for sale.

### ***Double Dragon Properties Corp.***

Double Dragon Properties Corp. (DD) has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. DD's vision is to accumulate one million square meters of leasable space by 2020 primarily through the rollout of 100 community malls across provincial cities in the Philippines through its community mall chain brand "CityMall" under its subsidiary CityMall Commercial Centers Inc. and through the development of two major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.

### ***Southeast Asia Retail, Inc.***

Southeast Asia Retail, Inc., the company behind the fast-growing membership grocery retailer, Landers Superstore which sells imported and local products in bulk and single-sized in two stores in Balintawak, Quezon City and Otis, Manila. It offers premium membership for individuals and business use. Landers Superstore will also be opening in Arcovia City and Alabang West as it partnered with Megaworld's newest township developments.

### ***Araneta Center, Inc.***

Araneta Center, Inc. is the owner, developer and manager of the Araneta Center. Built and developed on a 35-hectare (90 acre) property right at the heart of Metro Manila, The Araneta Center is a hub of retail, entertainment, residential, hospitality, and office developments that

sees an estimated 1,000,000 visitors daily. Araneta Center, Inc. is the owner of the Kia Theater, a reborn classic 60's entertainment landmark New Frontier Theater and a multi-function venue. It is also the owner of the first building completed in the development (of the Araneta Group), the CyberPark Tower 1 (CPT1), a PEZA-registered tower and the CyberPark Tower 2 (CPT2) which construction is underway, the second PEZA-registered tower and is expected to be completed in 2018. It also sighted future massive mall development of the Gateway Mall 2 which encompasses one side of the Smart Araneta Coliseum with target completion in 2020.

### ***Arthaland Corporation***

ArthaLand is a focused real estate company bringing together a brain trust of experts in property development and management. ArthaLand is an entrepreneurial, world-class, boutique developer of unique, enduring, and sustainable projects in the residential, office, and leisure segments. It is principally engaged in the realty development business including home building and development. ArthaLand is the owner-developer of the Arthaland Tower, a 30-storey office and commercial tower in Taguig City designed to be LEED-compliant.

### ***Competitors in the Industry***

EEI Corporation (EEI), and DMCI Construction (DMCI) are among Megawide's major competitors. Both have on-going residential condominium projects in Metro Manila. DMCI dominates domestic infrastructure, while EEI, a publicly listed company, concentrates on heavy industries projects.

The principal areas of competition are pricing, service and quality of construction. Megawide believes, however, that it has an advantage over its competitors in the high-rise residential condominium market because of its use of High Technology Building Systems, value-added engineering services, technical competence and innovative ability. Furthermore, unit prices of Megawide's projects are competitive with those of EEI's and DMCI's.

### ***Competitive Strengths***

Megawide believes that its principal strengths are the following:

1. Value Engineering through the Use of Modern and Advanced Building Technology
  - Megawide was the first to extensively utilize advanced, modern and comprehensive European building systems that reduce construction time and allow for quicker project turn-over.
  - Megawide employs Formwork Systems, purchased from German company, MEVA Schalungs-Systeme GmbH, in its on-going projects. Formwork Systems are the temporary or permanent moulds, into which concrete or similar materials are poured into, to form the structural elements of a building. The traditional construction process utilizes timber or plywood formworks. For its projects, Megawide's Formwork Systems are 100% wood-free, all plastic facing. These are nailable like plywood, but maintain structural rigidity. These are also re-usable, putting an end to plywood wastage, and do not swell or shrink like plywood. Megawide utilizes the following Formwork Systems in its existing projects:
    - Slab Formworks
    - Wall Formworks

- Column Formworks
  - Circular Formworks
- Climbing Formworks Megawide also uses Pre-Cast Concrete Systems purchased from Finnish company, Elematic. The European Pre-Cast Concrete Systems which Megawide employs in its current projects, has the inherent advantages of:
  - i. Reducing cost
  - ii. Shortening the construction period
  - iii. Improving quality
  - iv. Increasing project volume
  - v. Environment friendly
- The following table is a summary of the advantages of Megawide’s High Technology Building Systems over traditional construction methods:

	<b>Traditional Construction</b>	<b>Megawide</b>	<b>Advantages</b>
Formworks	Plywood	Plastic face formworks	<ul style="list-style-type: none"> <li>• No swelling and shrinking</li> <li>• Stable flexural rigidity</li> <li>• Free from rippling and warping</li> <li>• Quality in concrete pouring</li> <li>• Fast cycle, simple assembly, earlystripping, less manual labor employed</li> <li>• Even surfaces</li> <li>• Zero discoloration</li> <li>• Fast on-site cleaning</li> <li>• Zero waste</li> <li>• Reusable</li> </ul>
	Coco lumber	Aluminum & Steel Scaffoldings	<ul style="list-style-type: none"> <li>• More stable and robust</li> <li>• Longer lifespan</li> <li>• Easy assembly lock and formwork clamp</li> </ul>
Pre-Cast Concrete	Concrete Hollow Blocks	Pre-cast walls	<ul style="list-style-type: none"> <li>• Precise, smooth and even curing, high quality, energy saving and ecological</li> </ul>
	Traditional Concrete Beams, Columns, Slabs	Pre-cast beams, columns, Slabs	<ul style="list-style-type: none"> <li>• Savings in steel and partition wall materials, extra-long spans for design flexibility, accurate dimensions and strand locations for less work-on site</li> </ul>

- Megawide’s 15.5 hectare fully-automated and pre-cast concrete manufacturing complex is the largest and most advanced in the country and is among the top in Southeast Asia in terms of size and technology employed. The use of pre-cast concrete is environment-friendly and allows Megawide to reduce construction costs, shorten the construction period, and improve the overall quality of the work and increase project volume.
- The Megawide Corporate Tower in Quezon City obtained a gold certification from the Leadership in Energy and Environmental Design (LEED) of the United States

Green Building Council. LEED is a third-party certification program for the design, construction and operation of high performance green buildings. It is the predominant green building rating system in the U.S. and is used around the world.

2. Business Synergies from Vertical Integrations

- Megawide's unique business model puts it in a league of its own, clearly differentiating it from among its peers. It is the only construction company that has a manufacturing component through the use of state-of-the-art precast production facility and wide downstream integration such as modern concrete batching plant, advanced formworks systems and its own fleet of vertical, earth-moving and construction equipment. Moreover, to ensure sustainable business growth and mitigate economic down cycles, Megawide has expanded and diversified into infrastructure development, an upstream integration that surely adds and creates greater value to Megawide in the short, medium to long term horizon. Not only will these infrastructure development projects provide construction revenues to its downstream business units, it will likewise become the source of future stable recurring income upon completion. The synergies in these vertical integrations will result to seamless operating efficiencies, optimal use of resources and financial strength.

3. Strong Brand Name and Proven Track Record

- Megawide has a well-established reputation in the construction industry for its excellent project execution and customer service. It has a proven track record of efficient operations, having successfully completed numerous low-rise to high-rise condominiums and industrial buildings.

4. Organizational Capability and Flexibility

- Megawide has a lean organizational structure that is flexible, responsive and adapts to market changes. It has a diverse work force of young, dynamic, committed and highly effective personnel and experienced and well-trained professionals. It also has a disciplined and responsible management team that has effectively surpassed challenging business situations.

5. Financial Strength and Ability to Raise Financing at Competitive Costs

- Megawide believes it has a strong balance sheet. As a result, it has the ability to secure clean loans at competitive costs.

6. AAAA and Large B Contractor's License

- Megawide has an AAAA Contractor's License from the Philippine Contractors Accreditation Board (PCAB). This is the highest classification and category for a construction company as of December 31, 2017, which qualifies Megawide to bid for private projects with no limits on contract value. Likewise, Megawide obtained Large B classification for government registration which qualifies Megawide to participate in large infrastructure projects such as highways, roads and bridges, piers and airports, railroads, waterworks and power plants.

7. Young, Modern and Branded Fleet of Building Equipment

- Megawide owns and maintains a young, modern and branded fleet of tower cranes and earthmoving equipment to ensure maximum efficiency and minimum down time during construction.

## ***Suppliers***

Megawide sources its raw materials, primarily steel, cement and aggregates from external suppliers who are reliable and known in the construction industry. In selecting its suppliers, it considers quality, pricing, and efficient delivery of raw materials. It also does not depend on one or a limited number of suppliers for raw materials and none of its major suppliers are its affiliates. Suppliers usually give Megawide a 60-90 day payment period. Below is a list of Megawide's major third-party independent suppliers:

<b>Name of Supplier</b>	<b>Raw Material Supplied</b>
Steel Asia Manufacturing Corp.	Steel
IVM Philippines Services & Contractor, Inc.	Subcontractor of MEPF
Sofaire System Enterprises	Subcontractor of MEPF
MC Montgear Electromech Corp.	Plumbing and Sanitary works
Phases Electrical Contractor	Subcontractor of MEPF
Kaskal Phils., Inc.	Aluminum and Glass Works
Elecon Construction Corporation	Electrical Works
MHI Engine System Philippines, Inc.	Electrical Works
Regan Industrial Sales, Inc.	Steel

In order to mitigate the risk of price volatility in raw materials for its projects, Megawide, upon contract award, immediately purchases major materials such as steel and concrete for the entire project. All purchases are done centrally, at Megawide's head office, for all project site requirements.

## ***Quality Control and Quality Assurance***

Megawide's quality of work are in accordance with applicable local and international standards such as PNS, ASTM, ANSI, ACI or AASHTO. The general specifications are based on project requirements considering local conditions, policies, available materials, local regulations and other special circumstances. In addition to on-site inspections, as a standard procedure, materials' samples are tested by specialized laboratories to verify compliance with applicable codes and standards.

Megawide's management system strictly adheres to the requirements of the ISO standards on Quality, Environmental, Safety and Health. As such, Megawide is committed to customer satisfaction, environmental protection and prevention of injury or ill health.

## ***Intellectual Property***

Megawide does not believe that its operations are dependent on any patent, trademark, copyright, license, franchise, concession or royalty agreement.

## ***Research and Development***

Megawide has formed a Research & Development Team composed of the Chief Executive Officer, the Executive Vice President for Construction, the Executive Vice President for Business Units and the Assistant Vice President for Engineering, to continuously adapt and respond to new inventions, standards and quality assurance in construction. It is also

constantly working with international consultants for value engineering to achieve more cost-efficient building structures and maximum space utilization. Although it engages in research and development activities, the expenses incurred by Megawide in connection with these activities are not material.

***Government Approval and Permits***

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of Megawide, were obtained by Megawide and are in full force and effect.

Megawide and its business operations are subject to various laws and regulatory agencies, including the Contractor’s License Law, nationality restrictions, and environmental laws. Any changes in the current environmental laws and regulations applicable to Megawide may increase Megawide’s operating expenses. Megawide complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

Megawide believes that it is in compliance with local and national tax laws and regulations and it shall continue to be so by paying all taxes, including income tax, withholding tax, real property tax and such other taxes that are assessed against it and which Megawide believes to be due.

***Employees***

As of December 31, 2017, Megawide’s manpower complement is as follows:

<b>Division</b>	<b>Regular</b>	<b>Project Based</b>	<b>Total</b>
Operations	52	1,208	1,260
Head Office	167	79	246
Total	219	1,287	1,506

Megawide will continue to hire qualified and competent employees for the next twelve months for its on-going projects.

Megawide is not unionized. The relationship and cooperation between the management and staff has been good and is expected to remain so in the future. There has not been any incidence of work stoppages or labor disputes in the past. There is no existing collective bargaining agreement between Megawide and its employees. Megawide complies with the minimum wage and employment benefits standards pursuant to Philippine law. It adopts an incentive system that rewards and recognizes the employees who excel in their respective fields to foster the harmonious relationship between management and the employees.

Megawide has a retirement plan which provides a retirement benefit equal to 22.5 days’ pay for every year of credited service in accordance with Republic Act No. 7641 or the Retirement Pay Law. On July 19, 2010, its Board of Directors resolved to establish a non-contributory retirement fund for its officers and employees and appointed the fund’s board of trustees. Subsequently, on December 11, 2012, the Board approved the establishment of the Megawide Construction Corp. Ret. Plan for the benefit of Megawide’s qualified employees. The Board appointed BDO Unibank – Trust and Investments Group as trustee of the Retirement Fund.

No single person is expected to make a significant contribution to the business since Megawide considers the collective efforts of all its employees as instrumental to the overall success its performance.

Edgar Saavedra, the CEO and President, together with the executives are currently the key decision makers. However, Megawide is continuously hiring experts to further strengthen and professionalize its organizational and management structure. Megawide continues to bolster its management positions in order to spread out responsibilities. It also provides various training programs for its employees to maintain competitiveness and efficiency.

### ***Business Risks***

Below is a discussion of the major risks involved in the business of Megawide.

- (i) Megawide is exposed to risks associated with the Philippine property market, including potential construction contract cancellations.

Megawide's business is highly dependent on the ability of Philippine real estate developers to market, sell and dispose of condominium units to potential customers. In the event of a weak property market, developers may hold and/or cancel construction contracts and orders. Megawide seeks to minimize the possible effects of a weak property market by gradually diversifying into mid-rise Affordable Housing and socialized housing and infrastructure projects. Moreover, to ensure sustainable business growth and mitigate economic down cycles, Megawide has expanded and diversified into infrastructure development, an upstream integration that surely adds and creates greater value to Megawide in the short, medium to long term horizon. Not only will these infrastructure development projects provide construction revenues to its downstream business units, it will likewise become the source of future stable recurring income upon completion.

The new Government administration is keen in developing the infrastructures in Philippines giving Megawide new avenues to explore and win significant projects with the Government. In line with this, Megawide is managing the risk possible effects of weak property market.

- (ii) Significant competition in the construction industry could adversely affect Megawide's business.

Megawide believes that it has a competitive advantage over other construction companies due to its use of High Technology Building Systems, high quality construction equipment, value-added engineering services, technical competence, and innovative ability. Furthermore, its use of High Technology Building Systems has allowed it to price its projects competitively.

- (iii) Megawide currently contracts with a limited number of developers, subjecting it to concentration risk.

Megawide has increased its pool of customers in past 3 year because of its excellent reputation in the construction industry through providing a quality service to its clients and competitive pricing because of its High Technology Building System. Big clients that were added in the Megawide's portfolio includes Megaworld, 8990

Holdings, Araneta Group, Rockwell, Southeast Asia Retail, Double Dragon and Arthaland. Megawide has also been successful in maintaining relationships it has built with its existing roster of developer clients. It also adopts strict quality control measures to ensure that clients are satisfied with the quality of Megawide's output. For the past 3 years, Megaworld and Double Dragon have contributed the highest revenue with 11% share each, followed by 8990 Holdings with 10% contribution to the total revenue of Megawide. In the past years, Megawide was successfully minimize the concentration risk by expanding its construction portfolio.

- (iv) Megawide is exposed to credit risk on its receivables from construction contracts.

For on-going projects, Megawide is exposed to credit risk if project owners are unable to fully settle the unpaid balance of receivables under construction contracts, and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of each project owner. Megawide can also resort to enforce its contractor's lien over the project with varying degrees of effectiveness. Under Article 2242 (3) of the Civil Code of the Philippines, a contractor's lien is the claim of a contractor engaged in the construction, reconstruction or repair of buildings, canals or other works, upon said buildings, canals or other works.

- (v) The volatility in the price of construction materials could affect Megawide's profitability.

Megawide employs a hedging program and facilities with a number of its suppliers to help mitigate the risk of price volatility. It enters into fixed purchase contracts with its suppliers, immediately upon award of contracts, which fix the unit cost of the materials. These contracts typically range from 6 months to 1 year. No price escalation is charged until the estimated quantities have been delivered within the agreed period.

- (vi) Megawide's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements.

Megawide has a proven track record with years of experience in the construction industry. It has a group of well-trained and experienced technical managers that implement measures to maintain project progress, schedules and quality. In addition, contracts with suppliers and subcontractors contain warranties for quality and requirements for timely completion. These warranties are typically covered by a guarantee bond, surety bond or performance bond.

- (vii) Megawide may be exposed to liquidity risk from delayed payments of progress billings.

Megawide believes that it has a solid financial background and has established credit lines with several financial institutions from which it is able to easily obtain loans to finance its working capital requirements.

- (viii) The availability of construction materials may affect Megawide's projects.

The principal raw materials utilized by Megawide in its projects are cement and steel, which are both readily available in the market from a number of sources, including Steel Asia Manufacturing Corporation and Pag-asa Steel Corporation. Megawide also diversifies its sources of these raw materials so that it is not dependent on one or a limited number of suppliers including Peaksun Enterprises.

- (ix) Megawide is reliant on its High Technology Building Systems to maintain its competitive advantage over other contractors.

Megawide does not have an exclusivity contract with any of its technology and equipment suppliers. As such, competitors may opt to and will be able to purchase the same technology and equipment from Megawide's suppliers. However, although its competitors may purchase similar technology, Megawide has an advantage as it already has at least 9 years of experience in utilizing said High Technology Building Systems. New users of the High Technology Building Systems will need time to learn and adapt to the change in construction processes. New users should also have significant project volumes in order to realize a return on its investment and to bring down construction cost. To ensure that Megawide maintains its technological advantage, Megawide has established a Research and Development Team to continuously adapt and respond to new inventions and standards in construction.

- (x) Megawide is exposed to the risk of industrial or labor disputes.

Megawide has maintained a harmonious relationship between management and staff. It provides employee benefits and complies with labor standards. It is not unionized and there has not been any incidence of work stoppages or labor disputes. It also highly mechanized and is therefore not entirely dependent on manual labor for its production and structural works.

- (xi) Risk on the separation of key employees

To mitigate this risk, Megawide gives attractive compensation packages that consist of: (1) basic wages; (2) allowance for project employees, depending on the position of the project employee; (3) project completion bonus for project employees; and (4) performance bonus for project employees occupying key positions such as project managers and assistant project managers, depending on the position of the project employee. It has also entered into employment agreements with its key employees containing a "non-compete" clause, which prevents these key personnel from moving to its competitors.

- (xii) Injuries or damages to third parties could arise from construction accidents.

Megawide adopts the European Standard on Safety Scaffoldings. Under this standard, safety scaffoldings are built in accordance with the British Standard (BS 5973), which sets out performance requirements for working scaffolds and permissible stress design method. The working scaffold provides a safe workplace with safe access suitable for the work being done. Megawide utilizes German Scaffoldings such as MEVA Automatic Climbing Scaffold, Shoring Tower and other Folding Scaffoldings, which were built in accordance with BS 5973. It also strictly

implements wearing of proper full body protection gear in accordance with the Zero Accident Safety Program. The program is adopted in all job sites to prevent worker injury under a “Zero Injury” or “Accident” program, which means that accidents or serious injuries to workers can be successfully prevented. Moreover, as part of the project safety program, a Safety Engineer is assigned to each construction site to ensure employee awareness.

- (xiii) A slowdown in the Philippine economy could adversely affect Megawide.

This risk is beyond the control of Megawide.

- (xiv) Political or social instability could adversely affect the financial results of Megawide.

This risk is beyond the control of Megawide.

- (xv) Megawide is required to obtain various licenses for its construction business.

The revocation or non-renewal of these permits and licenses may have a material adverse effect on Megawide’s operations. To avoid work stoppage or disruption, Megawide ensures that it is always compliant with the necessary permits required by various licensing authorities.

- (xvi) Foreign Exchange Controls

Any foreign exchange controls that may be imposed by the Government could materially and adversely affect Megawide’s ability to obtain machinery and equipment from abroad, which could affect its financial condition and results of operations.

- (xvii) Occurrence of Natural Catastrophes or Blackouts

Natural catastrophes may disrupt Megawide’s ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons and floods. These types of events may materially disrupt and adversely affect Megawide’s business and operations. Prospective investors cannot be assured that the insurance coverage maintained by Megawide will adequately compensate it for all damages and economic losses resulting from natural catastrophes or blackouts, including possible business interruptions.

## **Item 2. Properties**

Megawide owns a 1.0294-hectare property located at Taytay, Rizal which is being used as an equipment stockyard for such items as tower cranes, backhoes and other earthmoving equipment. The same was acquired by Megawide for P21 Million. Megawide owns this property and all its construction equipment such as tower cranes and other earthmoving equipment, free of any mortgage, lien or encumbrance. There are no limitations on Megawide’s ownership or usage over this property.

In 2011, Megawide acquired land in Ortigas Extension, Barangay San Isidro, Taytay, Rizal with lot area of 21,082 square meters for P104 Million. Megawide owns this property free of

any mortgage, lien or encumbrance. There are no limitations on Megawide’s ownership or usage over this property.

In 2012, another lot was purchased in Taytay, adjacent to Megawide’s precast plant with lot area of 8,505 square meters for P50 Million. A 4,022 square meter lot adjacent to the stockyard of Megawide in Taytay was purchased for P9 Million. On the same year, Megawide bought a 178 square meter property located in the same municipality for a total amount of P1.157 Million. Megawide owns these properties free of any mortgage, lien or encumbrance. There are no limitations on Megawide’s ownership or usage over this property.

In 2013, Megawide has a total additional land acquisition amounting to P67 Million in Taytay Rizal in relation to the Precast Plant expansion. The property is free of any attachments and limitations on ownership and usage.

In 2014 and 2015, Megawide invested on new tower cranes, earthmoving equipment and other construction equipment to ensure maximum efficiency and minimum down time during construction. Total investment amounted to P485 million and P369 million in 2015 and 2014, respectively. Megawide also acquired additional lot adjacent to the precast plant in 2014 with area of 23,686 for P148 million and lot area of 16,017 sqm. near the precast plant for P17 million in 2015.

In 2017 and 2016, to cater its growing order book Megawide also invested on new construction equipment amounting to P275 and P470 million, respectively which includes tower cranes, earth moving equipment, formworks and precast equipment Transportation equipment were also procured amounting to P54 million and P57 million in 2017 and 2016, respectively which includes service vehicles, truck mixers, light and medium duty trucks and tractor trucks. Megawide also purchased parcels of land adjacent to its Taytay complex amounting to P82 million and P156M in 2017 and 2016, respectively. Taytay complex is currently expanding to house the formworks rehabilitation factory and all the construction equipment of the Megawide. The new parcels of land will also provide a bigger stockyard for the precast plant since its annual production is consistently increasing.

***Leased Properties***

Megawide is leasing the 1,493 sq.m. property at N. Domingo St., Barangay Valencia, Quezon City where its corporate office is located from Megapolitan. The lease agreement is valid until February 1, 2019 and Megawide pays a monthly rental of P269,771.29. The lease agreement with Megapolitan was renewed for additional 2 years after it expired on February 1, 2017. Megawide leases an office space from Philwide with a monthly rental of P1,000.00.

In addition to the foregoing office spaces, Megawide also leases properties needed for its operations such as the lease agreement with:

<b>Date</b>	<b>Lease</b>	<b>Duration</b>	<b>Location</b>	<b>Area</b>	<b>Monthly Rental</b>
February 1, 2010	Megapolitan Realty and Development Corp.	February 1, 2019	N. Domingo St. Brgy. Valencia Quezon City	1,493 sqm	P269,771.29 inclusive of VAT, other taxes and 7% escalation every year.

November 16, 2016	Percie Managuelod	October 15, 2018	Unit 12-E Tower 2, The Saint Francis Towers Shangrila Place Condominium		P61,000 inclusive of Condominuin Dues
March 1, 2017	Regent Foods Corporation	December 31, 2018	Elisco Road cor. F. Manalo St., Tipas, Taguig City		P373,831.78/mo
September 1, 2017	Primex Domains, Inc.	February 1, 2018	Aurora Blvd, New Manila, Quezon City		P167,750.00/mo
March 17, 2016	Sheena Krystel Purugannan and Sarrah Purugannan	March 16, 2018	Unit 25-H, Renoir Eastwood, Le Grand Tower 3, Eastwood City, Bagumbayan Quezon City	98 sqm	P65,000/mo
October 8, 2015	Jeanne Chua	September 30, 2019	Joya Lofts and Tower, Rockwell Center, Makati City	109 sqm	P113,080 inclusive of Condominium Dues
March 1, 2013	Dizon Farms Produce, Inc.	March 1, 2018	Ligid, Tipas , Taguig City	615 sqm	P75.00/sqm. VAT inclusive or a total amount of P46,125.00
November 1, 2013	Aguacate Marketing Corp.	October 31, 2018	Tipas St. Taguig City	1,450 sqm	P150.00/sqm inclusive of VAT and all applicable taxes or a total of P217,500.00
January 1, 2017	Eldan Land Use Management And Development	May 31, 2017	Mariano St. Cor. A. Luna, Makati City	399 sqm.	P84,000 inclusive of VAT ,other taxes, and 5% esc. Starting 4/1/15.
August 1, 2015	Hanston Properties Inc.	January 31, 2018	818 Pantaleon St. Cor. Barangka Drive Mandaluyong City	1,000 sqm.	P145,600 inclusive of VAT and other taxes
December 1, 2015	Hanston Properties Inc	January 31, 2018	818 Pantaleon St. Cor. Barangka Drive Mandaluyong City	1,009.56 sqm.	P146,991.94 inclusive of VAT and other taxes
December 1, 2012	Josefino V. Cabrera	December 1, 2021	Sapang Viejo, Ligid-Tipas Taguig City	2,327 sqm.	P139,620 inclusive of Vat
October 24, 2016	Carolina Q. Villongco	February 23, 2017	4760 Mariano St. Brgy. Poblacion, Makati City.	180 sqm	P526,315.79 inclusive of w/holding tax.
December 1, 2016	M.A. Jimenez Enterprises Inc.	May 31, 2017	Block 1 Lot 7, 5th street, Bonifacio Global City, Taguig City	1300 sqm.	P486,850 inclusive of taxes
July 16, 2014	Joy Tan	December 31, 2017	8276 Dapitan St, Guadalupe Nuevo, Makati		P30,000 vat-ex for first year; 3200 vat-ex thereafter 2 years.

All of the above leases are subject to renewal upon mutual agreement of the parties.

### Item 3. Legal Proceedings

Following are the other cases Megawide is involved in, and which are pending in the lower courts:

1. Kuehne + Nagel, Inc. vs. Megawide Construction Corporation/Civil Case No. 12-0310, RTC-Paranaque City, Branch 258

This is a case for sum of money with damages filed on October 15, 2012 by Kuehne + Nagel, Inc. (“KNI”) against Megawide Construction Corporation (“Megawide”) demanding payment of Php7,460,967.22 representing the balance for the various freight, fees and charges in transporting the defendant’s shipment from Germany to the Philippines.

Megawide filed its Answer on December 18, 2012, with Special and Affirmative Defenses and Counterclaims. Megawide’s defense is primarily anchored in KNI’s failure to secure the Load Port Survey (LPS) Report which resulted in the delay of the release of the shipment from the Bureau of Customs. Consequently, the Bureau of Customs imposed a penalty amounting to Php4,027,043.22. Megawide paid the penalty (Php4,027,043.22) and also paid the amount of Php355,893.75 for storage fees for more than two (2) months because KNI could not secure the immediate release of Megawide’s shipment in view of the absence of LPS.

Plaintiff has finished presenting its evidence. It is now Megawide’s turn to present evidence.

2. People of the Philippines vs Jesulito Testa et. al./Crim. Case No.QZN-14-00578-CR (Estafa) RTC QC- Branch 97

AZ Systems misrepresented to Megawide that it was a legitimate entity authorized to release from the Bureau of Customs the shipment of Megawide. Despite Megawide’s payment to AZ Systems of Php 631,306.74, it did not release the shipment. Apparently, AZ Systems defrauded Megawide.

Prosecutor recommended the filing of criminal case. Mr. Testa was apprehended while the others remain at large. The case is set for Preliminary conference on March 7, 2017.

3. Megawide vs. Dennis Espinar (Décor), UCPB CIAC Case No. 11-2014 (DepEd School Building Projects)/CA-G.R. SP No. 138387, Court of Appeals, 15<sup>th</sup> Division

Claim of more than Php178M vs Décor representing unliquidated DP and unreturned formworks and unpaid materials.

On September 29, 2014, the Construction Industry Arbitration (CIAC) rendered a Final Award, the dispositive portion of which reads:

“WHEREFORE, Award is hereby made as follows:

Respondent UCPBGICI and Respondent Dennis Espinar/Decor are hereby ordered to pay jointly and severally Claimant Megawide the sum of ₱87,505,796.18 under the surety bonds and performance bonds issued in favour of Claimant Megawide plus attorney’s fees in the amount of ₱1,000,000.00.

4. There are four Petitions for Review filed in the Court of Appeals and was consolidated at Thirteenth Division of the Court of Appeals, to wit:
  - a. Mariefela A. Laguardia vs. UCPB General Insurance Co. Inc., et al./ CA-G.R. No. 137908, Court of Appeals, 12<sup>th</sup> Division
  - b. UCPB General Insurance Co. Inc vs. Megawide Construction Corporation, et al./CA-G.R. SP No. 137872, Court of Appeals, 16<sup>th</sup> Division
  - c. Manuel G. Alipon vs. UCPB General Insurance Co., Inc, et al./CA-G.R. SP No. 137875, Court Appeals, 7<sup>th</sup> Division
  - d. Dennis Espinar vs. Megawide Construction Corp. And UCPB General Insurance Co. Inc./CA-G.R. Bi, 138387-UDK

The parties underwent mediation in the Court of Appeals. However, they failed to reach any settlement. Hence, the petitions are all deemed submitted for resolution.

5. Megawide vs. Elpidio S. Uy, doing business under the name and style of Edison Development and Construction and UCPB General Insurance Co. Inc., and Commonwealth Insurance Co./ CIAC No. 18-2014 (DepEd School Building Projects)

This is a claim by Megawide Construction Corporation to recover the value of unliquidated down payment, unreturned formworks and construction materials, unpaid rentals, and damages due to the alleged delay by the subcontractor, Respondent Elpidio S. Uy, to perform his obligations under a Construction Agreement dated February 25, 2013 (“Construction Agreement”) and a Contract of Lease of the same date (“Lease Agreement”).

Megawide also makes a claim against the sureties. Respondents UCPB General Insurance Co. Inc. (“UCPB”) and Commonwealth Insurance Co. (“CIC”), under several surety bonds they issued to Megawide to guarantee the return of the (a) downpayment and the performance of both contracts by Elpidio Uy; and (b) formworks subject of the Lease Contract.

On December 29, 2014, the CIAC rendered a Final Award in favor of Megawide and against Elpidio S. Uy, directing Mr. Uy, upon finality of Final Award, to pay Megawide.

The Final Award is as follows:

“WHEREFORE, the Tribunal judgment:

1. upon the Claim, in favour of Claimant Megawide Construction Corporation and against Respondent Elpidio S. Uy, doing business under the name and style of “Edison Development and Construction,” directing Mr. Uy, upon finality of this Final Award, to pay Claimant the following sums:

- (a) ₱11,723,373.22 in unliquidated downpayment;

- (b) ₱4,857,862.00 representing the value of unreturned formworks;

- (c) ₱11,623,823.27 for the value of construction materials delivered to and withdrawn by Elpidio Uy;
- (d) ₱725,999.67 for unpaid rentals on the formworks;
- (e) ₱1,000,000.00 in attorney's fees and litigation expenses;
- (f) Holding Respondent Commonwealth Insurance Co. ("CIC") jointly and severally liable with Mr. Uy to pay Claimant ₱4,856,862.00 representing the value of unreturned formworks;
- (g) The claims for unliquidated downpayment and liquidated damages under the surety and performance bonds issued by Respondent UCPB General Insurance Co. Inc. ("UCPB") are denied for having been filed out of time.
- (h) The claims against Mr. Uy for moral and exemplary damages are denied;
- (i) The claims for moral and exemplary damages as well as attorney's fees against UCPB and CIC are denied.

2. denying the Counterclaims of Elpidio S. Uy against Claimant for the change orders, work accomplishment, lost profits, moral and exemplary damages, as well as attorney's fees. However, Elpidio S. Uy is entitled to ₱10,665,72 as his proportionate share of the additional hauling cost granted by Claimant on the first three Job Orders.

3. denying the Counterclaims of UCPB and CIC against Claimant for moral and exemplary damages as well as attorney's fees and expenses of litigation.

4. denying the Cross-Claims of UCPB against Mr. Uy for indemnity under the downpayment and performance surety bonds and for attorney's fees.

5. Upon the Cross-Claims in favour of CID and against Mr. Uy, directing the latter upon finality of this Final Award to (a) indemnify CIC ₱4,857,862.00 representing the value of unreturned formworks due to Claimant, upon proof of payment by CIC of such sum to Claimant; and (b) pay CIC ₱500,000.00 as attorney's fees.

6. upon the Third-Party Complaint, denying the claims of UCPB against the Third-Party Respondents Eldonn Ferdinand V. Uy and Loreto V. Uy for indemnity and attorney's fees.

7. upon the Counterclaim to the Third-Party Complaint, denying the Counterclaim of Third-Party Respondents for attorney's fees against UCPB.

Each of the parties shall bear its or his respective cost of arbitration.

Upon finality of this Final Award legal interest of 6% per annum shall be due on the sums awarded until the award is satisfied in full.

SO ORDERED.”

The parties elevated the matter with the Court of Appeals. The two Petitions for Review filed in the Court of Appeals and was consolidated at the Special Eleventh Division of the Court of Appeals, to wit:

- a. Elpidio S. Uy, doing business under the name and style Edison Development and Construction versus Megawide, et al. /CA-G.R. SP No. 139072, Court of Appeals, 5<sup>th</sup> Division.
- b. Mariefel A. Laguardia versus UCPB General Insurance Co. Inc./ CA-G.R. SP No. 137908, Court of Appeals, Eleventh Division.

The Petition for Review filed by Megawide with the Court of Appeals (CA G.R. SP No. 139114) was dismissed. Thus Megawide filed a petition with the Supreme Court, docketed as G.R. SP No.221725.

On January 5, 2016, Megawide Construction and Elpidio S. Uy signed a Compromise Agreement with Release, Waiver and Quitclaim. On the same date, petitioner Elpidio S. Uy filed a notice of withdrawal of the petition for review filed on February 9, 2015. Commonwealth Insurance likewise paid Megawide the judgment award against it. It is expressly stated in the compromise agreement that the petition with the Supreme Court will only be dismissed once all checks issued by Elpidio S. Uy have been cleared for payment.

6. Megawide vs. F.J. Tiu & Ass. Const. & Dev't. Corp. and Federal Phoenix Assurance Co., Inc./CIAC No. 24-2014 (DepEd School Building Projects)/CA-G.R. SP No. 139338, Court of Appeals

Claim of more than Php16M vs. F.J. Tiu and Federal Phoenix representing unliquidated DP and unreturned formworks and unpaid materials.

On December 16, 2014, the Tribunal rendered its Final Award, as follows:

“WHEREFORE, this Final Award is hereby rendered ordering:

- I. Respondent F.J. Tiu and Federal, jointly and severally, to pay Claimant Megawide the amount of Php2,543,961.80, representing liquidated damages, and the amount of Php239,894.00, corresponding to unliquidated down payment.

In the event that Megawide recovers the amount of liquidated damages and unliquidated down payment, mentioned above, from Federal, F.J. Tiu is hereby ordered to reimburse Federal accordingly.

- II. Respondent F.J. Tiu to pay Megawide the following amounts:

- A. Php7,361,640.50 for the combined value of unreturned formworks equipment, value of the unreturned and uninstalled materials directly delivered to F.J. Tiu and the value of

the unreturned and uninstalled materials withdrawn from Megawide by F.J. Tiu;

B. Php2,581,332.16 for the rental payments for the lease of the formworks equipment; and

C. Costs of arbitration.

III. The claims of Megawide for moral and exemplary damages as well as attorney's fees and litigation expenses are dismissed.

IV. The counterclaims of Federal for nominal and exemplary damages as well as attorney's fees and litigation expenses are dismissed.

SO ORDERED.”

On July 1, 2015, the case was settled amicably, Federal paid Megawide the amount of ₱2,543,961.88 as full and final settlement of Megawide's claim against the down payment and performance surety bonds and satisfaction of judgment against Federal and in favor of Megawide. By virtue of said payment by Federal has been subrogated to all the rights of recovery and causes of action to the extent of ₱2,543,961.80 which the latter had against F. J. Tiu. With regard to F.J. Tiu, the CIAC issued a writ of execution. However, Megawide could only partially execute on the judgment since F.J. Tiu do not have bank accounts/properties in its name anymore.

7. Daisy Joy Rojallo\_Cervantes, et al. vs H.E. Simeon Aquino III, Hon. Enrique T. Ona, Hon. Teodoro J. Herbosa, Cosette C. Canilao,, Jan Irish P. Villegas, Arsenio M. Balisacan, Cesar V. Purisima, Consortium of Megawide Construction Corporation and World Citi Medical Center, G. R. No. 210805, Supreme Court (Certiorari and Prohibition with Application for the Issuance of a Writ of Preliminary Injunction and/or Temporary Restraining Order) (Modernization of the Philippine Orthopedic Center Project)

On September 18, 2012, The National Economic and Development Authority (NEDA) approved the Modernization of the Philippine Orthopedic Center (MPOC). The MPOC is a Build-Operate-Transfer scheme pursuant to the Public-Private-Partnership program of the Aquino government. The MPOC Project involves the construction of a new hospital facility within the National Kidney and Transplant Institute Compound along East Avenue, Quezon City. It is intended to be a super-specialty tertiary orthopaedic hospital, comprising of a minimum of 700-bed capacity hospital with all the required infrastructure and installation of modern diagnostics and therapeutic equipment.

On January 31, 2014, the petitioners, composed of civil society groups, health workers, and patients of the Philippine Orthopedic Center (POC) who are opposed to the MPOC project filed a Petition for Certiorari and Prohibition before the Supreme Court.

The petitioners prayed that the Supreme Court annul and set aside the MPOC project for being in violation of Article II, Section 15 of the Constitution and our treaty commitments recognizing the people's right to health. Petitioners argue that the government relinquished the duty and responsibility to provide and ensure a basic social service such as health to a

private entity through privatization or commercialization of a government hospital (the POC). The petitioners further prayed that the court issue a writ of preliminary injunction or temporary restraining order to stop the implementation of the project.

On April 24, 2014, Respondent Consortium of Megawide Construction Corporation and World Citi Medical Center filed its Comments/Opposition to the Petition. The Consortium's arguments are as follows:

1. Procedurally, the Petition must be dismissed because a) Petitioners do not have standing to file the case, b) Petitioners have not yet exhausted all available administrative remedies, and c) policy decisions of the executive department are not proper subjects of judicial review;
2. Substantially, a) the MPOC project does not violate the constitution and our treaty obligations. It is not a privatization but merely a modernization of the POC. In any case, private investments into public health services are not prohibited by the constitution, b) Section 15, Article 2 of the Constitution is not a self-executory provision, c) the Build Operate and Transfer law can cover health facilities and hospitals.

On November 27, 2015, respondents consortium of Megawide Construction and World Citi Medical Clinic, represented by Manuel Louie B. Ferrer, filed a Manifestation that on November 10, 2015, respondents served their Notice of Termination to the Department of Health (DOH), which reads:

“In view of the foregoing, it is with deepest regret that we serve on your office this Notice of Termination of the BOT Agreement. Section 8.2 and 9.2 of the BOT Agreement provide that if the delay in the performance of the DOH exceeds one hundred eighty (180) days from Signing Date, the Project Proponent may opt to terminate the BOT Agreement. This 180-day period came and went over a year ago on September 2, 2014. Accordingly, the BOT Agreement will terminate on November 15, 2015 (“Termination Date”).”

In view of this, Respondents ask for the dismissal of the Petition because it has been rendered MOOT and ACADEMIC. The Supreme Court has not yet acted on the Manifestation.

8. Sergio R. Osmena III vs. Department of Transportation and Communication (DOTC), et al. / G. R. SP No. 211737 (Supreme Court, First Division (Cebu International Airport [in collaboration with ACCRA])

This is a petition for prohibition filed by Senator Sergio R. Osmeña seeking to (a) nullify the finding of the Pre-qualification, Bids and Awards Committee (“PBAC”) that GMCAC is qualified to bid for the Mactan Cebu International Airport (MCIA) Project and (b) direct PBAC, DOTC, and MCIAA to desist from issuing a *Notice of Award* in favor of GMCAC. The petition was filed on April 3, 2014 and was consolidated with G.R. No. 214756.

9. UKUSA Inc. vs. Megawide Construction/ Civil Case No. 15-0273, RTC Paranaque City Branch 195

This is a complaint for recovery of the 10% retention limit by UKUSA (Subcon) of Megawide for three (3) projects.

Megawide denied payment because UKUSA failed to complete UT2 and had to hire another subcon to finish the works on the said project.

Judicial Dispute Resolution (JDR) proceedings of this case already been terminated per Order dated November 4, 2016. Trial will commence on April 10, 2017.

Aside from the foregoing, there are no pending legal cases against Megawide and its management that will have immediate material effect on the financial position and operating results.

**Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

**PART II - OPERATIONAL AND FINANCIAL INFORMATION**

**Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

**Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters**

**Market Information**

Megawide common shares are traded on the PSE under the symbol "MWIDE." The shares were listed on the PSE on February 18, 2011. The following table sets out the high and low prices for Megawide's common shares as reported to PSE:

<b>2015</b>		
First Quarter (Jan. – Mar.)	8.80	7.62
Second Quarter (April – June)	8.20	5.88
Third Quarter (July – Sept.)	6.60	5.10
Fourth Quarter (Oct. – Dec.)	7.30	5.50
<b>2016</b>		
First Quarter (Jan. – Mar.)	6.44	5.50
Second Quarter (April – June)	6.89	6.19
Third Quarter (July – Sept.)	15.92	6.60
Fourth Quarter (Oct. – Dec.)	16.30	14.22
<b>2017</b>		
First Quarter (Jan. – Mar.)	14.16	18.00
Second Quarter (April – June)	16.90	19.78
Third Quarter (July – Sept.)	14.90	18.82
Fourth Quarter (Oct. – Dec.)	15.42	19.00

The closing price per share of Megawide's common shares as of December 31, 2017 was P18.00.

### Holders

As of December 31, 2017, there are **2,138,577,497** common shares outstanding registered in the name of the following:

	<b>Stockholder</b>	<b>Number Of Common Shares Held</b>	<b>Percentage Of Total Shares (%)</b>
1.	PCD Nominee Corporation (Filipino)	1,127,356,248	52.72
2.	Citicore Holdings Investment, Inc.	712,925,501	33.34
3.	PCD Nominee Corporation (Non-Filipino)	273,305,493	12.78
4.	Suyen Corporation	22,900,000	1.07
5.	Ellie Chan	1,666,901	0.08
6.	John I. Bautista, Jr.	159,799	0.01
7.	Rico Yambao Salcedo and/or Vilma Bagay Salcedo	64,707	Nil
8.	Benjamin S. Geli Or Nelia O. Geli	45,000	Nil
9.	Regina Capital Dev. Corp. 000351	34,754	Nil
10.	Pacifico Silla &/Or Marie Paz Silla &/Or Nathaniel Silla	20,000	Nil
11.	Grace Q. Bay	15,243	Nil
12.	Camille Patricia Dominique T. Ang	14,547	Nil
13.	Edwin A. Josef	10,000	Nil
14.	Pacifico Silla &/Or Marie Paz Silla Sagum &/Or Nathaniel Silla	9,456	Nil
15.	Pacifico C. Silla &/Or Catherine M. Silla &/Or Alexander M. Silla	9,456	Nil
16.	Myra P. Villanueva	8,900	Nil
17.	Joyce M. Briones	7,868	Nil
18.	Leopoldo E. San Buenaventura	7,419	Nil
19.	Leopoldo E. San Buenaventura ITF Quelhmard M. San Buenaventura	7,200	Nil
20.	Frederick E. Ferraris &/Or Ester E. Ferraris	5,674	Nil
21.	Leopoldo E. San Buenaventura ITF Marghelyc Manaig San Buenaventura	800	Nil
22.	Agnes H. Cabingan	728	Nil
23.	Demetrio D. Mateo	500	Nil
24.	Julius Victor Emmanuel D. Sanvictores	379	Nil
25.	Guillermo F. Gili, Jr.	246	Nil
26.	Florentino A. Tuason, Jr.	246	Nil
27.	Hector A. Sanvictores	190	Nil
28.	Danilo G. Bagasin	100	Nil
29.	Joselito C. Herrera	100	Nil
30.	Owen Nathaniel S. Au ITF : Li Marcus Au	38	Nil
31.	Joselito T. Bautista	1	Nil
32.	Michael C. Cosiquien	1	Nil

33.	Hilario Gelbolingo Davide, Jr.	1	Nil
34.	Edgar B. Saavedra	1	Nil
	<b>Total</b>	<b>2,138,577,497</b>	<b>100</b>
	<b>Shares Owned By Foreigners</b>	<b>273,305,493</b>	<b>12.78</b>

The beneficial owners of the shares registered in the name of the PCD Nominee Corporation are PCD's participants who hold the shares on behalf of their clients, including the top twenty (20) shareholders. The list of the PCD participants is attached as Exhibit "3".

### Dividends

On June 26, 2013, the Board of Directors adopted a dividend policy of declaring annual cash dividends equivalent to 20% of the prior year income, subject to contractual obligations. Megawide has entered into loan agreements restricting its ability to declare dividends unless certain conditions such as all debt obligations are current and updated, availability of retained earnings while maintaining debt to equity ratios and debt service cover ratios after dividend payment, are met. As of date, Megawide's subsidiaries, many of which are newly established and not yet income generating, do not as of yet have any dividend policy formulated or adopted. Megawide intends to cause these subsidiaries to adopt the appropriate dividend policies that subject to capital requirements and other existing covenants/restricting with its creditors, it is intended each subsidiary shall regularly declare dividends in favor of Megawide.

Under the Corporation Code of the Philippines, Megawide's Board of Directors is authorized to declare cash, property stock dividends or a combination thereof. Cash and property dividend declarations require the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least 2/3 of Megawide's outstanding capital stock. Such approval may be given at a general or special meeting duly called for such purpose. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. Under the Corporation Code, Megawide may not make any distribution of dividends other than out of its unrestricted retained earnings.

Megawide declared dividends as follows during the past 3 years:

Date Approved	Record Date	Type	Amount	Date of Payment
April 8, 2013	July 19, 2013	Stock	P380,636,801.00	August 14, 2013
June 26, 2013				
May 14, 2014	October 22, 2014	Stock	P750,000,000.00	November 17, 2014
March 12, 2015	February 27, 2015	Preferred Shares	P70,250,000.00	March 3, 2015
March 9, 2016	February 23, 2016	Preferred Shares	P70,250,000.00	March 3, 2016
March 9, 2016	May 10, 2016	Preferred Shares	P70,250,000.00	June 3, 2016
March 9, 2016	August 9, 2016	Preferred Shares	P70,250,000.00	September 3, 2016
March 9, 2016	November 8, 2016	Preferred Shares	P70,250,000.00	December 3, 2016
December 11, 2017	December 26, 2017	Common Shares	P106,928,874.85	December 29, 2017

## **Recent Sales of Unregistered or Exempt Securities**

Megawide has not sold any unregistered securities within the past three (3) years.

## **Item 6. Management's Discussion and Analysis or Plan of Operation**

### ***Review of results for the year ended December 31, 2017 as compared with the results for the year ended December 31, 2016***

#### **Results of Operations**

##### **Group Revenue increased by 9% or P1.50 billion**

Diversified engineering and infrastructure conglomerate Megawide Construction Corporation posted a 9% increase in consolidated revenues for the full year of 2017 to Php19.2 billion from Php17.7 billion in the previous year, on the back of the stable growth of the construction business and the robust performance of the airport segment. The Company still derives bulk of revenues from construction business at 87% while airport business accounted for 12% and the remaining balance is attributed to airport merchandising.

Construction revenues reached Php16.7 billion, a 6% growth from last year's Php15.8 billion, due to the private sector projects. Quarter on quarter, revenue grew by 24% to Php4.3 billion. New contracts booked coming from the private sector totaled to Php10.8 billion at the end of the year. This brought total order book to Php32.6 billion in 2017, providing earnings visibility for the next two years.

Airport operations generated Php2.3 billion of revenues, 23% higher year-on-year from Php1.9 billion, as a result of the double-digit increase in passenger throughput of 12%, with international passenger volume outpacing domestic passenger volume growth at 24% and 7%, respectively. For the fourth quarter of the year, revenue grew by 17% to Php575 million.

Non-aero revenues, which accounted for 31% of the total, increased by 36% to Php723 million. Passenger service charge went up by 16% to Php1.3 billion, representing 56% of airport revenues. The remaining 13% is coming from Aero related revenues, which grew by 27% to Php295 million.

At the end of 2017, MCIA handled 9.97 million passengers, with domestic passengers representing 69% while international passengers accounted for 31%. Similarly, air traffic volume increased by 19%, with 30% increase in international and 16% increase in domestic. The overall increase in passenger volume is brought about by new airlines and routes in both international and domestic sector as the Company continue to promote Mactan-Cebu airport as an alternative gateway to the country. In 2017, the Company was able to add twelve (12) international routes, with seven (7) destinations to and from Chinese cities, and twenty-three (23) domestic destinations. To date, the Company is serving 35 domestic and 22 international destinations, with seven domestic and 18 international airline partners. New international airlines include Juneyao Airlines, Sichuan Airlines, Lucky Air, Okay Airways, and Pan Pacific while AirJuan is the newly added domestic airline.

**Direct Costs increased by 5% or P758 million**

The movement in direct cost is paralleled with movement in revenue across all three segments.

**Gross Profit increased by 19% or P743 million**

The movements in operating revenues and expenses resulted in a consolidated gross profit of P4.61 in 2017, rising by 19% from last year's P3.87 billion. Gross profit earned by construction business is P2.63 billion or 57% of the Group's gross profit, with an increase of 11% from 2016 or P269 million while P1.88 billion or 41% is accounted for airport operation with an increase of 24% or P367 million. Increase in Group's gross profit is fueled by strong revenue contribution by both business segments ending up with an increase in Gross profit by P743 million.

**Other Operating Expenses increased by 9% or P99 million**

The modest increase in operating expenses is primarily attributable to the increase in manpower and other operating expenses such as utilities, outside services and repairs and maintenance of the airport operation to serve the increase in overall airport operation driven by a significant influx of passenger traffic. The increase in operating expenses is also attributable to the operating expense incurred by the airport merchandising operation amounting to P 53 million.

**Finance cost increased by 23% or P152 million**

Increase in finance costs due to realization of the one-time loss on sale of retail treasury bonds amounting to P78 million and impairment loss amounting to P95 million.

**Finance income decreased by 9% or P16 million**

Decrease in finance income is due decline in value of short-term placement of the Group in 2017.

**Other income, net decreased by 22% or P16.65 million**

In 2016, gain on disposal of property and equipment amounted to P51.75 million whereas in 2017 there is only minimal disposal with marginal gain amounting to P 5 million.

**Tax expense increased by 29% or P131 million**

Increase in tax expense is due to increase in profit of the Group.

**Net income increased by 17% or P328 million**

With revenue growth outpacing the rise in cost buoyed by robust performance of both construction and airport operations, net income increased by P328 million.

***Review of financial condition as of December 31, 2017 as compared with the financial condition as of December 31, 2016*****Financial Condition****Current Assets decreased by 11% or P2.28 billion**

The following discussions provide a detailed analysis of the decrease in current assets:

**Cash and cash equivalents decreased by 21% or P1.33 billion**

The decrease in cash & cash equivalents is basically due to the cost incurred in the construction of Terminal 2 of Cebu Mactan International Airport amounting to P5.42

billion. Terminal 2 is already in the final stretch of its construction schedule and it is due to start operation in June 2018. Total cash used in investing activities by the Group amounted to P4.72 billion which also includes capital investment on land, warehouse, construction and transportation equipment by the Parent amounting to P498 million and investment in subsidiary amounting to P221 million. The Group's operating activities provided cash inflow amounting to P1.35 billion while financing activities provided cash inflow of P2 billion as a result of loan availment of GMCAC to fund the construction of Terminal 2.

**Financial assets at fair value through profit or loss decreased by 31% or P1.46 billion**

Decrease is due to termination of the short-term placements of the Parent to for working capital and investment purposes.

**Trade and other receivables increased by 32% or P1.60 billion**

Increase is mainly due to the timing difference in the collection cycle of trade receivable of the Group which is 30 to 45 days from invoice date. Quarter on quarter, revenue grew by 24% to P4.3 billion in 2017. In addition, retention receivables increased by P972 million. Retention receivable pertain to progress billings which is withheld by the project owner equivalent to 5% to 10%. Retention receivable is collected upon issuance of certificate of completion by the project owner.

**Construction materials increased by 28% or P126 million**

The increase is due to voluminous purchases of construction materials as a result of the increase in projects' requirement for both current and new projects that were not yet delivered to construction sites from the central warehouse. In addition, finished goods of precast plant increased due to production requirement by its major projects.

**Costs in excess of billings on uncompleted contracts – net decreased by 30% or P919 million**

The decrease is typically due to realization of catch up of billings versus actual cost incurred to date for projects nearing completion like CyberPark Tower 1, Dep-Ed Phase 2, Philam Life, Arthaland Substructure, Proscenium Substructure, The Hive Tower A, Landers Otis and Balintawak and Le Grand Towers ABC and DEF, Mckinley Sales Office, Hampton M &N, Worldhotel, Annapolis, World Plaza, Southwoods, Shang Salcedo Place, One Townsquare and the Tower One Plaza Magellan.

**Other current assets decreased by 17% or P279 million**

The decrease is due to amortization of prepaid assets of the Group and decreased in input vat as a result of output vat payments and usage of creditable withholding tax to pay the Group's income tax expense. As a result of robust performance of the Group, both output vat payables and income tax expenses increased in 2017.

**Non-current assets increased by 19% or P5.61 billion**

The following discussions provide a detailed analysis of the increase in non-current assets:

**Investments in associates and joint venture increased by 23% or P208 million**

The Parent Company infused cash in MWM, Terminals Inc. (MWMTI) amounting to P204 million. MWMTI, the Consortium between Megawide and WM Property Management, will construct, operate and maintain the integrated transport southwest terminals, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC. The Group also recognized its share in net earnings on its investments in associates amounting to P3.6 million.

**Concession asset increased by 26% or P5.27 billion**

Increase is due to capital investments of airport subsidiary GMCAC related to the construction of the new Terminal 2 of Mactan-Cebu International Airport. Terminal 2 is expected to open by June 2018.

**Property, plant and equipment decreased by 1% or P49 million**

The Group procured new property and equipment amounting to P595 which includes the Parents capital investments on land, warehouse, construction and transportation equipment while GMCAC's invested in new system and office improvements to support the passenger traffic growth and the opening of terminal 2 by 2018. Parent Company also reclassified parcels of land previously classified as property plant and equipment amounting to P135 million to investment property since these parcels of lands are not used by the Group in its ordinary course of business. The total depreciation of the Group, excluding the amortization of concession assets, amounted to P532 million as of end of December 31, 2017.

**Deferred tax asset decreased by 100% or P34 million**

The Group has net deferred tax liability as of December 31, 2017 compared with the P34 million asset from December 31, 2016. The decrease in deferred tax asset is due to the excess of actual cost over estimated cost on its on-going projects booked by Megawide at the end of the 2017. Deferred taxes are determined by the timing of the incurrence of cost of the projects.

**Other non-current assets increased by 3% or P75 million**

Increase is due to additional placement of unrestricted cash amounting to P216 million in the Restricted Funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loans availments by GMCAC but offsetted by the recoupment of advances to contractors amounting to P278 million. Deferred input vat also increased by P143 million because of capital investment made by GMCAC related to its construction of the new terminal 2 of Mactan-Cebu International Airport.

**Current liabilities decreased by 18% or P2.05 billion**

The following discussions provide a detailed analysis of the decrease in current liabilities:

**Interest-bearing loans and borrowings current decreased by 5% or P127 million**

Decrease is due to payment of short-term loans and finance lease of the Parent. Lease payable pertains to service vehicles purchased through bank financing.

**Trade and other payables decreased by 13% or P764 million**

The decrease is mainly due to volume and schedule of purchases of materials and services that is directed by the cyclicity of construction accomplishment of every project. Timing of payments to suppliers and subcontractors also affects the movement of trade payables. Retention payable increased by P517 million as a result of the progress billings processed and accrued by the Group as of the end December 31, 2017.

**Advances from customers decreased by 59% or P751 million**

The decrease is due to the recoupment of downpayment from customers as a result of higher revenue generated by the Parent.

**Billings in excess of costs on uncompleted contracts – net decreased by 31% or P429 million**

Decrease is due to the closure of finished projects such as Dexterton, Hampton M&N, New Frontier Theater, One Townsquare, Philam Life Center Cebu, Le Grand ABC and Mckinley Sales Office.

**Other current liabilities increased by 23% or P26 million**

Due to voluminous purchases of materials and services and increase in salaries and wages as a result of robust performance of the Group, withholding taxes at year-end have increased. In addition, income tax payable for airport merchandising segment is recognized also at year-end.

**Non-Current liabilities increased by 15% or P3.45 billion**

The following discussions provide a detailed analysis of the increase in non-current liabilities:

**Interest-bearing loans and borrowings - non-current increased by 14% or P3.31 billion**

The increase is primarily due to GMCAC'S availment of P3.42 billion loan in 2017. The availment was made based on the drawdown schedule with the bank to finance the construction of Terminal 2.

**Post-employment defined benefit obligation – increased by 54% or P60.77 million**

This is due to accrual of retirement obligation of the Parent.

**Deferred tax liabilities increased by 100% or P70.53 million**

The increase is due to the timing difference of the actual cost and estimated cost of the construction segment.

**Other non-current liabilities increased by 4% or P8.27 million**

Retention payable of GMCAC related to the construction of the new terminal 2 of Mactan-Cebu International Airport increased by P115.30 million while security deposits decreased by P107M due to reclassification to current portion of deposits maturing in the following year.

**Equity attributable to Parent increased by 11% or P1.46 billion**

The increase is mainly the function of the Group's share in net income.

***Review of results for the year ended December 31, 2016 as compared with the results for the year ended December 31, 2015***

**Results of Operations**

**Group Revenue increased by 14% or P2.22 billion**

The Group has posted an all-time high revenue of P17.66 billion in 2016 which is 14% or 2.22 billion higher compared with the Group's revenue in 2015. Of the total revenue, construction segment contributed 89% at P15.79 billion while airport segment contributed 11% at P1.87 billion. Construction Segment is continuously outperforming its previous year's revenue production for the two consecutive years and has achieved a compounded annual growth rate of 15%. Meanwhile, has continued to deliver a strong growth of 26% on our second full year of operations and management.

The construction revenue increased by 13% or P1.83 billion due to revenue earned from numerous significant contracts won by the Megawide such as Meridian Park Phase 1 of

Double Dragon, Le Grand BPO Cluster Phase 1 & 2 of Megaworld, 8990 Tower in Edsa and Tondo of 8990 Holdings Inc, Landers Warehouse Balintawak & Otis of Southeast Asia Retail, Inc., Proscenium Lincoln and Lorraine Towers of Rockwell, Cyber Park Tower 2 by Araneta Group, Southeast Asia Campus by Megaworld, Arthaland Towers by Arthaland Corp. and three Solar Power farm projects. Total booked new contract in 2016 amounted by the Parent amounted to P12.73 billion. As a result, total construction order book as of December 31, 2016 stands at P38.49 billion. These new contracts include Phase 2 of Meridian Park of Double Dragon, 10 West, St. Moritz, Southeast Asean Campus, One Manchester Cebu of Megaworld, and 8990 Tondo and Cubao by 8990 Holdings Inc.

Meanwhile, Megawide's airport subsidiary GMCAC posted an increase in revenues by 26% or P388 million due to increase in Aeronautical Revenues, Commercial Revenues and Rental Revenues as a result of year-on-year increase in passenger traffic by 12%. Domestic and international flights increased by 8% and 22%, respectively, due to introduction of Xiamen Airlines, China Eastern, Tiger Airway, Emirates, PAL Cebu to Los Angeles and Eva Air and additional domestic flights to Davao, Bacolod, Butuan, Iloilo, Roxas, Ormoc and CDO. Aero and aero-related revenues comprise 72% of the total airport revenues in 2016. Non-aero related revenues, which comprise 28% of the 2016 airport revenues, increased by P192 million or 57% in 2016 primarily due to new concessionaire contracts and advertisements from Jollibee, Suyen Corp., Starbucks, Bigby's Quality Food, Ulli's Streets of Asia and the revamping of contract with Cesar's Foodland Inc .

**Gross Profit increased by 20% or P646 million**

Gross profit earned from construction is P2.36 billion or 61% of the Group's gross profit while gross profit earned from airport operation amounted P1.51 billion. Construction gross profit increased by 13% or P270 million while airport operations booked an increase in gross profit of P376 million, 33% higher than the gross profit earned in 2015. The increase in Group's gross profit is primarily attributable to the increase in construction and airport revenue contribution.

**Other Operating Expenses increased by 23% or P201 million**

The increase in other operating expenses is directly attributable to increase in revenues of the Group in 2016. As the airport facility is continuously renovated to meet capacity and service requirements mandated by the Concession Agreement, the airport segment procured more spares, worked and supervised contractors. In addition, supplemental agreements were contracted in 2016 to serve the additional headcounts and work shifts related to projects to serve to increase passenger capacity. The implementation of the Baggage Handling System, opening of new toilet facilities around the airport, strengthening of access points after the Transport Security Administration and Engineering service contractors and the mandatory labor cost rate adjustment all contributed to the increase in Group's operating expense. Meanwhile, construction segment overhead increased due to increase in manpower of the support group to ensure quality of product and on-time delivery of service to clients. The ratio of operating expenses to total revenues of the Group remained at 6% for both years.

**Operating Profit increased by 19% or P445 million**

The increase is a result of higher revenues from both construction and airport operations of the Group.

**Finance Costs increased by 20% or P113 million**

Increase in finance cost is mainly due to the interest on P3 billion loan availed by GMCAC in 2016 to fund the construction of terminal 2. The loan availed of GMCAC were made in accordance with its drawdown schedule with the banks.

**Finance Income increased by 30% or P43 million**

The Group's finance income increased due to higher value of short-term placements and cash in bank of the Group.

**Other Income increased by 204% or P50 million**

The increase is due to portion of the land sold in 2016 in which the Parent Company recorded a gain on P52 million and the increase in management fees to unconsolidated entities of the Group by P18 million.

**Tax Expense decreased by 5% or P21 million**

GMCAC's tax expense decreased by P196 million in 2016 due to its availing of its ITH. Upon completion of the BOI registration terms and condition on the renovation of terminal 1, GMCAC availed its ITH incentive. GMCAC is entitled to ITH for period of three years or until December 2018. Meanwhile, Parent's income tax has increased by 55% or P 140 million compared to 2015 income tax due to the expiration of the Parent's Income Tax Holiday (ITH) Incentive in May 30, 2015 and growth in construction earnings in 2016.

**Net Income increased by 30% or P446 million**

The Group's Consolidated Net Profit increased by P446 million compared to the same period in 2015 due to strong earnings from both construction and airport operations.

***Review of financial condition as of December 31, 2016 as compared with the financial condition as of December 31, 2015*****Financial Condition****Current Assets decreased by 7% or P1.52 billion**

The following discussions provide a detailed analysis of the decrease in current assets:

**Cash and cash equivalents increased by 91% or P2.99 billion**

Cash inflow from operating activities of the Group amounted to P5.61 billion, P3.869 billion of which pertains to the Parent Company and P1.92 billion from the airport operation. The increase in operating cash inflow of the Group is mainly attributable to increase in revenue, efficiency in collecting its receivables and cash management in paying its suppliers. For investing activities, total cash used up to fund the construction of Cebu Airport Terminal 2, procure construction equipment, temporarily place cash to higher yielding investments and infuse cash to unconsolidated entities such as Southwest terminal amounted to P3 billion. Meanwhile, cost to reacquire and sell treasury shares of the Parent amounted to P1.95 billion. In 2016, the Parent purchased 410,842,702 common shares held by Sybase Equity Investment Corporation for a total consideration of P4.12 billion. On October 2016, 150 million of the treasury shares were resold.

**Financial assets at fair value through profit or loss decreased by 22% or P1.31 billion**

The decrease is due to reclassification of placements which matured at end of year but were reinvested in the next banking day of 2017.

**Trade and other receivables decreased by 37% or P2.88 billion**

Decrease is primarily due to collection of progress billings of construction receivables as spike in revenue occurred towards the last quarter in 2015 while collection of which were received in early 2016.

**Construction materials increased by 54% or P159 million**

The increase is due to voluminous purchases of construction materials as a result of the increase in projects' requirement for both current and new projects. In addition, finished goods of the precast plant that were not yet delivered to the construction sites as of the end of 2016 also contributed to the increase in inventory.

**Costs in excess of billings on uncompleted contracts – net decreased by 15% or P539 billion**

The decrease is typically due to realization of catch up of billings versus actual cost incurred to date for projects nearing completion like BPO Araneta Phase 1, Shangrila, Mareic, The Rise, Philam Life, Arthaland Substructure, Proscenium Substructure, The Hive Tower 1, Landers Otis and Balintawak and LeGrand Towers ABC and DEF.

**Other current assets increased by 4% or P57 million**

The increase is mainly due to increase in input vat of the Parent as a result of its voluminous purchases of construction materials and services.

**Non-current assets increased by 16% or P4.09 million**

The following discussions provide a detailed analysis of the increase in non-current assets:

**Available-for-sale financial assets (AFS) increased by P931M**

The increase is due to the placement of the Parent Company's excess funds to Retail Treasury Bond with an interest rate of 3.5% per annum as part of the Group's cash management program.

**Investments in associates and joint venture increased by 10% or P78 million**

The Parent Company infused additional fresh cash in MWM, Terminals Inc. (MWMTI) in 2016. MWMTI is the Consortium between Megawide and WM Property Management who will undertake the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC for the construction and operation of Southwest terminal. The Group also recognized its share in net losses on its various equity investments totaling to P10 million.

**Concession asset increased by 24% or P3.97 billion**

Increase is due to capital investments of airport subsidiary GMCAC related to the construction of the new terminal 2 of Mactan-Cebu International Airport. The terminal 2 is expected to be completed and operational by June 2018.

**Property, plant and equipment increased by 6% or P319 million**

In 2016, the Group purchased equipment totaling P909 million, of which P718 million is related to the construction segment to support the order book of the Parent. The Group's depreciation in 2016 amounted to P504 million.

**Deferred tax asset increased by P34 million**

The increase is due to the recognition of the Parent of deferred tax asset on the excess of actual cost over estimated cost on its on-going projects and on its retirement benefits in 2016.

**Other non-current assets decreased by 32% or P1.24 billion**

The decrease pertains to portion of Restricted Funds of GMCAC's "Cash Flow Waterfall Accounts" required under the Omnibus Loan and Security Agreement that was released and transferred to unrestricted fund for use in operations amounting to P930 million. The agreement provides that working capital and capital expenditures of the next succeeding quarter's budget shall be released by the bank from GMCAC Cash Flow Waterfall Accounts on a quarterly basis. Also, in 2016, recoupment of downpayment amounting to P391 million for the construction of Mactan-Cebu International Airport were applied against progress billings.

**Current liabilities decreased by 9% or P1.19 billion**

The following discussions provide a detailed analysis of the decrease in current liabilities:

**Interest-bearing loans and borrowings current decreased by 25% or P903 million**

The Parent Company paid portion of its short-term bank loans to manage the volatility of interest rates on Short-term loans in anticipation to the increase in interest rate in 2017.

**Trade and other payables decreased by 10% or P655 million**

The Parent paid its suppliers and subcontractors for its solar farm projects as these projects came into completion in 2016. The Parent also continue to benefit from the extended credit terms as a result of the Parent's growing business relationship with its suppliers.

**Advances from customers decreased by 24% or P414 million**

The decrease is due to the recoupment of downpayment from customers as a result of higher revenue generated by the Parent.

**Billings in excess of costs on uncompleted contracts – net increased by 132% or P778 million**

Increase is mainly due to new significant contracts booked last year which are at its early phase like Proscenium Towers Lincoln and Lorraine, Double Dragon, 10 West, South East Asian Campus and Araneta Phase 2. These projects also contributed a big portion of the Parent's total construction revenue. Increase is typical as billings are higher compared to cost during early to middle phase of the construction.

**Other current liabilities increased by 5% or P5 million**

Increase is only due to increase in withholding taxes of the Group.

**Non-Current liabilities increased by 22% or P4.15 billion**

The following discussions provide a detailed analysis of the increase in non-current liabilities:

**Interest-bearing loans and borrowings - non-current increased by 22% or P4.12 billion**

The increase is primarily due to GMCAC availment of P3.05 billion loan in 2016. The availment was made based on the drawdown schedule with bank to finance the construction of Terminal 2. Meanwhile, as a result of its cash management program, the Parent paid its short-term bank loan to avail its P1 billion ten-year corporate term loan.

**Deferred tax liability decreased by 100% or P145 million**

Decrease is due to recognition of additional deferred tax asset of the Parent on retirement benefit obligation and actual versus estimated construction costs. The net amount of deferred tax asset or deferred tax liability is presented in either deferred tax asset or deferred tax liability.

**Other non-current liabilities increased by P136 million or 144%**

The increase is due to the portion of the amount retained from the progress billings of Megawide GISPL Construction Joint venture (MGCJV), the construction arm created to facilitate construction of the airport terminal by GMCAC in 2016. MGCJV is 50% owned by Megawide and is accounted for as joint operations in the consolidated financial statements. Retention payable will be due upon final acceptance of the constructed facility. In addition, Security deposits related to lease of space in terminal 1 of GMCAC also increased by P43 million.

**Equity decreased by 2% or P395 million**

The decrease is mainly the function of the Megawide's treasury shares amounting to P1.96 billion, net of reissuance of treasury shares and it's the corresponding increase in APIC and payment of preferred shares dividend amounting to P281. Meanwhile, total equity of the Group increased by P1.92 billion as result of the recognition of the Group's net profit for 2016.

***Review of results for the year ended December 31, 2015 as compared with results for the year ended December 31, 2014*****Group Revenue increased by 54%**

For the year ended 2015, the Group recorded consolidated revenues of P15.44 billion – the highest in the history of the Group. This is 54% or P5.40 billion higher compared to the same period in 2014. The bulk of the revenue was from its core construction business that reached P13.96 billion while airport operation revenues contributed P1.48 billion or 10% of the consolidated top line.

Construction revenue increased by 42% or P4.12 billion compared to the same period in 2014 due to higher percentage of completion on on-going projects such as Araneta Gateway Tower 1, Meridian Park of Double Dragon, DepED school building project Phase 2, World Hotel Makati, Philamlife Corporate Tower in Mactan, Shangrila Salcedo Place, Fern Residences, Proscenium of Rockwell and three Solar Power fram projects. On top of the higher construction revenues posted in 2015, the Company likewise booked new contracts amounting to P37.73 billion. These new contracts include 8990 Tower in Edsa and Tondo of Foghorn Inc., Tower One Plaza Magellan, Le Grand BPO Cluster Phase 1 & 2, South East Asia Campus of Megaworld, Philam Life Cebu of Philam Life Center Cebu, The Rise of The Rise Mixed Development Inc., Southwood Mall and Office Towers of Southwoods Mall Inc, Landers Warehouse Balintawak & Otis of Southeast Asia Retail, Inc.

Meanwhile, Megawide thru its airport subsidiary GMCAC posted its first full-year airport operation revenues from the Mactan-Cebu International Airport of P1.48 billion due to strong Aeronautical Revenues, Commercial Revenues and Rental Revenues as a result of the increased in passenger traffic of 15.5% compared to the same period in 2014. GMCAC continues to embark on new airline and destination marketing initiatives to add new routes and passenger volume, and at the same time continues to improve operating efficiencies in Terminal 1 to enhance passenger throughput.

In 2015, MCIA was voted as 18th best airport in Asia in a survey by a website that ranks airports based on responses from travelers.

**Gross Profit increased by 84%**

Gross profit earned from construction is P2.09 billion or 65% of the Group's gross profit and the balance pertains to airport operation. The Parent was able to outperform its gross profit in 2014 by P495M or 31% basically due to increase in construction revenue. On other hand, GMCAC booked a gross profit of P1.14 billion due to the increase in aero and non-aero related revenues.

**Other Operating Expenses increased by 94%**

The increase in other operating expenses is directly proportionate to higher construction revenues posted in 2015 compared to the same period in 2014. Moreover, the full year impact of the operating expenses of GMCAC contributed to the increase in the consolidated Operating Expenses in 2015.

**Operating Profit increased by 81%**

The increase is a result of higher construction revenues posted in 2015 compared to the same period in 2014 and the full year impact from airport operation of the Mactan-Cebu International Airport

**Finance Costs increased by 26%**

Increase in finance cost is mainly due to interest cost of rehabilitated terminal 1 of GMCAC. Meanwhile, finance cost of construction segment decreased by P4.7 million.

**Finance Income increased by 22%**

The Group's finance income increased due to the interest income of the Parent Company on various short-term placements, which increased from P3.66 billion in 2014 to P6.0 billion in 2015.

**Other Income decreased by 58%**

Group's other income decrease is due to the decrease in gain on sale of equipment because the Parent has disposed majority of its old equipment in 2014. There is also a decrease in share in net profit of investment in associate and decrease in income on amortization of deferred gain on sale and leaseback.

**Tax Expense increased by 247%**

Tax expense increased due mainly on the expiration of the Parent's ITH Incentive in June 2015 and GMCAC's income tax for the full year of 2015.

**Net Income increased by 66%**

The Group's Consolidated Net Profit increased by P 587 million compared to the same period in 2014 due to strong earnings from both construction and airport operations.

***Review of financial condition as of December 31, 2015 as compared with the financial condition as of December 31, 2014*****Financial Condition****Current Assets increased by 32% or P5.37 billion**

The following discussions provide a detailed analysis of the increase in current assets:

**Cash and cash equivalents decreased by 26% or P1.16 billion**

The decrease was due to higher cash used in investing activities compared to total cash generated from operating activities and cash from financing activities. The Group generated a net cash flow from operation amounting to P3.38 billion, of which P2.35 billion came from its construction business while airport subsidiary GMCAC contributed P1.03 billion. The Group also generated net cash flow of P1.65 billion from its financing activities, of the total net cash generated from both operating and financing activities, P2.33 billion was temporarily parked in short term fixed income placements for future deployment in accordance to its capital expenditures plan, P1.12 billion was placed under trust in accordance with cash flow waterfall requirement on GMCAC's bank loan, P1.41 billion was used to jump start the construction of the new Terminal 2 and facility improvements of the old Terminal 1 of the Mactan-Cebu International Airport while P571 million was used to acquire new construction equipment to support the construction business of the Group.

**Financial assets at fair value through profit or loss increased by 64% or P2.33 million**

The increase is due to repositioning of portion of cash and cash equivalents to short-term placements as part of the cash management program of the Parent Company.

**Trade and other receivables – net increased by 65% or P3.07 billion.**

Increase is primarily due to the increase in contract receivables which is proportionate to the higher construction revenues recognized for the year as a result of higher percentage of completion on on-going projects and increase in retention receivables due to more projects completed for the year compared to the same period in 2014.

**Construction materials decreased by 9% or P29.67 million**

The decrease is mainly due to timing difference in placing the purchase orders and actual deliveries of the goods from the suppliers.

**Costs in excess of billings on uncompleted contracts – net increased by 29% or P798 million**

The increase is typical cycle for projects near completion stage such as Bhotel, Rockwell Business Tower, the low-cost housing of NHA, New Frontier Theater and Hampton Towers M&N, wherein minimal revenues were recognized and similarly for new projects that just started because physical accomplishments is yet to be realized compared to cost accrued associated to mobilization and preliminary costs. These are projects like Mactan Cebu Airport Terminal 2, BPO Araneta Cyberpark 2, Urban Deca Ortigas, Urban Deca Tondo and Southeast Asean Campus.

**Other current assets increased by 28% or P354 million**

The increase is mainly due to new downpayments paid to suppliers and subcontractor of the Parent related to its newly booked projects in 2015.

**Non-current assets increased by 16% or P3.64 billion**

The following discussions provide a detailed analysis of the increase in non-current assets

**Concession asset increased by 9% or P1.30 million**

Increase is due to capital investments of airport subsidiary GMCAC related to the renovation and upgrading of existing terminal 1 and construction of the new terminal 2 of Mactan-Cebu International Airport.

**Property and equipment – net increased by 5% or P234 million**

The increase is mainly due to acquisition of construction equipment by the Parent Company that will be used to support the construction of new contracts in late 2014 to 2015.

**Deferred tax assets decreased by P100% or P11 million**

The decrease is mainly due to utilization of income tax benefit of GMCAC from its previously recognized Deferred tax asset in 2014.

**Other non-current assets increased by 116% or P2.08 billion**

The establishment and filling up of the Debt Service Reserve Account (DSRA) amounting to P1.13 billion by the Parent's airport subsidiary GMCAC primarily contributed to the increase in other non-current assets. The setting up of the DSRA is part of the "Cash Flow Waterfall Accounts" required under the Omnibus Loan and Security Agreement entered into between GMCAC and consortium Lenders last 2014 for the project financing of the construction of the new Terminal 2 and upfront premium paid to the government for the right to operate and maintain the Mactan-Cebu International Airport for 25-years.

Also in 2015, GMCAC used P684.47 million cash for downpayments to contractors and suppliers for the construction of airport terminal building and acquisitions of property and equipment, based on certain percentage of the contract price. The initial downpayment will eventually be recouped or deducted from the amount payable of GMAC either in pro-rated basis or in full once billed by the contractor and supplier.

Portion of increase in non-current assets also includes P112.36 million deferred transaction costs from GMCAC loan which will be treated as discount on the related debt upon drawdown.

**Current liabilities decreased by 33% or P6.36 billion**

The following discussions provide a detailed analysis of the increase in current liabilities.

**Interest-bearing loans and borrowings current decreased by 76% or P11.30 billion**

GMCAC paid its short-term bridge last April 2015 amounting to P11.30 billion.

**Trade and other payables increased by 137% or P3.86 billion**

The increase is due to the longer credit term extended by the supplier to the Parent as a result of the Parent's growing business relationship with its suppliers and the availment of the Vendors Prepayment Program offered by local banks providing the Parent an additional credit term up to 180 days on top of the credit term provided by the suppliers and subcontractors. The increase is also the result of GMCAC's accrual of the construction cost billed by supplier and subcontractors of the Mactan Cebu International Airport terminal 2. The construction of terminal 2 started in June 2015.

**Advances from customers increased by 54% or P595 million**

The increase is the net effect of downpayments received by Parent for its new projects and recoupment of existing downpayment for its on-going projects. In 2015, the Parent Company received downpayments on new projects such as Philam Life Cebu, Southwood Mall and Office Towers, Proscenium, Le Grand BPO Clusters Tower 1 & 2, 8990 Tondo, Double Dragon and Landers Warehouse, Arthaland Superstructure.

**Billings in excess of costs on uncompleted contracts – net increased by 284% or P437 million**

Increase is mainly due to more revenues raised from on-going projects compared to actual cost accrued for the period such as Double Dragon of DD-Meridian Park Dev't. Corp., Grass Tower 4 of SMDC., Philam Life Center Cebu of Philam Life, Southwoods Mall of Southwoods Mall Inc., BPO Araneta of Araneta Group, World Hotel of H2O Ventures, Proscenium of Rockwell, Le Grand BPO Cluster Tower 1 & 2 of Megaworld Corp., Landers Warehouse Otis and Balintawak and Power projects.

**Other current liabilities increased by 75% or P47 million**

Increase in deferred output VAT of GMCAC amounting P31M and Megawide amounting to P52 million. The deferred output VAT is based on revenue and will be due to government upon receipt of collection on trade receivables from customers.

**Non-Current liabilities increased by 279% or P14 billion**

**Interest-bearing loans and borrowings - non-current increased by 277% or P13.93 million**

On December 17, 2014, GMCAC entered into a P20 billion (which at GMCAC's option may be increased up to P23.3 billion) Omnibus Loan and Security Agreement with various banks. GMCAC availed a total of P13.95 billion in 2015. The proceeds of the loan were used to refinance the bridge facility of BDO which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project. Meanwhile, the Parent redeemed P40 million of its corporate notes and availed additional finance lease of P20 million in 2015.

**Retirement benefit obligation increased by 21% or P13 million**

Increase is due to accrual of retirement obligation by the Group.

**Deferred tax liability increased by P145 million**

Deferred tax liability pertains to deferred tax on the amortization of GMCAC's concession asset. For financial reporting purposes, the concession asset is amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement when the infrastructure is ready for use but for tax purposes, the concession asset is amortized based on its useful life. The difference between the tax depreciation and financial depreciation is recognized as deferred tax liability.

**Other non-current liability increased by P94 million**

This pertains to concessionaire's rental security deposits to GMCAC, which represents guarantee amounts deposited by concessionaires upon execution of their respective lease agreements entered into with GMCAC. These deposits shall be applied against whatever amounts may be necessary to cover unpaid bills with the remaining amount refundable to the concessionaires at the end of the lease term. Retention payable of GMCAC is also booked under non-current liability. Retention payable pertains to 10% withheld by GMCAC based on the billings of its subcontractors. The retention is payable upon completion of the contract of the subcontractor.

**Equity attributable to Parent increased by 7% of P994 million**

The increase is the mainly the function of the Parent's share in net income of the Group amounting to P1.27 billion and dividends paid on preferred shares amounting to P281 million in 2015.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

## **LIQUIDITY AND CAPITAL RESOURCES**

As regards internal and external sources of liquidity by Megawide, funding will be sourced from internally generated cash flows, and also from borrowings or available credit facilities from other local and international commercial banks.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

There is no significant element of income not arising from continuing operations.

There have not been any seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

### **Cash Flows**

The following table sets forth information from Megawide's pro forma statements of cash flows for the period indicated:

<b>(Amounts in P millions)</b>	<b>For the years ended December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flow</b>		
Net cash provided by (used in) operating activities	1,355	5,605
Net cash used in investing activities	(4,727)	(3,010)
Net cash provided by financing activities	2,027	369

### **Key Performance Indicators**

Megawide's key performance indicators (KPIs) are listed below:

<b>Amounts in billion P, except ratios and Earnings per Share</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Construction Order Backlog	32.60	P 38.49	P39.06
Current Ratio <sup>1</sup>	1.99	1.83	1.78
Net Debt to Equity Ratio <sup>2</sup>	1.15	.91	.80

Book Value Per Share <sup>3</sup>	5.20	4.52	4.35
Earnings per Share <sup>4</sup>	.70	.57	.41
Return on Assets <sup>5</sup>	.04	.04	.03
Return on Equity <sup>6</sup>	.13	.12	.09
Gross Profit Margin <sup>7</sup>	.24	.22	.21

Notes:

- (1) Current Assets / Current Liabilities
- (2) Interest bearing loans and borrowings less cash and cash equivalents and financial assets valued through profit or loss / Stockholder's Equity
- (3) Total Equity / Issued and Outstanding Shares
- (4) Net Profit / Issued and Outstanding Shares
- (5) Net Profit / Average Shares
- (6) Net Profit / Average Equity
- (7) Gross Profit / Revenue

The KPIs were chosen to provide management with a measure of Megawide's sustainability on revenue growth (Construction Orders Backlog) financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit Margin).

Construction Orders Backlog corresponds to the value of any unfinished project phases. This provides a basis for near-term future source of production and revenues of Megawide. Construction Order Backlog tends to increase when booked construction contracts or orders increase. A larger Construction Order Backlog is indicative of higher profit in the future.

## Item 7. Financial Statements

The audited financial statements and supplementary schedules to the financial statements duly submitted to BIR<sup>1</sup> are attached as Exhibit 2 hereto.

## Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

### External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by Megawide's external auditors:

Particulars	Nature	Audit Fees (amounts in P) For the years ended December 31		
		2017	2016	2015
Punongbayan & Araullo	Audit of Financial Statements	1,890,000.00	1,485,000	1,350,000

Except for the audit opinion rendered on the financial statements of Megawide required for annual filing with the SEC and the review for the use of proceeds on Megawide's preferred shares, the afore-cited independent public accountant provide no other type of services.

<sup>1</sup>Due for submission with the BIR on April 14, 2016.

### **Audit Committee Pre-Approval Policy**

Megawide's Audit and Compliance Committee is composed of the Chairman, Mr. Leonilo G. Coronel, and members, Edgar B. Saavedra and former Chief Justice Hilario G. Davide, Jr.

The Audit and Compliance Committee is required to pre-approve all audit and non-audit services rendered by and approve the engagement fees and other compensation to be paid to the independent accountant. When deciding whether to approve these items, Megawide's Audit and Compliance Committee takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the Audit and Compliance Committee actively engages in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take appropriate action to ensure their independence.

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

The name of the handling partner for the auditor of Megawide is as follows:

<b>Auditor</b>	<b>Year</b>	<b>Handling Partner</b>
Punongbayan & Araullo	2017 and 2016	2016 and 2017 – <i>Mailene Sigue-Bisnar</i>

Megawide has not had any disagreements with its internal auditor/independent accountant on any matter of accounting principles or practices, financial statement of disclosure or auditing scope or procedure.

## **PART III. CONTROL AND COMPENSATION INFORMATION**

### **Item 9. Directors and Executive Officers of Megawide**

#### **Directors and Executive Officers**

As of December 31, 2017, Megawide is governed by a board of seven (7) directors composed of Edgar B. Saavedra, Michael C. Cosiquien, Florentino A. Tuason, Jr., Hilario G. Davide, Jr., Leonilo G. Coronel, Oliver Y. Tan and Manuel Louie B. Ferrer. Its management team is headed by a licensed civil engineer who have been practicing for 16-17 years, namely, its President, Chief Executive Officer and Chairman of the Board of Directors, Edgar B. Saavedra.

Directors shall hold office for one (1) year or until their successors are elected and qualified. The first directors are also the incorporators. The annual meeting of the stockholders shall be held every June 30 of each year.

The Board of Directors is responsible for the direction and control of the business affairs and management of Megawide, and the preservation of its assets and properties. No person can be elected as director of Megawide unless he or she is a registered owner of at least one voting share of Megawide.

Section 38 of the SRC requires that at least two (2) members of the Board of Directors be independent directors. The Amended Articles and Incorporation and By-Laws of Megawide provide that the seven (7) directors shall include such number of independent directors as may be required by law.

The table below sets forth each member of Megawide's Board as of December 31, 2017.

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Positions</b>	<b>Term of Office</b>	<b>Directorships Held in Other Companies/ Business Experience</b>
Edgar B. Saavedra	44	Filipino	Director and President since July 28, 2004 Chief Operating Officer - since July 19, 2010	Yearly	Director, Altria East Land Inc. Director, My Space Director, Citicore
Michael C. Cosiquien	45	Filipino	Director since July 28, 2004	Yearly	Director, Altria East Land Inc. Director, MySpace Director, Megapolitan Marketing Inc.
Manuel Louie B. Ferrer	43	Filipino	Director - since September 18, 2017 Chief Corporate Affairs & Branding Officer – since March 1, 2011	Yearly	Managing Director, MagicWorx Licensing Inc. Former Associate Marketing Engineer, OCB International Co., Ltd
Oliver Y. Tan	41	Filipino	Director - since September 16, 2016 Chief Investment and Strategy Officer - since November 22, 2010 Corporate Information Officer - since February 21, 2011 Group Chief Financial Officer since May 20, 2011	Yearly	CFO, Citicore, CMCI, MWCCI, GMCAC and MCEI  Director, Myspace Properties, Citicore, CMCI, GMCAC and MCEI Director and Corporate Secretary, Future State Myspace Property, Inc. and IRMO Incorporated
Florentino A. Tuason, Jr.	69	Filipino	Director - since April 8, 2011	Yearly	Former director, DBP Management Corporation, Capitol Development Bank, Telecommunications Industries and Services, Inc. and Phoenix Iron Steel Corporation
Leonilo G. Coronel	72	Filipino	Independent Director - since July 19, 2010	Yearly	Director, Software Ventures, Int'l. Executive Director, RBB Micro Finance Foundation Independent Director, DBP-Aiwa Securities SMBC Phils. Inc.
Hilario G. Davide, Jr.	82	Filipino	Independent Director - since September 16, 2016	Yearly	Independent director and Vice-Chairman, Manila Bulletin Publishing Corporation Independent director,

					Philippine Trust Company Trustee, University of San Carlos in Cebu City Former Permanent Representative of the Republic of the Philippines to the United Nations in New York, Chief Justice of the Supreme Court of the Philippines and Commissioner, 1986 Constitutional Commission
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The table below sets forth the officers of Megawide as of December 31, 2017.

#### Executive Officers Who Are Not Directors

Name	Age	Citizenship	Position	Term of Office	Directorships Held in Other Companies/ Business Experience
Irving C. Cosiquien	46	Filipino	Treasurer - since July 19, 2010	Yearly	Director, Citicore and MySpace Properties, Inc. General Manager, Megapolitan Marketing, Incorporated Former Operations Manager, Jimmian Hardware
Claudia J. Soriano	50	Filipino	Chief Human Resources - since March 1, 2011	Yearly	Human Resources Director, Cebu Pacific Air
Raymund Jay S. Gomez	46	Filipino	Chief Legal Officer - since September 18, 2017	Yearly	Vice President – Human Resources, Legal & Regulatory Affairs & Chief Compliance Officer, Beneficial Life Insurance Company, Inc. AVP – Legal & Corporate Affairs, Aboitiz Equity Ventures, Inc. Director – Corporate Legal Affairs, JG Summit Holdings
Jaime Raphael C. Feliciano	40	Filipino	Head, Business Development - since January 1, 2017	Yearly	Special Counsel, Romula Mabanta Buenaventura Sayoc & Delos Angeles Head, Asian Development Bank Lead Consultant/ Advisor, Asian Development Bank Consultant, University of the Philippines Law Center Assistant Secretary, Department of Transportation & Communications Director, Department of Transportation & Communication

Ronald D. Paulo	53	Filipino	VP – Operations - since February 1, 2012	Yearly	Corporate Project Director, Robinsons Land Corporation
Albert Saringo	60	Filipino	VP – Operations - since February 9, 2016	Yearly	Vice President – Operations, EEI Corporation
Jouie V. Lee Oliver	38	Filipino	VP – CEL - since September 22, 2014	Yearly	Operations Manager & Mechanical Maintenance Manager, First Philippine Industrial Corporation
Enrico D. Gaw	44	Filipino	VP – Batching Plant - since August 15, 2011	Yearly	General Manager, Zircon Cem- Mix Inc.
Althea F. Oaminal	28	Filipino	Assistant Corporate Secretary - since March 13, 2017 Corporate Information Officer - since March 13, 2017	Yearly	
Jennifer C. Lee	33	Filipino	Compliance Officer -since November 18, 2016 PSE EDGE System Administrator - since November 18, 2016.	Yearly	Assistant Corporate Secretary, GMCAC Assistant Corporate Secretary, QBE Seaboard Insurance Philippines, Inc.

### **Significant Employees**

No single person is expected to make a significant contribution to the business since Megawide considers the collective efforts of all its employees as instrumental to the overall success of its performance.

### **Family Relationships**

None of the directors are related to each other. Michael C. Cosiquien is the brother of the Corporation's treasurer, Irving C. Cosiquien.

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

Megawide is not aware of the occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer 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 his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable 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.

#### Item 10. Executive Compensation

##### All Officers and Directors as a Group

#### SUMMARY COMPENSATION TABLE

##### Annual Compensation (In P Millions)

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Compensation
<b>Edgar B. Saavedra</b> Chairman, President and CEO				
<b>Oliver Tan</b> Chief Financial Officer				
<b>Ronald Paulo</b> VP – Operations				
<b>Manuel Louie Ferrer</b> Chief Marketing Officer				
CEO & Most Highly Compensated Executive Officers	2017	57.83	1.11	-
	2016	70.92	.92	-
	2015	65.51	5.95	-
Aggregate compensation paid to all other officers and directors as a group unnamed	2017	11.86	1.03	-
	2016	29.18	4.05	-
	2015	11.63	1.90	-

## **Compensation of Directors**

Under the By-Laws of Megawide, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

On November 4, 2011, the Board of Directors, upon recommendation of the Compensation Committee, approved the giving of P20,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimbursable expenses for each regular director. Each independent director will be given P25,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimbursable expenses. The Corporate Secretary (who is also a regular director) will be given a P20,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimburseable expenses. Reimburseable expenses cover receipts for food, beverage, gasoline and travel expenses. The total amount of per diem given to the directors in 2017 is P1,295,882.

## **Standard Arrangements and Other Arrangements**

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by Megawide's Chief Executive Officer, other officers and/or directors.

## **Employment Contracts, Termination of Employment, Change-in-Control Arrangements**

There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from Megawide in the event of change in control of Megawide. However, aside from its employees, Megawide also entered into employment contracts with its foreign experts for a term of three (3) years for its Operations Manager, two (2) years for its Consultant for Formworks, two (2) years for its Formworks Plant Manager, and two-and-a-half (2 ½) years for its Vice President for Operations. Basic terms of these contracts include benefits accorded to the employee (e.g., housing, medical & group life insurance, vacation leaves, company vehicle, work permits), Megawide's ownership of any invention developed during their employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of two (2) years after the termination of the contract, from engaging, directly or indirectly, for himself or on behalf of or in conjunction with any person, corporation, partnership or other business entity that is connected with the business of Megawide.

The Operations Manager is tasked to direct and coordinate site activities of Megawide projects and ensuring the most feasible methods for achieving the most economical approach in quality services. His contract is valid from September 28, 2015 to September 30, 2018. The Consultant for Formworks, on the other hand, shall oversee all formworks activities and mainly responsible for leading and driving the team to achieve the business unit targets. In addition, he is responsible in managing partnership with the Area & Project

Managers of Operations on all site activities pertaining to structural works. His contract was valid from February 21, 2012 to February 21, 2014 and is being renewed for another two years (2) years, in which the current contract is valid until August 31, 2019. The Formworks Plant Manager is responsible for developing and implementing work and business processes for the maintenance and logistics team for Formworks. His contract was valid for March 16, 2017 to March 15, 2019. Lastly, the Vice President for Operations of Infrastructure and Industrial Projects is responsible for strategic direction, planning and delivery on all technical aspects of the projects. He is also tasked to oversee in-company deployment of construction new technology. His contract is valid from July 1, 2017 to December 31, 2018.

## Warrants and Options

There are no outstanding warrants and options held by any of Megawide's directors and executive officers.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

### 1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of Megawide's shares of stock as of December 31, 2017 were as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	Citicore Holdings Investment, Inc.		Filipino	1,127,356,248	52.715%
Common	PCD Nominee Corporation (Filipino)		Filipino	712,925,501	33.336%
Common	PCD Nominee Corporation (Non-Filipino)		Filipino	273,305,493	12.780%

The following table sets forth the participants under the PCD account who own more 5% of the voting securities of Megawide:

Name	Number of Shares Held	Percent (%)
BPI Securities Corporation	645,710,127	30.193%
CLSA Philippines, Inc.	261,700,972	12.237%
Citibank N. A.	199,994,224	9.352%
Social Security System	110,532,500	5.169%

## 2. Security Ownership of Management

### Security Ownership of Directors and Management

The following table sets forth security ownership of Megawide's directors and officers as of December 31, 2017:

Title of class	Name of beneficial owner	Amount and nature of beneficial owner	Citizenship	Percent of Class
Common	Edgar B. Saavedra Director, Chairman, President and CEO	1 (Direct)  2 (Indirect)	Filipino	Nil
Common	Michael C. Cosiquien Director	1 (Direct)  2 (Indirect)	Filipino	Nil
Common	Oliver Y. Tan Director Chief Financial Officer Chief Investment and Strategy Officer Corporate Information Officer	18,767,852 (Indirect)	Filipino	0.88%
Common	Florentino A. Tuason, Jr. Director	246 (Direct)	Filipino	Nil
Common	Leonilo G. Coronel Independent Director	5 (Indirect)	Filipino	Nil
Common	Hilario G. Davide, Jr. Independent Director	1 (Indirect)	Filipino	Nil
Common	Manuel Louie Ferrer Director and Chief Marketing Officer Corporate Information Officer	1 (Indirect)	Filipino	Nil
Common	Irving C. Cosiquien Treasurer	8,996,105 (Indirect)	Filipino	0.37%
Common	Masashi Watanabe Vice President Operations for Infrastructure and Industrial Projects	7,376 (Indirect)	Japanese	Nil
<b>Aggregate shareholdings of directors and officers</b>		27,771,592		1.30%

### ***Voting Trust Holders of 5% or More***

There is no voting trust arrangement executed among the holders of 5% or more of the issued and outstanding shares of common stock of Megawide.

### ***Change in Control***

There are no arrangements entered into by Megawide or any of its stockholders which may result in a change of control of Megawide.

### **Item 12. Certain Relationship and Related Transactions**

<b>Related Party Category</b>	<b>Notes</b>	<b>Amount of Transaction</b>	<b>Receivable (Payable)</b>	<b>Terms</b>	<b>Conditions</b>
<b>Ultimate Parent Company:</b>					
Cash advances granted	26.6	(623,328,162)	290,170,659	Normal credit terms	Unsecured
<b>Minority Shareholders:</b>					
Airport operator's fee	19, 26.8	26,910,779	-	Normal credit terms	Unsecured
Cash granted	14, 26.7	-	-	On demand; noninterest-bearing	Unsecured
Advances obtained	14, 26.6	38,117,405	(172,939,978)	On demand; noninterest-bearing	Unsecured
Revenue from services	26.6	-	-	Normal credit terms	Unsecured
<b>Associate:</b>					
Revenue from services	5, 16, 22.1	-	747,599,683	Normal credit terms	Unsecured
Rent income		53,571	171,429	On demand	Unsecured
<b>Joint Arrangement:</b>					
Revenue from services		1,303,585,007	174,362,420	Normal credit terms	Unsecured
Cash granted	5, 22.6	2,964,756	2,964,756	On demand; non- interest bearing	Unsecured
<b>Related parties under common ownership:</b>					
Rent income	22.2	53,571	434,821	On demand	Unsecured
Revenue from services	5, 14, 16, 22.1	724,464,404	278,600,608	Normal credit terms	Unsecured
Advances from customers	14, 22.1	7,507,271	7,507,271	Normal credit terms	Unsecured
Rent expense	18, 22.2	(2,649,539)	-	On demand	Unsecured
Cash granted	5, 22.6	(43,733.15)	18,750	On demand; non- interest bearing	Unsecured
Cash obtained	5, 22.6	4,720,879	(1,470,503)	On demand; non- interest bearing	Unsecured
Retirement fund	22.7 (b)	(3,933,315)	-	Upon retirement of beneficiaries	Partially funded
Sale of property	5, 12, 23.7 (h)	33,902,500	-	Normal credit terms	Unsecured

<b>Advances to Officers and Employees</b>	5, 22.3	(3,723,622)	21,895,765	Upon liquidation, noninterest-bearing	Unsecured
<b>Key Management Personnel:</b>					
Compensation	22.8	182,781,767	-	On demand	Partially funded

## PART IV – CORPORATE GOVERNANCE

### Item 13. Corporate Governance

The Company endeavors to comply with the code of corporate governance. Any non-compliance will be identified and explained in the Annual Corporate Governance Report.

## PART V – EXHIBITS AND SCHEDULES

### Item 14. Exhibits and Reports on SEC Form 17-C

#### a. Exhibits

Exhibit 1\*                      Quarterly Report (SEC Form 17-Q)

\*Please refer to the Quarterly Report (SEC Form 17-Q) submitted to the SEC.

Exhibit 2                      Consolidated Financial Statements and Schedules

Exhibit 3                      List of PCD Participants as of December 31, 2017

### Material Contracts

Megawide’s principal office contracts generally consist of construction contracts for its projects, operating and finance lease commitment, contract of the lease of its office space, motor pool and equipment yard; surety arrangement and guarantees and joint venture agreement. Megawide also has existing loan agreements. Other than these, Megawide is not a party to any contract of any material importance and outside the usual course of business, and the directors do not know of any such contract involving Megawide.

#### *Construction Contracts*

Majority of Megawide’s contracts are general construction works and may be classified into several scopes namely: site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

These construction contracts generally contain a warranty from Megawide that it shall be responsible for and shall indemnify and hold the customer free and harmless from and against all losses, expenses, judgments, court costs, attorney’s fees, demands, payments, suits, action, recoveries, decrees, execution and claim of every nature and description brought and/or recovered by the said contracts. Payment of liquidated damages, computed at 1/10

of 1% of the total contract price, up to a maximum of 10% of the total contract amount, per calendar day of delay, is stipulated in said contracts.

As for the manner of payment, the customer generally pays the downpayment upon submission of certain documents (e.g. bonds) while the balance is paid through monthly progress payments upon submission of Megawide's monthly progress billing. These monthly payments are subject to 10% retention to be released upon lapse of a certain amount of time after the completion and/or turn-over of the project.

Upon complete turn-over of the projects, Megawide, under the foregoing construction contracts, is required to post bonds to guarantee any defects, except those from the ordinary wear and tear or not attributable to Megawide, that may occur within 1 year from acceptance.

#### *PPP Contracts*

Megawide, on its own and through its subsidiaries, executed the following agreements relative to its PPP Projects:

##### *A. Agreements executed by the Department of Education and CMCI for the PSIP I Projects*

- a. Build Lease Transfer Agreement (for Package B) dated October 8, 2012 with a contract price of 5,229,899,136 for the construction of school buildings in Region III; and
- b. Build Lease Transfer Agreement (for Package C) dated October 8, 2012 with a contract price of 7,229,899,136 for the construction of school buildings in Region IV-A;

The PSIP involves the construction, maintenance and lease of school buildings under a Build-Lease Transfer (BLT) framework. Under the BLT, CMCI will build over 7,000 classrooms then lease the same to DepEd for 10 years before transferring the school buildings to DepEd. Megawide finished the construction of these classrooms in 2015.

##### *B. Agreement executed by the Department of Education and Megawide for the PSIP II Projects*

On October 17, 2013, Megawide executed a Build Transfer Agreement with the DepEd for the construction of school buildings in Regions I, II, III and CAR with contract price of P2,255,923,096.49.

##### *C. Concession Agreement executed by GMCAC and DOTC and MCLAA*

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes", as Amended by R.A. No. 7718 (referred to as the "BOT Law"). Under the said agreement, GMCAC was granted by DOTr and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing

assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets). The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2 (T2), along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 (T1) and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron (T2 Apron);
- Capacity Augmentation;
- Development of Commercial Assets; and,
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets.

*D. Concession Agreement executed by MWMTI and DOTC*

On February 25, 2015, MWMTI, a joint venture, entered into a BOT agreement with the DOTr to undertake the ITS Southwest Project. Upon completion of the project, MWMTI shall operate and maintain the facility, which is divided into terminal and commercial areas, within the agreed concession period of 35 years from the date of the completion of the construction, which is equivalent to 18 months. Upon the start of the commercial operations, MWMTI will receive certain annual cash support from DOTr throughout the 35 years. MWMTI shall then turnover the facility to the DOTr at the end of the concession period. Ground-breaking started in October 2016 and construction is in process as of December 31, 2017.

*Operating and Finance Lease*

In the conduct of its ordinary course of business, Megawide enters into finance lease agreements with financing companies for its vehicles and equipment for terms 36-60 months. As of December 31, 2017, total carrying amount of transportation equipment and construction equipment held under finance leases amounted to P205,811,673. Outstanding liabilities for the finance leases as of December 31, 2016 amounted to P273,816,792.

*Leased Properties*

Megawide is leasing the 1,493 sq. m. property at N. Domingo St., Barangay Valencia, Quezon City where its corporate office is located from Megapolitan. The lease agreement is valid until February 1, 2019 and Megawide pays a monthly rental of P269,771.29. The lease agreement with Megapolitan was renewed for additional 2 years. Megawide leases an office space from Philwide with a monthly rental of P1,000.00. It also leases an office space from Philwide. Megawide pays a rental of P1,000.

In addition to the foregoing office spaces, Megawide also leases properties needed for its operations such as the lease agreement with:

<b>Date</b>	<b>Lease</b>	<b>Duration</b>	<b>Location</b>	<b>Area</b>	<b>Monthly Rental</b>
February 1, 2010	Megapolitan Realty and	February 1, 2019	N. Domingo St. Brgy. Valencia	1,493 sqm	P269,771.29 inclusive of VAT,

	Development Corp.		Quezon City		other taxes and 7% escalation every year.
November 16, 2016	Percie Managuelod	October 15, 2018	Unit 12-E Tower 2, The Saint Francis Towers Shangrila Place Condominium		P61,000 inclusive of Condominuin Dues
March 1, 2017	Regent Foods Corporation	December 31, 2018	Elisco Road cor. F. Manalo St., Tipas, Taguig City		P373,831.78/mo
September 1, 2017	Primex Domains, Inc.	February 1, 2018	Aurora Blvd, New Manila, Quezon City		P167,750.00/mo
March 17, 2016	Sheena Krystel Purugannan and Sarrah Purugannan	March 16, 2018	Unit 25-H, Renoir Eastwood, Le Grand Tower 3, Eastwood City, Bagumbayan Quezon City	98 sqm	P65,000/mo
October 8, 2015	Jeanne Chua	September 30, 2019	Joya Lofts and Tower, Rockwell Center, Makati City	109 sqm	P113,080 inclusive of Condominium Dues
March 1, 2013	Dizon Farms Produce, Inc.	March 1, 2018	Ligid, Tipas , Taguig City	615 sqm	P75.00/sqm. VAT inclusive or a total amount of P46,125.00
November 1, 2013	Aguacate Marketing Corp.	October 31, 2018	Tipas St. Taguig City	1,450 sqm	P150.00/sqm inclusive of VAT and all applicable taxes or a total of P217,500.00
January 1, 2017	Eldan Land Use Management And Development	May 31, 2017	Mariano St. Cor. A. Luna, Makati City	399 sqm.	P84,000 inclusive of VAT ,other taxes, and 5% esc. Starting 4/1/15.
August 1, 2015	Hanston Properties Inc.	January 31, 2018	818 Pantaleon St. Cor. Barangka Drive Mandaluyong City	1,000 sqm.	P145,600 inclusive of VAT and other taxes
December 1, 2015	Hanston Properties Inc	January 31, 2018	818 Pantaleon St. Cor. Barangka Drive Mandaluyong City	1,009.56 sqm.	P146,991.94 inclusive of VAT and other taxes
December 1, 2012	Josefino V. Cabrera	December 1, 2021	Sapang Viejo, Ligid-Tipas Taguig City	2,327 sqm.	P139,620 inclusive of Vat
October 24, 2016	Carolina Q. Villongco	February 23, 2017	4760 Mariano St. Brgy. Poblacion, Makati City.	180 sqm	P526,315.79 inclusive of w/holding tax.
December 1, 2016	M.A. Jimenez Enterprises Inc.	May 31, 2017	Block 1 Lot 7, 5th street, Bonifacio Global City, Taguig City	1300 sqm.	P486,850 inclusive of taxes

July 16, 2014	Joy Tan	December 31, 2017	8276 Dapitan St, Guadalupe Nuevo, Makati	P30,000 vat-ex for first year; 3200 vat-ex thereafter 2 years.
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*Loan Agreements*

Megawide has existing credit lines granted per bank (amounts in P Millions) as of date:

Bank	Credit Line	Outstanding Line	Available Credit Line
BDO Unibank, Inc.	2,000.00	335.00	1,665.00
Bank of the Philippine Islands	1,000.00	670.00	330.00
Metrobank	1,500.00	900.00	600.00
Philippine National Bank	2,000.00		2,000.00
Security Bank	1,000.00		1,000.00
HSBC (USD millions)	1,996.92	657.61	1,339.31
Standard Chartered Bank (USD millions)	998.46	586.65	411.81
Land Bank of the Philippines	1,500	580.50	919.50
Development Bank of the Philippines	2,000		2,000.00
BDO Leasing	300.00	58.76	241.24
PNB Leasing	200.00	112.12	87.88
BPI Leasing	250.00	34.93	215.07

Additionally, Megawide has the following loan agreements:

*P4.0 Billion Notes Facility Agreement*

On February 19, 2013, Megawide, as Issuer, entered into a P4 Billion Notes Facility Agreement with several banking institutions. The P4 Billion Notes Facility Agreement is for the purpose of funding Megawide's working capital requirements and for general corporate purposes.

	Principal	Term in years	Interest Rate
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	<u>100,000,000</u>	10	6%
	<b><u>P 4,000,000,000</u></b>		

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C. The final maturity dates of notes issued under this Agreement are in 2018, 2020 and 2023, respectively.

As of date, the outstanding amount on the notes facility is P3.86 Billion.

### *P2 Billion Notes Facility Agreement*

On September 16, 2016 and December 5, 2016, the Parent Company availed an unsecured 10-year corporate note amounting to P650 million and P350 million, respectively, to refinance the 5-year corporate note issued in 2011. On December 16, 2016 the Parent Company availed another P1 billion unsecured 10-year corporate note to finance its general corporate requirements.

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread.

As of date, the outstanding amount on the notes facility is P1.98 Billion.

### *P20.0 Billion OLSA*

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another local universal bank as offshore lender to contribute US\$75.0 million (or equivalent to P3,500.0 million) into the facility. The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030.

	First 7 Years	Last 8 Years
R2 P2,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 PDST-benchmark yield) and credit spread
US\$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

The total drawdowns to date made for the onshore loan amounted to P13,666.0 million while drawdowns on the offshore loan amounted to US\$11.0 million (or equivalent to P517.7 million). The proceeds of the loan was used to refinance the bridge facility extended by a local universal bank which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project. As of December 31, 2017 and 2016, the carrying amount of the total onshore and offshore loans amounted to P20,420.4 million and P16,997.1 million, respectively. Total drawdowns for onshore loans in 2016 amounted to P1,000.0 million while drawdowns on the offshore loan amounted to US\$40.0 million (equivalent to P2,500.0 million). The amount of undrawn borrowing facilities that is available in the future amounted to P3,060.0 million and nil for onshore and offshore loan, respectively

### *P3.3Billion OLSA*

On December 18, 2015, MWMTI entered into an omnibus loan and security agreement with a local universal bank for a loan facility amounting to P3.300 billion to finance the construction of the ITS Project. The loan facility, which has Megawide and Waltermart as pledgors and sureties, is already available to MWMTI based on the drawdown schedule provided in the loan facility. The loan principal shall be amortized quarterly over 15 years, beginning October 16, 2020. As of December 31, 2017, the Company has P2,475,000,000 available credit line.

## *Shareholders Agreements*

### *Agreement with Philcarbon Inc. in relation to MCEI*

On June 27, 2014, Megawide entered into a Shareholders' Agreement with PhilCarbon Inc., a renewable energy developer to establish a company that will engage in the development of energy projects for Megawide. Pursuant to said Shareholders' Agreement, MCEI was incorporated on September 4, 2014.

Under the Shareholders' Agreement, Megawide shall own 70% of MCEI and provide 100% of the funds needed to capitalize and operate MCEI. PhilCarbon shall own 30% of MCEI. MCEI's Board shall be composed of 5 directors designated by Megawide and 2 directors designated by PhilCarbon. MCEI will initially develop energy projects to be selected by the MCEI Board from the current portfolio of stage zero projects of PhilCarbon.

### *Agreement with GMR in relation to GMCAC*

On April 8, 2014, Megawide entered into a Shareholders' Agreement with GMR setting forth the terms and conditions governing their participation in the share capital of GMCAC, and their rights and obligations as shareholders in relation to GMCAC. Under said Shareholders' Agreement, the parties defined the business of GMCAC, the required manpower support from each shareholder, the composition of the board, formation of committees and the management team for the orderly management of the MCIA Project, conduct of board and shareholder meetings as well as restrictions on the transfer rights of the stockholders and issuance of additional shares.

### *Agreement with WM Property Management, Inc. in relation to MWM Terminal Inc.*

In February 3, 2015, Megawide Construction Corporation (Megawide) entered into joint venture arrangement (the JV Agreement) with WM Property Management, Inc. (Waltermart) (or collectively herein referred to as the Joint Venturers) with an agreed equity ratio of 51% and 49%, respectively. Pursuant to the terms, and other facts and circumstances of the JV Agreement, the Joint Venturers have joint control over MWM Terminals, Inc. to direct its relevant activities as required under the Concession Agreement with Philippine Department of Transportation. MWM Terminals, Inc. shall design, construct and operate and maintain the ITS Terminal for a period for 35 years commencing on the construction start date and shall end on the date that is the 35<sup>th</sup> anniversary of the construction start date, unless otherwise extended or terminated in accordance with the Concession Agreement.

#### **b. Reports on SEC Form 17-C\*\***

Megawide filed the following reports on SEC Form 17-C during the last six (6) month period covered by this Report:

<b>Date Filed</b>	<b>Particulars</b>
June 7, 2016	Amended Notice of Annual Stockholders' Meeting. The ASM is postponed from June 23, 2017 to September 18, 2017
June 13, 2017	Foreign Ownership Report and Report on Number of Stockholders as of May 31, 2017

July 11, 2017	<p>Clarification of news article entitled “Citicore (<i>sic</i>) wins contracts to build hydro projects”</p> <p>Foreign Ownership Report and Report on Number of Stockholders as of June 30, 2017</p>
July 19, 2017	<p>Public Ownership Report and List of Top 100 Stockholders as of June 30, 2017</p> <p>Quarterly Summary of Application from the Public Offering of the Preferred Shares of Stock of the Corporation as of June 30, 2017</p>
July 26, 2017	<p>Board approval of cash dividend declaration for holders of preferred shares</p>
August 14, 2017	<p>Foreign Ownership Report and Report on Number of Stockholders as of July 31, 2017</p> <p>Press Release entitled “Megawide posed to breach Php2-Billion Net Income for 2017 (2<sup>nd</sup> quarter Construction Revenues up 11% year-on-year)”</p> <p>Notice of Analysts’ Briefing on August 17, 2017</p> <p>Clarification on the news article entitled “PH construction firm vies for India airport project”</p>
August 17, 2017	<p>List of stockholders entitled to vote as of August 7, 2017</p>
August 22, 2017	<p>Disclosure on Citicore Holdings Investment, Inc.’s sale of common shares</p> <p>Press Release entitled “Megawide Poised for Expansion, Restructures”</p>
September 13, 2017	<p>Foreign Ownership Report and Report on Number of Stockholders as of August 31, 2017</p> <p>Designation of Mr. Manuel Louie Ferrer as Data Protection Officer, in addition to his designation as Chief Marketing Officer</p>
September 20, 2017	<p>Results of Annual Stockholders’ Meeting; Results of Organizational Meeting; Amendments to Articles of Incorporation; Material Information/Transactions Report on the amendments to the Articles of Incorporation; and Press Release</p>
October 3, 2017	<p>Clarification on the news article entitled “Megawide seeks P800m from FLI”</p>

October 10, 2017	Foreign Ownership Report and Report on Number of Stockholders as of September 30, 2017
October 18, 2017	Disbursement of Proceeds and Progress Report as of September 30, 2017  Board approval of cash dividend declaration for holders of preferred shares  Public Ownership Report and List of Top 100 Stockholders as of September 30, 2017
November 7, 2017	Foreign Ownership Report and Report on Number of Stockholders as of October 31, 2017
November 17, 2017	Appointment of Mr. Christopher Nadayag as Deputy Chief Financial Officer
December 14, 2017	Clarification of news article entitled “7 firms bid for P12.5-N Clark airport terminal”  Foreign Ownership Report and Report on Number of Stockholders as of November 30, 2017
December 18, 2017	Disclosure on the Declaration of Cash Dividends for common shares with payment date on December 29, 2017
December 27, 2017	Clarification of news article entitled “Megawide-GMR awarded P9.36-b Clark airport deal”  Clarification of news article entitled “SSS buys minority stake in infrastructure firm”

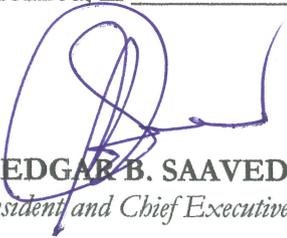
\*\*Please refer to the SEC Form 17-C previously filed with the SEC.

- Signature Page follows -

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in \_\_\_\_\_ on \_\_\_\_\_.

By:

  
**EDGAR B. SAAVEDRA**  
*President and Chief Executive Officer*

**OLIVER Y TAN**  
*Chief Financial Officer*

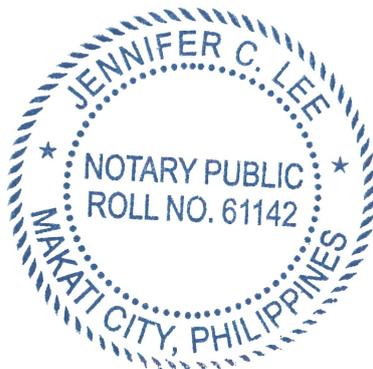
  
**CHRISTOPHER NADAYAG**  
*Deputy Chief Financial Officer / Principal Accounting Officer / Comptroller*

  
**ALTHEA ISOBEL F. OAMINAL**  
*Corporate Secretary*

**SUBSCRIBED AND SWORNTO** before me this APR 11 2018, affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
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**JENNIFER C. LEE**  
 Commission No. M-138  
 Notary Public for Makati City  
 Until December 31, 2018  
 8<sup>th</sup> Floor, Don Pablo Building  
 114 Amorsolo St., Legaspi Village, Makati City  
 PTR No. 6619798 / 01.06.2018 / Makati City  
 IBP No. 021223 / 01.04.2018 / Makati City  
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