

# COVER SHEET

**C S 2 0 0 4 1 1 4 6 1**

S.E.C. Registration Number

**M E G A W I D E C O N S T R U C T I O N**

**C O R P O R A T I O N**

(Company's Full Name)

**2 0 N . D O M I N G O S T R E E T , B A R A N G A Y**

**V A L E N C I A , Q U E Z O N C I T Y**

(Business Address: No. Street City / Town / Province)

**TEODULO ANTONIO SAN JUAN JR.**

Contact Person

**(02) 8655-1111**

Company Telephone Number

**1 2 - 3 1**

*Month Day*

Fiscal Year

**1 7 - A**

FORM TYPE

**1 2 3 1**

*Month Day*

Annual Meeting

Secondary License Type, if Applicable

**S E C**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

**STAMPS**

Remarks = pls. Use black ink for scanning purposes

**MEGAWIDE CONSTRUCTION CORPORATION**

Company's Full Name

**No. 20 N. Domingo Street**

**Barangay Valencia**

**Quezon City**

Company's Address

**(02) 8655-1111**

Telephone Number

**December 31**

Fiscal Year Ending

(Month & Day)

**SEC FORM 17-A**

Form Type

**December 31, 2023**

Period Ended Date

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(Secondary License Type and File Number)

**cc: The Philippine Stock Exchange, Inc.**

**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, 2023**
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 **No. 20 N. Domingo Street,  
Barangay Valencia, Quezon City  
Postal Code 1112**
8. Issuer's Telephone Number, including Area Code **(02) 8655-1111**
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 Issued and Outstanding</b>	<b>Amount of Debt Outstanding (Php)</b>
MWIDE (Common)	2,399,426,127	0
MWP2B (Preferred)	17,405,880	0
MWP3 (Preferred)	29,000,000	0
MWP4 (Preferred)	40,000,000	0
MWP5 (Preferred)	15,000,000	0

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

Yes  [ x ]

No  [ ]

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

**The Philippine Stock Exchange, Inc.** - **Common Shares (MWIDE)**  
- **Preferred Shares (MWP2B, MWP4, and MWP5)**

12. Check whether the issuer:

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

has been subject to such filing requirements for the past 90 days.

Yes  No

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, 2023	663,610,211
Closing price per share as of December 31, 2023	PhP 3.11
Market value as of December 31, 2023	PhP 2,063,827,756.21

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

### **Item 1. Business**

#### Description of Business

Megawide Construction Corporation (Megawide or the Company) is the country's premier infrastructure innovator, with a portfolio in engineering, procurement and construction (EPC), real estate development, airport operations and landport infrastructure. The Company's revolutionary construction and engineering solutions continue to shape the industry by integrating its comprehensive EPC capabilities with innovative construction solution technologies such as precast, formworks, concrete batching, and specialized logistics systems.

The Company was incorporated in the Philippines on July 28, 2004 as a general construction company and has then expanded its business by creating a strong partnership with the Philippine government through its participation in Public Private Partnership (PPP) programs, which began with Phases 1 and 2 of the School Infrastructure Project.

On January 28, 2011, the Philippine Stock Exchange, Inc. (PSE) and the Securities and Exchange Commission (SEC) approved the Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of two hundred ninety-two million (292,000,000) unissued common shares of the Company at an offer price of Seven and 84/100 Pesos (PhP 7.84) per share and the listing of those shares in PSE's main board on February 18, 2012. On December 03, 2014, the Company made a primary offer of forty million (40,000,000) preferred shares at an offer price of One Hundred Pesos (PhP 100.0) per share. These preferred shares are also listed in the PSE.

On September 22, 2014, the SEC approved the amendment of the Company's Articles of Incorporation, which included (a) the Company's power to extend corporate guarantees to its subsidiaries and affiliates, and (b) the increase in its authorized capital stock to Five Billion Pesos (PhP 5,000,000,000.00), divided into four billion nine hundred thirty million (4,930,000,000) common shares and seventy million (70,000,000) cumulative, non-voting, non-participating, non-convertible to common shares, and redeemable at the option of the Company, perpetual preferred shares (Series 1). Both common and preferred shares have a par value of One Peso (PhP 1.00) per share.

To further its involvement in PPP, the Company, together with its strategic partners, GMR Infrastructure (Singapore) Pte. Limited (GISPL) and GMR Infrastructure Limited (GIL), incorporated GMR Megawide Cebu Airport Corporation (GMCAC) for the purpose of constructing, developing, operating, and maintaining the Mactan Cebu International Airport (MCIA), in accordance with the Concession Agreement (CA) executed between GMCAC and the Department of Transportation (DOTr) on April 21, 2014.

Additionally, MWM Terminal, Inc. (MWMTI), the joint venture of Megawide and the then WM Property Management, Inc. (WMPMI) (which is now Megawide Terminals, Inc. [MTI]), was incorporated to develop and operationalize the Parañaque Integrated Terminal Exchange (PITx) project, pursuant to the CA signed with DOTr on April 24, 2015. PITx is designed to be the first (1st) intermodal terminal in the Philippines.

Meanwhile, on September 22, 2020, the SEC approved the amendment of the Company's Articles of Incorporation, which increased its authorized capital stock to Five Billion Fifty-Four Million Pesos (PhP 5,054,000,000.00), raising the Company's authorized capital stock by fifty-four million (54,000,000) preferred shares to a total of one hundred twenty-four million (124,000,000) preferred shares.

The SEC then issued the Certificate of Filing of Enabling Resolution approving the Company’s enabling resolution in relation to its offer and sale to the public of up to fifty million (50,000,000) Series 2 Preferred Shares, consisting of the following subseries: Series 2A Preferred Shares and Series 2B Preferred Shares, at an offer price of One Hundred Pesos (PhP 100.00) per share, on November 05, 2020. Thereafter, on November 06, 2020, the SEC issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) non-voting perpetual Series 2 Preferred Shares, with an over subscription option of up to twenty million (20,000,000) non-voting perpetual Series 2 Preferred Shares. As a result of the offering of the Series 2A and 2B Preferred Shares, the Company raised a total of Four Billion Three Hundred Sixty Million Pesos (PhP 4,360,000,000.00). The said shares were listed in the PSE on November 27, 2020.

Subsequently, on February 26, 2021, the Board of Directors (Board) approved a resolution to amend the Company’s Articles of Incorporation to increase its authorized capital stock by twenty-six million (26,000,000) preferred shares, raising the Company’s authorized capital stock to Five Billion Eighty Million Pesos (PhP 5,080,000,000.00) divided into four billion nine hundred thirty million (4,930,000,000) common shares with a par value of One Peso (PhP 1.00) per share, and one hundred fifty million (150,000,000) preferred shares. The increase in Company’s authorized capital stock was approved by the SEC on September 09, 2021. After which, the SEC issued the Certificate of Filing of Enabling Resolution approving the Company’s enabling resolution in relation to its offer and sale to the public of up to forty million (40,000,000) Series 4 Preferred Shares, consisting of one (1) or more sub-series, at an offer price of One Hundred Pesos (PhP 100.00) per share. The SEC then issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, with an over subscription option of up to ten million (10,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares. The offer and sale of the Series 4 Preferred Shares led the Company to raise Four Billion Pesos (PhP 4,000,000,000.00). The said shares were listed in the PSE on October 29, 2021.

On October 19, 2021, the Board also approved the redemption of the Company’s Series 1 Preferred Shares, with stock symbol MWP, on December 03, 2021, which is the seventh (7th) anniversary of its listing date last December 03, 2014. The redemption of the said shares was completed on February 15, 2022. The following are the details of the redemption:

<b>Ex- Date</b>	November 04, 2021
<b>Record Date</b>	November 09, 2021
<b>Redemption Date</b>	December 03, 2021
<b>Redemption Price</b>	PhP 100.00 per share

On April 26, 2023, the Board of Directors of Megawide Construction Corporation approved the redemption of its Series 2A Preferred Shares with stock symbol MWP2A, on 29 May 2023, or 2.5 years after its listing date on 27 November 2020. The following are the details of the redemption:

<b>Record Date</b>	May 12, 2023
<b>Redemption Date</b>	May 29, 2023
<b>Redemption Price</b>	PhP 100.00 per share

Upon redemption, the Series 2A Preferred Shares shall be considered retired.

In July 2023, the Company acquired 100% of PH1 World Developers (PH1) from Citicore Holdings Investment Inc., (CHII) to engage in progressive property development and provide the Company a third leg in its ever-evolving business portfolio, which already includes EPC and construction solutions and infrastructure development.

*Below are the other significant business developments of Megawide for the past three (3) fiscal years:*

## **2021**

The construction segment, which is a critical component in pump-priming the economy due to its significant multiplier effect, remains a bright spot in the Company's portfolio amid the ongoing COVID-19 pandemic, as activities were unhampered despite the various quarantine restrictions. From the previous year's order book of Sixty-Eight Billion Four Hundred Million Pesos (PhP 68,400,000,000.00), it was able to contract new projects such as The Coral Village project in Cebu and the Westside City Site A which involves the construction of a retail strip and theater mall to complement its hotel and casino complex.

The Company also forged its partnership with German concrete technology developer MultiCON to bring its patented mixing innovation into the country. The system can produce stronger concrete with better performance which could translate to improved margins and decreased emissions, given that it can help reduce raw material cost and minimize carbon dioxide emissions by up to thirty percent (30%) during production.

In 2021, Megawide also signed new contracts with PHirst Park Homes, Inc. for housing projects in Magalang, Pampanga and Batulao, Nasugbu, Batangas. The new contracts pertain to supply and build agreements for one thousand seventy-nine (1,079), in Pampanga, and one thousand nine hundred seventy-four (1,974), in Batangas, housing units using precast materials, resulting in almost twelve thousand (12,000) housing units being serviced through pre-cast supplied and assembled by Megawide's construction solutions unit. It also started the construction of the MCRP Phase 1, a project that is part of the seventeen (17)-kilometer North South Commuter Railway Project implemented by DOTr that will link the New Clark City and the Clark International Airport to Metro Manila and nearby cities.

On January 11, 2021, the Company and the City of Cebu entered into a Joint Venture Agreement (JVA) for the phased redevelopment of the Cebu Carbon Market, which includes the construction, development, and operation of mixed-use assets on the project site. The JVA is for fifty (50) years, extendible for another twenty-five (25) years upon mutual agreement of the parties. The total investment of the Company is Five Billion Five Hundred Million Pesos (PhP 5,500,000,000.00) while the Cebu City shall contribute the exclusive use and possession of the project site.

On February 24, 2021, the consortium between SUEZ and Megawide together with Manila Water, Inc. (Manila Water), the project proponent, broke ground for the Aglipay STP. The consortium will undertake the design and build of the STP which will treat wastewater in Mandaluyong City, southern Quezon City, and southern San Juan City, which will significantly enhance the health and sanitary conditions of more than six hundred fifty thousand (650,000) residents.



On May 6, 2021, GMCAC, together with its sponsors and its lenders executed the Second Amendment Agreement to the Amended and Restated Omnibus Loan and Security Agreement. The Agreement is for the purpose of restructuring GMCAC's existing Omnibus Loan and Security Agreement for the construction, development, renovation, expansion, and operation of MCIA.

On October 12, 2021, the SEC then issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, with an over subscription option of up to ten million (10,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, at an offer price of One Hundred Pesos (PhP 100.00) per share. The offer and sale of the Series 4 Preferred Shares led the Company to raise Four Billion Pesos (PhP 4,000,000,000.00). The said shares were listed in the PSE on 29 October 2021. The Series 4 Preferred Shares shall be subject to a dividend step-up rate unless the Company redeems the said shares three and a half years (3 ½) from its listing date. The proceeds from the offer was used to redeem the Company's Series 1 Preferred Shares. Moreover, the offering is part of the Company's financial plan to streamline its balance sheet to support its expansion programs, especially its pivot to infrastructure.

On October 19, 2021, the Board also approved the redemption of the Company's Series 1 Preferred Shares, with stock symbol MWP, on December 03, 2021, which is the seventh (7<sup>th</sup>) anniversary of its listing date on December 03, 2014, at a redemption price of One Hundred Pesos (PhP 100.00) per share. The redemption of the said shares was completed on February 15, 2022.

The Company received various awards from FinanceAsia, which included Best Managed Listed Company – Industrials (Southeast Asia), Best Managed Listed Company – Philippines, Most Committed to Environmental Stewardship, Most Committed to Social Causes, and Most Committed to the Highest Governance Best Standards. To top off, Mr. Edgar B. Saavedra, *Chairman of the Board, CEO, and President*, was also awarded as the Best CEO by FinanceAsia. The Company was further named as one (1) of Asia's Most Outstanding Companies in Asiamoney's Outstanding Companies Poll for 2021. The poll is designed to acknowledge listed companies that have excelled in areas such as financial performance, management team excellence, investor relation activities and corporate social responsibility (CSR) initiatives. Megawide was also voted as a Finalist in IR Magazine as Best in Sector: Industrials and won as the Most Innovative Company of the Year in the Asia CEO Awards, while belonging to the Circle of Excellence for the Executive Leadership Team of the Year.

Meanwhile, MCIA and PITx obtained the Best Infrastructure and Best Decorative Concrete award, respectively, from the Philippine Excellence in Concrete Construction Awards (PECCA).

## **2022**

Megawide continued to strengthen its portfolio after a two-year bout with the COVID-19 pandemic. The construction business remained as the biggest contributor to revenue in 2022, as the recovery in air travel slowly impact airport operations and elevated industry-wide vacancy rates, due to the clamp down on POGO tenants, affect office leasing at the PITX. Nonetheless, the Company remained committed to its long-term mission and vision of Engineering a First-World Philippines and continue to strengthen its portfolio towards infrastructure development and cycle-resiliency.

On May 5, 2022, Megawide, together with its joint venture partners from Japan – Tokyu Construction and Tobishima Corporation, ("the Joint Venture") – officially signed Contract Package 104 ("CP-104") of the Metro Manila Subway Project. CP-104 includes the construction of underground stations in Ortigas North and South as well as the tunnels connecting these two locations.

The project has a total contract value of PHP13.26 billion and JPY 11,227,496,171.00 (approximately PHP4.49 billion using the exchange rate as of 4 May 2022), which together will have an aggregate estimated value of PHP17.75 billion. Megawide's corresponding share in the Joint Venture will be reflected in the Company's infrastructure order book. At the same time, this will facilitate the Company's diversification into rail systems, which will include underground railway technology.

Tokyu Construction Co., Ltd. is one of the established Japanese general contractors engaged in commercial, institutional, and residential buildings as well as civil engineering works for dams, bridges, and transportation systems. Likewise, Tobishima Corporation is one of Japan's leading general contractors, involved in large-scale civil engineering works for hydro-electric power plants, dams, and railroads, with onshore and offshore projects located in Brunei Darussalam, Indonesia, Pakistan, and Myanmar, among others.

On May 31, 2022, Megawide Construction Corporation's proposed bond issue of up to P4 billion has been assigned an issue credit rating of PRS Aa with a Stable Outlook by Philippine Rating Services Corporation (PhilRatings).

Obligations rated PRS Aa are of high quality and are subject to very low credit risk as the obligor's capacity to meet its financial commitment on the obligation is very strong. A Stable Outlook means the rating is likely to be maintained in the next 12 months.

PhilRatings said the assigned issue rating takes into consideration Megawide's solid experience in the construction industry, along with vertically integrated operations, that is seen to complement the government's infrastructure projects through the Public Private Partnership (PPP) and Build, Build, Build (BBB) programs. It also factored in the firm's notable expansion projects in recent years, with the aim of diversifying into less cyclical sources of revenues, albeit with challenged profitability due to the effects of the COVID-19 pandemic.

On June 27, 2022, the Regional Trial Court of Lapu-Lapu City, Branch 68, issued the Omnibus Order dated 14 June 2022 dismissing the criminal case against Directors and Officers of Megawide in their capacity as Directors of GMR MEGAWIDE Cebu Airport Corporation for the alleged violation of the Anti-Dummy Law.

The Omnibus Order explained, among others, that the dismissal of the Case was necessitated by the enactment of Republic Act. No. 11659 signed into law last 21 March 2022, which clearly excluded airport operations and maintenance from the definition of a public utility; thereby removing the applicability of the nationality restriction to GMCAC in operating the Mactan-Cebu International Airport ("MCIA").

Furthermore, the Omnibus Order stated that RA No. 11659 applies to the Megawide Respondents due to the retroactive effect of laws favorable to the accused.

Nonetheless, the Company has always maintained its compliance with all the applicable laws, rules, and regulations covering the Concession Agreement for MCIA, and the government's Public-Private Partnership program, since the project was officially awarded to the Megawide-GMR consortium in 2014.

In July 2022, Megawide has secured its eighth project with one of the country's fastest-growing and leading horizontal housing developers, PHirst Park Homes, Inc. (PPHI), located in General Trias, Cavite. The partnership is the second for the two companies in Cavite – the first one in Tanza in 2018 – and covers “supply and build” for 1,664 housing units, using precast materials. In total, it is building close to 13,000 units for PPHI in project sites across Luzon.

The contract will further expand Megawide's precast order book and strengthen its presence in the horizontal housing segment. For more efficiency and faster turnover, the Company is also set to build an onsite precast molding and concrete batching plant to manufacture precast housing components for the project.

In August 23, 2022, Megawide listed a total of Php4.0 billion fixed-rate bonds (inclusive of the Php1.0 billion oversubscription option) at the Philippine Dealing and Exchange Corp. (PDEX).

The issue received total tenders of Php6.71 billion and was 2.24x oversubscribed from the P3.0 billion base amount during the offer period, which ran from July 28, 2022 to August 05, 2022. The net proceeds of the fixed-rate bonds shall be used by Megawide primarily to refinance its short-term debts, fund its capital expenditures and other general corporate requirements.

RCBC Capital Corp. and SB Capital Investment Corp. were the Joint Issue Managers, Joint Lead Underwriters and Bookrunners for the exercise, with RCBC – Trust and Investment Group acting as Trustee and Security Bank Corporation as Market Maker.

On September 02, 2022, Megawide and GMR Airports International BV (GAIBV) executed a Share Subscription and Transfer Agreement with Aboitiz InfraCapital, Inc. (AIC), for AIC to acquire shares in GMR-Megawide Cebu Airport Corporation (GMCAC), the developer and operator of the award-winning Mactan Cebu International Airport (MCIA).

The joint-venture partners for the 25-year Concession Agreement to develop, operate, and maintain MCIA – Megawide and GAIBV – agreed to sell down their existing stakes in GMCAC to accommodate the entry of AIC. The agreement involves GMCAC's issuance of primary shares and the transfer of secondary shares from Megawide and GAIBV to AIC amounting to P9.5 billion, which will result in the latter owning 33 & 1/3 percent minus 1 share stake in GMCAC.

Simultaneously with the above, the transaction likewise involves the issuance by Megawide and GAIBV of Exchangeable Notes for the aggregate amount of P15.5 billion (Notes). The Notes will mature on 30 October 2024, and will be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock.

On December 16, 2022, Megawide, together with GMR Airports International B.V. (GAIBV), has closed the deal with Aboitiz InfraCapital Inc. (AIC) wherein AIC acquired GAIBV and Megawide's shares in GMR Megawide Cebu Airport Corp. (GMCAC), the airport operator, for an initial P9.5 billion covering 33 & 1/3 percent minus one share in GMCAC.

Under the deal, Megawide and GAIBV will then issue P15.5-billion worth of exchangeable notes to AIC. When the notes mature in 2024, AIC is expected to trade these for the remaining 66.6 percent plus one stake in GMCAC.

Megawide likewise emerged as winners in FinanceAsia's Asia's Best Managed Companies Poll 2022 for the following categories: Most Effective in Creating and Implementing Diversity & Inclusion Policies over the Past 12 months (Philippines) and Best Industrials across the Region. The Company's Chief Investor Relations Officer, Ms. Joan Cosico, was also voted as the 2022 IR Magazine Awards, South East Asia, Best Investor Relations Officer Award (Small Cap), while the Company's "2021 Annual and Sustainability Report: Relentless" was among the finalists in the Best Annual Report category. Other awards included the Philippine Quill Awards under Communication Skills Division for Megawide's "2019 Annual and Sustainability Report: All-In for a First-World Philippines", Publications Category and "KaMegawide: Kasama at Kaisa sa Pag-Unlad ng Bansa" in the Social Media Category. The Company was also recognized in the Philippine Excellence in Concrete Construction Awards for its Plumeria Project.

## **2023**

In 2023, Megawide started to pursue a renewed direction towards cycle-resiliency and progressive infrastructure development, following its divestment in its airport asset Mactan Cebu International Airport (MCIA).

In February, Megawide signed a shareholders' agreement with partner operator - Evolution Data Centers, Inc. (EDC) for the construction and operations of a 69MW carrier-neutral data center in Silang, Cavite. Phase 1 will involve the initial 23MW, with a 24-36-month completion, and full capacity to be completed within a 5-year scale-up development timetable.

In the EPC segment, progress continued on the MCRP Phase 1 construction while initial groundworks were commenced at the Metro Manila Subway Project along the Ortigas District. Meanwhile, Suncity's Westside City Resort Complex's development is on track and will remain a contributor to the EPC segment's revenue stream.

The Pre-Cast and Construction Solutions (PCS) Unit also sustained its capacity utilization build-up, both from internal and external clients. Internally, the unit has an outstanding package for CP-104 of the Metro Manila Subway System worth Php923mn. External order book continue to increase with three (3) new supply-and-build contracts bagged with residential developer PHirst Park Homes, Inc. (PPHI) located in Naic, Cavite; Baliuag, Bulacan; and Tayabas, Quezon. This brings the Company's partnership with PPHI to close to 19,000 units across 11 locations nationwide. In the infrastructure space, PCS also secured a Php1.0 billion contract from Leighton Asia to supply precast double tee slabs for the Candaba Viaduct expansion and a Php108 million deal for the MRT-7Line to boost its applicability for critical infrastructure projects to promote mobility and commerce. In its bid to expand into new segments, PCS also sealed a Php158 million contract with Vitro Data Center to establish foothold in the fast-growing digital infrastructure space.

Meanwhile, the country's first landport continued to experience significant foot traffic, reaching a record of 200,000 during the peak of Holidays in December 2023 and averaging 117,000/daily by end of the year. The retail segment continued to be robust, with average spending per passenger (SPP) reaching P39.8/pax from less than P30/pax the previous year. The office segment also continued to attract more traditional tenants to fill up leasable spaces and comprised 57% of signed up tenants as of end-2023.

In July 2023, the Company purchased 100% stake in PH1 World Developers (PH1) from Citicore Holdings Investment Inc., (CHII) for Php5.2 BN. The acquisition of PH1 completes the vertical integration of Megawide’s existing EPC and PCS capabilities with property development to harness synergies and is a natural progression for engineering and construction to higher-value added business offered and opportunities unlocked through PH1.

Newly-acquired PH1 officially launched two (2) new residential projects during the year – Modan Lofts Ortigas Hills in Taytay, Rizal and Northscapes in San Jose del Monte, Bulacan valued at approximately P11 billion. Existing projects My Enso Lofts continue to post strong sales, with take up at more than 70% and construction progressing as planned, and The Hive’s Tower D reaching 100% completion.

The Company also won big in Finance Asia Best Managed Companies’ 2023 Poll, garnering the Gold for Best Managed Company and Best Consumer Cyclical and securing Silver for Best CEO, Mr. Edgar Saavedra. PH1 also received various recognition, among these are the: Real Estate Innovation of the Year – My Enso Lofts (Lamudi), Best Housing Development and Best Green Development, Northscapes SJDM (Carousell Property Awards), and Top Global Brand Real Estate Developer (Brand Asia).

### Subsidiaries and Affiliates

As of date, the effective ownership percentage of Megawide in each subsidiary or affiliate is as follows:

	2023	2022	2021
<b>Subsidiaries:</b>			
PH1 World Developers, Inc.	100%	-	-
PH1 World Landscapes Inc.	100%	-	-
Famtech Properties, Inc.	49%	-	-
Megawatt Power, Inc. (formerly, Megawatt Clean Energy, Inc.)	70%	70%	70%
Globemercants, Inc.*	-	-	50%
Megawide Land, Inc.	100%	100%	100%
Megawide Cold Logistics, Inc.	60%	60%	60%
Megawide Construction (BVI) Corporation	100%	100%	100%
Megawide Construction DMCC	100%	100%	100%
Megawide Infrastructure DMCC	100%	100%	100%
MWM Terminals, Inc.	100%	100%	100%
Megawide Terminals, Inc.	100%	100%	100%
Megawide International Limited	100%	100%	100%
Megawide Construction (Singapore) Pte. Ltd.	100%	100%	100%
Cebu2World Development, Inc.	100%	100%	100%
Wide-Horizons, Inc.	100%	100%	100%
Tiger Legend Holdings Limited	100%	100%	100%
Megawide OneMobility Corporation	80%	80%	-
Tunnel Prefab Corporation	90%	90%	-
<i>Accounted for as Asset Acquisition –</i>			
Altria East Land, Inc.	100%	100%	100%
<b>Associates:</b>			
Megawide World Citi Consortium, Inc.	51%	51%	51%
Citicore Megawide Consortium, Inc.	10%	10%	10%
GMR Megawide Cebu Airport Corporation	33%	33%	60%
Evolution Data Centres Philippines, Inc.	49%	-	-

<b>Joint Operations:</b>			
Megawide GISPL Construction Joint Venture	50%	50%	50%
Megawide GMR Construction Joint Venture, Inc.	50%	50%	50%
HDEC- Megawide-Dongah JV	35%	35%	35%
Tokyu-Tobishima-Megawide Joint Venture	30%	-	-
<b>Joint Ventures:</b>			
Mactan Travel Retail Group Corp.	-	-	25%
Select Service Partners Philippines Corp.	-	-	25%

\*No longer subsidiaries of the Group in 2023 and 2022

### **PH1 World Developers, Inc.**

On July 12, 2023, the Parent Company and Citicore executed a Share Purchase Agreement (SPA) for the Parent Company to acquire 100% of the outstanding capital stock of PH1 from Citicore. The fulfilment of the conditions precedent under the SPA such as the transfer of 579,457,844 common shares from Citicore to the Parent Company, and the payment by the Parent Company to Citicore for the purchase price of P5,200.0 million were fulfilled on July 27, 2023 that resulted in the closing of the transaction.

PH1 is a stock corporation organized under the laws of the Philippines. The Company was registered with the SEC on February 6, 2009 primarily to engage in the business of buying, selling, leasing, developing and managing real estate properties. The registered office address of PH1 which is also its principal place of business, is located at No. 20 N. Domingo Street, Brgy. Valencia, Quezon City.

PH1 has a wholly owned subsidiary, PH1-WL. PH1-WL, which was registered on September 16, 2022, is engaged in real estate business. Its registered office is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City, Second District, National Capital Region (NCR) 1112.

PH1 also has a 49% ownership in Famtech, a company incorporated in the Philippines and was established to engage in real estate development. Famtech is consolidated in the Group's financial statements as the management considers that the Group has de facto control over Famtech even though it effectively holds less than 50% ownership interest [see Note 3.1(h)]. The registered office of Famtech is located at 5th Floor Pro-Friends Center, 55 Tinio Street, Brgy. Additional Hills, Mandaluyong City.

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

MCEI was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. As of December 31, 2023, MCEI has not yet started operations.

### **Globemercants, Inc.**

GMI was incorporated in the Philippines in 2016 and is primarily engaged in general merchandise operations. GMI's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City. GMI started its commercial operations in March 2017.

Prior to its sale in 2022, GMI was 50% owned by the Parent Company and is consolidated in the Group's financial statements as the management considers that the Group has de facto control over GMI even though it effectively holds 50% ownership interest.

In December 2022, the Parent Company sold its ownership interest with GMI to GMCAC.

#### ***Megawide Land, Inc.***

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has not commenced its operations as of December 31, 2023.

MLI has a 60% ownership interest in MCLI, a company incorporated in the Philippines and was established to engage in cold and dry storage business. The registered office address of MCLI, which is also its principal place of business, is located at No. 20 N. Domingo Street, Brgy. Valencia, Quezon City.

#### ***Megawide Construction (BVI) Corporation***

On June 20, 2017, the Parent Company acquired 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. MCBVI's 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. In 2018, MCBVI commenced business operations.

MCBVI has wholly owned subsidiaries, DMCC and MW Infrastructure. DMCC, which was registered on December 10, 2017, is involved in infrastructure works. Its registered office is located at Unit 4401-05, Mazaya Business Avenue BB2, Jumeriah Lake Towers, Dubai UAE. MW Infrastructure was registered on September 30, 2020 as a turnkey project contracting and project development consultant. Its registered office is located at Unit 4501-009 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE. DMCC and MW have not commenced operations as of December 31, 2023.

#### ***MWM Terminals, Inc.***

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and MTI, both exercising joint control to direct the relevant activities of MWMTI. The joint venture undertakes the development and implementation of the Parañaque Integrated Terminal Exchange (PITX) Project granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTr. In November 2018, MWMTI commenced commercial operations.

#### ***Megawide Terminals, Inc.***

On August 9, 2018, the Parent Company acquired 344.5 million shares or 100% ownership interest in MTI from existing shareholders of MTI for P344.1 million. MTI owns 49% interest over MWMTI.

MTI is an entity incorporated and registered on November 11, 2011 to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services. MTI's registered address and principal place of business is at 20 N. Domingo St. Brgy. Valencia, Quezon City.

***Megawide International Limited***

MIL, whose registered office is at Marcy Building, 2<sup>nd</sup> Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on

July 26, 2019. MIL has a 100% owned subsidiary, MC-SG, which was registered on March 1, 2019 as a general building engineering design and consultancy services. Its registered office is located at 8 Cross St. #24-03/04 Manulife Tower Singapore. MIL has not commenced operations as of December 31, 2023.

***Cebu2World Development, Inc.***

CDI, whose registered office is at Unit 1504 Ayala Life FGU Center Cebu, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City, was incorporated on November 3, 2020 to deal, engage, or otherwise acquire an interest in land or real estate business, without engaging in real estate investment trust.

***Wide-Horizons, Inc.***

WHI, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City., was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description. As of December 31, 2023, WHI has not yet started commercial operations.

***Tiger Legend Holdings Limited***

Tiger Legends was incorporated on October 16, 2020 to primarily engage in buying and holding shares of other companies. Tiger Legend's registered address is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. TLH has not commenced operations as of December 31, 2023.

***Megawide OneMobility Corporation***

MOMC, whose registered address is at 20 N. Domingo Street, Brgy. Valencia, Quezon City, was incorporated in the Philippines and registered with SEC on March 11, 2015 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.

In 2022, the Parent Company subscribed to primary shares of MOMC equivalent to 80% ownership interest for a total consideration of P2.4 million. As of the acquisition date, MOMC has net liabilities of P13.8 million. MOMC has not yet started commercial operations as of December 31, 2023.



### ***Tunnel Prefab Corporation***

TPC, whose registered office is at No. 4 Velasquez Street, Sitio Bangiad, Barangay San Juan, 1920, Taytay, Rizal, was incorporated on August 31, 2022 to engage in the business of producing, manufacturing, fabricating, construction, procuring, furnishing, purchasing and/or selling precast concrete materials, items, and systems, formworks materials and systems, construction equipment, and other construction and building supplies for tunnels, highways, horizontal and vertical developments, infrastructure works, and any other construction projects. It will supply the precast requirements of CP-104 package of the Metro Manila Subway System . TPC has not yet started commercial operations as of December 31, 2023.

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

Altria was incorporated on April 16, 2010 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

The Parent Company's acquisition of Altria is accounted for as an asset acquisition since it does not constitute an acquisition of business.

### ***Megawide World Citi Consortium, Inc.***

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily established to undertake and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the Modernization of the Philippine Orthopedic Center (MPOC) Project. MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City.

Significant assets of MWCCI pertain to its receivables from the Department of Health (DOH) from the Build-Operate-Transfer Agreement. MWCCI has undertaken measures to recover compensation costs from DOH. However, based on management's assessment as of December 31, 2022, there is no reasonable expectation of recovery of costs incurred relative to the MPOC Project. Accordingly, the Group has wrote off its investment in MWCCI in 2022.

The Group's investments in MWCCI are accounted for as investments in associates despite the percentage of the Parent Company's ownership interest over these entities.

### ***Citicore Megawide Consortium, Inc.***

CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Group's investments in CMCI are accounted for as investments in associates despite the percentage of the Parent Company's ownership interest over these entities.

### ***GMR Megawide Cebu Airport Corporation***

GMCAC was incorporated in the Philippines and registered in the SEC in 2014. GMCAC's primary purpose is to construct, develop, operate and maintain the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014.

GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note 9) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL) or GMR, and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors).

GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

In 2022, the Parent Company sold a portion of its ownership interest in GMCAC that resulted in the loss of the Group's controlling interest in GMCAC. After the sale transaction, Group's ownership interest in GMCAC was reduced to 33.3% as of December 31, 2022. The remaining ownership interest in GMCAC is classified and presented as Non-current Asset Classified as Held for Sale in the consolidated statements of financial position.

### ***Evolution Data Centres Philippines, Inc.***

EDC, whose registered office is at Unit 53J, Shang Salcedo Place, H.V. dela Costa corner Tordesillas Sts., Salcedo Village, Makati, was incorporated on December 9, 2021 to perform and provide computer programming and consultancy services and engage in the creation and development of technological services. As of December 31, 2023, the Parent Company has 49% ownership interest in EDC. EDC has not yet started commercial operations as of December 31, 2023.

### ***Megawide GISPL Construction Joint Venture***

MGCJV is an unincorporated joint venture formed in 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide construction of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group. MGCJV began to operate in 2015.

### ***Megawide GMR Construction Joint Venture, Inc.***

MGCJVI is an incorporated joint arrangement formed in January 2018 by the Parent Company owning 50% interest and GISPL with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GISPL both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Airport project. MGCJVI began to operate in 2018.

### ***HDEC- Megawide-Dongah JV***

HMDJV is an unincorporated joint venture formed on October 27, 2020, by the Parent Company owning 35% and Hyundai Engineering & Construction Co., Ltd. and Dong-ah Geological Engineering Company Ltd. Owning 57.5%, and 7.5% interest, respectively, and exercising joint control. HMDJV was established to provide construction works for the civil structures, viaducts, bridges, and stations of Malolos-Clark Railway Project. HMDJV began to operate in 2021.

### ***Tokyu-Tobishima-Megawide Joint Venture***

TTM-JV is an unincorporated joint venture formed on May 31, 2022, by the Company owning 30% and Tokyu Construction Co., Ltd. and Tobishima Corporation owning 40%, and 30% interest, respectively, and exercising joint control over the assets and liabilities of the arrangement. TTM-JV was established to provide construction works of the Two Underground Stations (Ortigas North and Ortigas South) and Tunnels of Metro Manila Subway Project. TTM-JV began to operate in 2023.

### ***Mactan Travel Retail Group Corp.***

MTRGC was incorporated and registered with the SEC on March 21, 2018 to develop, set-up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu International Airport. It started operations in 2018.

### ***Select Service Partners Philippines Corp.***

SSPPC was incorporated and registered under the laws of the Republic of the Philippines with the SEC on March 13, 2018 to develop, set-up, operate, maintain and manage food and beverage outlets at specified locations in Terminal 1 and Terminal 2 of Mactan Cebu International Airport and the provision of related services thereto. It started operations in 2018.

### ***Parent Company and Other Affiliates***

#### ***Citicore Holdings Investment Inc.***

Citicore was incorporated on December 03, 2011 and operates primarily as a holding company, with ownership interests in Megawide at thirty-five and 41/100 percent (35.41%), MWCCI at thirty nine percent (39%), PH1 World Developers, Inc. at one hundred percent (100%), and CMCI at ninety percent (90%).

#### ***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 twenty-nine and 93/100 percent (29.93%) ownership interest in Megawide.

## ***Citicore Power Inc.***

CPI was incorporated on March 11, 2015 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.

### **Business Segments**

Megawide and its subsidiaries, affiliates, and operating businesses are recognized and managed separately according to the nature of the services provided, with a segment representing the Company's strategic business unit. The following are the Company's business segments:

### **Continuing Operations**

1. **Construction Operations** – principally refers to construction activities, such as construction works of residential, mix-used building, commercial, and infrastructure establishments, sale of construction materials, and rental of construction equipment.
2. **Landport Operations** – mainly relate to cost related to operation and maintenance of PITx as offset by the income stream from the lease of its concessionaire and commercial/office towers.
3. **Real Estate Development** – primarily involves buying, selling, leasing, developing, and managing real estate properties including but not limited to condominiums, house and lot, and commercial units, under the brand PH1 World Developers, Inc.

### **Discontinued Operations**

4. **Airport Operations** – mainly relates to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining MCIA, including its commercial assets and all allied businesses for the operation and maintenance of said airport facility.
5. **Airport Merchandising** – mainly includes sale of food and non-food items in the premises of MCIA.

The other aspects of the Company's business are the operations and financial control areas. These segments are also the basis of the Company in reporting to its executive committees to assist in its strategic decision-making activities. The transactions between segments are conducted at estimated market rates and on an arm's length basis.

The revenues and expenses that are directly attributable to a business segment, along with the relevant portions of the Company's revenues and expenses that can be allocated to such business segment, are accordingly reflected as revenues and expenses of that business segment.

Additional significant information relating to each business segment are discussed below:

## ***Construction Segment***

### Customer and Project Selection

Megawide is frequently being invited to bid for major domestic low to high-rise building and even horizontal property development projects. The scope of work on these projects generally include design and engineering which 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, Megawide, while frequently invited to bid on projects, carefully selects which projects to participate in, based on the following criteria:

1. creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, standing with the Housing and Land Use Regulatory Board (HLURB), and credit record of major suppliers; and
2. liquidity of the project owner determined through financial ratios and financial performances for the past three (3) years.

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

1. size of the over-all development blueprint of the project and its implementation timetable on phases;
2. complexities and limitations of the structural design of the high-rise building project;
3. project location, accessibility of heavy construction equipment, and proximity to clusters of on-going project sites;
4. logistics difficulties and limitations;
5. procurement of necessary permits; and
6. profitability.

Megawide negotiates the final construction price with the project owner. Upon being awarded the project, Megawide shall commence within seven (7) days from the latest upon receipt of the following:

1. issuance of the Notice to Proceed;
2. execution of the Construction Agreement/Contract;
3. release of the building permit;
4. completion of the construction drawings; or
5. full release of the downpayment.

Moreover, the Company prepares a project execution plan (PEP) per project. PEP is the governing document that establishes the means to execute, monitor and control projects. The plan serves as the main communication vehicle to ensure that everyone is aware and knowledgeable of project objectives and how they will be accomplished.

PEP is prepared after the project has secured a Contract Agreement or Notice of Award, whichever is applicable. It is outlined based on the following:

1. Construction Methodology – this includes the methods to be used and followed on the ff:
  - Actual site condition
  - Temporary facility plan

- Traffic Management plan
- Constructability Method
  - Structural elements
  - Architectural elements
- Construction sequence
- Zoning
- Cycle sequence
- Soil protection
- Dewatering system
- Formworks system
- Fall Protection
- Construction Vertical Equipment plan
- Material Data List

## 2. Project Schedule Preparation

The activity is to develop the program/ schedule in terms of the execution of the works of the project. Based on the Project Schedule documents which is part of Bid Documents, the latter should be further detailed out to be able to plan the execution effectively.

## 3. Project Quality Plan

The activity is to develop the Project Quality Plan for the project, where the Contractor and the CM/Client should closely collaborate in coming up a Quality Standards, Policies & Procedures particularly work inspection process flow, material inspection process flow, punchlist and hand-over process, sequence and inspection of works, structural inspection test plan, among others.

## 4. Project HSSE Plan

The activity is the development of the Project Health, Safety, Environment & Security standards & protocols in collaboration with CM/Client . It also includes the compliances of the following government agencies such as DOLE-OHS, DENR-EMB, DOH, PNP-SOSIA, and ISO wherein the Project Head & Project HSSE Head should be coordinating (if required) on every agency at this point.

## 5. Project Procurement Plan

The activity is to develop all the procurement tools & documents needed for the entire projects. Base on the Budget (BCB) done in the Bid Preparations , the project head should prepare all proposed Vendors (subcons & suppliers) ; develop the items into Packages to be procured with responsibility matrix; develop the approval matrix of Materials & Services that needs to be coordinated to Client , then present to Top Mgt as part of the PEP in the PPR mtg.

## 6. Project HR Plan (PHP) Preparation

The PHP includes all resource plans that will help project execute the People Management Framework, especially on the identification of the manpower required to execute the project including manpower loading schedule. It also identifies the job description and deliverables for each position including the performance management system.

7. Project Risk Register

This includes the (1) identification of project risks, including potential threats and opportunities, (2) Risk assessment, analysis, and prioritization; and (3) Risk response strategies and contingency plans to mitigate or exploit identified risks.

8. Project Stakeholder Register

This includes the (1) identification of key stakeholders that may impact and/or influence the project; and (2) Engagement plan strategies to manage the key stakeholders.

9. Project Financial Plan (PFP) Preparation

This activity covers the set-up of Project Accounting Policies and Procedures manual, Financial Reporting templates and set up of financial system (ie. SAP or any other system). It also includes Projected P&L and Cash Flow report based on the duration of the project.

10. Project Warehouse Plan

This plan includes (1) Developing a Drawing of Site Devt Plan showing location for Warehouse, Warehouse layout drawing, Storage areas for space-consuming materials like Rebar, Precast and FW yard, Receiving and Unloading Areas, Dispatching Areas, Owner Supplied Storage Area, Subcon Materials; (2) Developing warehouse shelving and/or racking design to utilize space, increase storage capacity and improve inventory management. This shall also allow efficiency and minimize traffic on the flow of goods in the warehouse; (3) Defining all Equipment and Tools needed for handling and moving inventory inside and outside the whse, including the use of forklifts, hand trucks, and other equipment , from receiving, storing, dispatching and counting of inventories.

Warehouse planning outlines the steps and guidelines for organizing, storing, and managing inventory in a warehouse. The main goal of this policy is to ensure efficient, safe, secured and cost-effective warehouse operations.

11. Project Communication Plan

This defines the communication protocol should be defined which include the different required Meetings which shall include the attendees, schedule in calendar and the agendas.

## **Procurement**

Procurement process shall ensure that goods, works, and services acquired by Megawide are obtained in a timely manner, at the most competitive price and are of the required quality and quantity. This includes:

1. Request For Quotation (RFQ) Preparation and Solicitation

The preparation of the RFQ documents should include the ff:

- ~ Drawing Plans
- ~ Material Specifications
- ~ BoQ (Qty, Items & right format)
- ~ Letter of Invitations (with proper instructions and process described)

2. Submission & Opening of Bids of Vendors

Note that this is only applicable for Competitive Bidding Process only, which should be defined in the Work Package. The latter is suggested for big ticket items & highly specialized trade ie Curtain Walls, Electrical Work, Plumbing & Fire Pro Works.

3. Evaluation of Bids

This activity includes technical, financial and commercial evaluation of bids.

4. Negotiation and Award

This includes back and forth negotiation with the potential vendors until all the terms are agreed and ready for award.

For all vendors, Megawide also performs Vendor Accreditation Process to assess the technical and financial capabilities of the vendors.

Once the PEP is approved, Megawide immediately mobilizes the construction equipment, manpower, and materials needed for the project. Megawide secures the performance and surety bonds required in order to obtain the downpayment from the project owner, and contractor's all-risk insurance, and other necessary insurance policies and coverages. 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 based on an agreed timetable, adherence to the agreed material specifications and construction methodologies, 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 the MEPF and Architectural works for its projects.

During construction, quality control procedures are strictly followed. The Quality Control Department is responsible for quality assurance and quality control during production and construction. The said department is composed of highly-trained inspectors and personnel who conduct on-site inspections to assure compliance with such quality control procedures. As standard procedure, concrete samples are tested by specialized laboratories to ensure compliance with the specifications of the American Society for Testing and Materials (ASTM), American National Standards Institute (ANSI), and Construction Specifications Institute (CSI).

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. The project managers are responsible for accomplishing project objectives, developing the project schedules and managing the project team and budget.

Meanwhile, the Planning Department tracks the progress of the project (both physical and financial) through site inspections (checking the physical output- how many levels and agreed milestones were finished) and by conducting operations and management committee meetings (analyzing financial and nonfinancial targets and actual accomplishments).

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

1. Megawide submits a Notice of Turn-Over and Completion to the project owner;
2. Megawide and the project owner conduct a joint inspection and punch listing;
3. should there be no pending items for completion, the project owner issues a Certificate of Completion; and
4. 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 used, the equipment installed, and the workmanship on the project.



### Terms Granted to Customers

Bids for construction projects typically include the material specifications and the kinds of finish to be used on the projects. Deviations from the same are subject to variation orders. Consistent with industry practice, Megawide normally requires the following key terms of payment in its construction contracts:

1. a downpayment of fifteen percent (15%) to twenty percent (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;
2. monthly progress billing (or interim billings). Progress billings are subject to pro-rata recoupment of downpayments, and retention monies equivalent to ten percent (10%) of the billed amount, to be reduced to five percent (5%) upon fifty percent (50%) completion of the project; and
3. the balance of retention money is release upon issuance of Certificate of Completion (COCA). 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 the Company's credit risk policy, which requires the evaluation of the creditworthiness of the customer.

### Completed Projects

The notable projects that the Company has completed are:

1. **Worldwide Plaza** – An addition to the Uptown Bonifacio complex is this commercial and office building developed by Megaworld Corporation. This 24-storey building with a 3-level basement parking which will stand at a 7,800 square meter lot with total floor area of 114,310 square meters.
2. **Double Dragon Tower** – An office building composed of 11-storeys with a basement parking. Its gross floor area is 61,859.05 square meters. Total lot area is 5,257 square meters.
3. **Newport Link** – A commercial project of Megaworld Corporation located in Newport, Pasay City, which is a 7-storey building, with a total floor area of 50,174.27 square meters.
4. **Urban Deca Tondo** – A mass housing contract with Fog Horn, Inc. which initially focused on Buildings 9,10,12, and 13. In 2016, Buildings 1 and 2 were added. These 6 buildings have a total combined lot area of 162,067.37 square meters. Ultimately, there will be 14 clusters of 13-storey buildings in the residential complex located in Tondo, Manila City. The project also includes a 2-storey commercial building located in the residential complex with floor area of 20,132.76 square meters.

5. **Urban Deca Homes Manila** – is a 13-Building Medium rise affordable housing project located at a 8.47-hectare complex in Tondo, Manila. The project has a total of 13,212 residential units catering growing families who want to stay near their current family homes and for those working in trade and commerce since it is situated near the port and business area of Manila.
6. **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.
7. **Albany Luxury Suites** – A residential project of Megaworld Corporation, located at Mckinley West, Fort Bonifacio, Taguig City, with total floor area of 41,847.48 square meters for 2 buildings, which are 15-storeys each.
8. **My Enso Tower (Timog) – Phase 1** – A mixed-use development that provides a customizable living experience by providing extra space for your needs, be living or storage space, and a smart and modern minimalist design concept, all located at the heart of Quezon City Central Business District.
9. **The Hive C&D, and Amenities** – is a 12-storey low density condominium with only 856 units in total, having only 18 condo units per floor, made of concrete glass and steel, boasts of a myriad of building amenities and features for the family looking to upgrade their current living spaces. Master-planned for space and landscaping, it is strategically located at the heart of Taytay Rizal.
10. **Clark Global City Phase 1 Project** – A modern, state-of-the-art, master planned mixed-use commercial and business center of excellence project by Global Gateway Corporation located at the Freeport Zone, Mabalacat, Pampanga. It covers an area of 177 hectares. Its future development includes mixed-use buildings, a hospital, a hotel, and a casino.

#### On-Going Projects

The following are the on-going projects of Megawide as of December 31, 2023:

1. **Urban Deca Ortigas** – A residential complex composed of 24 clusters of 13-storey buildings located at Ortigas Extension, Pasig City. This project is a continuation of previously completed building 1-6. This ongoing project is comprised of the construction of buildings 7&8, and buildings 10&11.
2. **University Tower 5** – Owned by Prince Jun Development Corp., University Tower 5 is a 52-storey residential building located in Sampaloc, Manila City, with a total floor area of 56,871.14 square meters.
3. **International Finance Tower** – A 25-storey office building developed by Megaworld Corporation, with a gross construction floor area of 114,000 square meters, located in BGC, Taguig City. This project is set to be completed in the second quarter of 2024.
4. **Proposed 4-Storey Economic Residential Condominium (Plumera)** – The newest affordable project by Johndorf Ventures, strategically located at Basak, Lapu-lapu City. The project's size is 5 hectares and is composed of 20 buildings with around 4 to 10 floors each, for a total floor area of 98,338 square meters.

5. **Gentry Manor** – A residential project of Megaworld Corporation, located in South Beach District, Westside City, Parañaque City, whose 4 towers have a total floor area of 119,326.42 square meters.
6. **The CornerHouse Project** – A residential project of Emerald Rich Properties located at P. Guevarra Street, San Juan City, with total floor area of 16,020.79 square meters. The construction includes a 3-level basement, a 3-storey commercial area, and a roof deck.
7. **Urban Deca Cubao** – A residential project of 8890 Holdings located in Cubao, Quezon City, with total floor area of 115,000 square meters. The construction includes a 2 level basement, a 45-storey residential area, and a roof deck.
8. **Aglipay Sewage Treatment Plant** – an STP in Mandaluyong City, with a treatment capacity of 60 million liters per day (MLD) of wastewater and using the Moving Bed Biofilm Reactor (MBBR) process with Biological Nutrient Removal (BNR) technology. The construction of the STP is expected to be completed by 2024 and the sewer network by 2025.
9. **Cebu Carbon Market Redevelopment** – A public and commercial redevelopment project in Cebu City which includes the Sto Niño Chapel, Puso Village, interim market, and a multi-level parking.
10. **Coral Village** – A project with 1,200 residential units, with a floor area of 192 square meters per unit, or total CFA of 230,400 square meters in Coral Village, Lapu-Lapu City, Cebu by Johndorf Venture Corp. The project is expected to be completed in 5 years. Set to be completed in 2024.
11. **Suncity A** – Westside City Resorts World is a multi-billion project located at Bay Boulevard, Bagong Nayon Pilipino, Parañaque City, with a total building footprint of 113,628.15 square meters. Its facilities shall include 3 grand theaters, a shopping mall, and parking spaces.
12. **Suncity B** – A 5-star hotel and casino project with Suntrust Home Developers Inc, a subsidiary of Suncity Group Holdings Limited. The said project is located at the entertainment area of Parañaque City. The project is divided into 4 parts, as follows: Package 1- Substructure, Package 2- Superstructure, Supplementary Agreement, and Nominated Subcontractor (NSC).
13. **Ascott DD Meridian Park Manila** – A new addition to the Meridian Park of Double Dragon Properties Corp. which is a luxury residence developed in partnership with Ascott Singapore. It is composed of a 10-storey building with one (1) 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, EDSA Extension, Pasay City.
14. **Double Dragon Meridian Tower** - is the last phase of construction at DoubleDragon Meridian park at Pasay City, it is a 12-Storey mixed use building with 1 basement and a total of 39,409.38 m<sup>2</sup>, 112 parking lots, 1 PWD slot, 24 motorcycle slots and 1 loading. Lot area of 3,795.07 m<sup>2</sup> and with a building footprint of 3,139.13 m<sup>2</sup>. The total height of the building is 49.78 m and has a total depth of -4.70 m.

15. **Hotel 101** – Hotel 101, strategically located in Lot 3, Bridgetowne, Eulogio Rodriguez, Jr., Ave., Brgy. Ugong Norte, District 3, Quezon City, stands as a distinguished commercial establishment. Located on a 2,547 square meter prime titled commercial lot in the prestigious Bridgetowne District, this 24-story structure with Roof deck and Helipad showcases the hotel's facilities, including a gym, outdoor infinity pool, all-day dining, business center, and function rooms, all designed to meet the discerning needs of its valued guests. The construction of Hotel101-Libis Bridgetowne includes Site Works, Structural Works, Architectural Works, and MEPF Works. With 702 hotel units, 13 commercial units, and 283 parking slots, Hotel 101 exudes sophistication in every aspect of its design and functionality. As part of the esteemed Bridgetowne integrated township by Robinsons Land Corp., Hotel 101 promises to deliver top-notch facilities and services in the heart of the bustling metropolitan area.
16. **Landers Aseana** – is a single storey Commercial Building with 1 basement with a total CFA of 18,710.91 m<sup>2</sup>, 296 parking slots. Lot area of 15,064 m<sup>2</sup>. The total height of meter of 11.40 m. It has a total depth of -2.7m from NGL. Located at J.W. Diokno Blvd. Cor. Bradco Avenue Aseana City Parañaque City and has a development timetable of 12 months.
17. **One Lancaster Park** – is a foundational development in Imus, Cavite that will provide the future residents a sophisticated lifestyle that everyone deserves while living in a sub-urban province. The entire development, which comprises of 9 mid-rise towers and amenities within the 6.3-hectare land area, aims to bring forth a peaceful and convenient lifestyle.
18. **Clark Global City Myung Dang**– is a 177-hectare master-planned, mixed-use real estate investment opportunity allowing select investors to participate in the growth of a world-class city development within the Clark Freeport Zone.
19. **Modan Lofts Ortigas Hills (MLOH)** - Three (3) tower development with twenty-one (21) and twenty-two (22) storey with roof deck, a separate carpark building, amenity area and two (2) level retail at the entrance of the development area with an estimated construction floor area of 33,728.32sqm, located at Ortigas Extension Avenue, Barangay San Isidro Taytay Rizal, Philippines.
20. **Lumbangan Solar Power** – is a 125MWp solar PV power Project and currently owned by Citicore Solar Batangas 1, located at Lumbangan Tuy, Province of Batangas Philippines. The Area is about 106 Hectares. The solar PV Power s expected to start its operation by 2024
21. **CP-104 Manila Subway** – is the first ever subway project in Metro Manila that will connect North Caloocan or Meycauayan in Bulacan and Dasmariñas in Cavite through the National Capital Region. This is a project proposed by the Department of Transportation or DOTr. PHASE 1 the Contract Package 104, Two underground Station (Ortigas Station & Shaw Boulevard Station) and Tunnels (3.4km).
22. **Malolos-Clark Railway Project** – A 17-kilometer rail line that includes stations in Calumpit and Apalit, together with consortium partners Hyundai Engineering & Construction Co., Ltd. And Dong-ah Geological Engineering Company Ltd.

## 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. This is primarily due to the Company's 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.

### **Suntrust Home Developers, Inc. (Suntrust)**

Suntrust is a company engaged in real estate development, mass community housing, townhouses and rowhouses development, residential subdivision and other massive horizontal land development. It is a subsidiary of Suncity Group Holdings Limited (Suncity Group), a listed company on The Stock Exchange of Hong Kong Limited, which owns fifty-one percent (51%) of the outstanding capital stock of Suntrust. Suncity Group is principally engaged in property development in Guangdong and Anhui Provinces in the People's Republic of China; property leasing in Shenzhen in the People's Republic of China; provision of hotel and integrated resort general consultancy service in Vietnam; and provision of travel related products and services.

### **Travellers International Hotel Group, Inc.**

Travellers International Hotel Group, Inc. (the "Company") is a developer of integrated resorts in the Philippines. The Company was awarded one of the first licenses issued by the Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines.

### **Megaworld Corporation (Megaworld)**

Megaworld is one of the country's leading real estate developer, top BPO office developer, and one of the biggest landlords 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, and mixed-use developments such as Eastwood City in Libis, Quezon City; Newport City in Pasay City; McKinley Hill, Forbes Town Center, McKinley West, and Uptown Bonifacio, all in Fort Bonifacio; Woodside City in Pasig City; Iloilo Business Park in Mandurriao, Iloilo City; the Mactan Newtown in Lapu-Lapu City, Cebu; and the Davao Park District in Davao City.

### **8990 Holdings, Inc. (8990)**

8990 is the largest mass housing developer in the Philippines in terms of units licensed under Batasang Pambansa (B.P.) Blg. 220 from 2011 to 2013, according to HLURB. The company has been developing mass housing projects in high-growth areas across Luzon, Visayas, and Mindanao since 2003. 8990's "DECA Homes" and "Urban DECA Homes" 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.

## **Double Dragon Properties Corp. (DD)**

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 (1,000,000) square meters of leasable space by 2020 primarily through the rollout of one hundred (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 (2) major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.

## **PH1 World Developers**

PH1 World Developers is the real estate arm of Megawide that aims to disrupt property development conventions through innovation and engineering technology. PH1 aims to deliver extraordinary projects to every homeowner that will give them the experience of extra space, extra value, and extra convenience. PH1 is responsible for projects like The Hive, My Enso Lofts, MLOH, and One Lancaster Park.

## Competitors in the Industry

EEl Corporation (EEI) and D.M. Consunji, Inc. (DMCI) are the publicly-listed companies among Megawide's major competitors. Both have on-going residential condominium projects in Metro Manila. DMCI dominates domestic infrastructure, while EEI concentrates on heavy industry projects.

There are also other private companies which offer engineering, procurement, and construction (EPC) services as well as provide pre-cast products on a smaller scale that compete with Megawide's business, such as Makati Development Corp., DATEM, Inc., Frey-Fil Corporation, and Pre-cast Products Phils, Inc. among others.

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.

In the property development space, competitors include the likes of Avida Land, Alveo Land, DMCI Homes, Filinvest Land, Robinson's Land, among others.

## Competitive Strengths

Megawide believes that its principal strengths are the following:

### **1. Value Engineering Through Modern and Advanced Building Technologies**

- 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 Formworks in its on-going projects, purchased from German company, MEVA Schalungs-Systeme Gmbh. Formworks 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. Megawide’s Formwork are one hundred percent (100%) wood-free, all plastic facing. These are nailable like plywood but are able to 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 Formworks in its existing projects:
  - Slab Formworks
  - Wall Formworks
  - Column Formworks
  - Circular Formworks
  - Climbing Formworks
- Megawide also uses a Pre-Cast Concrete System purchased from Finnish company, Elematic. The European Pre-Cast Concrete System which Megawide employs in its current projects, has the inherent advantages of:
  - reducing cost;
  - shortening the construction period;
  - improving quality;
  - increasing project volume; and
  - being environmentally 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, early stripping, 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 and 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, Toilets, Parapets, Wheel Guards	<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>
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- Megawide’s sixteen (16)-hectare industrial complex in Taytay houses its eight (8)-hectare automated pre-cast concrete manufacturing plant, which 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 environmentally friendly and allows Megawide to reduce construction costs, shorten the construction period, improve the overall quality of the work, and increase project volume.
- The Megawide corporate building 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 United States 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 positioned as a construction company that has a manufacturing component through the use of a state-of-the-art pre-cast production facility and wide downstream integration such as a modern concrete batching plant, advanced formworks, and has its own fleet of vertical, earth-moving and construction equipment. Moreover, to ensure a sustainable business growth and to 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, and 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 strengthened its organizational structure to be more technical, flexible, and proactive in adapting to clients’ requirements and market changes. It has a diverse work force of young, dynamic, committed, and highly effective personnel, including experienced and well-trained professionals. It also has a disciplined and responsible management team that has effectively surpassed challenging business situations. Moreover, expatriates of different expertise are employed to help Megawide deliver quality service to its clients.



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

Megawide has a strong balance sheet that can support fund raising for its projects at very competitive costs.

**6. AAAA and Large B Contractor's License**

Megawide has an AAAA Contractor's License from the Philippine Contractors Association Board (PCAB). This is the highest classification and category for a construction company, which qualifies Megawide to bid for private projects with no limits on contract value. Likewise, Megawide obtained a Large B classification for government registration which allows 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

Construction

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 a limited number of suppliers for raw materials and none of its major suppliers are its Affiliates. Suppliers usually give Megawide a 30-120 day payment period. In order to mitigate the risk of price volatility in raw materials for its projects, Megawide, upon contract award, immediately locks-in major materials such as steel and concrete for the entire project. All purchases are done centrally, at Megawide's head office procurement department, for all the requirements of its project sites.

Airport

The airport segment has minimal purchases, consisting of materials and labor related purchases, to maintain the airport facility, janitorial services, security services, professional and consultancy services, and some utility services which include internet, power and utilities. A purchase with a total value of ₱20,000.00 or more shall require a minimum of 3 (three) comparative quotes (not older than 6 (six) months). Quotations should indicate the vendor's name and should be attached at all times upon purchase order creation. In cases where the required number of comparable quotes cannot be observed, a written justification for the same has to be expressly indicated in the purchase approval form. In concluding payment conditions and terms with vendors, the minimum payment term is 30 days. In unavoidable cases where vendors would require a downpayment, a maximum 40% downpayment is allowed. A security bond is required for downpayments above 10%.

## Landport

The terminal segment has minimal purchases, consisting of materials and labor related purchases, to maintain the terminal facility, janitorial services, security services, professional and consultancy services and some utility services, which include internet, power, and utilities.

When selecting its suppliers, it considers quality, pricing, technical experience (for consultants and professionals) and efficient delivery of materials. It also does not depend on a limited number of suppliers.

## Real Estate

The real estate segment is forwardly integrated with Megawide, being its parent company and sole general contractor. Moreover, the real estate segment engages outside services for property management, janitorial, security, professional and consultancy, and utility services such as internet and power. The selection of these services considers its track-record on quality, pricing, technical expertise, and efficiency.

## Quality Control and 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 has been issued Certificates of Registration for the following trademarks by the Intellectual Property Office (IPO):

1. for its typeface – dated May 9, 2019 and expiring on May 9, 2029;

**MEGAWIDE**

2. for its logo – dated October 13, 2019 and expiring on October 13, 2029;



3. for its logo with typeface – dated October 13, 2019 and expiring on October 13, 2029; and

 **MEGAWIDE**

4. for its tagline “**Engineering A First-World Philippines**” – dated February 15, 2020 and expiring on February 15, 2030.
5. For its trademark “**Megawide Construction Corporation**” – dated October 31, 2022 and expiring on October 31, 2032.
6. For its trademark “**Megawide Corporation**” – dated October 31, 2022 and expiring on October 31, 2032.

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

#### Research and Development

Megawide is driven by its commitment to innovation, led by the Engineering department who is headed by seasoned Japanese engineers with wide range of construction experiences for more than 40 years. The Team is complemented by young and dynamic engineers, who continuously explore new inventions, best methodologies, safest building standards, and strictest quality assurance in the field of construction. The R&D Department is also constantly working with international consultants and leading general contractors for value engineering techniques to achieve the most cost-efficient building design and structures, adhere to strictest safety standards, and comply with global best practices - with the goal of offering the best value for money for customers.

#### Government Approvals 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 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. Megawide complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

Megawide complies with all local and national tax laws and regulations, and it shall continue to be so by diligently paying all taxes, including (but not limited to) income tax, withholding tax, real property tax, and such other taxes that are assessed against it and which Megawide understands to be due.

#### Employees

As of December 31, 2023, Megawide’s manpower complement is as follows:

<b>Division</b>	<b>Regular</b>	<b>Project Based*</b>	<b>Expatriates</b>	<b>Total</b>
Operations	975	1,943	2	2,920
Head Office	466	53	4	523
<b>Total</b>	<b>1,441</b>	<b>1,996</b>	<b>6</b>	<b>3,443</b>

*\*Includes fixed-term employees*

The relationship and cooperation between the management and staff remain strong and expected to be maintained in the future. There has not been any incidence of work stoppages. Megawide complies with the minimum wage and employment benefits standards pursuant to Philippine labor laws. 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 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 its performance.

Mr. Edgar B. Saavedra, *Chairman of the Board, CEO, and President*, and the other executives are the key decision makers of the Company. In relation to this, 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.

### ***Airport Operation Segment***

MCIA, the gateway to the Visayas and Southern Philippines, is the second (2<sup>nd</sup>) largest airport facility in the country with a consistently growing number of passengers annually. Under the CA with DOTr, GMCAC has delivered its second (2<sup>nd</sup>) terminal and rehabilitated the existing terminal to reduce congestion as well as meet the growing passenger traffic into Cebu. GMCAC has taken this capital extensive project to provide a world-class terminal airport with a welcoming ambiance and warm hospitality that is distinctly Filipino.

MCIA is no longer just a secondary airport. It is a viable choice that connects Cebu to the rest of the Philippines and to the world.

GMCAC envisions MCIA to become the friendliest gateway destination, treating passengers as guests the moment they set foot in the airport. GMCAC's brand image is firmly tied to Cebu's global reputation as a warm and friendly resort destination.

### **Terminal 1**

Upon turnover of MCIA's operations and management to GMCAC on November 01, 2014, which then has a combined rated capacity of four million five hundred thousand (4,500,000) passengers annually for both the domestic and international segments, the airport team has fast-tracked in-terminal developments to reduce congestion, improve ambiance, and enhance customer service.

To reduce congestion, GMCAC embarked on the installation of a passenger reconciliation system to immediately scan boarding passes, a first in any Philippines airport; installed self-service check-in kiosks; expandable check-in counters; new baggage handling system; installed four (4) x-ray machines at the final security check; new immigration counters; and swing gates or alternate gates for international or domestic boarding areas. These initiatives enabled Terminal 1 to accommodate as much as ten million (10,000,000) passengers annually prior to the construction of Terminal 2.

To improve the terminal's ambiance, there are now more retail and dining options from international and local brands; new seats were installed to offer comfort; and washrooms were expanded and refurbished to mirror those found in hotels.

To enhance customer service, there is now a premium lounge at the international departures; about one hundred (100) new flight information display monitors; more automated teller machines (ATMs); mobile charging stations; a water refilling station inside the boarding gates; fun and exciting in-terminal activities (like Sinulog, Valentine's Day, Summer Festival, Halloween, and Christmas); and the Cebu Connect Transfer Facility Desk, a transfer and early check-in facility that allows passengers with connecting flights to easily drop their baggage for check-in and have their boarding passes printed out. The said desk can process connecting passengers even as early as twelve (12) hours prior their onward connecting flight. Upon securing their boarding passes, they can leave the terminal and enjoy a short visit to nearby sites or taste the famous Cebu lechon.

The Company completed the renovation of Terminal 1 and the operations of the refurbished areas commenced on August 28, 2019, with the official inauguration held on January 2020. The gross retail area in Terminal 1 increased from four thousand three hundred sixty-seven (4,367) square meters to nine thousand seven hundred seventy-two (9,772) square meters.

## Terminal 2

The new world-class Passenger Terminal Building or MCIAT Terminal 2, specifically for the International Segment, opened in 2018, designed to accommodate higher passenger traffic, and drive a more robust tourism and business environment for the region. Terminal 2 will increase MCIAT's combined annual rated passenger capacity to twelve million seven hundred thousand (12,700,000). The new terminal, spanning sixty-five thousand five hundred (65,500) square meters, will not only lessen congestion but will also offer an exciting and wide-ranging retail environment.

Hong Kong-based Integrated Design Associates (IDA), which has previously worked on projects at Beijing Capital, Delhi-Indira Gandhi, and Hong Kong airports, forms part of MCIAT Terminal 2's design team. IDA worked in tandem with Budji Layug, Royal Pineda, and Kenneth Cobunpue – on the design, look and feel of the terminal's interior. Envisioned with a unique design that demonstrates the warmth and friendliness of the local culture, it is set to transform the local airport into a world-class facility and resort gateway that will welcome guests from almost anywhere in the world and the Philippines.

The most recognizable element of the terminal is the dynamic elegance of the external structure, featuring an array of glulam arches to serve as roof curvatures, which also define its geometry and modularity. The arches span every thirty (30) meters allowing Terminal 2 to be as column free as possible while the internal spaces are enclosed by a light and transparent glazed façade. Overall, the timber arches have become the main attraction and element in the creation of a dramatic interior, with sleek geometries and dynamic perspectives, symbolizing the waves of the beaches around Mactan and Cebu Islands.

A two (2)-level forecourt segregates both the arrivals and departures area that is fully integrated with the landside development. There are currently forty-eight (48) check-in counters expandable to seventy-two (72) as the need arises. It has provisions for seven (7) passenger boarding bridges, which can be expanded to twelve (12), serving both wide and narrow body aircrafts. It is also equipped with twelve (12) escalators and fifteen (15) elevators to facilitate smooth movement of passengers, especially for persons with disabilities.

A car parking facility will be constructed that can accommodate five hundred fifty (550) cars and expandable to seven hundred fifty (750) cars as necessary. There will also be an array of food and retail choices, including a future hotel, MICE, and strip mall development.

## Route Development

In recent years, active route development enabled GMCAC to attract new destinations and partner airlines that helped boost passenger throughput in the airport. Moving forward, new routes connecting Cebu to Europe, Australia, and other Southeast Asian countries will be worked out to further expand connectivity. Discussions and meetings with airport operators in Sweden, Australia, and Japan were held to market Cebu to showcase MCI A as an ideal gateway to the Philippines as well as Cebu as a preferred tourist destination.

As GMCAC continues to improve the connectivity of MCI A as an alternative gateway into the Philippines, we have added new international flights to Fuzhou via Xiamen Airlines, Chengdu via PAL, Chongqing via Sichuan Airlines, Kunming via Lucky Air, Kuala Lumpur via Air Asia, Shanghai via China Eastern and Juneyao Airlines and Xi'an via Okay Airways. Beijing and Bangkok flights via Philippine Airlines (PAL) have also commenced. GMCAC has also added seven (7) destinations to China which are directly accessible to and from MCI A. Even during the pandemic, Turkish Airlines and Emirates started their maiden flights that will provide the gateway to Europe and Middle East.

In 2019, MCI A has twenty four (24) international routes and thirty three (33) domestic routes via PAL, Air Asia, Cebu Pacific and Air Juan. GMCAC has increased MCI A's partner airline operators from eleven (11) at the time of GMCAC's take over in November 2014, to twenty-six (26) operators in 2019. Passenger volume reached twelve million seven hundred thousand (12,700,000) in 2019 comprising of eight million four hundred thousand (8,400,000) domestic passengers and four million three hundred thousand (4,300,000) international passengers. However, in 2020, due to travel restrictions, active flight routes and their weekly frequency have been limited. By the end of 2021, routes were lived to twelve (12). The passenger volume fell to a fraction of 2019 levels as the COVID-19 pandemic dampened travel and tourism. As of the end of 2021, MCI A has eight (8) international routes through Cathay Pacific, Emirates, Jeju Air, Jin Air, Tiger Airways and Qatar Airways, and nineteen (19) domestic routes via PAL, PAL Express, Air Asia, Cebu Pacific, CebGo and AirSwift. The following are the international and domestic routes available at MCI A:

<b>International Route Map</b>		
<b>Routes</b>		<b>Weekly Frequency</b>
DXB	Dubai	4
DOH	Doha	11
HKG	Hong Kong	4
ICN	Incheon	1
LAX	Los Angeles (inbound only)	2
NRT	Narita	1
SFO	San Francisco (inbound only)	1
SIN	Singapore	4

<b>Domestic Route Map</b>					
<b>Routes</b>		<b>Weekly Frequency</b>	<b>Routes</b>		<b>Weekly Frequency</b>
BCD	Bacolod	1	ENI	El Nido	2
BXU	Butuan	7	GES	General Santos	2
USU	Busuanga	4	ILO	Iloilo	1
CGY	Cagayan De Oro	7	MNL	Manila	70
CGM	Camiguin	2	OZC	Ozamis	5

MPH	Caticlan	5		PAG	Pagadian	6
CEB	Cebu	8		IAO	Siargao	7
CRK	Clark	3		TAC	Tacloban	7
DPL	Dipolog	3		ZAM	Zamboanga	1
DVO	Davao	6				

The airport segment remains positive that pre-pandemic levels will be restored as soon as travel restrictions are lifted.

#### Revenues, Services, and Rates

1. **Aeronautical revenue** – Aeronautical revenue is comprised of passenger service charges, tacking fees, parking fees, and lighting fees. Aeronautical revenues are recognized as revenue when the related airport services have been rendered, the rates for such fees are currently provided under Administrative Order (A.O.) No. 2, Series of 2011 and A.O. No. 3, as amended, series of 2018, issued by the Mactan Cebu International Airport Authority (MCIA Authority).
2. **Concession revenue** – Concession revenue is generated through terminal concessionaires, tenants, or airport service providers who pay monthly fees for using or accessing airport facilities to offer their goods and services to the general public and air traveling community. Payments are based on negotiated agreements with these parties, or are based on either a minimum monthly guarantee or on gross receipts. Concession revenue is recorded as it is earned. Some tenant agreements require self-reporting of concession operations and/or sales. The timing of concessionaire reporting and when revenue earned is recorded will determine when accruals are required for each tenant.
3. **Rental revenue** – Rental revenue is comprised of rental of check-in counter charged to airline companies and space rental charged to tenants. Rental from check-in counters is recognized when the related service has been rendered. Space rental is recognized on a straight-line basis over the lease term. Contingent revenue is recognized in the period in which the contingent event occurs.
4. **Commercial revenue** – Commercial revenue is comprised of advertising charges, car parking, and car rental revenues. Car parking revenue comprises time-based charges from the operation of car parking services. Car rental revenue comprises concession charges from car rental companies. Revenue is recognized when the related services are provided.

MCIA Authority controls the rates of fees, charges, and regulations on the usage or enjoyment of MCIA facilities, services, or properties outside of the project land as well as the activity within the airport, such as passenger service charges, parking fees, lightning charges, tacking fees, and miscellaneous fees and charges. It issued A.O. No. 3 in 2018 to provide guidance on the revised approved rates of fees. All other fees and charges not mentioned in the said A.O. but are within the project land shall be determined by GMCAC including the setting of regulations and any increase and/or amendments thereon.

#### Customers

Airport segment's largest revenue stream comes from passenger service charges or terminal fees which is now fully integrated (since September 2019) in the airfare. It also derives income from airline companies and concessionaires within the airport. The following are among the significant customers of GMCAC:

1. **Cebu Pacific Air**

Cebu Pacific Air entered the aviation industry in March 1996 and pioneered the “low fare, great value” strategy. They have since then flown over one hundred fifty million (150,000,000) passengers and counting. It is the largest carrier in the Philippine air transport industry, offering low cost-services to more destinations and routes with higher flight frequency in the Philippines than any other airlines. It currently offers flights to thirty-seven (37) local and twenty-six (26) international destinations, spanning Asia, Australia, the Middle East, and USA.

2. **Philippine Airlines Inc. (PAL)**

Headquartered at the PNB Financial Center in Pasay City, the PAL was founded in 1941 and is the first and oldest commercial airline in Asia. PAL serves thirty-one (31) destinations in the Philippines and fifty-four (54) overseas destinations in Southeast Asia, East Asia, Middle East, Oceania, North America, and Europe. PAL operates a mixed fleet of airbus and Boeing aircrafts.

3. **Air Asia-Zest Airways, Inc.**

Zest Airways, Inc. operated as Air Asia Zest (formerly Asian Spirit and Zest Air), was a low-cost airline based at the Ninoy Aquino International Airport in Pasay City, Philippines. It operated and scheduled domestic and international tourist services, mainly feeder services linking Manila and Cebu with twenty-four (24) domestic destinations in support of the trunk route operations of other airlines.

4. **Jin Air Co., Ltd. (Jin Air)**

Jin Air is a South Korean low-cost airline and is the only widebody LCC operator in Korea. It began operations in July 2008 with routes to regional destinations in South Korea. In 2017, it was the third (3<sup>rd</sup>) and last company to join the Korea Exchange by way of IPO. It operates flights to six (6) domestic cities and twenty-six (26) international destinations.

5. **Jeju Air Co., Ltd. (Jeju Air)**

Jeju Air, named after the Jeju Island, is the first and largest South Korean low-cost airline. It offers domestic services between several cities in South Korea, as well as between Seoul and international destinations including Japan, China, Russia, the Mariana Islands, and various Southeast Asian countries. It is also a founding member of Value Alliance.

6. **SSP-Mactan Cebu Corporation**

Select Service Partner (SSP), a renowned UK Food Traveler expert with businesses in over thirty (30) countries in the last fifty-seven (57) years, made its way into Philippines under a joint partnership with a local company. With over fifty (50) years’ experience in the travel market, SSP has a presence in over thirty (30) countries and have over four hundred fifty (450) brands in its portfolio. It has the capability to deliver world-class food and beverage outlet programs based on the highest levels of customer service, quality of food, and environment.



SSP was named as master concessionaire at MCI in 2018, with the group unveiling plans to launch twenty-seven (27) food and beverage units at the airport. The first (1<sup>st</sup>) phase of its plans began last July, which saw the opening of seven (7) outlets – The Coffee Bean & Tea Leaf, Ritazza, Burger King, Bon Chon, Cabin Bar, Camden Food Co., and Nippon Ramen.

## 7. **Duty Free Philippines Corp. (DFPC)**

In 2009, DFP was reorganized into DFPC with the signing of the Tourism Act of 2009 (R.A. No. 9593). As a government corporation, DFPC is tasked to operate the duty-and tax-free merchandising system in the Philippines to augment the service facilities for tourists and to generate foreign exchange and revenue for the government as mandated by Executive Order (E.O.) No. 46.

All customers (airlines, ground handlers, concessionaires, bank, etc.) are given a credit term of thirty (30) days from the date of the receipt of billings.

### Suppliers

The airport segment has minimal purchases, consisting of materials and labor related purchases, to maintain the airport facility, janitorial services, security services, professional and consultancy services, and some utility services which include internet, power and utilities.

A purchase with a total value of Twenty Thousand Pesos (PhP 20,000.00) or more shall require a minimum of three (3) comparative quotes (not older than six [6] months). The quotations should indicate the vendor's name and should be attached at all times upon purchase order creation. In cases where the required number of comparable quotes cannot be observed, a written justification for the same has to be expressly indicated in the purchase approval form. In concluding payment conditions and terms with vendors, the minimum payment term is thirty (30) days. In unavoidable cases where vendors would require a downpayment, a maximum forty percent (40%) downpayment is allowed. A security bond is required for downpayments above ten percent (10%).

### ***Terminal Operations Segment***

Dubbed as the Philippines' "first landport", PITx is a four and 5/10 (4.5) hectare development, which houses the transport terminal, commercial spaces, and office buildings under a single roof. With a rated capacity of one hundred thousand (100,000) passengers daily, PITx offers seamless connections to and from the Southwest portion of Metro Manila, via multiple modes of transportation, from provincial to in-city buses, taxis, jeepneys and UV Express shuttles.

PITx is a flagship project under the government's Build, Build, Build infrastructure program with the following competitive strengths:

#### 1. **State-of-the-Art Facilities**

PITx has the look and feel of an airport, but instead of planes, the terminal is designed as a land transport, for buses, jeepneys, and UV express shuttles. The terminal houses an information center, bus ticketing counters, and bus boarding gates. At the counters, commuters can easily choose their preferred bus trips and seats from the terminal to any point in Metro Manila, Cavite, and Batangas. QR code-capable turnstiles are also installed at the boarding gate.

The terminal also includes an all-gender restroom and pay loungers that have shower rooms. There is also a breastfeeding station for mothers to use. For those who want moment of silences to pray, a prayer room is located at the third floor.

## 2. **Safe, Convenient, and Secure**

MWMTI aims to provide safe, secure, and convenient travel to the passengers of PITx. Its operations are twenty (24)/seven (7), with closed-circuit television cameras (CCTV) all-around, and free wi-fi at every floor. The CCTVs and sensors are also installed at the bus bays to monitor whether the trips are on schedule or not.

It is through continuous partnerships with various entities (government and non-government) that MWMTI is able to provide in PITx more services to the public, including satellite offices of a government agencies.

## 3. **Availability of Different Modes of Transport**

PITx's bus stands have ten (10) gates and fifty-nine (59) bays. Aside from the bus bays taking center stage, the terminal also has loading and unloading bays for UV Express shuttles, and public utility jeepney bays. Moreover, premium point-to-point bus operations, such as UBE Express, are offering rides from PITx to the Ninoy Aquino International Airport terminals. At the fourth (4<sup>th</sup>) floor of the terminal, there are eight hundred fifty-two (852) parking spaces for different vehicles and motorists. It also has the capacity to implement the proposed link to the LRT Line 1 Cavite extension and spur line of the Metro Manila Subway Line 9.

## 4. **A Solution to Decongesting Metro Manila**

The operations of PITx is designed to provide an efficient public transportation system and help decongest Metro Manila traffic in the long-run. Initially, the provisional and in-city transfers stationed in the terminal will limit the entry of buses from the Southwest into Metro Manila. In addition, the PITx mobile app, which currently provides daily trip schedules and initially offers advanced ticket reservations, enables the PITx team to gather and analyze critical data to better understand commuter behavior, which can be utilized for future PITx-like developments in other locations.

## 5. **Retail and Commercial Areas**

PITx has retail, commercial, and office spaces within its terminal area. On top of the terminal area sits four (4), five (5)-storey towers, with a leasable area of nineteen thousand two hundred twenty-six (19,226) square meters each. Within the terminal, retail spaces are available to offer services such as food, medicine, and other grocery items for travelling passengers. Meanwhile, the commercial/office towers will augment passenger volume and increase foot traffic to provide additional business to the retail tenants.

## Customers

MWMTI operates the terminal without generating any revenue. Instead, the main source of revenue will come from leasing the retail/commercial and office spaces in the terminal, as discussed below:

1. **Contracts of Lease for Office Spaces** – MWMTI has existing contracts with companies which are primarily engaged in Philippine Offshore Gaming Operations (POGO). The contracts are for a period of five (5) years with an annual escalation rate of five percent (5%) on the monthly rent. The contracts require the payment of four (4) to six (6) months security deposit and three (3) months advance rent.
2. **Contracts of Lease for Retail/Commercial Spaces** – MWMTI has existing contracts with various tenants/concessionaires for a period of one (1) to eight (8) years. The monthly rent of some contracts are based on the monthly income of their business while others pay a fixed rate. All contracts have a provision on the payment of security deposit and advance rent. Examples of MWMTI’s tenants are: Alfamart, Miniso, Bench, Jollibee, Chowking, McDonalds, Mang Inasal, Yellow Cab, and Wendy’s.

Credit terms granted to customers are for a period of thirty (30) days from receipt of the billing. MWMTI also required post-dated checks to manage its credit risk exposures.

## Competitors

MWMTI has no direct competitors since PITx is the first of its kind landport in the Philippines. Moreover, its business model is not similar to a mall or other transport terminals. However, there are nearby mall operators with mini-transport terminals such as Ayala Malls Manila Bay and SM Mall of Asia.

## Employees

As of December 31, 2023, the manpower complement of MWMTI is as follows:

<b>Division</b>	<b>Headcount</b>
Administrative	21
Managerial	15
Technical	29
Total	65

## Suppliers

The terminal segment has minimal purchases, consisting of materials and labor related purchases, to maintain the terminal facility, janitorial services, security services, professional and consultancy services and some utility services, which include internet, power, and utilities.

In selecting its suppliers, it considers quality, pricing, technical experience (for consultants and professionals) and efficient delivery of materials. It also does not depend on a limited number of suppliers. All purchases are done centrally at Megawide’s head office.

### ***Real Estate Operations***

PH1 World Developers, Inc. (PH1) is the property development arm of Megawide that aims to disrupt the local real estate landscape and conventions, through innovation and engineering technology.

PH1 has three existing projects: The Hive, My Enso Lofts, and Modan Lofts Ortigas Hills and currently holds 48% share of Famtech Properties Inc. (a joint venture with Property Company of Friends, Inc.), which successfully launched a vertical condominium project in Cavite, One Lancaster Park.

In addition to this, the company has a 100% stake in PH1 World Landscapes. Inc., which focuses on horizontal projects offering green features and sustainable living. As of date, it has launched its maiden project called Northscapes San Jose Del Monte Bulacan.

### **Competitors**

PH1 has numerous competitors, among these are SM Prime Holdings, Inc., Ayala Land, Megaworld Corporation, DMCI Homes, Federal Land, Robinsons Land Corporation, and Century Properties.

The principal areas of competition are product differentiation, pricing, and quality. PH1 believes, however, that it has a competitive advantage given its disruptive mindset, innovative offerings, and strong and experience contractor-parent Megawide to delivering high quality products.

### **Customers**

PH1 customers consist primarily of the end-user market, who intend to purchase properties for their own use. These include first-time homebuyers looking for a place to settle down, families seeking a larger space to accommodate their needs, and individuals looking to upgrade their living conditions.

Additionally, PH1 also has a wide investor-type customer base, who view real estate as an investment opportunity. These individuals acquire properties, with the intention of generating rental income and/or capital appreciation.

### **Suppliers**

The real estate segment is forwardly integrated with Megawide, being its parent company and sole general contractor. Moreover, the real estate segment engages outside services for its property management office.

## Employees

As of December 31, 2023, the manpower complement of PH1 is as follows:

<b>Department</b>	<b>Headcount</b>
Account Management	23
Business Development	3
Design & Construction	15
Finance & Accounting	7
HR, Admin. & IT	7
Marketing	6
Office Of The President	4
Project Development	4
Sales	15
<b>Total</b>	<b>84</b>

## Business Risks

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

- 1. The Company is exposed to the cyclical nature of a construction business coupled by risks associated with the Philippine's property development market, including potential construction contract cancellations.**

Megawide's business is highly dependent on the ability of 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- and long-term horizons. 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.

- 2. The occurrence of a similar pandemic to COVID-19 could have negative effects on the Company's business operations.**

The world experienced a global pandemic that negatively affected economies and industries to varying extents – forcing businesses to limit or stop their operations and close shop. Megawide's operations across business were severely disrupted.

In the construction segment, projects experienced delays in their construction activities due to lack of raw materials and manpower. The airport was crippled by restricted air travel while the landport, though proved to be critical for transport and mobility during the health crisis, lost tenants to give way to the New Normal.

The uncertainty of a similar pandemic is always present and may affect and cause downturns to Company's business and profitability. Across the organization, the Company has developed strong disaster-response protocols and business continuity mechanisms to minimize operational disruptions of black swan events with the same magnitude. This is on top of practicing occupational health and safety standards under the new normal to exercise caution. The COVID-19 Response Manual is part of the Company's overall business continuity plan and crisis management program.

Since January 2023, the alert level category of Metro Manila has remained at its lowest of level 1 and the state of calamity was no longer extended by the Philippine government.

**3. The Company exposed to credit risk on its receivables.**

For on-going construction 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 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. More importantly, Megawide's top management maintain a strong business relationship with all of its clients that can be leveraged on in managing and collecting receivables.

**4. The Company is a party to a number of related party transactions.**

In the course of its business activities, RPTs inevitably arise between Megawide and its Ultimate Parent Company, Subsidiaries, and Affiliates (collectively, the "Megawide Group"). These RPTs ordinarily pertain to construction and management services, cash advances, and Office space rentals.

**5. The Philippine Construction Industry is subject to extensive regulation by the Government.**

The Megawide Group is subject to a number of laws, rules, and regulation, which includes the need to secure and maintain franchises, permits, licenses, clearances, and other regulatory requirements with the SEC, BIR, PCAB, etc. (collectively, "Regulatory Requirements"). The Megawide Group's compliance with all Regulatory Requirements is necessary for the regular conduct of its business. Hence, the Megawide Group has established the Regulatory Requirements Compliance Procedure (the "Procedure") in 2020, which provides an electronic web application and framework to monitor, track, maintain, and/or renew its Regulatory Requirements and view its status in real time. Thus far, the Procedure has proven to be an effective tool in ensuring that the Megawide Group secures its Regulatory Requirements in a timely manner; thereby, preventing or reducing any penalties or disruptions in its operations.

**6. The construction industry is facing a skilled labor shortage.**

The construction industry has persistently experienced a shortage of skilled manpower due primarily to overseas employment and lack of institutional support leading to the sector's underdevelopment. Since skilled labor supply is low and the demand is high especially for specialized projects, direct labor costs may increase and such may impact the Company's profitability.

While Megawide is affected by this industry phenomenon, the Company has a natural mitigant due to its high technology and state-of-the-art building systems, particularly the use of pre-cast technology, which utilizes less human labor than traditional construction methodologies employed by other players. The Company partners with various architectural and engineering schools and offers scholarships to potential architects and engineers to eventually become members of the team and seeks out distinguished foreign technical partners in joint venture partnership for technical collaboration.

**7. The volatility in the price of construction materials could affect the Company's profitability.**

The continued pressure on commodity prices arising from the tension in Russia-Ukraine and supply disruptions brought about by the COVID-19 related lockdowns in China, could have an impact on the major raw materials costs, such as oil, and costs for construction, such as steel, which could delay project launches of developers.

Market supply and demand affect the pricing of construction materials, such as cement and steel rebars. In addition, the stricter implementation of environmental laws has affected mining and quarrying operations in the country, resulting in regulated supply of inputs, such as sand and concrete aggregates.

To address this, Megawide adopts a materials hedging program and enters into fixed purchase contracts with its suppliers, immediately upon award of contracts, to fix the unit cost and lock in supply of critical raw materials. These contracts typically range from 90-120 days. No price escalation is charged until the estimated quantities have been delivered within the agreed period.

**8. The Company's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements.**

Megawide ensures to deliver quality and satisfactory work to its clients at all times, based on the terms of the contract. The Company's brand equity may be damaged if it fails to deliver the project on time or based on specifications. In addition, the required safety guidelines under the new normal may affect productivity and project timelines.

As a safeguard, Megawide has a project management team composed of well-trained and experienced technical managers that implement measures to supervise the project's progress, schedules, and quality and ensure a smooth workflow. There is also a monthly management committee meeting set-up for every project to monitor the progress of each project and discuss issues and the proposed solutions. In addition, contracts with suppliers and subcontractors are covered by warranties, through guarantee, surety, and performance bonds and liability insurance, for workmanship and requirements for timely completion.

Furthermore, the Company believes that its pre-cast technology and formworks and building systems are most suitable and highly functional under this new environment, minimizing the risk of project delays.

**9. The Company may be exposed to liquidity risk from delayed payments of progress billings.**

The construction business adopts progress billing, and the Company is exposed to the risk of delayed collection on its completed works.

Megawide extends credit terms that is standard with construction industry to its clients, which it strictly follows to ensure that receivables remain current as much as possible. In a worst-case scenario, the Company has a sound financial position and has established credit lines with several financial institutions from which it is able to obtain loans to finance its working capital requirements.

#### **10. The availability of construction materials may affect the Company's projects.**

Lack of availability of construction materials may result in higher costs and/or result in delays in meeting project timelines. However, it should be noted that the principal raw materials utilized by Megawide in its projects such as cement and steel, have historically been readily available in the market from a number of sources. Megawide also diversifies its sources of these raw materials so that it is not dependent on a limited number of suppliers. Megawide also utilizes a lock-in price of critical raw materials with its suppliers and maintains a 90-day inventory to manage price fluctuations.

#### **11. The Company has exposure to government projects.**

There is a risk that awarding of government projects may get delayed thus delaying inflows from the construction of such projects. Megawide prioritizes projects that are funded by reputable financial institutions or those projects that are funded by Asian Development Bank (ADB) or Japan International Cooperation Agency (JICA).

#### **12. RISKS RELATING TO THE AIRPORT (MCIA) SEGMENT**

On December 16, 2022, the Company and GMR Airports International, B.V. (GAIBV) closed their transaction with Aboitiz InfraCapital, Inc. (AIC) for AIC's acquisition of shares in GMCAC, the developer and operator of the award-winning MCIA.

AIC acquired a 33 and 1/3% minus 1 share stake in GMCAC from Megawide and GAIBV while the Company and GAIBV simultaneously issued Exchangeable Notes to AIC amounting to ₱15.5 billion, which will mature on 30 October 2024, and are expected to be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock.

Accordingly, the Company owns 33 and 1/3% plus 1 share of GMCAC as of date of this Prospectus which can be considered exposed to the enumerated risks below.

##### **Modernization of existing and opening of new airports in the country**

The Company through GMCAC (now a partnership between MWIDE, GMR and AIC) is the largest private sector operator of airports in the country through the concession agreement of MCIA and is the primary gateway to the Southern Philippines. The government's privatization program and modernization of airport industry has attracted interest from other private sector players to participate in the program. This could result in the opening of smaller airports in other locations in the Visayas and Mindanao regions, which could host direct flights and potentially affect passenger throughput at the MCIA.

Given Megawide's concession agreement at MCIA, which serves as the primary gateway to the South, the emergence of smaller airports around Cebu will serve as feeder routes and naturally complement the operations of MCIA.



**Tourism-related travel may not immediately return to pre-pandemic levels given threat of resurgence of COVID-19 pandemic.**

MCIA is the primary gateway to the Southern Philippines, where most of the country's top international and local tourist attractions are located. Since Megawide and its partner took over operations at MCIA in 2014, international passenger volume has grown by an average of more than 20% annually for the past five years. However, the previous global travel restrictions arising from the COVID-19 pandemic may still impact tourism-related travel in the near term and result in slower passenger volumes especially international tourism.

On the other hand, Cebu and its vicinities remain among the top tourist destinations in the country and around the world.

**13. RISKS RELATING TO THE LANDPORT (PITX) SEGMENT**

**High office vacancy rates may affect tenancy in the office towers.**

The onset of remote work arrangements, as an offshoot of the COVID-19 pandemic, has resulted in significant office vacancy across Metro Manila. The Bay Area, where PITX is located, records one of the highest vacancy rates nationwide and exposes the office towers to low occupancy risks.

Being situated in one of the most strategic areas in Metro Manila, in addition to the multi-modal transport connectivity offered by the terminal in key destinations around the capital, PITX has a strong and natural demand and attraction for both traditional and non-traditional office locators, outside of the POGO industry. As of end 2023, the team has made headway in contracting office locators, resulting in an 81% office occupancy. Of this, non-POGO tenants make up more than 80%.

**Existing floor space may be limited with the opening of Asia World Station in 2024.**

As of end 2023, PITX has reached its full capacity of 200,000 during the peak Holiday Season in December. On a daily basis, average foot traffic has reached more than 100,000 daily. With more long-term P2P routes being developed and commissioned, this volume is seen to likely grow further. With the impending opening of Asia World Station under the LRT-1 extension project, which currently has a daily ridership of 100,000 passengers, additional pass through and destination foot traffic may further crowd the existing terminal area.

These developments may impair the landport from providing the agreed-upon service levels under the concession agreement, in terms of safety, security, and transport availability. Under the concession agreement, however, an adjacent lot (PITX Lot 2) is available for expansion to accommodate increased vehicular and foot traffic at the existing terminal. This serves as an opportunity to scale up the landport operations and provide an upside to existing income and value-creation streams.

**14. RISKS RELATING TO REAL ESTATE DEVELOPMENT**

**Property development may be affected by economic and market cycles.**

The local property market is affected by sentiments on economic performance and market cycles, such as interest rates. A slowing economy typically discourages purchases of real estate due to fears of affordability and illiquidity. Similarly, an elevated interest rate scenario elicits a negative market perception, causing minimal or restrained investments in property assets.

PH1 is primarily focusing on end-user demand, largely in the affordable and middle-income horizontal housing segments, where real consumer demand lies. In addition, PH1 taps the abundant OFW market, which has a natural protection from local economic conditions, and whose remittances remain a major growth driver for the domestic economy.

Given the end-user nature of buyers, movement in interest rates has not been a primary concern, especially since these are normally funded by OFW money. Furthermore, the company offers highly affordable, long-term payment and amortization schemes, which is not directly impacted by unfavorable interest rate fluctuations.

**The local real estate market is highly competitive, with multiple players across segments.**

The number of players across the different segments of the local real estate industry makes competition extremely cut-throat. As a result, products available in the market have large similarities or very minimal differentiation at all, giving new players very challenging barriers to entry.

However, PH1 has been in the market since 2015 and is positioning itself as a disruptor in the local real estate scene. The presence of a strong and experienced partner-contractor in Megawide – having developed numerous projects with several developers – enables the team to identify gaps in existing product offerings. These insights provide PH1 an opportunity and advantage to address the gaps, through innovation, and unlock more opportunities for better and more convenient solutions.

Moreover, PH1's projects are located near public rail transport network, such as the MRT Lines 3, future Lines 4 & 7 and the Metro Manila Subway System soon, promoting accessibility and mobility of buyers and residents. With Megawide's participation in and familiarity with the government's infrastructure build-up program, PH1 also benefits by pinpointing and locating strategic areas for potential spots of its future pipeline.

**Real estate may require sizeable capital for landbanking and development purposes.**

PH1 prioritizes asset-light modes for its project roll-out, in the form of joint-ventures and / or partnerships, that do not entail significant capital outlays upfront. This approach enables the company to optimize its resources and minimize exposure to massive economic shocks and downturns. In addition, with a strong value proposition and an attractive project pipeline, the Company has the option to secure development funding that matches a project's construction timetable, thus preserving liquidity and providing a more efficient balance sheet management approach.

**15. RISK RELATING TO PROJECTS WITH ORIGINAL PROPONENT STATUS**

Megawide has submitted several unsolicited and solicited proposals to the national and local governments and has been granted the Original Proponent Status ("OPS"). These projects under OPS are still under evaluation and will need to undergo the proper procedures, such as the Swiss Challenge, before being officially awarded to the Company. An OPS status provides an advantage over competing bidders as the OPS holder has the right to match competing bids on the project.

Until such process is completed, the projects remain at risk of not being awarded to the Company. Megawide's long term strategies may evolve subject to opportunities and successful awarding of new projects. Megawide is closely coordinating with the government and all its agencies for the compliance of all the requirements relating to the OPS.

The Company submits bids, together with other players, which are evaluated by the proponent and are not always guaranteed an outright award.

The Company ensures the submission of competitive bids, leveraging on Megawide's key advantages (pre-cast and vertical Integration) and technological expertise (engineering and innovation).

## **Item 2. Properties**

### Purchased Properties

Megawide owns a ten thousand two hundred ninety-four (10,294)-square meter property located in Taytay, Rizal, which is being used as an equipment stockyard for its machineries, equipment, and items such as tower cranes, backhoes, and other earthmoving equipment. The same was acquired by Megawide for Twenty-One Million Pesos (PhP 21,000,000.00). Megawide owns this property and all the equipment, machineries, and items found therein, free of any mortgage, lien or encumbrance.

In 2011, Megawide acquired land in Ortigas Extension, Barangay San Isidro, Taytay, Rizal with a lot area of twenty-one thousand eighty-two (21,082) square meters for One Hundred Four Million Pesos (PhP 104,000,000.00). Megawide owns this property free of any mortgages, liens, or encumbrances.

In 2012, another lot was purchased by the Company in Taytay, adjacent to Megawide's pre-cast plant with a lot area of eight thousand five hundred five (8,505) square meters for Fifty Million Pesos (PhP 50,000,000.00). Additionally, a four thousand twenty-two (4,022) square meter lot adjacent to the stockyard of Megawide in Taytay was purchased for Nine Million Pesos (PhP 9,000,000.00). In the same year, Megawide bought a one hundred seventy-eight (178) square meter property located in the same municipality for a total amount of One Million One Hundred Fifty-Seven Thousand Pesos (PhP 1,157,000.00). Megawide owns these properties free of any mortgages, liens, or encumbrances.

In 2013, Megawide made additional land acquisitions totaling Sixty-Seven Million Pesos (PhP 67,000,000.00) in Taytay, Rizal, in relation to its pre-cast plant expansion. The property is free of any mortgages, liens, or encumbrances.

In 2015, Megawide also acquired an additional lot adjacent to the pre-cast plant in 2014 with an area of twenty-three thousand six hundred eighty-six (23,686) square meters for One Hundred Forty-Eight Million Pesos (PhP 148,000,000.00), and another lot with an area of sixteen thousand seventeen (16,017) square meters near the pre-cast plant for Seventeen Million Pesos (PhP 17,000,000.00) in 2015. Megawide also purchased parcels of land adjacent to its Taytay complex amounting to Eighty-Two Million Pesos (PhP 82,000,000.00) and One Hundred Fifty-Six Million Pesos (PhP 156,000,000.00) in 2017 and 2016, respectively. The Taytay complex is currently expanding to house the formworks rehabilitation factory and all the construction equipment of Megawide. The parcels of land provide a bigger stockyard for the precast plant since its annual production is consistently increasing. Thereafter, in 2019, the Company purchased the land and building where its head office is located in Quezon City, with an area of one thousand four hundred ninety-three (1,493) square meters.

In 2022, Megawide acquired land in Taytay, Rizal with a lot area of Nine Thousand Two Hundred Eighty-Eight (9,288) square meters for Twenty-Three Million Two Hundred Twenty Thousand Pesos (PhP 23,220,000.00).

To cater to its growing order book Megawide continues to invest on new construction equipment, which includes tower cranes, earth moving equipment, formworks, and pre-cast equipment and Transportation equipment, which includes service vehicles, truck mixers, light and medium duty trucks, and tractor trucks over the years.

Also, the Group purchased the following properties and equipment in relation to its airport and terminal segments:

*Airport segment*

Office and other equipment	MCIA	various	N/A
Transportation equipment	MCIA	various	N/A
Furniture and fixtures	MCIA	various	N/A
T2 Airport infrastructure	MCIA	2018	65,500 sq. m.
T1 Airport infrastructure	MCIA	2019	9,772 sq. m.

*Terminal segment*

Terminal infrastructure	PITx	2018	73,380 sq. m.
Tower & parking facility	PITx	2019	103,285 sq. m.
Office and other equipment	PITx	various	N/A
Transportation equipment	MCIA	various	N/A
Furniture and fixtures	MCIA	various	N/A

Leased Properties

Megawide also leases the properties needed for its operations, such as those covered by the following lease agreements, as of December 31, 2020:

Date of Execution	Lessor	Area	Location	Lease Period	Rental Fee
January 23, 2024	L.V.N. Pictures, Inc.	2,000 sq.m.	Lot 8, Brgy. Kaunlaran, Cubao, Quezon City	One (1) year beginning December 01, 2023 to November 03, 2024	PhP 399, 300.00/month inclusive of VAT and net of withholding Tax
October 03, 2022	Robinsons Land Corporation	8,768 sq.m.	J. Vargas Avenue, Pasig City	Two (2) years from September 26, 2022 to September 25, 2024	For year 1 (September 26, 2022 to September 25, 2023) and year 2 (September 26, 2023 to September 25, 2024): Fixed Rent of PhP 200.00/sq.m. or a Fixed Rent of PhP 1,753,600.00/month , exclusive of VAT but inclusive of 5% withholding tax

August 03, 2023	Unli Rise Holdings Corporation	33,260 sq.m.	Along Pulilan Bypass Road, Barangay Sta. Peregrina, Municipality of Pulilan, Bulacan	One (1) year from August 03, 2023	Thirty-Six Pesos per square meter (PhP36.00/sq.m) or total amount of One Million One Hundred Ninety-Seven Thousand Three Hundred Sixty Pesos (PhP1,197,360.00), inclusive of VAT.
June 9, 2023	Juliana Del Rosario Santos		Unit F and H, Santos Apartments, Resurreccion Compound, Gregoria Heights San Isidro, Taytay, Rizal	July 1, 2023 - Dec 31, 2023	12,000.00 per month
May 6, 2022	Retailscapes, Inc.	10 <sup>th</sup> floor: 1,974 sq.m. 11th floor: Unit A- 480 sq.m.	Santolan Town Plaza, San Juan City	May 1, 2022 – April 30, 2025	10 <sup>th</sup> floor: 01 May 2022 – 30 Apr 2023: ₱580.00/sqm/mo 01 May 2023 – 30 April 2024: ₱609.00/sqm/mo 01 May 2024 – 30 Apr 2025: ₱640.00/sqm/mo  11 <sup>th</sup> floor – Unit A: 01 May 2022 – 30 Apr 2024: ₱772.00/sqm/mo 01 May 2024 – 30 Apr 2025: ₱811.00/sqm/mo
February 21, 2022	Retailscapes, Inc.	11th floor: Unit B – 857.74 sq.m	Santolan Town Plaza, San Juan City	11 <sup>th</sup> Floor – Unit B: Dec. 1, 2021 – Nov. 30, 2024	01 Dec 2021 – 30 Nov 2022: ₱772.00/sqm/mo 01 Dec 2022 – 30 Nov 2023: ₱811.00/sqm/mo 01 Dec 2023 – 30 Nov 2024: ₱852.00/sqm/mo

All of the above leases are subject to renewal upon mutual agreement of the parties. In addition, the Company enters into operating and finance lease agreements for its construction equipment and transportation vehicles for periods of three (3) to five (5) years.

### **Item 3. Legal Proceedings**

The following are the material cases Megawide is involved in as of December 31, 2023:

#### **1. ACI, Inc. v. Megawide Construction Corporation**

Megawide Construction Corporation (the "Company") filed a complaint against ACI Inc. with the Construction Industry Arbitration Commission ("CIAC") last 10 January 2023 (the "Complaint"). The Complaint was docketed as CIAC Case No. 02-2023. The Complaint involved the contract entered into between ACI, Inc. and the Company for the design and construction of the Araneta Cyberpark Tower.

The Company's aggregate claim against ACI Inc a. under the Complaint is Three Hundred Thirty-Nine Million Six Hundred Fifty-Two Thousand Eight Hundred Sixteen Pesos and Seventy-Three Centavos (Php339,652,816.73). The permissive counterclaim filed by ACI Inc. on the other hand, is founded on the alleged violations relative to the Construction Contract dated 13 September 2019 for the general construction of Gateway Mall ("GM") 2 and Ibis Hotel in Quezon City (the "Project") between ACI, Inc. and the Company. The Contract Price for the Project is Four Billion Two Hundred Fifty Million Pesos (Php4,250,000,000.00).

The aggregate of the claims prayed for by ACI in its permissive counterclaim amounts to One Billion Five Hundred Twenty-Seven Million Two Hundred Seventy-Nine Thousand Two Hundred Forty-One Pesos (Php1,527,279,241.00).

On 11 January 2024, Megawide Construction Corporation (the "Company") received a decision dated 11 January 2024 rendered by the Construction Industry Arbitration Commission ("CIAC") Arbitral Tribunal where the dispositive portion reads:

"WHEREFORE, Respondent ACI is hereby ordered to pay to Claimant Megawide the total amount of ONE HUNDRED EIGHTY MILLION TWO HUNDRED FORTY FOUR THOUSAND FORTY THREE PESOS AND FIFTY CENTAVOS (Php 180,244,043.50) with six percent (6%) interest per annum from the date of this Final Award until fully paid."

On 4 March 2024, the Company received a copy of the Petition for Review filed by ACI, Inc. with the Supreme Court.

#### **2. MC Montgear Electromech Corp. (Montgear) v. Megawide**

Montgear is a subcontractor of Megawide for several projects which filed a complaint against the latter for sum of money with the Regional Trial Court of Quezon City Branch 77 on October 12, 2017 seeking to recover its retention money amounting to Twenty-Two Million Sixty Two Thousand Twelve and 65/100 Pesos (PhP 22,062,012.65). In response, Megawide filed an Answer with Counterclaim amounting to Seventy-Seven Million Five Hundred Twenty-Two Thousand Three Hundred Thirty and 69/10 Pesos (PhP 77,522,330.69) corresponding to unpaid charges by Montgear. On February 04, 2020, Montgear filed a Reply with Answer to Counterclaim and Motion for Bill of Particulars. Upon Megawide's motion, the court expunged Montgear's filing due the latter's unreasonable delay in filing.

Based on RTC's Decision dated August 12, 2022, the claims of both Montgear and Megawide were denied. Montgear filed a Motion for Reconsideration, which was also denied.

**3. Megawide v. Maynilad Water Services, Inc. (Maynilad)**

The case involves an application for an Interim Measure of Protection (Preliminary Injunction with Application for an Ex Parte twenty [20]-day Temporary Order of Protection [Temporary Restraining Order]) filed by Megawide against Maynilad with the Regional Trial Court of Quezon City Branch 84 on August 14, 2020 in order to prevent Maynilad from calling on the Performance Security and other securities submitted by the Megawide for the 88MLD Las Piñas Water Reclamation Facility Project.

The dispute arose from the Notice of Termination of the Project due to Force Majeure issued by Megawide, which Maynilad contested. After a series of hearings and submission of pleadings, the Regional Trial Court (RTC) granted the application for a twenty (20)-day Temporary Order of Protection on November 06, 2020 and ordered the return of the amounts acquired by Maynilad from its call on the securities. Maynilad submitted a Motion for Reconsideration of the said Order, and all parties submitted their respective Memoranda in relation to the Petition for Injunction. In a Decision dated April 05, 2021, the Court granted Megawide's application for Mandatory Injunction as an interim measure of protection in aid of arbitration.

**4. Asiatech Development and Builders Corp. (Asiatech) v. Megawide**

Asiatech filed a disciplinary action against Megawide with the Philippine Contractors Accreditation Board (PCAB) on August 26, 2020 for Megawide's alleged fraudulent acts arising from its failure to pay Asiatech's receivables.

The PCAB ordered the parties to file their respective Memoranda, which order Megawide complied with by submitting its Memorandum on 9 December 2021. The case was dismissed by virtue of PCAB Board Resolution dated November 29, 2022, a copy of which was received by Megawide on January 20, 2023.

**5. People of the Philippines v. Manuel Louie B. Ferrer, et al.**

On November 26, 2020, the National Bureau of Investigation filed a complaint before the Department of Justice ("DOJ") for alleged violation of several laws, particularly, the Anti-Dummy Law against the following individuals:

1. Atty. Steve Dicdican, General Manager of Mactan-Cebu International Airport Authority ("MCIAA");
2. Manuel Louie Ferrer, President of GMR Megawide Cebu Airport Corporation ("GMCAC");
3. Edgar Saavedra, Director of GMCAC;
4. Oliver Tan, Director of GMCAC;
5. Jez Dela Cruz, Director of GMCAC;
6. Srinivas Bommidala, Chairman of GMCAC;
7. P. Sripathy, Director of GMCAC;
8. Vivek Singhai, Director of GMCAC;
9. Andrew Acquaah-Harrison, Chief Executive Advisor of GMCAC;
10. Ravi Bhatnagar, Chief Finance Advisor of GMCAC;
11. Ravishankar Saravu, Chief Commercial Adviser of GMCAC;
12. Michael Lenane, Chief Operations Officer of GMCAC;

13. Sudarshan MD, Deputy Chief Commercial Adviser of GMCAC;
14. Kumar Gauray, Manager of ORAT;
15. Magesh Nambiar, Deputy Human Resources Head of GMCAC;
16. Rajesh Madan, Head of Finance of GMCAC; and
17. Other John and/or Jane Does

(the “Respondents”).

This case stemmed from a complaint filed by a certain Atty. Larry Iguidez, Jr. (the “Complainant”) with the Anti-Fraud and Action Division of the NBI on September 07, 2020.

In a Subpoena dated December 18, 2020, Respondents were given until January 20, 2021 to obtain copies of the complaint, supporting affidavits, and other evidence filed against them. The Respondents were also given ten (10) days from January 20, 2021 to file their counter-affidavits.

After several submissions of pleadings, the DOJ, in a resolution dated 8 October 2021, found probable cause for the violation of Section 2-A of the Anti-Dummy Law. The Ferrer, Saavedra, Tan, and Dela Cruz (“Megawide Respondents”) filed a Petition for Review with the Secretary of Justice was filed on 26 November 2021, and is still pending.

On 23 November 2021, the DOJ filed an Information with the Regional Trial Court of Lapu-Lapu Branch 68 for the Respondents’ alleged violation of the Anti-Dummy Law. On the same day, Megawide Respondents filed an Omnibus Motion to quash the information, to defer the issuance of warrants of arrest and to dismiss the case. The RTC nevertheless issued warrants of arrest against the Respondents on 25 November 2021, and the Megawide Respondents and Respondent Acquah Harrison posted bail the following day, or on 26 November 2021.

The arraignment of the Respondents was conducted last 28 March 2022, wherein Respondents pleaded “not guilty” to the charges against them. Notwithstanding this, the Megawide Respondents filed on 24 March 2022 a Motion to Quash the Information on the ground that the Information fails to state an offense, in view of the 21 March 2022 signing of the Amended Public Service Act which effectively removes airports from the enumeration and definition of public utilities. The hearing for the Motion to Quash is set on 25 April 2022. The court issued a decision dated June 14, 2022, granting the Motion to Quash and dismissed the case.

The Public Prosecutor filed an Omnibus Motion (for Inhibition with Motion for Reconsideration to the Order dated June 14, 2022) dated July 4, 2022. On October 25, 2022, the court issued a Certificate of Finality, certifying that an Order dated September 27, 2022, was issued by the Court denying the Omnibus Motion dated July 4, 2022, and declaring the case dismissed with finality.

**6. NBI, represented by Palmer U. Mallari v. Steve Dicdican, et. Al.**

This is a complaint for violations of Sections 3 (e) and 3(j) of Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act” against Ferrer, et. Al. Among others. This case concerns the same factual backdrop as NPS Docket No. XVI-INV-20-K-00362, or the supposed violation of the Anti-Dummy Law in relation to GMR Megawide Cebu Airport Corporation (GMCAC)’s operation and management of Mactan Cebu International Airport (MCIA).



On November 5, 2021, Ferrer et. al. received a copy of the Ombudsman's Joint Resolution dated July 20, 2021 indicting them for violation of RA 3019. On November 9, 2021, Ferrer, et. al. filed a Motion for Partial Reconsideration and/or Reinvestigation. On April 25, 2022, Ferrer et. al. filed a Motion to Dismiss on the ground of lack of probable cause, thereby seeking the reversal and setting aside of the Joint Resolution.

On April 30, 2022, the Office of the Ombudsman through a Joint Order denied the Motion for Partial Reconsideration and/or Reinvestigation. Thus, a Petition for Certiorari under Rule 65 of the Rules of Court with respective applications for the issuance of temporary restraining order and/or writ of preliminary injunction was filed before the Supreme Court.

7. **Manuel Louie B. Ferrer, Edgar B. Saavedra, Oliver Y. Tan, and Jez Dela Cruz v. Office of the Ombudsman and NBI**

This case is an appeal to the decision of the Ombudsman indicting Ferrer et. Al. For violation of Section 3(e) of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act. Ferrer et. Al. Filed a Petition for Certiorari under Rule 65 of the Rules of Court before the Supreme Court mainly alleging that the Ombudsman gravely abused its discretion in finding probable cause against them.

On December 6, 2023, the Supreme Court granted the Petition for Certiorari. Thus, the Joint Resolution and Joint Order were reversed and set aside. Accordingly, the criminal complaint for violation of Section 3(e) of RA 3019 against the petitioners was dismissed.

8. **People of the Philippines v. Steve Y. Dicdican, Manuel Louie Ferrer, Edgar Saavedra, Oliver Tan, and Jez Dela Cruz, et. al.**

A complaint for violation of the Anti-Dummy Law was filed before the Department of Justice ("DOJ"), which indicted the accused persons by filing an Information before the Regional Trial Court of Cebu. Aggrieved, the accused persons filed a Petition for Review before the DOJ.

Accused persons filed a Motion to Quash Information before RTC Cebu on the ground that the Information no longer constitute an offense in view of the enactment of Republic Act No. 11659 which excluded airport operations from the definition of public utilities, making GMCAC no longer a public utility subject to limitations provided by the constitution and law as to nationality requirement. RTC Cebu granted the quashal and ordered that the case be dismissed.

On August 6, 2022, the DOJ issued a Resolution granting Ferrer et. al.'s Petition for Review, thus, directing the withdrawal of the Information. The decision of RTC Cebu attained finality as evidenced by the Certificate of Finality dated October 25, 2022.

Accused persons filed an Omnibus Motion dated October 25, 2023, praying for the withholding of the issuance of warrants of arrest against Ferrer, et. al., quashal of the Information on the ground that the facts charged do not constitute an offense, and the dismissal of the case for lack of jurisdiction and probable cause.

In an Order dated November 7, 2023, the court dismissed the case for lack of jurisdiction.

9. **Coffral Formworks & Scaffolds, Inc. (“Coffral”) v. Megawide Construction Corporation (“Megawide”)**

This is an administrative case filed by Petitioner with the Philippine Contractors Accreditation Board (“PCAB”) for violation of Section 28, par (f) of RA. 4566.

On 25 January 2024, a second clarificatory hearing was held. Despite unreasonably and unjustifiably failing to file a Reply to the Verified Answer served by Respondent Megawide on 31 August 2023, PCAB still graciously gave Complainant Coffral until 08 February 2024 to file a Reply to which the latter has completely disregarded.

On 20 February 2024, Respondent filed a Motion to Resolve with the PCAB praying to consider the case submitted for Decision and to rightfully issue a Decision dismissing the Complaint filed by Coffral dated 29 March 2023 for utter lack of merit.

10. **Carbonhanong Alyansa alang sa Reporma ug Bahandianong Ogma sa mga Nanginabuhi (“CARBON”), et al. v. Megawide Construction Corporation, et al.**

This is a complaint seeking to nullify the Joint Venture Agreement (“JVA”) signed by the City of Cebu and Megawide Construction Corporation (the “Company”) on 11 January 2021 for the redevelopment of the Carbon Market Complex in Cebu City, as well as the documents and actions executed in relation to the execution and implementation of the JVA. The Plaintiffs submit that the JVA violate various laws and pray for ancillary remedies including a Temporary Restraining Order (“TRO”).

On 20 February 2023, proceedings for the prayer for TRO and/or Writ of Preliminary Injunction and Mandamus ensued. As of date, the presentation of evidence for the plaintiffs and public defendants had already been completed. Defendant Megawide is set to present its evidence on 21 June 2024.

11. **Tomas R. Osmena v. Megawide Construction Corporation, et al.**

This is an action for judicial review under Rule 65 of the Revised Rules of Court. The petitioner is suing in his capacity as a citizen, taxpayer, and a former mayor of the City of Cebu. According to the petitioner, the actions of the public respondents constitute grave abuse of discretion amounting to lack of jurisdiction.

The petitioner further alleges that the act of the execution of the JVA amounted to a violation of the Constitutional provisions, laws, rules and regulations such as the due process and equal protection clause of the Constitution, Civil Code provisions on usufruct, Magna Carta for the Poor; Philippine Competition Law; the BOT Law and other implementing rules regulating Unsolicited Proposals and Joint Ventures, the Local Government Code, and other local ordinances of the City of Cebu.

On the other hand, respondent Megawide asserts that the petition should be denied for non-compliance with the requirements 26 under Rule 65 of the Revised Rules of Court. Further, the JVA is valid and constitutional as it does not violate procedural due process and substantive due process nor any other law and local ordinance. It likewise raises the defense that petitioner committed forum shopping considering the pendency of Civil Case No. R-CEB-21-04849-CV (CARBON et. al. v. Megawide Construction Corporation, et. al.) pending before RTC Br. 16, Cebu

City. Lastly, respondent Megawide asserts that there is no sufficient ground for the issuance of a Temporary Restraining Order, Writ of Preliminary Injunction, or Mandamus

On 15 June 2023, petitioner filed an Amended Petition dated 14 June 2023. In its Order dated 04 December 2023, the court directed the respondents to submit their respective comments to the Amended Petition. Consequently, on 25 January 2024, defendant Megawide filed a Comment of even date to the Amended Petition. Consequently, RTC Br. 58 issued an Order dated 23 February 2024 directing all parties to submit a Memorandum 27 regarding the application for a Preliminary Injunction within ten (10) days from 23 February 2024 and a Memorandum for the whole case within thirty (30) days from 23 February 2024; and thereafter, all parties are given fifteen (15) days to file a Reply Memorandum, if necessary. In line with this, the parties have filed their respective Memorandum regarding the application for a Preliminary Injunction and are waiting for its resolution.

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

The following matters were submitted to the vote of security holders during the fiscal year covered by this report:

1. Approval of the Minutes of the Special Stockholders' Meeting held on December 20, 2022;
2. Election of Board of Directors;
3. Appointment of Punongbayan & Araullo as Megawide's external auditor; and
4. Acquisition by Megawide of 100% of the outstanding capital stock in PH1 World Developers Inc. from Citicore Holdings Investments Inc. amounting to Five Hundred Seventy-Nine Million Four Hundred Fifty-Seven Thousand Eight Hundred Forty-Four (579,457,844) common shares with a purchase price of PhP5.2 Billion.

## **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's common shares are traded in 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 the PSE:

<b>2021</b>	<b>High</b>	<b>Low</b>
First Quarter (January – March)	8.90	5.91
Second Quarter (April – June)	7.32	5.90
Third Quarter (July – September)	7.50	5.95
Fourth Quarter (October – December)	6.85	4.98
<b>2022</b>		
First Quarter (January – March)	5.70	4.73
Second Quarter (April – June)	4.94	4.28
Third Quarter (July – September)	3.92	3.20
Fourth Quarter (October – December)	3.85	3.40

2023		
First Quarter (January – March)	4.33	2.85
Second Quarter (April – June)	4.00	2.94
Third Quarter (July – September)	3.80	3.02
Fourth Quarter (October – December)	3.34	3.00

The closing price per share of Megawide’s common shares as of December 31, 2023 was Three Pesos and 8/100 (PhP 3.08).

As of December 31, 2023, there are **two billion thirteen million four hundred nine thousand seven hundred seventeen (2,013,409,717)** outstanding common shares registered in the names of the following:

	Stockholder	Number of Common Shares Held	Percentage of Total Shares
1.	PCD Nominee Corporation (Filipino)	1,221,514,551	60.67%
2.	Citicore Holdings Investment, Inc.	712,925,501	35.41%
3.	PCD Nominee Corporation (Non-Filipino)	31,205,805	1.55%
4.	Suyen Corporation	22,900,000	1.14%
5.	Aeternum Holdings, Inc.	21,389,904	1.06%
6.	Ellie Chan	1,666,901	0.08%
7.	Arousel Holdings, Inc.	500,000	0.02%
8.	Carousel Holdings, Inc.	500,000	0.02%
9.	Marmon Holdings, Inc.	300,000	0.01%
10.	John I. Bautista, Jr.	159,799	0.01%
11.	Ayush Singhvi	147,400	0.01%
12.	Regina Capital Dev. Corp. 000351	34,754	Nil
13.	Jharna Chandnani	23,000	Nil
14.	Pacifico Silla &/or Marie Paz Silla &/or Nathaniel Silla	20,000	Nil
15.	Juan Miguel B. Salcedo	16,177	Nil
16.	Jose Emmanuel B. Salcedo	16,177	Nil
17.	NSJS Realty & Development Corporation	16,000	Nil
18.	Grace Q. Bay	15,243	Nil
19.	Camille Patricia Dominique T. Ang	14,547	Nil
20.	Pacifico Silla &/or Marie Paz Silla Sagum &/or Nathaniel Silla	9,456	Nil
21.	Pacifico C. Silla &/or Catherine M. Silla &/or Alexander M. Silla	9,456	Nil
22.	Myra P. Villanueva	8,900	Nil
23.	Joyce M. Briones	7,868	Nil
24.	Frederick E. Ferraris &/or Ester E. Ferraris	5,674	Nil
25.	Jennifer T. Ramos	1,000	Nil
26.	Demetrio D. Mateo	500	Nil
27.	Julius Victor Emmanuel D. Sanvictores	379	Nil
28.	Guillermo F. Gili, Jr.	246	Nil
29.	Florentino A. Tuason, Jr.	246	Nil
30.	Hector A. Sanvictores	190	Nil
31.	Owen Nathaniel S. AU ITF: Li Marcus Au	38	Nil

32.	Edgar B. Saavedra	1	Nil
33.	Hilario Gelbolingo Davide, Jr.	1	Nil
34.	Joselito T. Bautista	1	Nil
35.	Lilia B. De Lima	1	Nil
36.	Michael C. Cosiquien	1	Nil
	<b>Total Outstanding Common Shares</b>	<b>2,013,409,717</b>	<b>100.00%</b>
	<b>Shares Owned By Foreigners</b>	<b>31,376,205</b>	<b>1.56%</b>

The beneficial owners of the shares registered in the name of the PCD Nominee Corporation (PCD) are the participants of PCD who hold the shares on behalf of their clients, including the top 20 shareholders. The list of the PCD Participants as of December 31, 2023 is attached herein as **Exhibit "1"**.

### **Dividends**

On June 26, 2013, the Board adopted a dividend policy of declaring annual cash dividends equivalent to twenty percent (20%) of the prior year's income, subject to the Company's contractual obligations. Thereafter, on April 03, 2019, the Board adopted a revised dividend policy increasing the maximum allowable annual dividend declaration from twenty percent (20%) to not exceeding thirty percent (30%) of the prior year's net income, subject to the approval of the Board and the Company's contractual obligations.

Megawide has entered into loan agreements restricting its ability to declare dividends unless certain conditions are met, 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 payments. As of date, Megawide's subsidiaries, many of which are newly established and not yet income generating, have not formulated or adopted a dividend policy. Megawide shall cause these subsidiaries to adopt the appropriate dividend policies with the intention that each subsidiary shall regularly declare dividends in favor of Megawide, subject to capital requirements and other existing covenants/restrictions with its creditors.

Under the Revised Corporation Code, Megawide's Board is authorized to declare cash, property, stock dividends, or a combination thereof. Cash and property dividend declarations require only the approval of the Board. Meanwhile, stock dividend declarations require the approval of the Board and the shareholders representing at least two-third (2/3) of Megawide's outstanding capital stock. Such approval may be given at a general or special meeting duly called for such purpose. The 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. Moreover, in accordance with the Revised Corporation Code, Megawide may only distribute dividends out of its unrestricted retained earnings.

During the past four (4) years, Megawide has consistently declared and paid out cash dividends as follows:

<b>Date Approved</b>	<b>Record Date</b>	<b>Type</b>	<b>Amount</b>	<b>Date of Payment</b>
January 08, 2020	February 06, 2020	Series 1 Preferred Shares	PhP 70,250,000.00	March 03, 2020
May 08, 2020	May 25, 2020	Series 1 Preferred Shares	PhP 70,250,000.00	June 03, 2020
July 27, 2020	August 10, 2020	Series 1 Preferred Shares	PhP 70,250,000.00	September 03, 2020

October 05, 2020	November 06, 2020	Series 1 Preferred Shares	PhP 70,250,000.00	December 03, 2020
January 11, 2021	February 08, 2021	Series 1 Preferred Shares	PhP 70,250,000.00	March 03, 2021
January 18, 2021	February 03, 2021	Series 2A Preferred Shares	PhP 31,136,404.00	March 01, 2021
January 18, 2021	February 03, 2021	Series 2B Preferred Shares	PhP 25,020,953.00	March 01, 2021
April 08, 2021	May 18, 2021	Series 1 Preferred Shares	PhP 70,250,000.00	June 03, 2021
April 08, 2021	May 04, 2021	Series 2A Preferred Shares	PhP 31,136,404.00	May 27, 2021
April 08, 2021	May 04, 2021	Series 2B Preferred Shares	PhP 25,020,953.00	May 27, 2021
June 30, 2021	August 09, 2021	Series 1 Preferred Shares	PhP 70,250,000.00	September 03, 2021
June 30, 2021	August 05, 2021	Series 2A Preferred Shares	PhP 31,136,404.00	August 27, 2021
June 30, 2021	August 05, 2021	Series 2B Preferred Shares	PhP 25,020,953.00	August 27, 2021
October 19, 2021	November 09, 2021	Series 1 Preferred Shares	PhP 70,250,000.00	December 03, 2021
October 19, 2021	November 05, 2021	Series 2A Preferred Shares	PhP 31,136,404.00	November 29, 2021
October 19, 2021	November 05, 2021	Series 2B Preferred Shares	PhP 25,020,953.00	November 29, 2021
December 23, 2021	January 10, 2022	Series 4 Preferred Shares	PhP 53,000,000.00	January 31, 2022
January 18, 2022	February 4, 2022	Series 2A Preferred Shares	PhP 31,136,404.00	February 28, 2022
January 18, 2022	February 4, 2022	Series 2B Preferred Shares	PhP 25,020,953.00	February 28, 2022
March 22, 2022	April 6, 2022	Series 4 Preferred Shares	PhP 53,000,000.00	April 29, 2022
April 21, 2022	May 9, 2022	Series 2A Preferred Shares	PhP 31,136,404.00	May 27, 2022
April 21, 2022	May 9, 2022	Series 2B Preferred Shares	PhP 25,020,953.00	May 27, 2022
June 23, 2022	July 8, 2022	Series 4 Preferred Shares	PhP 53,000,000.00	July 29, 2022
July 22, 2022	August 8, 2022	Series 2A Preferred Shares	PhP 31,136,404.00	August 30, 2022
July 22, 2022	August 8, 2022	Series 2B Preferred Shares	PhP 25,020,953.00	August 30, 2022
September 23, 2022	October 10, 2022	Series 4 Preferred Shares	PhP 53,000,000.00	October 29, 2022
October 19, 2022	November 7, 2022	Series 2A Preferred Shares	PhP 31,136,404.00	November 28, 2022
October 19, 2022	November 7, 2022	Series 2B Preferred Shares	PhP 25,020,953.00	November 28, 2022
December 21, 2022	January 9, 2023	Series 4 Preferred Shares	PhP 53,000,000.00	January 30, 2023
February 6, 2023	February 20, 2023	Series 2A Preferred Shares	PhP 31,136,404.00	February 27, 2023
February 6, 2023	February 20, 2023	Series 2B Preferred Shares	PhP 25,020,953.00	February 27, 2023
March 21, 2023	April 11, 2023	Series 4 Preferred Shares	PhP 53,000,000.00	May 2, 2023
April 26, 2023	May 12, 2023	Series 2A Preferred Shares	PhP 31,136,404.00	May 29, 2023
April 26, 2023	May 12, 2023	Series 2B Preferred Shares	PhP 25,020,953.00	May 29, 2023
July 12, 2023	July 26, 2023	Series 4 Preferred Shares	PhP 53,000,000.00	July 31, 2023
July 12, 2023	July 17, 2023	Series 5 Preferred Shares	PhP 29,640,750.00	July 17, 2023
August 1, 2023	August 16, 2023	Series 2B Preferred Shares	PhP 25,020,953.00	August 29, 2023
September 11, 2023	September 26, 2023	Series 5 Preferred Shares	PhP 29,640,750.00	October 17, 2023
September 13, 2023	October 10, 2023	Series 4 Preferred Shares	PhP 53,000,000.00	October 30, 2023
October 19, 2023	November 7, 2023	Series 2B Preferred Shares	PhP 25,020,953.00	November 28, 2023
December 11, 2023	December 28, 2023	Series 5 Preferred Shares	PhP 29,640,750.00	January 17, 2024

### ***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**

### ***FY2023 vs FY2022***

#### ***Results of Continuing Operations***

*Review of results for the year ended December 31, 2023 as compared with the results for the year ended December 31, 2022.*

#### ***Revenues increased by 26% or PhP 3.8 billion***

Consolidated revenues for the period amounted to P18.6 billion, 26% or P3.8 billion higher than the same period last year. The improvement was across all segments, driven primarily by construction operations and contribution from real estate operations.

Construction revenues amounted to P18.1 billion – 24% more than 2022 – and contributed 97% to total consolidated revenues. The segment benefitted from steady completion of existing projects, particularly Suncity's Westside City Resorts Complex and the Malolos Clark Railway Project Phase 1. New projects secured during the year included Hotel 101 in Libis and Lumbangan Solar Power Plant, bringing the order book to P43.1 billion as of end of the year.

Landport operations meanwhile delivered higher revenue of P347.8 million from office towers and commercial spaces, 35% more than the previous year, and contributed close to 2% to the total consolidated revenues due to increasing foot traffic.

#### ***Direct Costs increased by 27% or PhP 3.5 billion***

Consolidated direct costs amounted to P16.5 billion, 27% higher and consistent with the growth in revenues. Cost of construction comprised bulk of the increase in costs with landport related costs slightly lower, as a result of cost management amid a challenging office leasing environment. Cost of real estate operations amounted to P72.2 million and was mainly attributed to sales and marketing expenses associated with new project launches.

#### ***Gross Profit increased by 14% or PhP 260 million***

Consolidated gross profit reached to P2.2 billion, translating to a consolidated gross profit margin of 12%. The construction business contributed P2.1 billion while real estate development chipped in P76.7 million – more than offsetting the P13.1 million loss incurred by landport operations.

#### ***Other Operating Expenses increased by 9% or PhP 108.9 million***

Other Operating Expenses during the period amounted to P1.3 billion. The increase of P108.9 million is mainly due to increase in fixed costs in support of the Company growth plans for various infrastructure and development projects that it will be undertaking such as the execution of P18-billion CP104 of the Metro Manila Subway System Project, awarded to the Company, together with its Japanese consortium partners.

#### ***Impairment Losses decreased by 98% or PhP 1.7 billion***

Impairment losses was down to P35.3 million from previous year's P1.7 billion, coming from discontinued projects arising from the pandemic. The Parent Company provided provisions and write-off on certain projects under contract asset during 2022, largely affected by the COVID-19 pandemic, which were not present in 2023.

***Finance Costs increased by 24% or PhP 404.7 million***

Finance costs amounted to P2.1 billion, higher by P404.7 million, attributed to a higher loan balance from newly drawn working lines and an elevated interest rate scenario throughout 2023.

***Finance Income increased by 99% or PhP 521 million***

Finance income by amounted to P1.05 billion and was P521 million more than the previous year. The improvement was attributed to more efficient treasury management via money market placements, taking advantage of attractive yields driven by higher interest rates.

***Others – net increased by 215% or PhP 932.9 million***

Others – net amounted to P499.2 million income and reversed the loss from the previous year, which was attributed to impairment losses on non-financial assets related to certain deferred fulfilment costs related to specific construction contracts and investments in associates that were affected by changes in the political and economic landscape in 2022.

***Tax Expense increased by PhP 746.8 million or 108%***

Consolidated profit before tax amounted to P326.8 million, reversing the pre-tax loss in 2022, which resulted in a tax expense of P57.6 million.

***Consolidated Net Income amounted to PhP269 million***

Consolidated net income from continuing operations amounted to P269 million, compared with a net loss of P1.9 billion in 2022. The performance was driven by recovery in construction operations and initial contribution from real estate operations, coupled with liability and treasury management, delivering a net interest income for the year.

***Financial Condition***

*Review of financial conditions as of December 31, 2023 as compared with financial conditions as of December 31, 2022*

**ASSETS**

***Current Assets decreased by 7% or by PhP3.7 billion***

The following discussion provides a detailed analysis of the increase in current assets:

***Cash and Cash Equivalents decreased by 69% or PhP 10.9 billion***

The decrease in cash and cash equivalents was mainly due to the retirement of preferred shares, acquisition of PH1 World Developers, as well as payment of interest cost and dividends and other working capital requirements.

***Trade and Other Receivables increased by 4% or by PhP 795 million***

The increase in trade and other receivables is related to timing difference in collections as substantial portion of work accomplishment has been billed towards the end of the year and hence are being reviewed by the client whereas some recently billed receivables are not yet due.

***Construction Materials increased by 7% or PhP 153 million***

The increase in inventory levels during the period was due to the new projects started during the period, as well as to comply with the Company's business strategy to maintain buffer levels of inventory at site.



***Real estate inventories amounted to P3.9 billion***

Real estate inventories pertain to cost incurred relating to the Group's development and construction of its residential condominium projects. On July 12, 2023, the Group executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of P5.2 billion. As a result of the acquisition of PH1, the acquisition date fair value of the real estate inventories amounting to P3.3 billion was recognized.

***Contract assets increased by 10% or PhP 534 million***

The increase in contract assets is attributed to timing difference on actual billing for portion of work-in-progress completed during the period, which can be billed and evaluated by the client upon completion of the said scope or activity.

***Other Current Assets increased by 19% or by PhP 1.9 billion***

The increase was mainly due to advances made to its suppliers and subcontractors for its new projects to lock in prices for major construction materials and scope of works. There is also increase in prepaid taxes related to the excess of creditable withholding tax payments over the current tax due.

***Non-Current Asset Held for Sale remains at P2.9 billion***

Total noncurrent assets held for sale pertains to the fair value of investment in GMCAC representing the Company's remaining 33 & 1/3% plus 1 share.

***Non-Current Assets amounted to P16 billion***

The following discussion provides a detailed analysis of the increase in non-current assets.

***Financial Assets at Fair Value Through Other Comprehensive Income (FVTOC) remains at P4 million***

FVTOC which represents shares of stocks held to unconsolidated entity and golf shares with no published market value references remains at P4 million for both periods.

***Investments in Associates and Joint Ventures increased by 11% or by PhP 25.9 million***

The increase is due to additional investment in data center business.

***Property, Plant and Equipment decreased by 7% or by PhP 456 million***

The Group recognized depreciation charges on property, plant and equipment amounting to P1.2 billion and procured certain pre-cast equipment to expand capacity of Pre-Cast and Construction Solutions and service units as well as various construction equipment to support specification requirement of the ongoing projects.

***Investment Properties increased by 3% or by PhP 119.8 million***

The increase is related to the additions in the landport property amounting to P25.8 million representing additional improvements in the commercial and parking area. The increase is also related to the additional land development cost amounting to P217.2 million. This was reduced by depreciation charges for the period amounting to PhP 123 million.

***Deferred tax assets increased by PhP 8.4 million***

The increase was mainly due to temporary difference arising from net operating loss carry over (NOLCO).

***Goodwill amounted to P3.8 billion***

On July 12, 2023, the Parent Company executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of P5,200.0 million. As a result of the acquisition, the Parent Company obtained controlling interest over PH1. The transaction resulted to a goodwill from acquisition as the consideration paid is higher than the fair value of net identifiable assets acquired.

***Other Non-Current Assets increased by 18% or PhP 53.9 million***

The increase was mainly due to the deposits for condominium units which represent initial downpayments made for the purchase of condominium units.

**LIABILITIES AND EQUITY**

***Current Liabilities increased by 62% or PhP 14.8 billion***

The following discussion provides a detailed analysis of the increase in current liabilities:

***Interest-Bearing Loans and Borrowings-Current increased by 43% or by PhP 6.3 billion***

The increase is due to availments made to support the working capital requirements of the Group and reclassification of the noncurrent portion of corporate note to current portion based on schedule payments within one year horizon. The increase was offset by the repayments of short-term loans and lease liabilities during the period.

***Trade and Other Payables decreased by 13% or by PhP 679 million***

The decrease was mainly due to volume and timing of purchases and payments to suppliers and subcontractors.

***Contract liabilities – current increased by 37% or PhP 1.3 billion***

The increase is related to downpayment from newly awarded projects such as Hotel 101 and Lumbangan Solar Power Plant. The increase is also due to the effect of consolidation of PH1. The acquisition date fair value of the contract liabilities amounting to P76.6 million was recognized during the period.

***Exchangeable notes remains at PhP 7.8 billion***

In 2022, the Parent Company issued Exchangeable notes in favor of AIC. The notes will mature on October 30, 2024 (exercise date) and are expected to be exchanged by AIC for the rest of the 33% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company.

***Other Current Liabilities increased by 17% or by PhP 50.6 million***

The increase of P50.6 million is mainly due to the increase in tax liabilities of the Group including deferred revenue which represents advance payments from customers and concessionaires that are subject to refund or future billing applications within 12 months from the end of the reporting period.

***Non-Current Liabilities decreased by 53% or PhP 12.2 billion***

The following discussion provides a detailed analysis of the decrease in non-current liabilities:

***Loans and Borrowings-Non-Current decreased by 27% or PhP 3.5 billion***

Noncurrent portion of finance lease payables and corporate note were reclassified to current loans based on scheduled payments within one year horizon. Meanwhile, the decrease was offset by the effect of consolidation of PH1.

***Contract liabilities –non current decreased by 73% or PhP 1.0 billion***

The decrease is mainly related to reclassification to current portion of customer advances upon recoupment based on construction schedule.

***Post employment defined benefit obligation increased by 5% or by PhP 12 million***

The post-employment defined benefit obligation increased due to experience adjustments and changes in financial assumptions.

***Other non-current liabilities increased by 33% or PhP 122 million***

The increase is mainly related to deposits and advances received from tenants to be applied on future rentals due on the lease of the Group's investment properties.

***Equity attributable to Parent decreased by 17% or by PhP 3.3 billion***

The decrease in equity was due to the declaration of cash dividends amounting to PhP 2.4 billion to preferred and common stock shareholders, retirement of preferred shares series 2A amounting to P2.6 million. The decrease was offset by the issuance of preferred shares series 5 amounting to P1.5 million net income amounting to P283 million.

***FY2022 vs FY2021***

The Group presented its construction and landport segment as part of its continuing operations whereas the airport and airport merchandising segments were presented as part of discontinuing operations following the sale of shares from GMCAC and GMI in 2022.

***Results of Continuing Operations***

*Review of results for the year ended December 31, 2022 as compared with the results for the year ended December 31, 2021.*

***Revenues decreased by 1% or PhP 203 million***

Consolidated revenues for the period amounted to P14.8 billion, 1% or P203 million lower than the same period last year. The decrease was due to slowdown of construction operations and lower occupancy rate in the landport segment.

Construction revenues amounted to P14.58 billion and contributed 98% to the consolidated revenues. The segment experienced slowdown of operations as certain contracts were under renegotiation due to the impact of rising raw material prices and interest rates. Despite this, the Company maintains a healthy orderbook as it continued to secure new contracts from Suntrust Home Developers' Suncity West Side City project, Landers Aseana, Hampton O&P, and the DOTr's Malolos Clark Railway Phase 1 Project – a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dong-ah Geological Engineering Company Ltd.

Landport operations meanwhile delivered revenue of P258 million from office towers and commercial spaces and contributed 2% to the total consolidated revenues. The clamp down on Philippine Offshore Gaming Operators (POGO) continue to put pressure on office vacancy and lease rates, affecting tenancy at PITX and translated to lower revenues from the same period last year.

PITX however continued to serve as a transportation convergence point to serve commuters to and from different places of work.

***Direct Costs increased by 3% or PhP 422 million***

Direct costs amounted to P12.9 billion and were higher by 3% or P422 million. The movement was mainly related to rising prices of raw materials, services and higher labor costs, along with higher fixed costs and depreciation expenses.

***Gross Profit decreased by 25% or PhP 624 million***

Consolidated gross profit amounted to P1.9 billion in 2022, translating to a consolidated gross profit margin of 13%. The construction business contributed P2 billion or 106% of the Group's gross profit. Terminal operations contributed P-106 million or -6% to the total gross profit.

***Other Operating Expenses increased by 5% or PhP 61 million***

Other Operating Expenses amounted to P1.19 billion. The increase of P61 million is mainly due to various professional fees and registration fees incurred for its bond and preferred shares issuances.

***Impairment Losses increased by 708% or PhP 1.5 billion***

Impairment Losses amounted to P1.7 billion as of the end of 2022. The Parent Company provided provisions and write-off on certain projects under contract asset during 2022. Despite several attempts to renegotiate contracts which were affected by COVID, it became apparent to management in 2022 that claims from these projects can no longer be collected and decided to terminate the project to manage the financial impact to the Group.

***Finance Costs increased by 9% or PhP 142 million***

Finance costs amounted to PhP 1.6 billion. The increase of P142 million is mainly due to interest expense from bonds payable amounting to P118 million.

***Finance Income increased by 11% or PhP 53 million***

Finance income amounted to P526 million. The increase of P53 million is mainly due to interest income from advances to related parties. This relates to the financing provided for the Group's business expansion and diversification program.

***Others - net decreased by 204% or PhP 848 million***

Others – net amounted to P433 million. The decrease in other income (charges) is mainly due to Impairment losses on non-financial assets amounting to P916 million. This relates to certain deferred fulfilment costs related to specific construction contracts and investments in associates that have doubtful recoverability based on changes in political and economic conditions in 2022.

***Tax Expense decreased by PhP 781 million or 845%***

The Group realized a tax income amounting to P689 million mainly relating to temporary difference arising from net operating loss carry over (NOLCO) and impairment losses on contract assets.

***Results of Discontinued Operations***

The airport business remains optimistic of a turnaround as vaccination has contained the virus, encouraging global and local air travel. Revenue during the period amounted to P1.7 billion. Passenger volume more than doubled from last year's pandemic level, although still fell short of pre-pandemic levels, with domestic passenger volume, which comprised 90% of traffic, rising to 4.9 million from last year's 1.2 million and international passenger volume soaring to 666 thousand from previous year's 164 thousand. Airport merchandising segment, which is ancillary to airport operations, likewise experienced a 532% improvement in sales to P148 million from P23 million last year.

The direct cost of airport operations increased by 131% to P508.9 million. The movement of direct cost was consistent with the revenue performance of the airport segment, taking into consideration fixed costs and depreciation expenses, despite reduced passenger volumes. The airport segments gross profit increased by 323% to P605.9 million.

Operating expenses increased from last year's P437 million to this year's P1.92 billion mainly due to repair cost incurred to restore the facility after the typhoon Odette in December 2022. The impact was offset by recovery from insurance claims of P1.0 billion and the recognition of gain on deconsolidation of subsidiaries amounting to P6.6 billion.

***Consolidated Net Income Increased by 417% or PhP 3.7 billion***

Consolidated net income from continuing and discontinued operations amounted to P2.8 billion compared with the consolidated net loss of P893 million in 2021. This is mainly due to recognized gain on deconsolidation of a subsidiary amounting to P6.6 billion, though offset by impairment losses on financial and nonfinancial assets amounting to P1.7 billion and P916 million, respectively.

***Financial Condition***

*Review of financial conditions as of December 31, 2022 as compared with financial conditions as of December 31, 2021*

**ASSETS**

***Current Assets increased by 35% or by PhP14 billion***

The following discussion provides a detailed analysis of the increase in current assets:

***Cash and Cash Equivalents increased by 170% or PhP 9.9 billion***

The increase in cash and cash equivalents was due to the proceeds from sale of investment in airport segment amounting to P7.2 billion.

***Trade and Other Receivables increased by 8% or by PhP 1.39 billion***

The increase in contract receivables is related to milestone payments of contractual agreements with customers, special payment arrangements to key clients, and timing difference in collections, as substantial portion of work accomplishment has been billed towards the end of the quarter and hence are being reviewed by the client, whereas some recently billed receivables are not yet due. Balance of trade and other receivables of airport segment amounting to P968.4 million was derecognized upon disposal.

***Inventory of Construction Materials increased by 4% or PhP 81 million***

The increase in inventory levels during the period was due to the new projects started during the period, as well as to comply with the Company's business strategy to maintain buffer levels of inventory at site, considering longer procurement lead time during the quarantine period imposed by the government.

***Contract assets increased by 7% or PhP 329 million***

The increase in contract assets is attributed to timing difference on actual billing for portion of work-in-progress completed during the period, which can be billed and evaluated by the client upon completion of the said scope or activity.

***Other Current Assets decreased by 6% or by PhP 569 million***

In 2022, the Group has written-off related deferred fulfilment costs amounting to P328.6 million. The decrease is partially offset by the advances made by the Parent to its suppliers and subcontractors for its new projects to lock in prices for steel required for structural development. The related input VAT also increased as a result of payments made to subcontractors. Balance of other current asset of airport segment amounting to P1.2 billion was derecognized upon disposal.

***Non-Current Asset Held for Sale increased by 100% or P2.9 billion***

Total noncurrent assets held for sale pertains to the total assets of airport segment amounting to P2.9 billion. The increase is mainly due to deconsolidation in 2022 and reclassification of fair-value of GMCAC assets to this account.

***Non-Current Assets amounted to P12 billion***

The following discussion provides a detailed analysis of the decrease in non-current assets.

***Financial Assets at Fair Value Through Other Comprehensive Income (FVTOC) remains at P4 million***

FVTOC which represents shares of stocks held to unconsolidated entity and golf shares with no published market value references remains at P4 million for both periods.

***Investments in Associates and Joint Ventures decreased by 73% or by PhP 630 million***

The decrease is a result of share in the net losses taken up on the Group's investment in various joint ventures and associates and the write-off of investment in 2022.

***Property, Plant and Equipment decreased by 6% or by PhP 433 million***

The Group recognized depreciation charges on property, plant and equipment amounting to PhP 1.31 billion and procured certain pre-cast equipment to expand capacity of construction support and service units and various specialized equipment to support specification requirement of the ongoing projects.

***Investment Properties increased by 5% or by PhP 206 million***

The increase is mainly related to the additions in the landport property amounting to P327 million representing additional improvements in the commercial and parking area. This was reduced by depreciation charges for the period amounting to PhP 121 million, respectively.

***Deferred tax assets increased by PhP 664 million***

The increase was mainly due to temporary difference arising from net operating loss carry over (NOLCO).

***Other Non-Current Assets decreased by 87% or PhP 2.1 billion***

Balance of other non-current asset of airport segment amounting to P1.8 billion was derecognized upon disposal. Whereas the decrease of P0.3 million was mainly due to decrease in the deferred input VAT balance of the Group.

## LIABILITIES AND EQUITY

### ***Current Liabilities decreased by 13% or PhP 3.4 billion***

The following discussion provides a detailed analysis of the decrease in current liabilities:

#### ***Interest-Bearing Loans and Borrowings-Current decreased by PhP 72 million***

The decrease is due to repayments of short-term loans and lease liabilities. This was offset additional borrowings made to support the working capital requirements of the Group.

#### ***Trade and Other Payables decreased by 38% or by PhP 3.3 billion***

The decrease is due to progress billings on work in progress contracts. The balance of trade and other payables of airport segment amounting to P2.3 billion was derecognized upon disposal.

#### ***Contract liabilities – current decreased by 3% or PhP 113 million***

The decrease is mainly related to recoupment of downpayments from client.

#### ***Other Current Liabilities decreased by 15% or by PhP 41 million***

The balance of other current liabilities of airport segment amounting to P94 million was derecognized upon disposal. While increase of P63 million is due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

### ***Non-Current Liabilities decreased by 44% or PhP 23.5 billion***

The following discussion provides a detailed analysis of the increase in non-current liabilities:

#### ***Loans and Borrowings-Non-Current decreased by 62% or PhP 21.65 billion***

The balance of non-current portion of the interest-bearing loans of borrowings of the airport segment amounting to P25.8 billion was derecognized upon disposal. Noncurrent portion of finance lease payables and corporate note were reclassified to current loans based on scheduled payments within one year horizon. Meanwhile, the decrease was offset by the bonds raised in August 2022 amounting to P4.0 billion.

#### ***Exchangeable notes increased by PhP 7.8 billion***

In 2022, the Parent Company issued Exchangeable notes in favor of AIC. The notes will mature on October 30, 2024 (exercise date) and are expected to be exchanged by AIC for the rest of the 33% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company.

#### ***Contract liabilities –non current decreased by 32% or PhP 651 million***

The decrease is mainly related to reclassification to current portion of customer advances upon recoupment based on construction schedule.

#### ***Post employment defined benefit obligation decreased by 21% or by PhP 63 million***

The post-employment defined benefit obligation decreased due to experience adjustments and changes in demographic assumptions.

#### ***Deferred tax liabilities decreased by 100% or by PhP 873 million***

The balance of deferred tax liabilities of the airport segment amounting to P971.6 million was derecognized upon disposal.

***Other non-current liabilities decreased by 44% or PhP 288 million***

The balance of other non-current liabilities of the airport segment amounting to P131.8 million was derecognized upon disposal as a result of the sale and deconsolidation of GMCAC. Landport also recognized reversal of deposit and advances from tenants during the year.

***Equity attributable to Parent increased by 19% or by PhP 3.1 billion***

The increase in equity was mainly due to total comprehensive income amounting to PhP 3.6 billion, dividend payments of PhP 490 million to preferred stock shareholders, deposits for future stock subscription of PhP 2.3 million, and increase in other reserves amounting to PhP 14.71 million.

***FY2021 vs FY2020***

***Results of Operations***

*Review of results for the year ended December 31, 2021 as compared with the results for the year ended December 31, 2020.*

***Revenues increased by 21% or PhP 2.72 billion***

Consolidated revenues for the period amounted to PhP 15.64 billion, 21% or PhP 2.72 billion higher from the same period last year. The construction segment revenue amounted to PhP 14.33 billion, 32% or PhP 3.49 billion above from year ago levels and contributed 91% to the consolidated revenues. From quarantine restrictions imposed by the government last March 16, 2020, construction segment slowly transitioned to normal levels starting 3rd quarter of 2020. In 2021 operations of on-going projects started to normalize and continued to ramp up due to the start of newly awarded projects such as Suntrust Home Developers' Suncity West Side City project, Megaworld's Newport Link project, and the DOTr's Malolos Clark Railway Phase 1 Project 3 which is a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dongah Geological Engineering Company Ltd.

Airport segment continues to struggle with 10% of the pre-pandemic air traffic volume though remains optimistic of a turnaround once the global vaccination program has been effectively rolled out. Revenue during the period amounted to PhP 576 million, 48% or PhP 532 million lower than the same period last year and contributed 4% to the total consolidated revenue due to the effect of international and local travel restrictions, beginning March 16, 2020 and persisted until December 31, 2021, as a means to control the spread of COVID-19. International passenger arrivals from COVID-19 affected countries like China, Japan, and Korea are still down while domestic volumes declined as the government declared a state of public emergency and placed Luzon under ECQ, which persisted during the MECQ and general community quarantine (GCQ) periods. Airport merchandising segment, which is ancillary to airport operations, likewise experienced a slowdown in sales due to reduced passenger traffic translating to 67% decline in revenue.

Landport operations delivered revenue of PhP 715 million from office towers and commercial spaces during the period and contributed 5% to the total consolidated revenues. Due to the restrictions in foreign travel, Philippine Offshore Gaming Operators (POGO) experienced indefinite disruption on their operations, resulting in lower office occupancy levels and translated to 21% or PhP 187 million lower revenue from the same period last year. PITX continued to serve as a transportation convergence point during ECQ and ever since terminal operations reopened last June 08, 2020 after Manila was placed under GCQ by the government and resumed near normalcy in operations to serve commuters going to different places of work.



***Direct Costs increased by 24% or PhP 2.5 billion***

Direct costs amounted to PhP 12.9 billion and were higher by 24% or PhP 2.5 billion. The movement was consistent with the revenue performance across all three segments, taking in consideration fixed costs and depreciation expenses despite reduced passenger volumes and lower occupancy rate at the airport and landport terminals.

***Gross Profit increased by 9% or PhP 222 million***

Consolidated gross profit amounted to PhP 2.74 billion in 2021, translating to a consolidated gross profit margin of 18%. The construction business contributed PhP 2.2 billion or 80% of the Group's gross profit. Terminal operations contributed PhP 327 million or 12% while airport operations and merchandising segment accounted for PhP 207 million or 8% to the total gross profit.

***Other Operating Expenses increased by 16% or PhP 247 million***

Net Other Operating Expenses amounted to PhP 1.78 billion. The increase of PhP 247 million is mainly related to impairment losses recognized on receivables amounting to P204 million.

***Other Income (Charges) increased by 6% or PhP 88 million***

Other charges - net, which consists of finance cost, finance income and other income (expenses) amounted to PhP 1.68 billion, 6% lower from year-ago levels. The reduction is due mainly to the recognition of gain on loan modification amounting to PhP 208 million in 2021 and mark-to-market gain on the airport segment's interest rate swap recognized this year compared to market-to-market loss on IRS booked on the same period last year recorded under other income (expense). However, this is offset by the unrealized foreign exchange loss recognized in 2021 from the USD loans under the airport segment due to the higher peso to dollar exchange rate compared to the unrealized foreign exchange gain recognized on the same period last year.

***Tax Expense decreased by PhP 95 million or 36%***

Total tax expense decreased in 2021 due to the decrease in tax expense in the is directly related to the reduction in tax rate from 30% to 25% under the CREATE law.

***Consolidated Net Loss decreased by 2% or PhP 19 million***

Consolidated net loss amounted to PhP 893 million compared to consolidated net loss of PhP 875 million in 2020. Marginal improvement is related to improvement in construction operations which posted a profit of P401 million compared with last year's loss of P497 million, though was offset by airport segment as minimal revenues were generated from airport and travel-related segments due to disrupted operations arising from the global response to the COVID-19 crisis.

**Financial Condition**

*Review of financial conditions as of December 31, 2021 as compared with financial conditions as of December 31, 2020*

**ASSETS**

***Current Assets increased by 9% or by PhP3.34 billion***

The following discussion provides a detailed analysis of the increase in current assets:

***Cash and Cash Equivalents decreased by 19% or PhP 1.38 billion***

The decrease in cash and cash equivalents was due to payment of PhP 2.6 billion finance cost, PhP 595 million dividends on preferred shares and various acquisitions of precast and construction equipment to ramp up capacity. This is offset by proceeds from the down payments of clients for newly awarded projects during the period and increase in operating cash flow from construction segment.

***Trade and Other Receivables increased by 11% or by PhP 1.67 billion***

The increase in contract receivables by PhP 581 million is related to milestone payment contractual arrangement with customers, special payment arrangements to key clients and timing difference in collections as substantial portion of work accomplishment has been billed towards the end of the quarter and hence are being reviewed by the client whereas some recently billed receivables are not yet due. Interest receivable increased by P444 million while retention receivable increased by P76 million. Receivable from airport operations increased by P129 million due to the increase in revenue during the month of December as economies opened and our country relaxed travel policies. Meanwhile, receivables from Terminal operations increased by PhP 319 million due to relaxation of payment schedule with the tenants in support to Bayanihan to Heal as One Act. To minimize credit risk, PITx as a matter of policy, ensures that there is sufficient amount of security deposits and advance rentals to cover unpaid balances.

***Inventory of Construction Materials increased by 19% or PhP 326 million***

The increase in inventory levels during the period was due to the new projects started during the period, as well as to comply with the Company's business strategy to maintain buffer levels of inventory at site, considering longer procurement lead time during the quarantine period imposed by the government.

***Contract assets increased by 13% or PhP 546 million***

The increase in contract assets is attributed to timing difference on actual billing for portion of work-in-progress completed during the period, which can be billed and evaluated by the client upon completion of the said scope or activity.

***Other Current Assets increased by 27% or by PhP 2.18 billion***

The increase was mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects to lock in prices for steel required for the structural construction of Sun City Project and the advances to supplier amounting to PhP 163 million for MCRP. The related input VAT also increased as a result of payments made to subcontractors. This is offset by the decrease in creditable withholding taxes under the construction segment that is directly related to the increase in tax expense.

***Non-Current Assets increased by 1% or PhP 493 million***

The following discussion provides a detailed analysis of the decrease in non-current assets:

***Investments in Associates and Joint Ventures decreased by 7% or by PhP 68 million***

The decrease is a result of share in the net losses taken up on the Group's investment in various joint ventures and associates.

***Concession Assets increased by 2% or by PhP 575 million***

The increase in Concession Assets was attributed to capital investments of GMCAC related to its obligations under the concession agreement. Meanwhile, amortization charges for the period amounted to PhP 50 million.

***Property, Plant and Equipment decreased by 1% or by PhP 73 million***

The Group recognized depreciation charges on property, plant and equipment amounting to PhP 1.47 billion and procured certain pre-cast equipment to expand capacity of construction support and service units and various specialized equipment to support specification requirement of the ongoing projects.

***Investment Properties increased by 3% or by PhP 115 million***

The increase is mainly related to the additions in the landport property amounting to P230 million representing additional improvements in the commercial and parking area. This was reduced by depreciation charges for the period amounting to PhP 86 million.

***Deferred tax assets increased by 156% or PhP 15 million***

The increase was due to the reversal of deferred tax assets recognized by a foreign subsidiary and the resulting net deferred tax asset from construction segment as compared with the previous years due to deferred taxes on impairment loss recognized during the year and increase in deferred tax on the effect of PFRS 15 on significant financing component.

***Other Non-Current Assets decreased by 3% or PhP 71 million***

The decrease in Other Non-Current Assets was mainly due to decrease of P 238 million in investment in trust fund, the cash waterfall account for the airport segment loan but was offset increase in the deferred input VAT balance of the Group amounting to P 107 million as well as higher refundable deposits under MWM amounting to P 51 million.

**LIABILITIES AND EQUITY**

***Current Liabilities increased by 15% or PhP 3.61 billion***

The following discussion provides a detailed analysis of the decrease in current liabilities:

***Interest-Bearing Loans and Borrowings-Current increased by PhP 1.65 billion or 13%***

The increase is mainly related to additional borrowings for the period to support mainly the capital asset requirement of the construction segment and reclassification to current portion of long term loan based on the scheduled payment for the next year. The increase was offset by loans of GMCAC were reclassified from current to non-current amounting to PhP 824 million. On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement (OLSA), revising and pushing the schedule of the principal repayment to 2024. As a result, the current portion of long-term loan recognized in the previous year were reclassified to non-current.

***Trade and Other Payables increased by 4% or by PhP 325million***

The increase is mainly due to the additional infusion of the minority shareholder to the airport operations to comply with the restated OLSA amounting to P308 million. This was offset by the payment of accrued interest. Under the amended OLSA previously discussed, 20% of the accrued interest related to the period was paid in May 2021, while the balance shall be paid on June 15, 2023 together with the interest accrued. For interest incurred from March 31, 2021 to December 15, 2021, 37% of the accrued interest related to the period shall be paid monthly starting May 15, 2021 until December 15, 2021, the balance shall be paid on December 2023 together with the interest accrued.

***Contract liabilities – current increased by 75% or PhP 1.59 billion***

The increase is mainly related to reclassification from noncurrent portion as accomplishments is expected to be higher in the next year which will result to higher recoupment of downpayments from client.

***Other Current Liabilities increased by 22% or by PhP 48 million***

The increase is due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

***Non-Current Liabilities increased by 4% or PhP 1.54 billion***

The following discussion provides a detailed analysis of the increase in non-current liabilities:

***Interest-Bearing Loans and Borrowings-Non-Current increased by 6% or PhP 1.93 billion***

On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement, which revised the schedule of the principal repayments to 2024. As a result of this arrangement, interest bearing loans for GMCAC were increased by P2.1 billion. Meanwhile, current portion of finance lease payables amounting to P 91 million were reclassified to current loans based on scheduled payments within one year horizon.

***Contract liabilities –non current decreased by 17% or PhP 422 million***

The increase is mainly related to downpayments received in 2021 for newly awarded contracts such as SunCity and share in MCRP.

***Post employment defined benefit obligation decreased by 13% or by PhP 43 million***

The post employment defined benefit obligation decrease due to experience adjustments and changes in demographic assumptions.

***Deferred tax liabilities increased by 9% or by PhP 71 million***

The decrease in deferred tax liabilities was mainly due to construction segment which had a net deferred tax asset position of P10 million at the end of the year compared to last year deferred tax liability position amounting to P26 million. Other decrease is arising from the adjustment of tax rate from 30% to 25%.

***Other non-current liabilities increased by 1% or PhP 8 million***

The increase is due to the net movement in security deposits and advanced rent from the landport and airport segments during the period arising from new lease contracts.

***Equity attributable to Parent decreased by 4% or by PhP 774 million***

The decrease in equity was mainly due to dividend payments of PhP 506 million to preferred stock shareholders and P342 million net loss attributable to Parent for the year.

***Material Events and Uncertainties***

There are no other material changes in Megawide's financial position by five percent (5%) or more and no condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of Megawide.

Other than the impact of COVID-19 on the business which is disclosed in Note 1.3 of the consolidated audited financial statements or **Exhibit “2”**, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing Megawide’s liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

Megawide has a capital commitment to utilize the proceeds from the issuance of its preferred shares amounting to One Billion Four Hundred Twenty-Seven Million Seven Hundred Eighty-Nine Thousand Two Hundred Thirty-Eight Pesos (PhP 1,427,789,238.36) for various PPP projects. Other than that, there are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

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

There are no material events subsequent to December 31, 2023 that have not been reflected in the consolidated audited financial statements or **Exhibit “2”** of the Company.

Liquidity and Capital Resources

As regards internal and external sources of liquidity, the Company’s funding is sourced from internally generated cash flows, and 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. Additionally, 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 statements of cash flows for the period indicated:

<b>(Amounts in PhP Millions)</b>	<b>For the years ended December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flow</b>			
Net cash provided by operating activities	(1,863)	(2,907)	1,356
Net cash used in investing activities	(5,873)	5,074	(1,829)
Net cash provided by financing activities	(3,287)	8,000	(895)

### Key Performance Indicators (KPIs)

Megawide's KPIs are as follows:

<b>Amounts in Php Billion, except Ratios and Earnings per Share</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Construction Order Backlog	PhP 43.07	PhP 50.85	PhP 60.01
Current Ratio <sup>1</sup>	1.29	2.25	1.45
Net Debt to Equity Ratio <sup>2</sup>	1.52	0.61	2.27
Book Value Per Share <sup>3</sup>	3.32	3.69	2.13
Earnings per Share <sup>4</sup>	(0.06)	1.53	-0.42
Return on Assets <sup>5</sup>	0.00	0.04	-0.01
Return on Equity <sup>6</sup>	0.01	0.15	-0.04
Gross Profit Margin <sup>7</sup>	0.12	0.13	0.18

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 sources of production and revenues for Megawide. Construction Order Backlog tends to increase when booked construction contracts or orders increase. A larger Construction Order Backlog is indicative of higher profits in the future.

### Risk Management Objectives and Policies

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors and focuses on actively securing Megawide's short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in Note 32 of the consolidated audited financial statements or **Exhibit "2"**.

### **Item 7. Financial Statements**

Megawide's audited financial statements and the supplementary schedules to the same, which were submitted to the Bureau of Internal Revenue are attached hereto as **Exhibit "2"**.

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<sup>1</sup> Current Assets/Current Liabilities

<sup>2</sup> Interest bearing loans and borrowings less cash and cash equivalents and financial assets valued through profit or loss/Stockholder's Equity

<sup>3</sup> Total Equity/Issued and Outstanding Shares

<sup>4</sup> Net Profit/Issued and Outstanding Shares

<sup>5</sup> Net Profit/Average Shares

<sup>6</sup> Net Profit/Average Equity

<sup>7</sup> Gross Profit/Revenue

**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 PhP) For the years ended December 31		
		2023	2022	2021
Punongbayan & Araullo	Audit of Financial Statements	3,885,000.00	3,885,000.00	3,535,000.00
Punongbayan & Araullo	Summary of Application of Proceeds on Preferred Shares	600,000.00 (Q1 to Q4)	600,000.00 (Q1 to Q4)	600,000.00 (Q1 to Q4)
Punongbayan & Araullo	Transfer Pricing Documentations and Review of Information Return	-	-	-
Punongbayan & Araullo	Agreed Upon Procedures (PCAB Renewal)	-	35,000.00	35,000.00
Punongbayan & Araullo	Agreed Upon Procedures (Schedule of Estimated Capital Cost)	124,000.00	-	-
Punongbayan & Araullo	Financial Statement Quarterly Consolidated Review and Prospectus Circle-Up	-	3,700,000.00	3,500,000.00
Punongbayan & Araullo	Tax Opinion on Development Projects	-	250,000.00	100,000.00

***The Board’s Audit and Compliance Committee (ACC) Pre-Approval Policy***

The ACC is composed of Mr. Celso P. Vivas, *Chairman of the ACC*, Chief Justice Hilario G. Davide (Ret.), *Vice Chairman of the ACC*, and Mr. Oliver Y. Tan.

The ACC is required to pre-approve all audit and non-audit services to be rendered by independent accountants and approve the engagement fee and any other compensation to be paid to such independent accountants. When deciding whether to approve these items, the ACC 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 ACC communicates with the external auditors with regard to any relationship or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take the necessary 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	2022 and 2021	2017 to 2022 – <i>Mailene Sigue-Bisnar</i>
Punongbayan & Araullo	2023	2023 – Present – <i>Endel Mata</i>

Megawide did not have any disagreements with its internal auditors or independent accountants on any matter of accounting principles or practices, financial statements, disclosures, or auditing scope or procedures.

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

#### *Directors and Executive Officers*

As of December 31, 2023, Megawide is governed by a Board of six (6) directors, composed of the following:

1. Mr. Edgar B. Saavedra, *Chairman of the Board, CEO, and President*;
2. Mr. Manuel Louie B. Ferrer, *Vice-Chairman of the Board, Executive Director for Infrastructure Development*;
3. Mr. Oliver Y. Tan, *Director*;
4. Mr. Ramon H. Diaz, *Director and Group Chief Financial Officer*;
5. Former Chief Justice Hilario G. Davide, Jr., *Independent Director*; and
6. Mr. Celso P. Vivas, *Independent Director*.
7. Atty. Lilia De Lima\*, *Independent Director*.

*\*Tenure ended May 12, 2023*

Moreover, Megawide’s management team is also headed by Mr. Edgar B. Saavedra, a licensed civil engineer, who has been practicing for over twenty (20) years.

The 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 or, in case the same falls on a legal holiday, on the day following.

The Board 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 1 voting share of Megawide.

Pursuant to SEC Memorandum Circular (M.C.) No. 19, Series of 2016, the Company adopted its New Manual on Corporate Governance (Manual). In accordance with Section VI (5) (b) of the Manual, the Board shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. At present, two (2) members of the Board are independent directors. Nonetheless, the Amended By-Laws of Megawide provides that Megawide is required to only have at least two (2) independent directors or at least 20% of its board size, whichever is lesser, but in no case less than two (2).



## **Board of Directors**

The following provides the information on each Member of Megawide's Board of Directors, as of December 31, 2023, including their current directorships and positions in other companies, previous business experience, and educational background:

i. **MR. EDGAR B. SAAVEDRA**

Age: 49

Citizenship: Filipino

Positions in Megawide: *Chairman of the Board, CEO, and President*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Saavedra is currently the Chairman and President of Citicore Holdings Investment Inc. and Megawide Land, Inc. He is also the Chairman of Altria East Land Inc., MWM Terminals, Inc., Cebu2World Development, Inc., Citicore Power Inc., Citicore Energy REIT Corp., Citicore-Megawide Consortium, Inc., Tunnel Prefab Corporation, Wide-Horizons Inc., Megawide Terminals, Inc. and Citicore Renewable Energy Corporation. He also serves as Director of GMR Megawide Cebu Airport Corporation. In addition, he serves as the Chairman of PH1 World Developers, Inc. Further, he is a Trustee of Megawide Corporate Foundation, Inc.

Previous Business Experience and Educational Background

Mr. Saavedra's engineering experience spans over twenty (20) years. He received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

ii. **MR. MANUEL LOUIE B. FERRER**

Age: 48

Citizenship: Filipino

Positions in Megawide: *Vice-Chairman of the Board and Executive Director for Infrastructure Development*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Ferrer is the Chairman of the Board of Trustees of Megawide Corporate Foundation, Inc. Also, he serves as a Director and the President of Altria East Land Inc. and Megawide Terminals, Inc. He is also a Director of GMR Megawide Cebu Airport Corporation, Cebu2World Development, Inc., Citicore Holdings Investment Inc., MWM Terminals, Inc., Citicore Energy REIT Corp., and Megawide Land, Inc. He also serves as a Director and Vice-Chairman of the Board of PH1 World Developers, Inc. Further, he is a Director and the Treasurer of Citicore Power Inc. and Citicore Renewable Energy Corporation.

Previous Business Experience and Educational Background

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996. He previously served as President of MWM Terminals, Inc.

iii. **MR. OLIVER Y. TAN**

Age: 46

Citizenship: Filipino

Position in Megawide: *Director*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Tan serves as Director and President of Citicore Power Inc., Citicore Energy REIT Corp., Citicore Renewable Energy Corporation, and Citicore-Megawide Consortium, Inc. Further, he is a Director and the Vice President of Citicore Holdings Investment Inc. He also serves as Director and Treasurer of Megawide Land, Inc. and Megawide Terminals, Inc.

Previous Business Experience and Educational Background

Mr. Tan previously served as the Chief Finance Officer of Megawide Construction Corporation. He holds a degree in Business Administration from the Philippine School of Business Administration.

iv. **MR. RAMON H. DIAZ**

Age: 65

Citizenship: Filipino

Positions in Megawide: *Director and Group Chief Financial Officer\**

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Diaz is a Director of Altria East Land Inc., Citicore Holdings Investment Inc., Citicore Power Inc., MWM Terminals, Inc. Megawide One Mobility Corporation (formerly "Citicore Infrastructure Holdings, Inc."), Citicore-Megawide Consortium, Inc., and Citicore Renewable Energy Corporation. Also, he serves as Director and Treasurer of Cebu2World Development, Inc.

Previous Business Experience and Educational Background

Mr. Diaz was previously President and Chief Operating Officer of Metro Pacific Zamboanga Hospital Corporation. He also served as Chief Finance Officer of PT Internux (Indonesia), East Manila Hospitals Managers Corporation, Mt. Kitanglad Agri Services, Inc., Actron Industries, Inc., and Isla Communications Company Inc. Further, he was Chief Operating Officer of PT Jababeka Infrastruktur. He obtained his Bachelor of Science degree in Commerce, Major in Accounting, Magna Cum Laude, from the University of San Carlos and his Masters in Business Management from the Asian Institute of Management, as a scholar of the Ford Motor Company. He is a Certified Public Accountant.

*\* Retired as Group Chief Financial Officer on January 16, 2024*

v. **RET. CHIEF JUSTICE HILARIO G. DAVIDE, JR.**

Age: 88

Citizenship: Filipino

Positions in Megawide: *Independent Director*

Term of Office: Yearly

#### Current Directorships and Positions Held in Other Companies

Ret. Chief Justice Davide, Jr. is currently an Independent Director and Vice-Chairman of Manila Bulletin Publishing Corporation. He is also a Director and the Chairman of KOMPASS Credit and Financing Corporation. Further, he serves as Director of Philippine Trust Company (Philtrust Bank). He is also the Chairman of the Board of Trustees of Claudio Teehankee Memorial Foundation, Inc. and Heart of Francis Foundation, Inc. He is also a Trustee of Knights of Columbus of the Philippines Foundation, Inc., and Knights of Columbus Fr. George J. William, SJ Charities, Inc.

#### Previous Business Experience and Educational Background

Ret. Chief Justice Davide, Jr. served as Chief Justice of the Supreme Court of the Philippines from November 1998 to December 2005. Before serving as Chief Justice, he was appointed as Chairman of the Commission on Elections (COMELEC) and Chairman of the Presidential Fact-Finding Commission tasked to investigate various coup attempts against the government. After his retirement from the Supreme Court, he served as the Permanent Representative of the Republic of the Philippines to the United Nations (UN) in New York from February 2007 to March 2010. He was an educator, legislator, and presidential adviser before his appointment as the country's top diplomat to the UN. Further, he was a Delegate to the 1971 Constitutional Convention. He was likewise a Commissioner of the 1986 Constitutional Commission which drafted the 1987 Constitution of the Philippines. Recognized for his accomplishments in government service, he was conferred the Ramon Magsaysay Award in 2002. He obtained his Bachelor of Laws from the University of the Philippines.

vi. **MR. CELSO P. VIVAS**

Age: 76

Citizenship: Filipino

Position in Megawide: *Independent Director*

Term of Office: Yearly

#### Current Directorships and Positions Held in Other Companies

Mr. Vivas is an Independent Trustee of Megawide Corporate Foundation, Inc. He is currently Lead Independent Director and Chairman of Audit and Risk Management Committee of Keppel Holdings, Inc. Further, he serves as Independent Director and Chairman of Audit and Risk Management Committee, Keppel Philippines Marine, Inc. He is also Independent Director and Member of Audit Committee of Keppel Philippines Properties, Inc. He also serves as Independent Director of Keppel Subic Shipyard, Inc. Also, he serves as Independent Director, Chairman of Governance, Nomination, and Remuneration Committee, and Member of Audit and Risk Management Committee of Republic Glass Holdings, Inc. Mr. Vivas is also the President of Marubeni Foundation, Inc.

#### Previous Business Experience and Educational Background

He was a Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Co. until his retirement in 2001. He is a Certified Public Accountant and has over fifty (50) years of experience in the areas of audit, finance, enterprise risk management, and corporate governance. He obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also received a Master's Degree in Business Management from the Asian Institute of Management (as a scholar of SGV & Co.). He is also a graduate of the Company Directors' Course from the Australian Institute of Company Directors (as a scholar of the Institute of Corporate Directors).

vii. **ATTY. LILIA B. DE LIMA\***

Age: 84

Citizenship: Filipino

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Ms. de Lima's tenure in Megawide ended on May 12, 2023 and is no longer serving as a Director of Megawide.

Previous Business Experience and Educational Background

Ms. de Lima was the Director General of the Philippine Economic Zone Authority ("PEZA") from 1995 to 2016. For her twenty-one (21) years of sustainable leadership and building a credible and efficient PEZA, she received The Ramon Magsaysay Award in 2017. She is the first woman to be honored as "Management Man of the Year" by the Management Association of the Philippines in 2010. Furthermore, in 2014, the Philippine-Japan Society recognized her Outstanding Achievement in the Promotion of Philippine-Japan Relation, the first (1<sup>st</sup>) woman to receive such award in thirty-six (36) years. Also, the Joint Foreign Chambers of Commerce of the Philippines awarded her The Arangkada Lifetime Achievement Award in 2014. She was awarded the Robert Storey International Award for Leadership by The Center for American and International Law in Dallas, Texas in 2013. She was awarded the ASEAN CEO Award in 2011, and in 2010 the Government of Japan bestowed on her the highest award given to a non-Head of State, the Order of the Rising Sun, Gold and Silver Star. She received the Presidential Medal of Merit from the Philippine government twice. Furthermore, she was recognized as Outstanding Women in the Nation's Service Award in the field of law in 1983. She was elected as a Delegate to the 1971 Constitutional Convention representing the 2nd District of Camarines Sur, served as Director of the Bureau of Domestic Trade, Executive Director of the Price Stabilization Council, Department of Trade and Industry, Chief Operating Officer of World Trade Center Manila and Commissioner of the National Amnesty Commission.

She earned her Associate in Arts from the Centro Escolar University and her Bachelor of Laws from the Manuel L. Quezon University and subsequently passed the Philippine Bar. She was conferred a Doctor of Laws Honoris Causa by Manuel L. Quezon University and is a fellow of the Center for American and International Law in Dallas, Texas, USA.

*\*Tenure ended on May 12, 2023*

***Executive Officers Who Are Not Directors***

The following provides the information on the officers of Megawide, as of December 31, 2023, including their current positions in other companies, previous business experience, and educational background:

i. **MR. RAYMUND JAY S. GOMEZ**

Age: 52

Citizenship: Filipino

Positions in the Company: *Chief Legal Officer, Compliance Officer, and Data Protection Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Gomez also serves as Director of MWM Terminals, Inc. Altria East Land Inc., Megawide Terminals, Inc, Cebu2World Development, Inc., Megawide OneMobility Corporation, Citicore-

Megawide Consortium, Inc. and Megawide Land, Inc. He also serves as the Compliance Officer of Citicore Energy REIT Corp.

Previous Business Experience and Educational Background

Before joining Megawide, Mr. Gomez was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. He also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda College.

ii. **MS. MARIA BELINDA B. MORALES**

Age: 65

Citizenship: Filipino

Positions in the Company: *Chief Human Resources Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Morales serves as Director of MWM Terminals, Inc., Megawide OneMobility Corporation, and Cebu2World Development, Inc.

Previous Business Experience and Educational Background

A seasoned HR leader, she has more than twenty-five (25) years of work experience in all aspects of Human Resources and Organization Transformation. Prior to joining Megawide she was a Former Head of Talent Management for Asia Pacific in Misys International Banking Systems, Former Senior Vice President of HR at Standard Chartered Bank, Philippines, Former Vice President for Training and Development at Citytrust Banking & Bank of the Philippine Islands. She was also an Executive Coach at Rockwell Land Corporation and has coached their senior executives and managers on leadership and professional development and work-life balance concerns. She graduated at St. Paul College, Manila with a Bachelor of Science degree in Psychology, and attained her Masters in Arts Major in Psychology from Ateneo De Manila University, Quezon City in 2010.

iii. **MR. CHRISTOPHER A. NADAYAG**

Age: 40

Citizenship: Filipino

Positions in the Company: *Treasurer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Nadayag is also the Treasurer of Megawide OneMobility Corporation, PH1 World Developers, Inc., MWM Terminals, Inc., and Citicore Holdings Investment Inc. He also serves as Director and Treasurer of Citicore-Megawide Consortium, Inc. and Altria East Land, Inc.

Previous Business Experience and Educational Background

Previously, Mr. Nadayag served as the Accounting Manager of Megawide. He worked for SGV & Co. as a Senior Associate Auditor. He received his Bachelor of Science in Accountancy degree from San Sebastian College.

iv. **MS. ZHEENA A. OCAMPO**

Age: 31

Citizenship: Filipino

Positions in the Company: *Acting Chief Audit Executive*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Ocampo does not hold any position in other companies.

Previous Business Experience and Educational Background

Prior to joining Megawide, Ms. Ocampo held the position as Audit Supervisor in Deloitte Philippines. She is a Certified Public Accountant and holds an MBA degree from the Asian Institute of Management.

v. **MR. MARTIN MIGUEL FLORES**

Age: 40

Citizenship: Filipino

Positions in the Company: *Chief Risk Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Flores does not hold any position in other companies.

Previous Business Experience and Educational Background

Mr. Flores joined Megawide in 2015 as the Head of Planning. He is currently Megawide's Head of the Project Management Office (PMO), a role he has held since 2019. As Head of PMO, he supervises the integration of the Enterprise Risk Management process in the business operations and strategy in all business units. He is a licensed Civil Engineer and received his Bachelor of Science in Civil Engineering from De La Salle University-Manila.

vi. **MS. ABIGAIL JOAN R. COSICO**

Age: 50

Citizenship: Filipino

Positions in the Company: *Chief Investor Relations Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

In a concurrent capacity, Ms. Cosico is the Chief Investor Relations and Corporate Communications Officer of Citicore Renewable Energy Corporation. She is also Director and Treasurer of Citicore Fund Managers, Inc. and Director and President of Citicore Property Managers, Inc. Ms. Cosico serves as Director of Cebu2World Development Inc. and Megawide OneMobility Corporation (formerly, Citicore Infrastructure Holdings, Inc.).

Previous Business Experience and Educational Background

Ms. Cosico has been the Company's Investor Relations Head since 2016. Prior to joining the Company, she held senior executive positions and performed various commercial and finance functions in her 15-year stint in one of the largest diversified conglomerates in the Philippines. This included heading Investor Relations for the real estate and property development company under the said conglomerate. Ms. Cosico obtained her Bachelor of Science degree in Management from Ateneo de Manila University. She also holds an MBA in Business Management, Major in Finance from the Asian Institute of Management.

- vii. **ATTY. CHARLOTTE Y. KING\***  
Age: 35  
Citizenship: Filipino  
Positions in the Company: *Assistant Corporate Secretary*  
Term of Office: Yearly

Current Positions Held in Other Companies

Ms. King resigned from her position as Megawide's Corporate Secretary on January 12, 2023.

Previous Business Experience and Educational Background

Ms. King joined Megawide in 2018 as an Associate Legal Counsel. She was admitted to the Philippine Bar in 2016 and started her legal career as a legal associate in a law firm. She obtained her Bachelor of Laws degree from San Beda College.

*\*Resigned on January 12, 2023, effective January 12, 2023*

- viii. **ATTY. AL-SHWAID L. ISMAEL\***  
Age: 43  
Citizenship: Filipino  
Position in the Company: *Corporate Secretary*  
Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Ismael's tenure as Megawide's Corporate Secretary ended on July 12, 2023.

Previous Business Experience and Educational Background

Mr. Ismael was appointed as Megawide's Corporate Secretary, Assistant Compliance Officer, and Corporation Information Officer last January 12, 2023. Mr. Ismael previously served as Director of Corporate Legal Services of Tim Hortons Philippines, Consultant to the Asian Development Bank under its Office of Public-Private Partnership – Transaction Advisory Services, Regional Legal Manager for Europe, Middle East, Africa, and South Asia of International Container Terminal Services, Inc., Associate General Counsel of Aboitiz Equity Ventures, Inc., Legal Counsel of Gregorio Araneta, Inc., and Associate Lawyer at Migallos & Luna Law Offices.

Mr. Ismael obtained his Bachelor of Science in Accountancy (Cum Laude; Dr. Klevenhausen Scholar) from the University of San Carlos and his Juris Doctor degree (Magna Cum Laude; Salutatorian) from the University of Cebu School of Law. He was admitted to the Philippine Bar in 2007 (Ranked 8th). He was also admitted to the New York State Bar in 2018. He also holds a Master of Laws (Corporate Law) with Advanced Professional Certificate in Law and Business degree (Vanderbilt Medal; John Vogeltein Scholar) from the New York University School of Law.

*\*Appointed on January 12, 2023, effective January 12, 2023; Tenure ended July 12, 2023*

- ix. **ATTY. TEODULO ANTONIO G. SAN JUAN, JR.**  
Age: 56  
Citizenship: Filipino  
Positions in the Company: *Corporate Secretary, Assistant Compliance Officer, Corporate Information Officer*  
Term of Office: Yearly

Current Positions Held in Other Companies

Mr. San Juan is currently a Partner at Gulapa & Lim. He is a faculty member of the University of the Philippines College of Law where he is a Senior Lecturer and the De La Salle University Tanada-Diokno College of Law where he is an Instructor. Mr. San Juan currently serves as a Legal Consultant to the Secretary of Energy and Independent Director of VFund Management, Inc. Mr. San Juan also currently serves as the Corporate Secretary of Altria East Land Inc., Cebu2World Development, Inc., Citicore-Megawide Consortium, Inc., Megawide Corporate Foundation, Inc., Megawide Land, Inc., MWM Terminals, Inc., and Wide-Horizons Inc.

Previous Business Experience and Educational Background

Mr. San Juan joined Megawide in 2023. He was Legal Counsel to the Secretary of Energy, from 2022 to 2023. Mr. San Juan was admitted to the Philippine Bar in 1997 (Ranked 7<sup>th</sup>).

*\*Elected on July 12, 2023*

x. **ATTY. SEAN JAMES B. BORJA\***

Age: 31

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Borja resigned from his position as Assistant Corporate Secretary last September 13, 2023.

Previous Business Experience and Educational Background

Mr. Borja joined Megawide as Assistant Corporate Secretary in 2023. He obtained his Bachelor of Laws degree from Ateneo de Manila University in 2018, where he graduated as Valedictorian. He was admitted to the Philippine Bar in 2019 (Ranked 1<sup>st</sup>). In 2022, Mr. Borja was recognized as the Recommended Lawyer in Projects & Energy by The Legal500.

*\*Appointed on January 12, 2023, effective January 12, 2023; Resigned on September 13, 2023 effective September 13, 2023*

xi. **ATTY. ANN DANZEL P. ALBAÑA\***

Age: 30

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Atty. Albaña is a Senior Associate at Gulapa & Lim.

Previous Business Experience and Educational Background

Atty. Albana joined Megawide as Assistant Corporate Secretary in September 13, 2023. She obtained her Bachelor of Laws degree from Ateneo de Manila University in 2018, where she graduated with Second Honors. She was admitted to the Philippine Bar in 2019.

*\*Appointed on September 13, 2023, effective September 13, 2023*



### Attendance of Directors to Board and Committee Meetings

The tables below set forth the attendance of Megawide's Directors to Board and Board Committee meetings held from January 01, 2023 to December 31, 2023:

#### **Board Meetings**

The Board held five (5) regular meetings and sixteen (16) special meetings, with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Edgar B. Saavedra	<i>Chairman of the Board, CEO, and President</i>	21	21
Manuel Louie B. Ferrer	<i>Vice-Chairman of the Board and Executive, Director, Infrastructure Development</i>	21	21
Oliver Y. Tan	<i>Director</i>	21	21
Ramon H. Diaz	<i>Executive Director and Group Chief Financial Officer</i>	21	21
Hilario G. Davide, Jr.	<i>Independent Director</i>	21	21
Celso P. Vivas	<i>Independent Director</i>	21	21
Lilia B. De Lima*	<i>Independent Director</i>	9	9

\*Tenure ended May 12, 2023

#### **Finance Committee Meetings**

The Finance Committee held one (1) regular meeting with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Ramon H. Diaz	<i>Chairman</i>	1	1
Oliver Y. Tan	<i>Vice-Chairman</i>	1	1
Hilario G. Davide, Jr.	<i>Member</i>	1	1
Celso P. Vivas	<i>Member</i>	1	1
Lilia B. De Lima*	<i>Member</i>	1	1

\*Tenure ended May 12, 2023

### ***Audit and Compliance Committee Meetings***

The Audit and Compliance Committee held five (5) regular meetings with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Celso P. Vivas	<i>Chairman</i>	5	5
Hilario G. Davide, Jr.	<i>Vice-Chairman</i>	5	5
Oliver Y. Tan	<i>Member</i>	5	5

### ***Executive Committee Meetings***

The Executive Committee held one (1) regular meeting sha with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Edgar B. Saavedra	<i>Chairman</i>	1	1
Manuel Louie B. Ferrer	<i>Vice-Chairman</i>	1	1
Oliver Y. Tan	<i>Member</i>	1	1
Ramon H. Diaz	<i>Member</i>	1	1

### **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.

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

In the past five (5) years until the present, Megawide is not aware of the occurrence of any of the following events that are material to the 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 2 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 9. Executive Compensation

#### All Directors and Officers as a Group

**SUMMARY COMPENSATION TABLE**  
**Annual Compensation**  
**(In Php Millions)**

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Compensation
<b>Edgar B. Saavedra</b> Chairman, CEO, and President  <b>Manuel Louie B. Ferrer</b> Chief Corporate Affairs and Branding Officer  <b>Maria Belinda Morales</b> Chief Human Resources Officer  <b>Ramon Diaz</b> Chief Financial Officer  <b>Jaime Raphael Feliciano</b> Chief Business Development Officer				
CEO & Aggregate compensation paid to all other officers and directors as a group unnamed	2023	212.47	-	8.58
	2021	200.05	23.61	8.34
	2020	177.63	20.49	7.24

### 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 ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among 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, upon recommendation of the Governance, Nominations, and Compensation Committee, approved the giving of Twenty Thousand Pesos (PhP 20,000.00) Director's per diem, per Board meeting, and a Thirty Thousand Pesos (PhP 30,000.00) monthly allowance in the form of reimbursable expenses for each regular director.

Subsequently, on October 10, 2018, the Board resolved to increase the director's per diem, per Board meeting, to Forty-Four Thousand Pesos (PhP 44,000.00) for Executive Directors, Sixty-Two Thousand Pesos (PhP 62,000.00) for Non-Executive Directors, and Fifty-Eight Thousand Pesos (PhP 58,000.00) for Independent Directors. The total per diem paid to Directors for the year ending December 31, 2023 was Three Million One Hundred Fifty-Six Thousand Pesos (PhP3,156,000.00)

### 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 CEO, other officers and/or directors.

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

While the Company has no special retirement plans for its employees, it provides retirement benefits in accordance with R.A. No. 7641 or the "Retirement Pay Law", and other applicable laws, rules and regulations. The Company further adopted an Employee Stock Ownership Plan for its employees, which will serve as a performance incentive initiative under the Company's performance management system where shares of the Company may be awarded to eligible and qualified Company employees. For this purpose, the Company approved the allotment of up to 10,000,000 shares of stock for the implementation of the Employee Stock Ownership Plan.

Also, there is no existing arrangement with regard to compensation to be received by any executive officer from Megawide in the event of a change in control of the Company. Aside from its employees, Megawide has also entered into employment contracts with its foreign experts. The contracts with foreign nationals usually include benefits, such as housing, medical and group life insurance, vacation leaves, and company vehicle. Further, employment contracts include provisions regarding Megawide's ownership of any invention developed during the course of employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of one (1) year 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.

### Warrants and Options

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

### **Item 10. Security Ownership of Certain Beneficial Owners and Management**

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

Owners of record of more than five percent (5%) of Megawide's shares of stock as of December 31, 2023 are as follows:

<b>Title of Class</b>	<b>Name &amp; Address of Record Owner &amp; Relationship with Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship with Record Owner</b>	<b>Citizen ship</b>	<b>Number of Shares Held</b>	<b>Percent (%)</b>
Common	<b>Citicore Holdings Investment Inc.</b> – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra Mr. Saavedra is the majority stockholder of Citicore.	Filipino	712,925,501	35.41%
Common	<b>PCD Nominee Corporation (Filipino)</b> – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly-Held Shares	Filipino	1,221,514,551	60.67%
Common	<b>PCD Nominee Corporation (Non-Filipino)</b> – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly-Held Shares	Non-Filipino	31,205,805	01.55%

The following table sets forth the participants under the PCD account who owns more than five percent (5%) of the voting securities of Megawide as of December 31, 2023:

<b>Name</b>	<b>Number of Shares Held</b>	<b>Percent (%)</b>
Megacore Holdings, Inc.	617,709,197	30.68%
BDO Securities Corporation	664,420,067	33.00%
CLSA Philippines, Inc.	382,920,604	19.02%

### Security Ownership of Management

The following table sets forth the security ownership of Megawide’s Directors and officers as of December 31, 2023:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Owner</b>	<b>Citizenship</b>	<b>Percentage</b>
Common	<b>Edgar B. Saavedra</b> <i>Chairman of the Board, CEO, and President</i>	1 (Direct)  2 (Indirect)	Filipino	Nil
Common	<b>Manuel Louie B. Ferrer</b> <i>Vice-Chairman of the Board, Executive Director for Infrastructure Development</i>	1 (Indirect)	Filipino	Nil
Common	<b>Oliver Y. Tan</b> <i>Director</i>	18,767,852 (Indirect)	Filipino	0.94%
Common	<b>Ramon H. Diaz</b> <i>Director and Group Chief Financial Officer</i>	350,000 (Indirect)	Filipino	0.01%
Common	<b>Hilario G. Davide, Jr.</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Celso P. Vivas</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Lilia B. De Lima</b> <i>Independent Director</i>  <i>*Tenure ended on May 12, 2023</i>	1 (Direct)	Filipino	Nil
Common	<b>Christopher A. Nadayag</b> <i>Treasurer</i>	49 (Indirect)	Filipino	Nil
Common	<b>Raymund Jay S. Gomez</b> <i>Chief Legal Officer, Compliance Officer, and Data Protection Officer</i>	0	Filipino	Nil
Common	<b>Maria Belinda Morales</b> <i>Chief Human Resources Officer</i>	35,000 (Indirect)	Filipino	Nil
Common	<b>Zheena E. Ocampo</b> <i>Acting Chief Audit Executive</i>	7,500 (Indirect)	Filipino	Nil
Common	<b>Martin Miguel Flores</b> <i>Chief Risk Officer</i>	4,400 (Indirect)	Filipino	Nil
Common	<b>Abigail Joan R. Cosico</b> <i>Chief Investor Relations Officer</i>	0	Filipino	Nil
Common	<b>Charlotte Y. King</b> <i>Corporate Secretary</i>  <i>*Resigned on January 12, 2023; effective January 12, 2023</i>	0	Filipino	Nil
Common	<b><u>Al-Shwaid L. Ismael</u></b> <i>Corporate Secretary</i>  <i>* Tenure ended July 12, 2023</i>	0	Filipino	0
Common	<b>Teodulo Antonio G. San Juan, Jr.</b>	0	Filipino	0

	<i>Corporate Secretary</i>			
Common	<b>Sean James B. Borja</b> <i>Assistant Corporate Secretary</i>  <i>*Resigned on September 13, 2023 effective September 13, 2023</i>	0	Filipino	0
Common	<b>Ann Danzel P. Albaña</b> <i>Assistant Corporate Secretary</i>	0	Filipino	0
<b>Aggregate Shareholdings of Directors and Officers as a Group</b>		<b>19,164,808</b>		<b>0.95%</b>

#### Voting Trust Holders of Five Percent (5%) or More

There is no voting trust arrangement executed among the holders of five percent (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 11. Certain Relationship and Related Transactions**

<b>Related Party Category</b>	<b>Amount of Transaction</b>	<b>Receivable (Payable)</b>	<b>Terms</b>	<b>Conditions</b>
<b>Ultimate Parent:</b>				
Cash granted	-	3,089,095,108	Interest-bearing	Unsecured, Unimpaired
Interest receivable	255,750,000	1,213,998,661	On demand; non-interest bearing	Unsecured, Unimpaired
Rent Income	44,643	255,848	Normal credit terms	Unsecured, Unimpaired
Cash obtained	90,233,593	(90,233,593)	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Associate:</b>				
Revenue from services	-	997,247,698	Normal credit terms	Unsecured, Unimpaired
Cash granted	212,624	9,392,420	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	-	(30,000,000)	On demand; non-interest bearing	Unsecured, Unimpaired
Rent income	44,643	388,572	Normal credit terms	Unsecured, Unimpaired
<b>Joint Arrangement:</b>				
Revenue from services	854,651,398	22,486,709	Normal credit terms	Unsecured, Unimpaired
Cash granted	614,391	901,012	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	(19,325,804)	-	On demand; non-interest bearing	Unsecured, Unimpaired

<b>Shareholder:</b>				
Revenue from services	17,857	682,513,352	Normal credit terms	Unsecured, Unimpaired
Cash granted	(148,119)	889,795	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Common Ownership:</b>				
Rent income	5,896,866	35,090,074	Normal credit terms	Unsecured, Unimpaired
Revenue from services	14,433,489	71,654,288	Normal credit terms	Unsecured, Unimpaired
Cash granted	66,237,143	3,341,964,252	On demand; Interest-bearing and non-interest bearing	Unsecured, Unimpaired
Cash obtained	22,682,615	(24,403,632)	On demand; non-interest bearing	Unsecured, Unimpaired
Interest receivable	395,850,367	1,210,731,028	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Retirement fund</b>	270,674	4,947,691	Upon retirement of beneficiaries	Partially funded
<b>Advances to Officers and Employees</b>	(78,592)	98,512,779	Upon liquidation, noninterest-bearing	Unsecured, Unimpaired
<b>Key Management Compensation</b>	249,645,711	-	On demand	Unsecured, Unimpaired

## PART IV – CORPORATE GOVERNANCE

### Item 12. Corporate Governance

It is the firm belief of Megawide that an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperform and outshine its competitors. Thus, Megawide is in full compliance with the rules and regulations of the SEC, the PSE, and all other relevant rules and regulations, especially those involving public-listed companies.

Below are some of the Company's policies and programs in relation to corporate governance:

1. In compliance with SEC M.C. No. 19, Series of 2016, Megawide adopted its New Manual and has taken several steps to apply its principles, such as constituting all the Board Committees required therein:
  - i. Executive Committee;
  - ii. Finance Committee;
  - iii. Audit and Compliance Committee;
  - iv. Board Risk Oversight Committee; and
  - v. Governance, Nomination, and Compensation Committee.



The charters and compositions of the foregoing Board Committees are in accordance with the Manual.

2. As of December 2023, Megawide has elected two (2) Independent Directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.
3. To further its corporate governance initiatives, Megawide, in 2018, implemented its Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, Quality, Environment, Safety, and Health (QESH) Policy, Insider Trading Policy, and Conflict of Interest Policy Supplemental Guidelines and Conflict of Interest Disclosure Form. Further, Megawide actively rolled out its Whistleblowing Policy to its employees, suppliers, vendors, and clients, to encourage the disclosure of illegal and dishonest activities occurring within the Company.
4. In 2019, Megawide adopted its Anti-Fraud Policy, Board Self-Evaluation Policy, and introduced changes to its Related Party Transactions Policy in compliance with SEC M.C. No. 10 series of 2019. In the same year, Megawide released its New Manual on Corporate Governance effective April 3, 2019.
5. Megawide also conducted Advanced Corporate Governance Trainings with the assistance of the Institute of Corporate Directors in 2019, 2020, 2021, and 2022, which were attended by the Company's Directors and key officers.
6. The Board revised the Company's vision, mission, and values, which it launched in 2019.
7. To reinforce the Megawide's adherence to good corporate governance, and in compliance with its Manual and SEC M.C. No. 04, Series of 2019, attached is the Company's Sustainability Report as **Exhibit "3"**.
8. The Company received the 2019 ASEAN Asset Class PLCs (Philippines) award in relation to its 2019 ASEAN Corporate Governance Scorecard (ACGS), where Megawide obtained a score of ninety-eight and 47/100 (98.47). The Company was also recognized by the Institute of Corporate Directors (ICD) with two (2) Golden Arrow Awards and was identified as the most improved publicly-listed Company in the Philippines in terms of corporate governance.
9. Meanwhile, for the 2021 ACGS, Megawide received a Double Golden Arrow Award for its performance. The said award is given to publicly listed companies with a score of ninety (90) to ninety-nine (99) points.
10. Additionally, for 2020, Megawide amended its governance structure and created several management committees, including their charters and procedures, for the proper management and control of the Company. Similarly, Megawide established the governance structures of its subsidiaries, such as MWMTI, Cebu2World, and Wide-Horizons. Moreover, Megawide implemented an Enterprise Risk Management Framework and a Risk-Based Internal Audit approach. Megawide subsequently adopted an Enterprise Risk Management Manual to implement its Enterprise Risk Management Framework.
11. On November 17, 2020, the Company conducted a seminar on the Data Privacy Act and its implementing rules and regulations, to remind its employees of their obligations and responsibilities therein.

12. Pursuant to its annual compliance procedures, the Company, in 2020, required its employees to complete the Conflict of Interest Disclosure Form to ensure that all conflicts of interest are disclosed, and every year thereafter.
13. The results of the annual Board self-evaluation for 2020 was discussed and deliberated during the Governance, Nominations, and Compensation Committee held last March 04, 2021. The said results shall remain confidential. By company policy, this exercise is conducted on an annual basis.
14. Megawide is committed to complying with Republic Act No. 10173 or the Data Privacy Act, its Implementing Rules and Regulations, and other related government issuances (the “Data Protection Laws”). As such, Megawide continues to regard data privacy seriously by conducting orientation for new hires on the Data Protection Laws to guarantee employee awareness. During the said orientation, the Legal Department informs the new employees of their rights and obligations under the Data Protection Laws, including the data privacy measures being implemented by Megawide.
15. The Company also adheres with the regulatory requirements on corporate governance through the timely submission of its Integrated Annual Corporate Governance Report with the SEC and the regular updating of its corporate website ([www.megawide.com.ph](http://www.megawide.com.ph)).

A full discussion on the corporate governance practices of Megawide are also provided and explained in its Integrated Annual Corporate Governance Report (I-ACGR).

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 13. Exhibits and Reports on SEC Form 17-C**

#### Exhibits

- |                    |   |
|--------------------|---|
| <b>Exhibit “1”</b> | List of PCD Participants as of December 31, 2023        |
| <b>Exhibit “2”</b> | Consolidated Audited Financial Statements and Schedules |
| <b>Exhibit “3”</b> | Sustainability Report                                   |

#### Material Contracts

Megawide’s principal contracts generally consist of construction contracts for its projects, PPP contracts, operating and finance lease commitments, contract of the lease of its office spaces, motor pool and equipment yard, surety arrangement and guarantees, and joint venture agreements. 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, actions, recoveries, decrees, execution and claims of every nature and description brought about and/or recovered through the said contracts. Payment of liquidated damages, computed at one-tenth (1/10) of one percent (1%) of the total contract price, up to a maximum of ten percent (10%) of the total contract amount, per calendar day of delay, is also stipulated.

As for the manner of payment, the customer generally pays the downpayment upon submission of certain documents (e.g. bonds) and subject to recoupment proportionately to the accomplishment while the balance is paid through monthly progress payments upon Megawide's submission of monthly progress billing. These monthly payments are subject to ten percent (10%) retention to be released upon the 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 and affiliates, executed the following agreements relative to its PPP Projects:

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

- i. Build Lease Transfer Agreement (for Package B) dated October 8, 2012 with a contract price of Five Billion Two Hundred Twenty-Nine Million Eight Hundred Ninety-Nine Thousand One Hundred Thirty-Six Pesos (Php 5,229,899,136.00) for the construction of school buildings in Region III; and
- ii. Build Lease Transfer Agreement (for Package C) dated October 8, 2012 with a contract price of Seven Billion Two Hundred Twenty-Nine Million Eight Hundred Ninety-Nine Thousand One Hundred Thirty-Six Pesos (Php 7,229,899,136.00) 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 seven thousand (7,000) classrooms then lease the same to DEPED for ten (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 Two Billion Two Hundred Fifty-Five Million Nine Hundred Twenty-Three Thousand Ninety-Six and 49/100 Pesos (Php 2,255,923,096.49).

**c. Concession Agreement executed by GMCAC with DOTr and MCIAA**

The Concession Agreement, dated April 21, 2014, refers to the agreement entered into by GMCAC with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of 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 (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 twenty-five (25) years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project is comprised of the following undertakings:

- 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 between MWMTI and DOTr**

On April 24, 2015, MWMTI, entered into a BOT agreement with the DOTr to undertake the PITx 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 thirty-five (35) years from the date of the completion of the construction, which is equivalent to eighteen (18) months. MWMTI shall then turnover the facility to the DOTr at the end of the concession period.

**Reports on SEC Form 17-C\*\***

On March 17, 2020, the SEC issued a Notice for “Filing of Structured Reports, Current Reports and Communications with the Securities and Exchange Commission” dispensing the requirement of filing a separate SEC Form 17-C during the implementation of the community quarantine over the Philippines. Thus, all reports filed with the PSE during the community quarantine are considered as having been filed with the SEC.

All reports may be found on the PSE’s EDGE:

[https://edge.pse.com.ph/companyDisclosures/form.do?cmpy\\_id=627](https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=627)

- 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 QUEZON CITY on APR 12 2024.

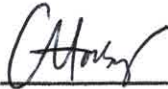
By:




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



**JEZ G. DELA CRUZ**  
*Group Chief Financial Officer*



**CHRISTOPHER NADAYAG**  
*Treasurer and Deputy Chief Financial Officer*



**TEODULO ANTONIO G. SAN JUAN, JR.**  
*Corporate Secretary*

**SUBSCRIBED AND SWORN TO** before me in QUEZON CITY on APR 12 2024, affiants exhibiting to me their respective valid I.D.s, as follows:

Name	Competent Evidence of Identity	Date Issued/Date of Expiration	Place Issued
Edgar B. Saavedra	Philippine Passport No. P6875140B	Expiring on: May 26, 2031	DFA Manila
Jez G. Dela Cruz	Philippine Passport No. P8477381B	Expiring on: December 15, 2031	DFA Manila
Christopher Nadayag	Philippine Passport No. P2790269B	Expiring on: August 14, 2029	DFA NCR East
Teodulo Antonio G. San Juan, Jr.	Driver's License No. N02-86-040987	Expiring on: August 03, 2033	Metro Manila

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 Book No. 1 ;  
 Series of 2024.



*Neil Kirby L. Ada*  
**NEIL KIRBY L. ADA**  
 Notary Public for and in Quezon City  
 Notarial Commission No. NP-557 (2023-2024)  
 Until 31 December 2024  
 No. 20 N. Domingo Street, Barangay Valencia, Quezon City  
 Roll No. 77893  
 PTR No. 5573538 / 01.04.2024 / Quezon City  
 IBP No. 397718 / 01.04.2024 / Batangas Chapter  
 MCLE Compliance - Admitted to the BAR on 11 May 2022

*Accounts Receivable Aging*

	<u>Not more than 3 mos.</u>	<u>More than 3 mos. but not more than 6 mos.</u>	<u>More than 6 mos.</u>	<u>More than 1 year</u>	<u>TOTAL</u>
<b>December 31, 2023</b>					
Contract receivables	3,478,519,790	27,277,620	197,808,828	618,791,178	4,322,397,416
Rental receivables	345,729,767	58,265,555	85,545,831	767,273,553	1,256,814,706
	<b>3,824,249,557</b>	<b>85,543,175</b>	<b>283,354,659</b>	<b>1,386,064,731</b>	<b>5,579,212,122</b>