

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
MEGAWIDE CONSTRUCTION CORPORATION
Held on 30 June 2020 at 2:00 p.m.
Via Videoconference (Microsoft Teams Live Event)

Stockholders Present:

Total No. of Shares Outstanding	2,013,409,717
Total No. of Shares represented by Voting <i>in Absentia</i>	379
Percentage of Shares present by Voting <i>in Absentia</i>	0.00%
Total No. of Shares of Stockholders represented by Proxy	1,475,774,125
Percentage of Shares of Stockholders present by Proxy	73.30%
Total No. of Shares of Stockholders Present in Person, Represented by Proxy, and Voting <i>in Absentia</i>	1,475,774,504
Percentage of Shares of Stockholders Present in Person, Represented by Proxy, and Voting <i>in Absentia</i>	73.30%

Directors Present:

EDGAR B. SAAVEDRA – *Chairman of the Board of Directors (“Board”), Chief Executive Officer, and President*
MANUEL LOUIE B. FERRER – *Director and Chief Corporate Affairs and Branding Officer*
OLIVER Y. TAN – *Director*
LEONILLO G. CORONEL – *Independent Director*
HILARIO G. DAVIDE, JR. – *Independent Director*
CELSO P. VIVAS – *Independent Director*
ALFREDO E. PASCUAL – *Independent Director*

*A list of the officers and stockholders who attended the meeting is attached as **Annex “A”** and is made an integral part of these minutes.*

The host, Mr. Robert Jason Torres, *Assistant Vice President for Corporate Affairs*, said that stockholders may obtain a copy of Megawide Construction Corporation’s (“Megawide” or the “Company”) Annual Stockholders’ Report using the QR code flashed on the screen.

Mr. Torres then introduced the members of the Board of Megawide and its Corporate Secretary:

Chairman of the Board	-	Mr. Edgar B. Saavedra
Director	-	Mr. Manuel Louie B. Ferrer
Director	-	Mr. Oliver Y. Tan
Independent Director	-	Former Chief Justice Hilario G. Davide, Jr.
Independent Director	-	Mr. Leonillo G. Coronel
Independent Director	-	Mr. Celso P. Vivas
Independent Director	-	Mr. Alfredo E. Pascual
Corporate Secretary	-	Mr. Anthony Leonard G. Topacio

During the roll call, the directors confirmed:

1. that they can clearly hear and see the other attendees;
2. that they received the Notice, Agenda and all materials for the Annual Stockholders' Meeting ("ASM"); and
3. their location and type of device.¹

Mr. Torres told the attendees that they are welcome to type any comments or questions they may have in the chat box of the Microsoft Teams ("MS Teams") live event. Said comments or questions would be addressed during the Question and Answer part or Open Forum portion of the ASM.

I. CALL TO ORDER

Mr. Edgar B. Saavedra, *Chairman of the Board, Chief Executive Officer, and President*, called the meeting to order. Mr. Saavedra welcomed the stockholders to the Company's first virtual ASM.

Mr. Saavedra acknowledged the presence of Punongbayan & Araullo, the Company's independent auditors.

II. NOTICE AND QUORUM

Atty. Anthony Leonard G. Topacio, *Corporate Secretary*, certified that the Notices of the meeting were sent to stockholders of record as of 13 May 2020.

Atty. Topacio discussed that the Notice and Agenda were (a) immediately disclosed in the Philippine Stock Exchange ("PSE") website or PSE EDGE on 03 March 2020, upon its approval by the Board on the same date and (b) released by the PSE as a Circular on 04 March 2020.

The Notice and Agenda were also published in the Business World newspaper and website on 04 and 05 June 2020, and in the Philippine Star newspaper and website on 05 and 06 June 2020. Additionally, Megawide's Information Statement², which includes the Notice and Agenda, was disclosed on PSE EDGE and uploaded on Megawide's website.

¹ Pursuant to the requirements under SEC Memorandum Circular No. 06, Series of 2020, dated 12 March 2020 regarding the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and other Remote or Electronic Means of Communication.

² The 2019 Information Statement and Annual Report of the Company previously circulated to shareholders contain the following information:

- a. Assessment of the Company's performance;
- b. Audited Financial Statements as of and for the period ending 31 December 2019 as audited by Megawide's independent external auditor, Punongbayan & Araullo;
- c. An explanation of the dividend policy and dividend payment history; and
- d. Director profiles, including their qualifications and relevant experience, attendance at each of the meetings of the Board and its committees, and compensation report.

All these were completed in compliance with the requirements of Megawide's By-Laws, the Revised Corporation Code, and the issuances of the Securities and Exchange Commission ("SEC").

The stockholders were informed, through the Information Statement and Megawide's website, on how they may vote, submit their proxies, and participate in this meeting.

Atty. Topacio further certified that there is a quorum to conduct the ASM, given that stockholders representing seventy three and 30/100 percent (73.30%) of the outstanding capital stock of Megawide, or one billion four hundred seventy five million seven hundred seventy four thousand five hundred four (1,475,774,504) shares, are present in person, represented by voting *in absentia*, or by proxy.

As requested by Mr. Saavedra, Atty. Topacio then explained the following voting procedure for the ASM:

- a. All stockholders of record at the close of business on 13 May 2020 are entitled to vote at the ASM.
- b. The amendment of the Articles of Incorporation to increase authorized capital stock for preferred shares shall be decided by the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of Megawide. All other matters in the Agenda shall be decided by a vote of its stockholders representing a majority of its outstanding capital stock, except in cases where the law provides otherwise.
- c. Stockholders were given the opportunity to vote *in absentia* from 10 to 22 June 2020, through an online voting portal prepared by Megawide. Only stockholders who were validated by Megawide's Stock and Transfer Agent, BDO Unibank, Inc., were allowed to vote *in absentia*. Stockholders were also permitted to submit proxy forms during the same period, through electronic mail or personal service. All votes cast *in absentia* and by proxy, shall be considered cast for all the shares of the relevant stockholder.
- d. Megawide's Stock and Transfer Agent, BDO Unibank, Inc., tabulated the votes, while the Company's external auditors, Punongbayan & Araullo, confirmed the votes.
- e. The results of the voting for each Agenda item shall be flashed and reflected in the minutes of this meeting.

III. APPROVAL OF THE MINUTES OF THE ASM HELD ON 02 JULY 2019

Agenda Item 3: To approve the minutes of the ASM held on 02 July 2019³, which contains the following matters: (a) Approval of the Minutes of the ASM held on 02 July 2018; (b) Chairman's or President's Report; (c) Election of Directors; (d) Approval of the 2018 Audited Financial Statements; (e) Appointment of External Auditor; and (f) Ratification of all acts of Management and the Board of Directors.

³ A copy of the draft Minutes of the 02 July 2019 ASM was uploaded to Megawide's website within five (5) days from the 2019 ASM.

Resolution: On motion duly seconded, the shareholders representing seventy two and 69/100 percent (72.69%) of outstanding voting stock of the Company or one billion four hundred sixty three million five hundred forty one thousand fifty six (1,463,541,056) shares represented during the meeting voted in favor of the following:

“**RESOLVED**, to dispense with the reading of the minutes of the 02 July 2019 Annual Stockholders’ Meeting and approve the same as presented.”

IV. CHAIRMAN’S ADDRESS AND PRESIDENT’S REPORT

Mr. Saavedra, gave his welcome address and a report on the operational highlights of the Company for the year 2019:

- In 2019, Megawide continued to push forward and generated consolidated revenues of Nineteen Billion Nine Hundred Million Pesos (PhP 19,900,000,000.00), twenty four percent (24%) higher than the previous year. This was driven by the recovery in the construction business, sustained momentum of airport operations, and positive traction from landport operations.
- In addition, the Company’s earnings before interest, taxes, depreciation, amortization (“EBITDA”) also increased to Four Billion Eight Hundred Million Pesos (PhP 4,800,000,000.00), a nine percent (9%) increase from the previous year. Net income of One Billion One Hundred Million Pesos (PhP 1,100,000,000.00) remained healthy, notwithstanding the anticipated rise in land cash charges and debt servicing associated with the full-year operations of Terminal 2 at Mactan-Cebu International Airport (“MCIA”).
- Healthy performance continued into the first (1st) quarter of 2020, as consolidated revenues rose by forty two percent (42%) to Five Billion One Hundred Million Pesos (PhP 5,100,000,000.00) with EBITDA rising by twenty five percent (25%) to One Billion Four Hundred Million Pesos (PhP 1,400,000,000.00) compared to the same period last year. Net profit for the period was recorded at Two Hundred Six Million Pesos (PhP 206,000,000.00) amid the onset of the COVID-19 global pandemic.
- Megawide maintained a healthy balance sheet with total assets increasing to Eighty One Billion Pesos (PhP 81,000,000,000.00) as of the end of 2019, which was mainly a result of additional investments made to ensure the long-term sustainability of the enterprise. Liabilities grew to Sixty Three Billion Pesos (PhP 63,000,000,000.00) to support capital expenditures believed to bring in significant returns over the long term.
- For the engineering, procurement, and construction (“EPC”) segment, strong growth was experienced across the Megawide portfolio: (a) the construction business recorded Fifteen Billion Three Hundred Million Pesos (PhP 15,300,000,000.00) in revenues, twenty one percent (21%) higher than the previous year; and (b) new contracts amounted to Nineteen Billion Pesos (PhP 19,000,000,000.00), which solidified the order book to a consistent high at Fifty Two Billion Pesos (PhP 52,000,000,000.00).

- The emergence of the precast business as a new growth segment was an exciting development for 2019. Precast revenues from external sales reached Seven Hundred Sixty Eight Million Pesos (PhP 768,000,000.00), more than double the amount in 2018. Business units, comprised of equipment rentals, formworks, and logistics, rose by thirty four percent (34%) to Three Hundred Fifteen Million Pesos (PhP 315,000,000.00).
- Revenues from airport operations rose twenty three percent (23%) to Three Billion Seven Hundred Million Pesos (PhP 3,700,000,000.00) and EBITDA increased ten percent (10%) to Two Billion Three Hundred Million Pesos (PhP 2,300,000,000.00). Passenger volume at MCI reached twelve million seven hundred thousand (12,700,000), with international passengers rising eleven percent (11%) and domestic passengers growing by nine percent (9%). Over the past five (5) years, passenger volume recorded a compounded annual growth rate of ten percent (10%).
- Aero-related revenues increased by seventeen percent (17%) with air traffic movement continuously growing on both domestic and international segments. Commercial revenues jumped by twenty eight percent (28%) to One Billion Two Hundred Forty Million Pesos (PhP 1,240,000,000.00). Gross leasable area (“GLA”) space in both Terminals 1 and 2 increased by thirty eight percent (38%) to nine thousand eight hundred (9,800) square meters. The inauguration of the Airport Village took place early this year, with President Rodrigo Roa Duterte as the guest of honor and attended by member of the Cabinet and Congress.
- Revenues at the Parañaque Integrated Terminal Exchange (“PITx”) reached Five Hundred Fifty Five Million Pesos (PhP 555,000,000.00) for its full-year operations. EBITDA amounted to One Hundred Six Million Pesos (PhP 106,000,000.00) in 2019 despite lease commencement for the office towers began in the last quarter of the year. At the end of 2019, (a) the average number of passengers was fifty thousand (50,000); (b) the average number of trips was five thousand (5,000) trips; and (c) average passenger spending rose to thirty and 65/100 Pesos (PhP 30.65). PITx’s unique and attractive location resulted in eighty percent (80%) of its commercial space and one hundred percent (100%) of its office tower space being leased out to various tenants as of the end of 2019.
- Megawide relaunched its vision, mission, and values to focus on its strength and highlight the characteristics that differentiate it from other construction companies – engineering expertise, the pursuit of excellence, and a collective drive to deliver a “First-World Philippines”.
- Megawide aligned its overall sustainability framework with the global reporting initiatives and sustainable development goals (“SDG”) of the United Nations, which tracks Megawide’s financial and operating performances along with environmental stewardship, social responsibility, and good governance initiatives. The report provides an account of Megawide’s SDG progress in 2019 and will be updated regularly.
- Megawide’s business units are at the forefront of its campaign for sustainability. Through the Megawide Corporate Foundation, Inc. several programs were conducted involving at least five hundred (500) employee-volunteers. These programs included scholarships, training programs for students, out-of-school youths, and unemployed adults for potential

employment with Megawide or one of its industry partners. Megawide also provided underserved communities with free surgical, medical, and dental care, and conducted tree-planting activities and coastal clean-ups to safeguard the Philippines' natural environment.

- As a young company, Megawide prides itself in being agile and adapting easily to new and unfamiliar situations. Faced with an unprecedented global pandemic, it pursued a strategy to minimize potential setbacks and pave the way to a quick recovery. Megawide aims to remain prudent, optimize its existing resources, and use innovation to redesign the organization in order to navigate the “new normal”. Investments in technology allowed Megawide to effectively shift to a work-from-home setup, digitalize most procedures, and modify its routines and processes. Measures have also been taken to regularly disinfect and sanitize the physical offices and sites in accordance with safety standards.
- Megawide believes that its precast technologies will be the benchmark in the construction industry due to its functionality and suitability to social distancing protocols. From an environmental, social, and governance (“ESG”) perspective, Megawide aims to leverage this technology to achieve market speed and high-quality building, and to promote environment-friendly durable products.
- Domestic commercial flights were resumed at MCI as of June 2020. Megawide is building a COVID-19 testing facility to increase Cebu’s testing capacity and facilitate the influx of Overseas Filipino Workers (“OFWs”) and seafarers. Contactless interface for check-ins, purchases, and inquiries have all been introduced in the terminals. Megawide’s goal is to make MCI the model gateway for safety and security in addition to being the model for airport design and operations in the country.
- Similarly, PITx resumed its operations on 08 June 2020 and is expected to open more routes within the coming days. Megawide is planning to launch an automated ticketing booth and is encouraging the use of its mobile application by customers for trip scheduling and ticket booking. Megawide aims for PITx to serve as the prototype for safe, secure, and efficient modes of land transportation across the country. Such measures are in addition to the government-mandated procedures already put in place across all Megawide facilities nationwide.
- The COVID-19 global pandemic has further challenged Megawide to display its operational excellence. Megawide will leverage its advantage as a fully integrated EPC company equipped with the largest state-of-the-art precast facilities and technologies to capitalize on new and exciting opportunities.
- While it may seem like Megawide is pursuing an overly ambitious dream of delivering a “First-World Philippines”, it has always believed in the potential of the country and its fellow Filipinos. Megawide will pursue a strategy aligned with its long-term vision that fits its maturity as an organization as it continues to grow.
- Over the next five years, Megawide will pursue its “EXCEL” strategy: expand, capitalize, and elevate. Each initiative will target a specific milestone for each business segment in the

immediate medium to long term. This strategy will form the backbone of Megawide's long-term strategic business directions.

- To expand, Megawide will enter new segments, increase capacity, grow its existing portfolio, and pursue forward integration of its businesses in order to provide strong, stable, and growing revenue streams.
- Megawide plans to initiate its entry into EPC infrastructure within the next two years, launch mixed-use development at MCIA, and pursue the second phase of development of PITx.
- In the medium term, Megawide will triple its precast capacity to accommodate demands from the external market. It also hopes to start with a proposed second runway for MCIA.
- For the landport segment, Megawide aims to identify and develop other PITx-like facilities in key areas. To capitalize, Megawide will pursue operational efficiencies or strategic partnerships and strengthen synergies within the bigger organization to achieve economies of scale and enhance overall returns.
- Megawide will stabilize its existing portfolio to improve margins in the immediate term and pursue strategic partnership in the medium term to expand, bridge, and create economies of scale.
- Over the long term, Megawide hopes to elevate and strengthen synergies across the bigger organization to realize its full value as an enterprise. It will enhance its returns to support the healthy dividend policy to transform the company into a consistently growing sustainable and valuable investment alternative.
- While Megawide admits that there will be challenges ahead, it has complete faith that its agile business model, youthful and passionate organization, and supportive shareholders will enable it to adapt to these challenges without losing sight of its long-term vision and objectives.
- Although 2020 is shaping up to be even more demanding than the last twelve (12) months, Megawide's vision remains firm, and its faith in the company and the Filipino spirit is unwavering.
- Megawide is ready to face what the future holds as it goes "**All-In for a First-World Philippines**".

V. ELECTION OF DIRECTORS

Agenda Item 5: To elect the regular and independent members of the Board to hold office until the next stockholders' meeting and until their respective successors have been elected and qualified.

Mr. Saavedra said that the final list of candidates submitted by the Governance, Nominations, and Compensation Committee includes four (4) nominees found to be qualified for election as independent directors, in compliance with the requirements of relevant laws, rules, and regulations for publicly-listed companies.

The following were nominated for election as regular and independent members of the Board.

The voting results show:

NAME	AFFIRMATIVE VOTES		NEGATIVE VOTES		ABSTENTION VOTES	
	TOTAL NO.	%	TOTAL NO.	%	TOTAL NO.	%
Edgar B. Saavedra	1,474,763,304	73.25	240,400	0.00	1,977,600	0.00
Manuel Louie B. Ferrer	1,453,100,462	72.17	240,400	0.00	22,433,642	0.00
Oliver Y. Tan	1,414,101,817	70.23	240,400	0.00	61,432,287	0.00
Leonilo G. Coronel	1,463,095,750	72.67	209,200	0.00	12,469,554	0.00
Hilario G. Davide Jr.	1,474,510,098	73.23	240,400	0.00	1,024,006	0.00
Celso P. Vivas	1,475,329,198	73.28	209,200	0.00	236,106	0.00
Alfredo E. Pascual	1,475,329,198	73.28	209,200	0.00	236,106	0.00

Resolution: On motion duly seconded, the stockholders represented during the meeting voted in favor of the following:

“**RESOLVED**, to elect the following to the Board of Directors of the Company to serve for the current year:

1. Mr. Edgar B. Saavedra
2. Mr. Manuel Louie B. Ferrer
3. Mr. Oliver Y. Tan
4. Mr. Leonilo G. Coronel (*Independent Director*)
5. Former Chief Justice Hilario G. Davide, Jr. (*Independent Director*)
6. Mr. Celso P. Vivas (*Independent Director*)
7. Mr. Alfredo E. Pascual (*Independent Director*).”

VI. AMENDMENT OF THE ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED CAPITAL STOCK

Agenda Item 6: To amend the Articles of Incorporation to increase the authorized capital stock.

Atty. Topacio explained that this agenda item pertains to the proposed increase in Megawide’s authorized capital stock by Fifty Four Million Pesos (PhP 54,000,000.00), consisting of fifty four million (54,000,000) cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the par value of One Peso (PhP 1.00) per share.

The proposed amendment shall result to an increase in Megawide’s authorized capital stock from Five Billion Pesos (PhP 5,000,000,000.00), divided into four billion nine hundred thirty million (4,930,000,000) common shares with the par value of One Peso (PhP 1.00) per share and seventy million (70,000,000) cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the par value of One Peso (PhP 1.00) per share, to Five Billion Fifty Four Million Pesos (PhP 5,054,000,000.00), divided into four billion nine hundred thirty million (4,930,000,000) common shares with the par value of One Peso (PhP 1.00) per share and one hundred twenty four million (124,000,000) cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the par value of One Peso (PhP 1.00) per share. The additional capital shall be used to fund Megawide’s existing and future projects.

The resolutions to increase the authorized capital stock and the amendment to Article Seventh of Megawide’s Articles of Incorporation were flashed on the screen.

Resolutions: On motion duly seconded, the stockholders representing seventy three and 30/100 percent (73.30%) of the outstanding voting stock of the Company or one billion four hundred seventy five million seven hundred seventy four thousand five hundred six (1,475,774,506) shares represented during the meeting voted in favor of the following:

“RESOLVED, AS IT IS HEREBY RESOLVED, that Megawide Construction Corporation (the “Company”) be authorized and empowered to increase its authorized capital stock and that the Seventh Article of the Articles of Incorporation of the Company be accordingly amended, to read as follows:

SEVENTH: That the authorized capital stock of the corporation is **FIVE BILLION FIFTY-FOUR MILLION PESOS (P5,054,000,000.00)** in lawful money of the Philippines, divided into the following classes:

1. **FOUR BILLION NINE HUNDRED THIRTY MILLION (4,930,000,000)** voting common shares with the par value of ONE PESO (P1.00) per share; and
2. **ONE HUNDRED TWENTY-FOUR MILLION (124,000,000)** cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the par value of ONE PESO (P1.00) per share.

The preferred shares shall be issued in series, sub-series or in tranches as the Board of Directors may determine, and authority is hereby expressly granted to the Board of Directors, to establish and designate the series, sub-series or tranches of the preferred shares, fix the issue price and the number of shares in each sub-series or tranche, establish the specific terms and conditions of each sub-series or tranche and determine the manner by which the preferred shares will be subscribed and paid for, such as but not limited to, a private placement transaction or public offering.

Preferred shares of stock shall be cumulative, non-voting, non-participating, non-convertible, perpetual; *Provided*, that no share will be issued below par value.

The preferred shares shall have the following features, rights and privileges:

- a) Its issue value shall be determined by the Board of Directors at the time of the issuance of the shares;
- b) The Board of Directors shall declare a dividend rate equivalent to the 7-year benchmark rate **or any other rate** determined by the Board of Directors as of issue date, payable on a date to be set by the Board of Directors in accordance with Philippine laws, rules and regulations;
- c) Preferred shares shall be non-convertible into common shares;
- d) Preference over holders of common stock in the distribution of the corporate assets in the event of dissolution and liquidation of the corporation and in the payment of the dividend at the rate specified at the time of the issuance;
- e) Preferred shares shall be cumulative;
- f) Preferred shares shall be non-participating in any other or further dividends beyond that specifically payable on the shares;
- g) Holders of preferred shares shall have no pre-emptive rights to any issue of shares, common or preferred; and
- h) The preferred shares may be redeemed by the corporation at the sole option of the Board of Directors at the price to be determined by the Board of Directors.

RESOLVED, FURTHER, that the Company be authorized and empowered to offer for sale the additional preferred shares by way of public offering or private placement transaction, as may be determined by the Board of Directors, and to effect the listing of such preferred shares with the Philippine Stock Exchange, and for this purpose, the Board of Directors is authorized for and on behalf of the Company to apply, sign, execute and deliver the relevant documents as may be required by the Philippine Stock Exchange, the Securities and Exchange Commission and other relevant government agencies, under such terms and conditions as the Board of Directors may deem beneficial for the Company.”

VII. APPROVAL OF THE 2019 AUDITED FINANCIAL STATEMENTS

Agenda Item 7: To approve the 2019 Audited Financial Statements.

Resolution: On motion duly seconded, the stockholders representing seventy three and 30/100 percent (73.30%) of the outstanding voting stock of the Company or one billion four hundred seventy five million seven hundred seventy four thousand five hundred six (1,475,774,506) shares represented during the meeting voted in favor of the following:

“**RESOLVED**, to approve the 2019 Audited Financial Statements as presented.”

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Agenda Item 8: To approve the appointment of Punongbayan & Araullo as external auditor.

Resolution: On motion duly seconded, the stockholders representing seventy three and 30/100 percent (73.30%) of the outstanding voting stock of the Company or one billion four hundred seventy five million seven hundred seventy four thousand five hundred six (1,475,774,506) shares represented during the meeting voted in favor of the following:

“**RESOLVED**, upon the recommendation of the Audit and Compliance Committee, to appoint Punongbayan & Araullo as external auditor.”

IX. RATIFICATION OF ALL ACTS OF MANAGEMENT AND THE BOARD OF DIRECTORS

Agenda Item 9: To ratify all acts of Megawide’s Management and the Board of Directors in the ordinary course of business pertaining to obtaining government permits and clearances, execution of contracts, availment of services from banks, transactions indicated in the Information Statement, and other acts necessary for various construction projects and operations of the Company.

Resolution: On motion duly seconded, the stockholders representing seventy three and 29/100 percent (73.26%) of the outstanding capital stock or one billion four hundred seventy five million ninety six thousand nine hundred four (1,475,096,904) shares represented during the meeting voted in favor of the following:

“**RESOLVED**, to ratify all acts of Management and the Board of Directors as reported by the President in the Annual Stockholders’ Meeting held on June 30, 2020 and stated in the Information Statement duly distributed to the stockholders.”

X. OTHER MATTERS

Open Forum

The floor was opened for questions and comments from stockholders. Stockholders were given an opportunity to send in their questions prior to the meeting via e-mail. Stockholders who attended the meeting were informed that they could enter their questions in the chat box on the right side

of their screens through the MS Teams live event. Stockholders were requested to limit their questions to one (1) main question and one (1) follow-up question, and were informed that: (a) questions would be entertained on a first come, first served basis and (b) any unanswered questions would be addressed later via e-mail.

- The first question was sent by stockholder Jennelyn Adoc: “We have seen an increase in Megawide’s debt. What is the reason for this and how can you pay this with business slowing down?”

Mr. Saavedra responded that the current gross net to debt ratio is one and 58/100 (1.58), there being two (2) main reasons for this increase:

1. The Company is expecting a payment of Two Billion Five Hundred Million Pesos (PhP 2,500,000,000.00) this upcoming December due to the ongoing turnover of Clark International Airport (“CIA”), which has been ninety percent (99%) completed. It was previously disclosed that CIA was a milestone semi-turnkey agreement with the Bases and Development Conversion Authority (“BCDA”) and was funded by the Asian Development Bank (“ADB”).
2. The Company expects another payment of Three Billion Five Hundred Million Pesos (PhP 3,500,000,000.00) within the next six months from (a) retention payments and (b) receivables from the last three (3) to four (4) months due to the situation caused by the COVID-19 pandemic.

Mr. Saavedra explained that if these expected payments of Two Billion Five Hundred Million Pesos (PhP 2,500,000,000.00) and Three Billion Five Hundred Million Pesos (PhP 3,500,000,000.00) are deducted from the debt, the debt will be reduced from Nine Billion Five Hundred Million Pesos (PhP 19,500,000,000.00) to Thirteen Billion Five Hundred Million Pesos (PhP 13,500,000,000.00) and bring the net to debt ratio towards the region of one and 1/10 (1.1).

Mr. Jez Dela Cruz, *Assistant Vice President for Corporate Finance and Planning*, added that the increase was primarily caused by the increase in debt requirement from the Company’s interrelated projects, both on the development front, such as PITx, as well as on the EPC side. There are no immediate maturities for Megawide, which should lead to a more stable debt balance.

- The next question was sent in advance by stockholder Rose Valerie Aceron: “The weakness in real estate business will have an impact on the construction business. How do you plan to compensate for this?”

Mr. Saavedra said that while the Company expects the real estate market to soften, it is expecting its business to increase within other sectors and is preparing to compensate by shifting some of its capacity towards the infrastructure sector. To illustrate this, he referenced the major railway projects that are currently being rolled out by ADB and Japan International Cooperation Agency (“JICA”), and mentioned that the Company has been receiving invites for utilities projects, such as water treatment plants and sewerage treatment plants, from Manila Water Company, Inc. and Maynilad Water Services, Inc.

- The next question was submitted in advance by Jerryl Therese Ang: “Your revenues are up, but net income was down in 2019. Why is that?”

The Chairman said that the difference was a result of timing. He explained that there have been both ups and downs in the profile of the Company’s revenues over the last five years. He attributed the dip in revenues in 2019 to the construction on the Urban Deca project of 8990 Holdings, Inc. starting one month later than scheduled. The revenues from the third and fourth quarters of 2017 were tapering down until the first and second quarters of 2019, and were expected to rise again according to the trend until the COVID-19 pandemic hit the Philippines. Revenues are expected to rise again once the situation normalizes, with about three (3) to four (4) new projects coming in and one (1) or two (2) projects possibly stopped or put on hold.

- The next question came from Mr. Ed Francisco: “Congratulations to Edgar and the team. How long to test for COVID-19 in your airport – the Mactan-Cebu International Airport (“MCIA”)? Can you replicate this at the Ninoy Aquino International Airport (“NAIA”)?”

Mr. Manuel Louie B. Ferrer explained that the Company has a COVID-19 laboratory in Cebu, which opened in mid-June. The current processing time for COVID-19 testing is about forty eight (48) hours. He stated that they are continuously working on improving the facilities and are looking to acquire more equipment in order to accelerate the testing period to a processing time of twenty four (24) hours. On replicating this process in NAIA, Mr. Ferrer stated that NAIA must be given to Megawide first.

- The next question was submitted by an anonymous stockholder: “I know that GMR Megawide Cebu Airport Corporation’s (“GMCAC”) net gearing as of March 2020 is at a high at two and 51/100 (2.51) times. Interest coverage has gone down two and 889/1000 (2.889) times. This is likely to get worse in the second (2nd) quarter as the airport traffic comes to a standstill. What are the steps taken so that we do not go into default?”

Mr. Dela Cruz responded that due to the sharp decline in passenger traffic given the COVID-19 pandemic situation, the GMCAC operations team has found ways to reduce their operating expenses and capital expenses to preserve cash. He noted that GMCAC has fortunately benefited from a strong performance over the last five (5) years. Mr. Dela Cruz stated that the ending cash balance of GMCAC was at around Two Billion One Hundred Million Pesos (PhP 2,100,000,000.00) as of March 2020. There will be a debt service requirement in the total amount of Two Billion Two Hundred Million Pesos (PhP 2,200,000,000.00) for this year. Without mitigating plans for this year, GMCAC is still able to service that requirement. GMCAC is planning and preparing for the immediate future given that the airport segment is expected to take longer to recover relative to other industries. Mr. Dela Cruz stated that the Company is in discussions with its group lenders to rebalance the debt service of GMCAC in order to further release cash reserve for the business.

- The next question was submitted by Mr. Ishmael Sam Canua: “If there will be a Swiss challenge in the NAIA project this year, is Megawide still interested in this, given the pandemic?”

Mr. Ferrer responded that there are many things to consider during this time. He stated that Megawide is unaware of the key performance indicators set by the government, so it would be best to review the terms and conditions first.

- The next question submitted by an anonymous stockholder: “How will Megawide implement social distancing guidelines in the construction sites?”

Mr. Saavedra responded that the Company has been implementing a lockdown on every project. He explained that all workers, engineers, and staff are quarantined for fourteen (14) days upon their arrival at their respective sites, prior to the start of their work. He stated that there were about two thousand (2,000) workers that were locked down at different sites over the last three (3) months, and that all the workers were found to be negative for COVID-19. He noted that this has been the best method for the Company to ensure that all the workers, engineers, and staff remain safe and that the sites are completely free of COVID-19 cases.

- The next question was a follow-up question from Mr. Ishmael Sam Canua: “May I know the status of the EPC project at the CIA, and if Luzon International Premiere Airport Development Corporation (“LIPAD”) chose the company for the fit-out of the new passenger building or if there has been a supplier chosen for the fit-out?”

Mr. Saavedra responded that the current status of the project is ninety nine percent (99%) completed, and its turnover to the BCDA is currently ongoing. He stated that there are no other engagements with LIPAD other than the current project.

- An anonymous stockholder asked the following question: “Hello, sir. Regarding the increase in ACS to accommodate preferred shares, can I confirm that this was in the amount of up to Five Billion Fifty Four Million Pesos (PhP 5,054,000,000.00) and this should be perpetual, non-voting, non-convertible, and redeemable?”

Mr. Dela Cruz confirmed that this was correct.

- An anonymous stockholder submitted the following question in advance: “When do you expect your airport and landport operations to fully recover?”

Mr. Ferrer responded that although this is difficult to tell, some industry experts estimate that full recovery may take about two (2) to three (3) years. He stated that domestic travel is expected to recover quickly in the medium term, given its necessity due to the archipelagic nature of the Philippines.

With regard to international travel, Mr. Ferrer stated that Cebu has a good source of passengers coming from China, Korea, and Japan, and that these countries are poised to resume air travel sooner than others since they are already on the road to recovery.

Landport operations are expected to recover quickly. He referenced the Department of Transportation’s (“DOTr”) recently issued Memorandum Circular 2020-019, which called for the resumption of operations at PITx by certain operators of public utility buses (“PUB”) with provincial routes. He explained that operations at PITx resumed in early June with

around five thousand (5,000) passengers, with this number currently growing to about seventeen thousand (17,000) to eighteen thousand (18,000) passengers. By comparison, the number of passengers at PITx in December 2019 was sixty thousand (60,000).

- The last question asked was submitted in advance by an anonymous stockholder: “The Malolos-Clark Railway Project was supposed to be awarded to the consortium. Any update on this?”

Mr. Saavedra responded that the government asked Megawide to extend its bond until 28 September 2020 and the Company hopes to receive good news on said project before the end of this period.

XI. ADJOURNMENT

There being no further business to discuss, the meeting was adjourned.

Mr. Torres reiterated that stockholders may obtain a copy of Megawide’s Annual Stockholders’ Report using the QR code flashed on the screen.

Certified Correct:

ANTHONY LEONARD G. TOPACIO
Corporate Secretary

Attested by:

EDGAR B. SAAVEDRA
Chairman of the Board,
Chief Executive Officer, and President

ANNEX "A"

*List of the Officers and Stockholders who attended
the Annual Stockholders' Meeting on 30 June 2020*

Officers

Mr. Ramon H. Diaz	–	<i>Chief Financial Officer</i>
Mr. Anthony B. Velasco	–	<i>Chief Audit Executive</i>
Ms. Maria Belinda Morales	–	<i>Chief Human Resource Officer</i>
Mr. Kama Neson Ganeson	–	<i>Acting Chief Risk Officer and Head of Total Quality Management</i>
Mr. Anthony Leonard G. Topacio	–	<i>Corporate Secretary</i>
Ms. Jennifer C. Lee	–	<i>Assistant Corporate Secretary and Corporate Information Officer</i>
Ms. Charlotte Y. King	–	<i>Assistant Corporate Secretary</i>
Ms. Johannes G. Ruof	–	<i>Executive Vice President – EPC and Airports</i>
Mr. Sean Farrell	–	<i>Vice President – Commercial and Contracts</i>
Mr. Mohit Malhi	–	<i>Chief Commercial Officer</i>
Mr. Jaime Raphael C. Feliciano	–	<i>Chief Business Development Officer</i>
Mr. Merrill Yu	–	<i>Head of Hotels</i>
Mr. Rogelio Ramos Jr.	–	<i>Branding Head</i>
Mr. Rexford D. Ilagan	–	<i>Assistant Vice President – Batching Plant</i>
Mr. Jez Guevarra Dela Cruz	–	<i>Assistant Vice President – Corporate Finance and Planning</i>
Mr. Jose Voltaire de la Rosa	–	<i>Head of Human Resources – Business Unit Group</i>
Mr. Angelo Bernard Tapia	–	<i>CSR Program Manager – Megawide Corporate Foundation, Inc.</i>
Ms. Mia Grace Paula S. Cortez	–	<i>Group Comptroller</i>
Mr. Markus Hennig	–	<i>Executive Vice President – Business Units</i>
Mr. Romeo P. Furigay	–	<i>Assistant Vice President – Operations</i>
Mr. Renato Jesus Go	–	<i>Vice President – Human Resources and Administration</i>

Other Attendees:

Aeternum Holdings, Inc. *(by proxy)*
Mecacore Holdings, Inc. *(by proxy)*
Citicore Holdings Investment, Inc. *(by proxy)*
Citibank, N.A., Philippine Branch *(by proxy)*
HSBC, Philippines *(by proxy)*
Standard Chartered Bank *(by proxy)*
Deutsche Bank *(by proxy)*
Mr. Florentino A. Tuason, Jr. *(by proxy)*
Ms. Joyce M. Briones *(by proxy)*
Punongbayan & Araullo *(Independent Auditor)*