

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

RAMON G. JIMENEZ
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Contact Person

(02) 633 - 6205
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Company Telephone Number

1	2			3	1
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Month Day

2022
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calendar year

20-IS  
FORM TYPE

1st Thursday of March
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Month Day

Annual Meeting
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Annual Meeting

Registered/Listed

Secondary License Type, If Applicable

		M	S	R	D				
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Dept. Requiring this Doc.

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Amended Articles Number/ Section

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

STAMPS
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METRO GLOBAL HOLDINGS CORP.

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Ortigas Center, Pasig City

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

### TO ALL STOCKHOLDERS

Notice is hereby given that **METRO GLOBAL HOLDINGS CORPORATION** (the "Company") will conduct its Annual Stockholders' Meeting virtually via ZOOM [<https://us06web.zoom.us/j/7717111170?pwd=YVpRMVRDdWpFazQ3cWJxRmJGRTNXZz09#success>] on **09 December 2022** (Friday) at **10:00** o'clock in the morning, Philippine time. The Agenda of the Meeting is as follows:

1. Call to Order
2. Determination and Certification of Quorum
3. Approval of the Previous Minutes held on 14 December 2021
4. Report of the Chairman
5. Approval of the Audited Financial Statements for the calendar year ended December 31, 2021
6. Certification and Ratification of Corporate Acts for the years 2021 to 2022
7. Election of Directors (including Independent Directors)
8. Election of External Auditor
9. Other matters
10. Adjournment

The record date for the determination of stockholders entitled to notice of, and to vote at, the said Meeting is fixed at the close of business hours on November 9, 2022.

To ensure the health and well-being of our stockholders during this COVID-19 pandemic, stockholders may only attend the Meeting via remote communication and/or vote in absentia.

Stockholders who intend to participate in the Meeting via remote communication and to exercise their vote in absentia must register by filling up the form that can be downloaded at <https://metroglobalholdings.com/>. Online registration will be open from 10 November 2022 at 9:00am to 04 December 2022 at 5:00pm. All information submitted will be subject to verification and validation by the Corporate Secretary and the Stock and Transfer Agent.

We are not soliciting your proxy. However, if you would be unable to attend the Meeting but would like to be represented thereat, you should send a scanned copy of the herein proxy form which can also be downloaded at <https://metroglobalholdings.com/images/pdf/METROGLOBALHOLDINGSCORPORATION-2022-ASM-PROXY%20FORM.pdf> with other supporting documents via email to [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) not later than 4 December 2022. A hard copy of the Proxy Form should be delivered to the Office of the Corporate Secretary at Poblador Bautista & Reyes Law Office, 5<sup>th</sup> Floor, SEDDCO Building, Rada Street, Legaspi Village, Makati City. Validation of proxies shall be held on 6 December 2022 at 9:00am at the Office of the Corporate Secretary.

Stockholders who have successfully registered (a) will be provided access to the live streaming of the Meeting, (b) can vote on the Agenda items using the online ballot that will be sent to them; and (c) can send their questions or comments on the Agenda items by email [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) with subject "MGH 2022 ASM Question/Comment." Stockholders who will participate in the Meeting are encouraged to send their questions or comments on or before 8 December 2022. Relevant questions on the Agenda items will be read and answered by the concerned officers during the Meeting.

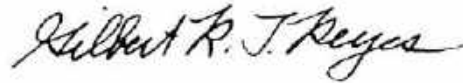
The Definitive Information Statement which contains a brief explanation of each item in the Agenda, the procedures for attending the Meeting via remote communication and for casting votes in absentia, Quarterly Reports as of 30 September 2022 and other documents related to the 2022 Annual

Stockholders Meeting are posted in the Company's website at <https://metroglobalholdings.com> and PSE EDGE portal via <https://edge.pse.ph>.

Pasig City, October 25, 2022.

METRO GLOBAL HOLDINGS CORPORATION

By:

A handwritten signature in black ink, appearing to read "Gilbert R. T. Reyes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**GILBERT RAYMUND T. REYES**  
Corporate Secretary

# METRO GLOBAL HOLDINGS CORPORATION

## FORM OF PROXY

The undersigned shareholder(s) of METRO GLOBAL HOLDINGS CORPORATION, (the "Company") hereby appoint/s:

[NAME OF AUTHORIZED REPRESENTATIVE]

or in his absence,

the

Chairman of the Meeting

as my proxy to represent and vote on my behalf all of my shares in the Company at the 2022 Annual Stockholders' Meeting of the Company to be held on 09 December 2022, at 10:00am, and at any adjournment or postponement thereof, for the purpose of acting on the following matters:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the previous Minutes held on 14 December 2021			
5	Approval of the Audited Financial Statements for the calendar year ended 31 December 2021			
6	Certification and Ratification of Corporate Acts for the years 2021 to 2022			
7	Election of Directors (including Independent Directors) for the ensuing year:			
	Robert John L. Sobrepeña			
	Ferdinand T. Santos			
	Noel M. Cariño			
	Rafael Perez de Tagle, Jr.			
	Roberto S. Roco			
	Jaime M. Cacho			
	Alice Odchigue-Bondoc			
	Francisco C. Gonzalez			
	Jose Wilfrido M. Suarez			
8	Election of Isla Lipana & Co. as External Auditor			

\_\_\_\_\_  
Printed Name of  
Shareholder

\_\_\_\_\_  
Signature of Shareholder/  
Authorized Signatory

\_\_\_\_\_  
Number of Shares to  
to be represented

\_\_\_\_\_  
Date

A scanned copy of this Proxy Form, with other supporting documents, should be sent via email to [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) not later than 4 December 2022. A hard copy of the Proxy Form should be delivered to the Office of the Corporate Secretary at Poblador Bautista & Reyes Law Office, 5<sup>th</sup> Floor, SEDDCO Building, Rada Street, Legaspi Village, Makati City. Validation of proxies shall be held on 06 December 2022 at 9:00am at the Office of the Corporate Secretary.

For corporate stockholders, please attach to this Proxy Form the Secretary's Certificate on the authority of the signatory to appoint the proxy and sign this form.

This proxy when properly executed will be voted in the manner as directed herein by the shareholder/s. If no direction is made, the proxy will be voted for such other matters as may properly come before the meeting in the manner described in the Information Statement.

This proxy does not need to be notarized.



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

1. Check the appropriate box

  X   Preliminary Information Statement

       Definitive Information Statement

2. Name of registrant as specified in its charter: **METRO GLOBAL HOLDINGS CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**

4. SEC Identification Number: **9142**

5. BIR Tax Identification Code: **000-194-408-000**

6. Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Philippines  
1604

Address of Principal Office Postal Code

7. Registrant's Telephone Number, including area code: **(+632) 8633-6205**

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

Date: **09 December 2022, Tuesday**

Time: **10:00 a.m. (Philippine time)**

Place: **Virtually** via **ZOOM**  
[<https://us06web.zoom.us/j/7717111170?pwd=YVpRMVRRDdWpFazQ3cWJxRmJGRtNXZz09#success>].

The Chairman will conduct the online meeting at the principal office of the Corporation at Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Philippines pursuant to Section 15 of SEC Memorandum Circular No. 6, Series of 2020 in relation to Section 50 of the Revised Corporation Code

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

The Information Statement may be accessed at the Corporation's website <https://metroglobalholdings.com/> beginning on 10 November 2022.

10. Securities registered pursuant to Section 4 & 8 of the RSA (as of 30 September 2019)

<u>Stock</u>	<u>Title of Each Class</u>	<u>Number of Shares Outstanding of Common</u>
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	<b>Common Shares</b>	<b>2,000,000,000</b>
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11. Are any or all registrant's securities listed in the Philippine Stock Exchange

Yes [ ☒ ]

No [ ☐ ]

299,850,000 common shares are listed on the Philippine Stock Exchange ("PSE")

<b>PART I</b>
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**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders (hereinafter the “Annual Stockholders’ Meeting” or “Annual Meeting”)**

In the light of the current COVID 19 pandemic that has befallen our country and in support of government measures to help prevent the spread of COVID-19, there will be no physical Annual Meeting of Metro Global Holdings Corporation (the “Company”). Instead the 2022 Annual Meeting of the Company will be held on **09 December 2022, Friday at 10:00am** virtually via ZOOM [<https://us06web.zoom.us/j/7717111170?pwd=YVpRMVRDdWpFazQ3cWJxRmJGRTNXZz09#success>]. The Chairman will conduct the online Meeting at the principal office of the Corporation at the Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Philippines pursuant to Section 15 of SEC Memorandum Circular No. 6, Series of 2020 in relation to Section 50 of the Revised Corporation Code.

This Information Statement, Management Report, Annual Report and other pertinent reports will not be distributed in physical form to the Company’s shareholders. Instead the Company will use an authorized and alternative mode of distribution which is to publish the said Information Statement and reports through the Company’s website <https://metroglobalholdings.com/> and the PSE Edge portal via <https://edge.pse.ph> on 10 November 2022.

In addition, the Notice of Meeting will be published in the business section of two (2) newspapers of general circulation in print and online format for two (2) consecutive days with the last publication at least 21 days prior to the Meeting.

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

**Item 2. Dissenters’ Right of Appraisal**

As provided in Title X of the Revised Corporation Code of the Philippines, a shareholder has the right to dissent and demand payment of the fair value of his shares in the following instances:



- (1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. (Sec. 80);
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 80);
- (3) In case of merger or consolidation of the corporation with or into another entity (Sec. 80); and
- (4) In case of any investment of corporate funds for any purpose other than the primary purpose of the corporation (Sec. 80)

A dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken, provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder of the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made, provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

From the time of demand for payment of the fair value of a stockholder's shares until the abandonment of the corporate action involved or the purchase of the said shares by the

corporation, all rights accruing to such shares, including voting and dividend rights shall immediately be restored.

No demand for payment may be withdrawn unless the corporation consents thereto.

If, however, such demand for payment is withdrawn with the consent of the corporation, or if the proposed corporate action is abandoned or rescinded by the corporation or disapproved by the SEC where such approval is necessary, or if the SEC declares such stockholder in not entitled to the appraisal right, then the right of the stockholder to be paid the fair value of the shares shall cease, the status as stockholder shall be restored and all dividend distributions which would have accrued on the shares shall be paid to the stockholder.

The cost and expenses of appraisal shall be borne by the corporation, unless the fair value ascertained by appraisers is approximately the same as the price which the corporation may have offered to the stockholder, in which case they shall be borne by the latter. In the case of an action to recover such fair value, all costs and expenses shall be assessed against the corporation, unless the refusal of the stockholder to receive payment was unjustified.

Within ten (10) days after demanding payment for shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notation that such are dissenting shares. Failure to do so shall, at the option of the corporation, terminate the rights of such dissenting stockholder. If shares represented by the certificates bearing such notation are transferred, and the certificates consequently cancelled, the rights of the transferor as a dissenting stockholder shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee.

**For this Annual Meeting, however, no matter will be presented for stockholders' approval that may give rise to the exercise of a right of appraisal.**

**Item 3. Interest of Certain Persons in, or Opposition to Matters to be Acted Upon**

- (a) No person who has been a director or officer of the Company, at any time since the beginning of the last fiscal year, or nominee for election as a director of the Company or associates thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be

acted upon in the Annual Meeting, other than election to office.

- (b) None of the directors of the Company has informed the Company that he intends to oppose any action to be taken by the Company at the Annual Meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof:**

#### **(a) Number of Shares Outstanding as of 30 September 2022**

Common Shares     2,000,000,000

#### **(b) Number of Votes Entitled: one (1) vote per share**

All stockholders of record as of 09 November 2022 are entitled to notice of and to vote at the Annual Meeting

#### **(c) Manner of Voting**

Under Article V, Section 6 of the By-Laws of the Company, at every meeting of the stockholders of the Company, each share of stock entitles the person in whose name it is registered in the books of the Corporation to one vote provided the shares have not been declared delinquent.

Article V, Section 7 of the By-Laws of the Company provides that the election of Directors shall be by ballot when requested by a voting stockholder, and each stockholder entitled to vote may vote such number of votes to which the number of Directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of Directors to be elected. This procedure for voting in the election of Directors is also reflected in the Voting Procedures for Election of Directors in Item 19 of this Information Statement.

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

- i. Security ownership of Record and Beneficial owners owning more than Five Percent (5%) of any class of the Company's voting securities as of 30 September 2022:

Title Of Class	Name and address of Record Owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (Based on total shares)
Common	Fil-Estate Management, Inc. <sup>1</sup> Mezzanine Floor Renaissance Tower, Meralco Ave. Ortigas, Pasig City	Fil-Estate Management, Inc. <sup>2</sup>	Filipino	1,759,750,195	87.988%
Common	PCD Nominee Corp. (Filipino) <sup>3</sup> 6/F MKSE Bldg. Ayala Avenue, Makati City	PCD participants acting for themselves or for their customers <sup>4</sup>	Filipino	100,564,633	5.028%

PCD Nominee Corporation has various beneficial owners. PCD Nominee Corporation operates as a subsidiary of Philippine Central Depository and provides highly efficient system for securities settlement for Metro Global Holdings Corporation, majority holder of which is Abacus Securities Corporation, with 2.38% of the total shares. Tower Securities, Inc. followed at 1.47% of the total 100,564,633 shares and the rest of the owners has below 1% ownership. As to date of this preliminary report the authorized person to vote is not yet known.

## ii. Security Ownership of Management

As of 30 September 2022, the Directors and Executive Officers of the Corporation are the beneficial owners of the following number of shares:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class (of total outstanding shares)
<b>Directors</b>				
Common	Robert John L. Sobrepena	241,000 (direct)	Filipino	.013%
Common	Ferdinand T. Santos	1,000 (direct)	Filipino	.000%
Common	Noel M. Cariño	1,506,500 (direct)	Filipino	.075%
Common	Jaime Cacho	1 (direct)	Filipino	.000%
Common	Alice Odchigue-Bondoc	1 (direct)	Filipino	.000%
Common	Roberto S. Roco	1 (direct)	Filipino	.000%
Common	Rafael Perez de Tagle Jr.	1,000 (direct)	Filipino	.000%
Common	Francisco C. Gonzalez	1,000 (direct)	Filipino	.000%

<sup>1</sup> Fil-Estate Management, Inc. ("FEMI") is the parent of the Company.

<sup>2</sup> Under the By-Laws and Revised Corporation Code, the FEMI Board has the power to decide how FEMI's shares are to be voted.

<sup>3</sup> PCD is not related to the Company.

<sup>4</sup> Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The Company has no record relating to the power to decide how the shares held by PCD are to be voted.

Common	Rafael M. Alunan III	16 (direct)	Filipino	.000%
<b>Other Executive Officers:</b>				
Common	Gilbert Raymund T. Reyes ITF for various shareholders	1,903,514 (indirect)	Filipino	.095%
Common	Solita S. Alcantara	15,000 (direct)	Filipino	.000%
	<b>TOTAL</b>	<b>3,669,033</b>		<b>.183%</b>

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

All other executive officers not listed above, do not own any share of the Company.

**iii. Voting Trust Holders of 5% or more**

The Company knows of no person holding more than 5% of common shares under a voting trust or similar arrangement.

**iv. Changes in Control**

No change of control in the Company has occurred since the beginning of the last calendar year. There are no arrangements with any party which may result in a change in the control of the Company.

**v. Foreign Ownership level as of 30 September 2022**

Security	Total Outstanding Share	Shares Owned by Foreigners	Percent of Ownership
Common Shares	2,000,000,000	4,610,103	0.2305%

**Item 5. Directors and Executive Officers as of 30 September 2022**

**(a) Board of Directors**

Name, Age, Citizenship	Position	Period Served	Professional and Business Experience
Robert John L. Sobrepeña, 68, Filipino	Chairman of the Board	1996 to present	Chairman of the Board of the Company. He is the Chairman of the Board of Fil-Estate Management, Inc., Metro Rail Transit Corporation, MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, CJH Leisure, Inc., Club Leisure Management Corporation, Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, Metro Renewable Transport Solution, Inc., MGHC Royalty Holdings Corporation and

			Philippine Highlands Coffee Farms, Inc.. He is also Vice-Chairman of Southwoods Ecocentrum Corporation. He is likewise the Chairman of Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also President of The Forest Hills Golf & Country Club, Inc. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing from the De La Salle University in 1978.
Ferdinand T. Santos, 72, Filipino	President	1996 to present	President and Chief Risk Officer of the Company. He is also the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, MGHC Royalty Holdings, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is a Director of Global-Estate Resorts, Inc. He is also the Chairman of the Forest Hills Golf & Country Club, Inc.. He is likewise the President of Fairways & Bluewater Resort, Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also a Director of Metro Renewable Transport Solution, Inc. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exam (2 <sup>nd</sup> Placer).
Noel M. Cariño, 68, Filipino	Director	1996 to present	He is also a Director in Fil-Estate Management, Inc., Fil-Estate Development, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He was past Chairman and currently serves as President of the Chamber of Real Estate and Builders Association (CREBA), an umbrella organization of various stakeholders in the construction, real estate and development industry, inclusive of architects, engineers, planners and other real estate broker's practitioners. He is Chairman of SunAsia, Inc., a renewable energy holding company. He is also Chairman of MegaWatt Solutions, Inc., a technology company pioneering in utilizing energy storage solutions. As CREBA President, he is Conferrer of the Dela Salle University Executive Development Program in Real Estate Management.
Jaime Cacho, 66, Filipino	Director	2018 to present	Holds a Bachelor of Arts Degree Major in Communication Arts from De La Salle University, Manila in 1978. Mr. Cacho also has a Master in Business Administration (Candidate) from the Ateneo Graduate School of Business, Manila in 1983. At present, Mr. Cacho is President and Chief Operating Officer of Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., and Metro Global Renewable Energy Corporation. He is a Director and Chief Operating Officer of Metro Renewable Transport Solution, Inc. He is also a Director of MRT Development Corporation and CJH Development Corporation. He is also concurrently, Head of Project Development and Management Services for Fil-Estate Management, Inc.. Mr. Cacho has over 41 years of top-level management and construction experience earned throughout his career.
Rafael Perez de Tagle, Jr., 67,	Director	2000 to present	He is also the Executive Vice-President of the Company and the Director for Investor Relations of

Filipino			the Company. He is also Chairman of Metro Countrywide Corporation and Vice-Chairman of Metro Solar Power Solutions, Inc.. He is the President of CJH Leisure, Inc. and Club Leisure Management, Inc. He also serves as Director in Metro Rail Transit Corporation, Monumento Rail Transit Corporation, MRT Development Corporation, Fil-Estate Management, Inc., CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, Metro Global Renewable Energy Corporation and Metro Renewable Transport Solution, Inc.. He is also a Director of the Manila Southwoods Golf & Country Club, Inc., Camp John Hay Golf Club, Inc. and Forest Hills Golf & Country Club, Inc. He obtained his Bachelor of Arts major in Economics degree from De La Salle University in 1976, and is a committee Chairman of the Management Association of the Philippines (MAP).
Roberto S. Roco, 69, Filipino	Director	2004 to present	He was the Chief Financial Officer of Global-Estate Resorts, Inc. and its affiliate companies for 18 years until his retirement in late 2013. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management.
Alice Odchigue-Bondoc, 55, Filipino	Director	2004 to present	Senior Vice President for Good Governance, Compliance Officer, Corporate Information Officer and Assistant Corporate Secretary of the Company. She is a Director of CJH Development Corporation. She is also the Senior Vice President for Corporate & Legal Affairs of the Company's parent company, Fil-Estate Estate Management, Inc. and affiliate companies. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. She is also the Chief Legal Officer and Corporate Secretary of Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, Metro Renewable Transport Solutions, Inc., MGHC Royalty Holdings Corporation and Metro Countrywide Corporation. She is also the Corporate Secretary of Club Leisure Management Corporation and CJH Leisure, Inc. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Program Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila University School of Law and graduated as Second Honor-Silver Medal Awardee in 1992.
Francisco Gonzalez, 79, Filipino	Independent Director	2012 to present	Chairman of the Board and CEO of Romago Corporation and Fabriduct & Metal Systems, Inc. He is the Chairman of the Board of Romago, Inc. Guam and Electro Mechanical Products International, Inc. He also serves as President of Asia Pacific Golf Cars Corporation. He is also a director and serves as Chairman of the Membership Committees of The Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc.
Rafael M. Alunan III, 74, Filipino	Independent Director	2019 up to 25 October 2022	Director of Pepsi Cola Products (Philippines), Inc., (PCPPI); Sangley Airport Infrastructure Group, Inc.; the Philippine Council for Foreign Relations (PCFR);

			<p>the Spirit of EDSA Foundation; and the Rotary Club of Mania (RCM). He chairs the Philippine Council for Foreign Relations and Harvard Kennedy School Alumni Association of the Philippines Inc.; is President and Trustee of the Philippine Taekwondo Foundation; founded One Philippines Party List; is Senior Adviser to United Harvest Corporation, Kaltimex Energy Philippines, and United Defense Manufacturing Corp.; and is Chairman of PCPPI's Audit Committee. He is a member of the International Institute for Strategic Studies (IISS); the Maritime League; the Fraternal Order of Eagles of the Philippines; and Zeta Phi Omega fraternity. He is an Eminent Fellow of the Development Academy of the Philippines (DAP); and Fellow of the Institute of Corporate Directors (ICD) and Institute for Solidarity in Asia (ISA). He writes a column for Business World; co-authored the book entitled "Silver Linings"; and produced the documentary entitled "Tagaligtas." He holds the rank of Colonel in the Armed Forces of the Philippines, and commanded the 131st Infantry Division (Standby Reserve) and, later, the 9th Infantry Division (Ready Reserve) of the Philippine Army. He is an adopted member of the Philippine Military Academy Marangal Class of 1974, PC-Special Action Force, Special Forces Regiment (Airborne) and First Scout Ranger Regiment. He obtained his double degree in Business Administration and History-Political Science from De La Salle University; attended Ateneo de Manila University's Master in Business Administration Senior Executive Program; earned a Master's degree in Public Administration and a certificate in Executive Education from Harvard Kennedy School of Government; and graduated from the Philippine Army's Command and General Staff College Operations Course. He served in the Cabinets of Presidents Corazon C. Aquino and Fidel V. Ramos as Secretary of Tourism and Secretary of the Interior and Local Government,</p>
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None of the directors work in the government as certified by the Assistant Corporate Secretary (Annex "E").

(b) Executive Officers

Name, Age, Citizenship	Position	Professional and Business Experience
Robert John L. Sobrepeña, 68, Filipino	Chief Executive Officer	Chairman of the Board of the Company. He is the Chairman of the Board of Fil-Estate Management, Inc., Metro Rail Transit Corporation, MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, CJH Leisure, Inc., Club Leisure Management Corporation, Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, Metro Renewable Transport Solution, Inc., MGHC Royalty Holdings Corporation and Philippine Highlands Coffee Farms, Inc.. He is also Vice-Chairman of Southwoods Ecocentrum Corporation. He is likewise the Chairman of Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also President of The Forest Hills Golf & Country Club, Inc. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing



		from the De La Salle University in 1978.
Ferdinand T. Santos, 72, Filipino	President	President and Chief Risk Officer of the Company. He is also the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, MGHC Royalty Holdings, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is a Director of Global-Estate Resorts, Inc. He is also the Chairman of the Forest Hills Golf & Country Club, Inc.. He is likewise the President of Fairways & Bluewater Resort, Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also a Director of Metro Renewable Transport Solution, Inc. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exam (2 <sup>nd</sup> Placer).
Jaime Cacho, 66, Filipino	Senior Vice President for Project Development	Holds a Bachelor of Arts Degree Major in Communication Arts from De La Salle University, Manila in 1978. Mr. Cacho also has a Master in Business Administration (Candidate) from the Ateneo Graduate School of Business, Manila in 1983. At present, Mr. Cacho is President and Chief Operating Officer of Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., and Metro Global Renewable Energy Corporation. He is a Director and Chief Operating Officer of Metro Renewable Transport Solution, Inc. He is also a Director of MRT Development Corporation and CJH Development Corporation. He is also concurrently, Head of Project Development and Management Services for Fil-Estate Management, Inc.. Mr. Cacho has over 41 years of top-level management and construction experience earned throughout his career.
Rafael Perez de Tagle, Jr., 67, Filipino	Executive Vice-President & Director for Investor Relations	He is also Chairman of Metro Countrywide Corporation and Vice-Chairman of Metro Solar Power Solutions, Inc. He is the President of CJH Leisure, Inc. and Club Leisure Management, Inc. He also serves as Director in Metro Rail Transit Corporation, Monumento Rail Transit Corporation, MRT Development Corporation, Fil-Estate Management, Inc., CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, Metro Global Renewable Energy Corporation and Metro Renewable Transport Solution, Inc.. He is also a Director of the Manila Southwoods Golf & Country Club, Inc., Camp John Hay Golf Club, Inc. and Forest Hills Golf & Country Club, Inc. He obtained his Bachelor of Arts major in Economics degree from De La Salle University in 1976, and is a committee Chairman of the Management Association of the Philippines (MAP).
Alice Odchigue-Bondoc, 55, Filipino	Senior Vice President for Good Governance, Compliance Officer, Corporate Information Officer & Assistant Corporate Secretary	She is a Director of CJH Development Corporation. She is also the Senior Vice President for Corporate & Legal Affairs of the Company's parent company, Fil-Estate Estate Management, Inc. and affiliate companies. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. She is also the Chief Legal Officer and Corporate Secretary of Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, Metro Renewable Transport Solutions, Inc., MGHC Royalty Holdings Corporation and Metro Countrywide Corporation. She is also the Corporate Secretary of Club Leisure Management Corporation and CJH Leisure, Inc. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Program Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila

		University School of Law and graduated as Second Honor-Silver Medal Awardee in 1992.
Ramon G. Jimenez, 63, Filipino	Chief Financial Officer	He is also the Vice-President - Comptroller of Fil-Estate Management, Inc.. He is a Director in Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, Metro Renewable Transport Solution, Inc., MGHC Royalty Holdings Corporation, Metro Countrywide Corporation, Metro Countrywide Holdings, Inc., CJH Development Corporation, Camp John Hay Leisure, Inc., Club Leisure Management Corporation, Fil-Estate Realty Corporation, Metro Rail Transit Corporation and MRT Development Corporation. He graduated with a degree in Bachelor of Science in Commerce major in Accounting at the Polytechnic University of the Philippines.
Atty. Gilbert Raymund T. Reyes, 64, Filipino	Corporate Secretary	He is a founding partner of the Poblador Bautista and Reyes Law Offices. He is also the Corporate Secretary of CJH Development Corporation, CJH Hotel Corporation, and CJH Suites Corporation. He graduated with a degree in Bachelor of Science in Biology from the University of the Philippines in 1979. He also holds a Bachelor of Laws degree from the University of the Philippines College of Law, graduated Magna Cum Laude in 1983.
Solita S. Alcantara, 61, Filipino	Chief Audit Executive	She concurrently holds the position of Vice President for Internal Audit of Fil-Estate Management, Inc. (FEMI) and affiliate companies. She is a Certified Internal Auditor and a Certified Public Accountant with over 30 years of solid experience in internal audit, accounting, treasury and budgeting. She graduated with a degree in Bachelor of Science in Commerce major in Accounting from Polytechnic University of the Philippines in 1981. She has earned units of Master's Degree in Business Administration from De La Salle University.
Sylvia M. Hondrade, 53, Filipino	Vice-President for Business Development & Special Projects	She is a Director in Metro Countrywide Corporation, Metro Countrywide Holdings, Inc., Metro Solar Power Solutions, Inc. and Metro Global Renewable Energy Corporation. She is currently a member of the Board and Vice-President for Business Development Division of Camp John Hay Development Corporation. She is a business development and corporate planner with more than 20 years of experience in the real estate industry. She was Assistant Vice-President for Business Development of Fil-Estate Properties, Inc. from 1997 to 2007 before she became Vice-President for the same department from 2007 to 2011. She was seconded with affiliated companies such as Fil-Estate Urban Development Corporation and Harbortown Development Corporation from 1997 up to 2011. She did consultancy work and lectured on corporate and project planning, market and financial feasibility studies for businesses, NGOs and local government clients. She completed a Master's Degree in Development Planning from the University of Queensland and a Master's Degree in Corporate Planning from the University of Asia and the Pacific. She has a BA Degree in Economics and Management from the University of the Philippines in the Visayas.
Socorro G. Roco, 60, Filipino	Vice-President for Records Management	She concurrently holds the position of Vice-President and Head of Treasury of Fil-Estate Management Inc. She was formerly AVP for Loans and Investments of Fil-Estate Properties, Inc. and Head of Loans and Investments of Global-Estate Resorts, Inc. She earned her college degree in the University of the East, Manila with a degree of Bachelor of Science in Business Administration major in Accounting.

Khateryn M. Benitez, 44, Filipino	Vice-President for Human Resources	She is a licensed psychometrician with over 20 years of solid experience in all facets of human resources. Prior to joining the Company, she was the HR Manager of Global Estate Resorts, Inc. (formerly, Fil-Estate Land, Inc.) In 2011, she joined Fil-Estate Management, Inc. which she is concurrently the VP & Head of Human Resources. She graduated Cum Laude from Centro Escolar University with a bachelor's degree in Science in Psychology. She completed her Certificate in Industrial Relations and Human Resource Relations at University of the Philippines in Diliman in 2009. She earned her Diploma in Human Resource Management at the University of Asia & the Pacific (UA&P) in 2011.
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None of the Executive Officers work for government, as will be certified by the Corporate Secretary in the Definitive Information Statement.

### **(c) Involvement in Certain Legal Proceedings**

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report which are material to an evaluation of the ability or integrity of any director or executive officer:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; or
- (b) Any conviction by final judgment in a criminal proceeding, domestic or foreign;
- (c) Any order, judgement 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.
- (d) Found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, the judgment has not been reversed, suspended, or vacated.

### **(d) Nomination of Directors**

Under the Section 2, Article III of the By-laws of the Corporation, the nomination of directors, including independent directors, shall be conducted by the Nomination

Committee (which as of 30 September 2022 is composed of Rafael M. Alunan III as Chairman, Rafael Perez de Tagle Jr., Jaime M. Cacho and Alice O. Bondoc as members) at least thirty (30) days prior to the date of the Annual Meeting. All recommendations shall be signed by the stockholders making the nomination and should have the written acceptance and conformity of the nominees.

The Nomination and Election Committee shall pre-screen the qualifications and prepare a final list of candidates for directors, specifying the nominated independent directors. For this purpose, the Nomination and Election Committee shall promulgate such screening policies and parameters to enable it to effectively review the qualifications of the nominees.

The Nomination and Election Committee shall prepare a Final List of Candidates in accordance with Part IV(A), and (C) of SRC Rule 12 and other applicable rules, or any subsequent amendments thereof. The Final List of Candidates shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement in accordance with applicable rules. The name of the stockholder who nominated the candidate for director or independent director shall be identified in such report. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors and independent directors. Nomination made after the issuance of the Final List of Candidates, or during the Annual Meeting, shall not be allowed.

Section 1, Article III of the By-Laws of the Corporation provide that the business and property of the Corporation shall be managed by a Board of nine (9) directors who shall be stockholders and who shall be elected at each annual meeting of the stockholders in the manner provided therein for a term of one (1) year and shall serve until their successors are elected and duly qualified. At all times, at least two (2) Directors shall be independent directors, as the term is defined by law or regulation, or such number of independent directors as to constitute at least twenty percent (20%) of the members of the Board, whichever is lesser. Twenty percent (20%) of nine directors results to an allocation of one board seat for an independent director.

Written nominations for the position of director of the Corporation are accepted until the close of business hours on November 8, 2022. A shareholder of the Company, Mr. Jaime V. Borromeo has nominated the following for re-election as

directors of the Company for the ensuing year: Robert John L. Sobrepena, Ferdinand T. Santos, Noel M. Carino, Rafael Perez de Tagle Jr., Jaime M. Cacho, Alice Odchigue-Bondoc, Roberto S. Roco, and Francisco Gonzalez, with the last as independent director of the Company. Mr. Alunan has declined his nomination for re-election for independent director for personal reasons, and not due to any disagreement with the Company on any matter relating to operations, policies, and practices of the Company. Mr. Borromeo has nominated Jose Wilfrido M. Suarez as replacement for Mr. Alunan as independent director.

Mr. Suarez, 72, Filipino, has over three (3) decades of Senior Management experience and presently does consulting works rendering services to clients on Risk Management, Safety and Security, Business Continuity, Disaster Preparedness, Security Audit among others. He also sits on the Board of Northern Manor Corporation and Northern Suites Corporation. He was the Senior Vice-President of Metro Rail Transit Development Corporation (MRTDC 1995-2003). He served as a Risk Management Consultant for Nestle Philippines Inc. (2005 - 2016). He also acted as consultant to Century Properties Group and Megaworld Corporation. Mr. Suarez is a reserve Lieutenant Colonel with the Philippine Air Force (PAF), Armed Forces of the Philippines (AFP). He is also a member of the Board of Trustees of the National Defense College of the Philippines Alumni Association (NDCPAAI) 2009-2022.

Mr. Suarez is a graduate of the University of Santo Tomas with a degree in AB Political Science. He took up his Masters in Urban and Regional Planning at the University of the Philippines. He completed his Masters in National Security Administration from the National Defense College of the Philippines (NDCP). Mr. Suarez has also taken up units in Doctor of Philosophy in Criminology (PhD) from the Philippine College of Criminology.

Mr. Borromeo is not related to any of the nominees for regular directors and independent directors.

In the meeting held on 25 October 2022, the Nomination Committee determined that all of the above nominees possess the qualifications and none of the disqualifications as directors provided in the Code of Corporate Governance and the new Manual on Corporate Governance. In addition, the Committee evaluated the nominees for Independent Director and certified that they are duly qualified in accordance with the Securities Regulation Code. The Certificates of

Qualification of the Independent Directors is attached to this Information Statement as Annex “D”.

None of the nominee directors work in government as certified by the Assistant Corporate Secretary of the Company in Annex “E”.

**(e) Significant Employees**

The Company has no employee who is not an executive officer who is expected by the Company to make a significant contribution to the business. The Company’s business is not highly dependent on the services of any key personnel.

**(f) Family Relationships**

There are no family relationships among directors, executive officers or persons nominated to become directors or executive officers.

**(g) Independent Directors**

As of 30 September 2022, Messrs. Francisco Gonzalez and Rafael Alunan III are the Company’s incumbent Independent Directors. They are neither officers nor substantial shareholders of the Company.

**(h) Certain Relationship and Related Transactions**

There is no change in the controlling majority stockholders of the Company. Neither has there been any arrangement with any party, which may have resulted in a change in the control of the Company. There are no material transactions currently proposed between the Company and:

- (a) Any director or executive officer of the Company;
- (b) Any nominee for election as a director;
- (c) Any security holder named in response to Part IV, paragraph (C) IRR, SRC
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws of any of the persons in subparagraph (1)(a), (b) or (c) of this paragraph (D).

The Company has no transactions with its directors. Significant transactions with related parties are described in detail in Note 14 of the Notes to the Company’s Financial Statements as of 31 December 2021.

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to disclose the directors' self-dealings and related party transactions with the Company.

**(i) Ownership Structure and Parent Company**

The parent company of the Company is Fil-Estate Management, Inc. which as of 30 September 2022 owns 87.988% of the total outstanding voting shares of the Company.

**(j) Resignation of Directors**

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Company relative to the Company's operations, policies and practices.

**Item 6. Compensation of Directors and Executive Officers**

**(a) General**

Section 8 of the Company's By-Laws on compensation, provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

The directors receive a per diem of ₱10,000 per attendance at Board Meetings, and there is no provision in this section that may be construed as precluding any director from serving in any other capacity and receiving any compensation thereof.

The Company plans to compensate its Chief Executive, Officers and Directors for any and all services rendered in 2019 and prior years. The amount of compensation is to be determined and will be subject to the approval by the BOD.

**(b) Summary Compensation Table**

Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A. The CEO and four (4) most highly compensated executive officers  Robert John L. Sobrepena, Chief Executive Officer Atty. Ferdinand T. Santos, President Rafael R. Perez de Tagle, Jr., Executive Vice President Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2022 (Estimated)	17.71 Million	-	-	17.71 Million
B. All other officers and directors as group unnamed	2022 (Estimated)	3.12 Million	-	-	3.12 Million

Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A. The CEO and four(4) most highly compensated executive officers  Robert John L. Sobrepena, Chief Executive Officer Atty. Ferdinand T. Santos, President Rafael Perez De Tagle, Jr., Executive Vice President Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2021	15.56 Million	-	-	15.56 Million
B. All other officers and directors as group unnamed	2021	6.26 Million	-	-	6.26 Million

Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A. 2 Compensated Officers  Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer  Ramon G. Jimenez, Chief Financial Officer	2021	7.56 Million	-	-	7.56 Million
B. All other officers and directors as group unnamed	2021	0.47 Million	-	-	0.47 Million

Starting September 1, 2020, Mr. Robert John L. Sobrepena,  
Atty. Ferdinand T. Santos and Mr. Rafael Perez de Tagle



received compensation from the Company by virtue of their positions as Chief Executive Officer (CEO), President and Executive Vice President of the Company.

The total annual compensation of the top highly compensated executives amounted to P17.71 million in 2022, P15.56 million in 2021 and P7.56 million in 2020. The projected total annual compensation for the current year is P20.3 million.

The total annual compensation paid to all personnel is all payable in cash. The total amount of compensation includes the basic salary and 13<sup>th</sup> month pay.

For the year 2021, the total per diem received by the non-executive directors and independent directors of the Group, are as follows:

Name of Director	Amount (in Php)
Noel M. Cariño	Php 33,333
Francisco C. Gonzalez*	66,666
Roberto S. Roco	42,105
Rafael M. Alunan, III*	72,222
<b>Total</b>	<b>Php 214,326</b>

*\*independent director*

#### **(c) Compensation of Directors and Executive Officers**

There is no plan and non-plan compensation awarded or earned to, earned by, paid to, or estimated to be paid to, directly or indirectly, the named executive officers designated under Part IV, paragraph (B) (1) of Annex "C" of the IRR to the SRC and to directors covered by the subparagraph (3) thereof. The directors receive a per diem of P10,000 per attendance of Board Meetings and P5,000 per attendance to Committee meetings.

##### **(i) Standard Arrangements.**

There are no standard arrangements, pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as a director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments for the last completed fiscal year and the ensuing year.

**(ii) Other Arrangements.**

There are no other existing arrangements or consulting contracts, pursuant to which any directors of the Company was compensated, or is to be compensated, directly or indirectly, during the last completed fiscal year, or for any services provided as director.

**(d) Employment Contracts and Termination of Employment and Change-in-Control Arrangements.**

Management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company, with respect to an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officers' responsibilities following a change-in-control where the amount involved, if any, including all periodic payments or installments, which exceeds P2,500,000.

**(e) Warrants and Options Outstanding:**

The Group has not issued any warrants and there are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group.

**Item 7. Independent Public Accountant**

The external auditors of the Group for the years ended December 31, 2021 and 2020 is the accounting firm of Isla Lipana & Co.

There was not an event in the last five years where Isla Lipana & Co., or its predecessor, KL Siy and Associates, and the Group had any disagreement with any matter relating to accounting policies or practices, financial statement disclosures or auditing scope or procedure.

A representative from Isla Lipana & Co. will attend the stockholders' meeting and will be available to respond to appropriate questions during the meeting. Furthermore, Isla Lipana & Co. has an opportunity to make a statement, if they desire to do so.

**(a) Audit and Audit Related Fees:**

The aggregate fees billed for each of the last three (3) calendar years for professional services rendered by the external auditors are ₱650,000.00 for 2021 and 2020 respectively and ₱351,000.00 (exclusive of Value Added Tax) for 2019 and 2018, respectively.

These fees cover services rendered by the external auditors for the audit of the Group's Statements of Financial Position and the related statements of income, statements of changes in stockholders' equity and cash flows based on a test basis, evidence supporting the amount and disclosures in the Financial Statements, assess the accounting principles used and significant estimates made by management and evaluate the overall financial statement presentation.

Such fees also include assistance in the preparation of the annual income tax return. However, such annual income tax return will not include a detailed verification of the accuracy and completeness of the reported taxable, nontaxable and tax-paid income and the reported deductible and nondeductible costs and expenses.

Except to the extent finally determined to have resulted from the auditors' fraudulent behavior or willful misconduct, the auditor's maximum liability to the Group for any reason, including auditors' negligence, relating to the services under engagement letter shall be limited to the fees paid to the auditors for the services or work product giving rise to liability.

**(b) Tax Fees:**

Aside from the Value Added Tax included in the basic Professional Fees, the Company has not incurred expenses in relation to professional services such as tax accounting, compliance, advice, planning and any other form of tax services.

**(c) All Other Fees:**

MGHC paid P23,440 in 2021 (exclusive of VAT) representing transportation, meal, postage and antigen testing in connection with audit of the Company's Financial Statements

**(d) The Audit Committee's Approval Policies and Procedures for the above services**

Audit fees are approved based on the estimate of the actual time needed for professional work to complete the standard scope of services of an audit. The estimates also take into account any special accounting considerations and the experience level of the professional team members involved in the engagement.

The Audit Committee reviews the requirements of the Company for audit and audit related services and approves the fees prior to the auditor undertaking the work. Such services and fees are presented by the Audit Committee for approval by the Board.

The audit findings are presented to the Group's Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

The members of the Audit Committee are as follows (as of 30 September 2022):

1. Francisco Gonzalez - Chairman (Independent Director)
2. Rafael Alunan III - Member (Independent Director)
3. Roberto Roco - Member
4. Solita Alcantara - Member

The financial statements are approved by the Board before release, based on recommendations by the Audit Committee.

**Item 8. Compensation Plans**

Compensation was paid starting June 2015 up to present.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities other than for Exchange**

There are no matters or actions to be taken up in the Annual Meeting with respect to the authorization or issuance of any securities other than for exchange for outstanding securities of the Company.

## **Item 10. Modification or Exchange of Securities**

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

## **Item 11. Financial and Other Information**

### **Audited Financial Statement and Interim Financial Statements**

The Audited Financial Statements as of December 31, 2021 certified by Mr. Dennis M. Malco, (Annex "A-1") and the Audited Financial Statements as of December 31, 2020 certified by Mr. Jan Michael L. Reyes, (Annex "B"), both Partners, of Isla Lipana & Co., are attached hereto. The Statement of Management's Responsibility and the Schedules Required under Part IV ( C ) of Rule 48 are included in the Annual Report (Form 17-A) (Annex "A-1").

The 3<sup>rd</sup> Quarter Interim Financial Statements for the Quarter ended September 30, 2022 are also attached hereto (Annex "A-4").

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

Mr. Dennis M. Malco was designated as handling partner for the audit of the financial statements of the Group for the year ended December 31, 2021, while Mr. Jan Michael L. Reyes, was designated as handling partner for the year ended December 31, 2020. They are both from the accounting firm, Isla Lipana & Co..

In compliance with SEC Memorandum Circular No. 8, Series of 2003, which was subsequently incorporated in SRC Rule 68, paragraph 3(b)(iv), and the Company's Manual of Corporate Governance, which require that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier, the Board of Directors of the Group, in consultation with the Audit Committee will recommend to the stockholders the re-engagement of Isla Lipana & Co. as external auditors of the Group for the year ending December 31, 2022.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Group.

### **Attendance of Accountants at the Meeting**

Representatives of Isla Lipana & Co, the Group's external auditors for the calendar year ended December 31, 2021, are expected to be present at the Annual Stockholders' Meeting scheduled on 09 December 2022. Said external auditors will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Group's Financial Statements.

### **BUSINESS AND GENERAL INFORMATION**

Metro Global Holdings Corporation (the Parent Company), formerly Fil-Estate Corporation was incorporated on September 17, 1954 originally as San Jose Oil, Incorporated. The original and primary purpose of the corporation was to prospect for and market oil, natural gas and other minerals and secondarily, to invest in non-mining corporation or other enterprises. The Company was listed in the Philippines Stock Exchange (PSE) on May 4, 1964.

In July 1996, the Board of Directors (BOD) and the stockholders of the Parent Company approved (a) the change in the Company's primary purpose from oil exploration to that of a holding Company authorized to engage in property and infrastructure development and the relegation of its erstwhile primary purpose to one of the Company's secondary purposes: and (b) the increase in the Company's authorized capital stock from ₱300.0 million, divided into 30.0 billion shares with par value of ₱0.01 per share, to ₱2 billion, divided into 2 billion shares with a par value of ₱1.00 per share; and (c) the declassification of Class A and B common shares to a single class of common share.

On January 22, 1998, the Securities and Exchange Commission (SEC) approved the change in the corporate name of San Jose Oil, Incorporated to Fil-Estate Corporation, accompanied by a shift in the primary purpose to that of a holding company engaged in property and infrastructure development, the declassification of Class A and B common shares to a single class common shares, and the change in its par value from ₱0.01 in 1997 to ₱1.00 in 1998.

On December 11, 2000, the Securities and Exchange Commission (SEC) approved the Parent Company's increase in authorized capital stock from 300 million shares to two (2) billion shares. Fil-Estate Management, Inc. (FEMI) subscribed to 700 Million shares in exchange for the assignment of its interest in the Metro Rail Transit Holdings, Inc. (MRTHI) and Metro Rail Transit Corp., Limited (MRTCL).

On September 9, 2004, The Securities and Exchange Commission (SEC) approved the extension of the Company's term of existence for another 50 years.

The Parent Company's key investment is in the form of equity interests in Metro Rail Transit Holdings (MRTH1), Inc. and Metro Rail Transit Holdings 11, Inc. (MRTH11). The combined investment in these holding companies represents approximately twenty nine percent (29%) interest in the Metro Rail Transit Systems ('EDSA MRT Systems'). The Phase 1 of the MRT project (LRTS Phase 1) began full operations on July 15, 2000 and involved thirteen (13) stations from the North Triangle to Taft Avenue.

The Parent Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail) which, as a result, allows participation in the train system extension (e.g. the Makati Loop and Airport Link) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.

On December 17, 2014, by virtue of the Redemption and Deed of Assignment between Monumento and the Parent Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of 5% of the Depot Income relative to the improvements and leased areas of the 16-hectare, more or less, North Triangle Depot. As successor-in-interest, the Parent Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income from 8.3ha commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses.

On May 19, 2017, the Parent Company incorporated MGHC Royal Holdings Corporation (MGHC Royal). MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of very kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. The Parent Company owns 99% of MGHC Royal.

On November 22, 2018, at the Annual Stockholder's Meeting of the Parent Company, the stockholders representing 2/3 of the outstanding capital stock of the Parent Company, approved the Increase in the Capital Stock of the Parent Company from P2 billion to P5 billion, with the, Fil-Estate Management, Inc. subscribing to the said increase to the extent of ₱750,000,000.00. The increase is pending approval with the Securities and Exchange Commission as of December 31, 2021.

Likewise, during the 2018 Annual Stockholder's Meeting, the stockholders representing 2/3 of the outstanding capital stock of the Parent Company, approved the amendment of its Articles of Incorporation to allow the company to invest in businesses engaged in the development of renewable energy through solar farms, wind farms, waste-to-energy and other energy

projects. This Amendment is likewise pending approval with the Securities and Exchange Commission.

In line with the new business directions the Parent Company intends to pursue, the Parent Company has entered into an Agreement last November 20, 2018 with its parent company, Fil-Estate Management, Inc. (FEMI's), for the acquisition by the Parent Company of FEMI's 100% equity stake in Metro solar Power Solutions. Inc. (Metro Solar), a power company with an existing 65 megawatt solar farm project in Pililia, Rizal. The stockholders of the Parent Company likewise have approved this transaction during the Annual Meeting of November 22, 2018, subject to mutually acceptable valuation of the project to be determined by an independent appraiser.

On December 20, 2018, the Parent Company acquired the 15.79% equity interest of Fil-Estate Properties, Inc. in MRT Development Corporation (MRTDC).

On August 25, 2020, the Parent Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MRTSI is intended to be the special purpose vehicle company to undertake the new public transport system projects of the Group that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport. The first of these kind of projects is already the subject of an ongoing Feasibility Study in Baguio City under a Memorandum of Understanding (MOU) with the City of Baguio signed last September 3, 2020 concerning the development of an Intelligent Transport System as a Sustainable Long-term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The Parent Company owns 100% of MRTSI.

Since 2007, the Parent Company has voluntarily suspended the trading of its securities to allow the Company to re-align its business and explore new strategic directions.

## **PLAN OF OPERATION**

Metro Global Holdings Corporation (MGHC) the Parent Company, continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and MRTHII its associate, Monumento Rail.



The Parent Company plans to continue its strategy of maintaining itself as a holding corporation with key investments in the form of equity interests in MRTHI and MRTHII. The combined investments in these two holding companies represent approximately 29% interest in the MRT 3 Systems along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Parent Company, through its holdings in Monumento Rail, will continue to actively pursue its participation in the train system extensions (e.g. Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.

#### **Proposed increase in Authorized Capital Stock**

The Parent Company plans to increase its authorized capital stock to 5,000,000,000 shares at ₱1.00 per share, from 2,000,000,000 shares at ₱1.00 per share. The initial plan in increase of its authorized Capital stock to 3,000,000,000 shares at ₱1.00 per share, from 2,000,000,000 shares at ₱1.00 per share has been superseded by the approval by the Board of Directors on 24 September 2018.

FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750,000,000 shares at ₱1.00 per share. Out of the said subscription, Five Hundred Million Pesos (₱500,000,000.00) corresponding to Five Hundred Million (500,000,000) common shares at ₱1.00 per share will be fully paid through the conversion into equity of portion of FEMI's advances to the company.

At the Annual Stockholder's Meeting held on November 22, 2018, the stockholders approved the increase in authorized capital stock from Two Billion Pesos (₱2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (₱1.00) per share to Five Billion Pesos (₱5,000,000,000) divided into Five Billion (5,000,000,000) share with a par value of One Peso (₱1.00) per share and the corresponding amendments to Article Seventh of the Amended Articles of Incorporation of the Parent Company. The stockholders also approved the subscription of FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Parent Company at par value of P1.00 per share with part of subscription price to the extent of Five Hundred Million Pesos (₱500,000,000.00) to be offset against the Parent Company's advances from FEMI. The subscription for 250,000,000 common shares at ₱1.00 per share or subscription price of ₱250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

As at December 31, 2021, the application for increase in authorized capital stock is pending with the SEC while awaiting the valuation of the Metro Solar shares.

The projected comparative Stockholders Equity balances as of September 30, 2022, before and after issuance to FEMI of the 750 million shares, follows:

	<b>September 30, 2022</b>	
	<b>Before Issuance</b>	<b>After Issuance</b>
<b>Capital Stock</b>	<b>1,998,553,181</b>	<b>2,748,553,181</b>
<b>Additional paid-in capital</b>	<b>589,120,803</b>	<b>589,120,803</b>
<b>Cumulative Market Adjustment</b>	<b>2,082,372</b>	<b>2,082,372</b>
<b>Retained Earnings</b>	<b>35,910,581</b>	<b>35,910,581</b>
<b>STOCKHOLDERS EQUITY</b>	<b>2,625,666,937</b>	<b>3,375,666,937</b>

As at September 30, 2022, the application for increase in authorized capital stock is pending with the SEC while awaiting the valuation of the Metro Solar shares.

#### **Expansion of the Company's primary purpose**

The Parent Company plans to expand its primary purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

On November 20, 2018, the Board authorized the Parent Company to enter into a Memorandum of Agreement with Fil-Estate Management Inc. (FEMI) whereby the Parent Company shall purchase the Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares of common stock of FEMI in Metro Solar Power Solutions Inc. (Metro Solar), a stock corporation registered with the Securities and Exchange Commission (the "SEC") with SEC registration No. CS201622607 on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution.

Such shares issued by Metro Solar to FEMI represent 100% of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration in the value of the Metro Solar shares will be determined based on an appraisal report to be prepared by an independent appraiser acceptable to the Parent Company.

The shares that the Parent Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed P3 billion

(₱3,000,000,000.00) increase in authorized capital stock of the Parent Company.

On November 22, 2018, during the Annual Stockholders Meeting, the stockholders approved the amendment of the Article Second of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Parent Company to expand its investment into business engaged in solar, wind, and other renewable energy generation facilities. On October 30, 2019, the SEC approved said amendment and upon payment of the corresponding assessment fees, shall issue the corresponding Certificate of Amended Articles of Incorporation.

### **Operations for the Next Twelve months**

The Parent Company is expected to receive its 28.47% share of the 5% the lease rental income from Trinoma Mall, (the “Depot Royalty Income”) as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses and to partially pay its debts to FEMI.

The Parent Company foresees that material funding maybe required within the next twelve (12) months, in anticipation of the finalization and completion of the transactions relating to the acquisition by the Parent Company of the equity interest of FEMI in Metro Solar. Metro Solar’s main project is the development of the 65-megawatt solar farm project in Pililia, Rizal, which construction is expected to commence within the year 2022. The Parent Company plans to raise the needed funds to finance this project through private placements and the eventual resumption of the trading of its shares at the PSE.

The Parent Company does not plans any product research and development within the same period.

There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Parent Company is not engaged in any manufacturing business.

### **Item 12. Mergers, Consortiums, Acquisitions and Similar Matters**

There are no matters or actions to be taken up in the Annual Meeting with respect to merger, consolidation, acquisition by sale or liquidation of the Parent Company and/or its subsidiaries.

### **Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be taken up in the Annual Meeting with respect to acquisition or disposition of any property by the Parent Company and/or its subsidiaries.

#### **Item 14. Restatement of Accounts**

There are no matters to be taken up in the Annual Meeting which involves the restatement of any asset, capital, or surplus account of the Parent Company and/or its subsidiaries.

#### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

##### **(a) Reading and Approval of the Minutes of the 2021 Annual Stockholders' Meeting**

The minutes of the previous meeting of the stockholders held on 14 December 2021 will be presented for approval at the 2022 Annual Stockholders' Meeting. The following were the significant matters discussed at the said meeting, to wit:

- (i) The stockholders approved the Minutes of the Annual Meeting of Stockholders held on 11 December 2020. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Minutes of the Annual Meeting of Stockholders held on 11 December 2020.
- (ii) The stockholders approved the Annual Report and Audited Financial Statements of the Company for the calendar year ended 31 December 2021. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Audited Financial Statements of the Company for the calendar year ended 31 December 2020.
- (iii) The stockholders confirmed and ratified all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors and the various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to 14 December 2021. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the confirmation and ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors and various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to 14 December 2021.

- (iv) The stockholders approved the appointment of Isla Lipana & Co. as the Company's independent external auditor. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the appointment of Isla Lipana & Co. as the Company's independent external auditor for the year 2021 to 2022.
- (v) The stockholders re-elected the Board of Directors for the ensuing year 2021 - 2022.

A copy of the draft Minutes of the 2021 Annual Stockholders' Meeting was uploaded in the Corporation's website on 21 October 2022. The Minutes were prepared in accordance with the requirements of Section 49 of the Revised Corporation Code and are herein attached as Annex "F".

- (b) Approval of the Annual Management Report and Audited Financial Statement on the Results of Operations for the year 2021

A report on the significant business transactions undertaken and achievements by the Corporation in 2021 will be presented to the stockholders. Included in the Management Report is the Corporation's performance for the year 2021 in compliance with Section 49 of the Revised Corporation Code which requires a presentation to the stockholders of a descriptive, balance and comprehensible assessment of the Corporation's performance and a financial report for the preceding year. The Audited Financial Statements for the period ending 31 December 2021 of the Corporation are reflected in the accompanying Annual Report (Annex "A").

#### **Item 16. Matters Not Required to be Submitted**

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

#### **Item 17. Amendment of Charter, Bylaws or Other Documents**

No action will be presented for shareholders' approval at this year's Annual Meeting which involves the amendment of charter, by-laws or other documents of the Company.

#### **Item 18. Other Proposed Action**

- (1) Election of Directors, including the Independent Directors, for year 2021-2022;
- (2) Election of external auditor;

- (3) Ratification of acts, contracts and resolutions of the Board, the Board Committees and acts of officers and management from the previous stockholder's meeting up to the date of the Annual Meeting which were entered into or made in the ordinary course of business and transactions covered by appropriate disclosures with the Philippine Stocks Exchange and Securities and Exchange Commission:

No.	Date of Disclosure	Subject
1	December 14, 2021	<p>An advisory on the results of the Annual Stockholders' Meeting:</p> <ul style="list-style-type: none"> <li>a. Approval of the Minutes of the Annual Meeting of the Stockholders held on 11 December 2020;</li> <li>b. Approval of the Annual Report and Audited Financial Statements for the calendar year ended 31 December 2020;</li> <li>c. Confirmation and Ratification of all actions, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors and various committees constituted pursuant to the Code of Corporate Governance for the year 2020 up 14 December 2021;</li> <li>d. Approval of the appointment of Isla Lipana &amp; Co. as the Company's Independent External Auditor;</li> </ul>
2	December 14, 2021	<p>An advisory on the results of the Organizational Meeting:</p> <ul style="list-style-type: none"> <li>a. Re-election/Re-appointment of the Chairman of the Board and Officers of the Company;</li> <li>b. Re-appointment of Stock Transfer Agent and Registrar, BDO Unibank, Inc. - Trust Investments Group Securities Services &amp; Corporate Agencies;</li> <li>c. Constitution of Board Committees</li> </ul>
3	January 22, 2022	<p>An advisory on the Results of the Board Meeting:</p> <ul style="list-style-type: none"> <li>a. Approval of the manner of settlement of the Dividend Income from MRTD II for the year ended December 31, 2021.</li> </ul>
4	March 8, 2022	<p>An advisory on the results of the Board Meeting:</p>

		a. Application for Tax Clearance Certificate of the Corporation with the Bureau of Internal Revenue
5	May 10, 2022	An advisory on the results of the Board Meeting:  b. Approval of the 2021 Audited Financial Statement and Report
6	May 21, 2022	An advisory on the results of the Board Meeting:  a. Approval of the 2021 Integrated Annual Corporate Governance Report
7	July 1, 2022	An advisory on the results of the Board Meeting:  a. Resetting of the Annual Stockholders' Meeting from March 3, 2022 to December 9, 2022, 10:00 AM via Remote Communication; b. Application for subsequent Authority to Print (ATP) additional Manual Bound invoices/receipts/acknowledgement receipts with the Bureau of Internal Revenue
8	May 16, 2022	An advisory on the results of the Board Meeting:  a. Approval of the Audited Financial Statement Report prepared by the Corporation's Accounting Department for the Quarterly Period ended March 30, 2022
9	August 8, 2022	An advisory on the results of the Board Meeting:  a. Approval of the Audited Financial Statement Report prepared by the Corporation's Accounting Department for the Quarterly Period ended June 30, 2022

#### Item 19. Voting Procedures

- (a) Every stockholder shall be entitled to one (1) vote for each

share of stock standing in his name in the books of the Corporation, unless the law provides otherwise. Cumulative voting may be used in the election of the members of the Board of Directors.

(b) Required Voting:

Agenda Item No.	Subject Matter	Vote Required
3	Reading and approval of the Minutes of the previous meeting and action therein	Affirmative vote of majority of the stockholders present.
4 & 5	Approval of Annual Management Report and Audited Financial Statements for the period ending 31 December 2021	Affirmative vote of majority of the stockholders present.
6	Ratification of All Acts, Transactions and Resolutions by the Board of Directors, Board Committees and Management	Affirmative vote of majority of the stockholders present.
7	Election of Directors	The nine (9) nominees garnering the highest number of votes shall be elected directors. The stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.
8	Appointment of External Auditor	Affirmative vote of majority of the stockholders present



All votes will be counted and tabulated by the Corporate Secretary to be assisted by the Company's Stock and Transfer Agent.

The foregoing addresses the requirement of Section 49 of the Revised Corporation Code to disclose to the stockholders material information on the current stockholders and their voting rights.

### (3) Participation of Shareholders by Remote Communication

To ensure the safety and well-being of the shareholders during this COVID-19 pandemic, this year's Annual Meeting will be conducted virtually and there will be no physical venue for the meeting.

The platform for participation through webcast/ video conferencing (Remote Communication) for the Annual Meeting is via Zoom. Only stockholders of record as of November 9, 2022 and who have complied with the registration and validation process may participate and vote in absentia in the Annual Meeting. To enable the Company to perform validation procedures, identify the stockholders participating by remote communication and record their presence for purposes of quorum, stockholders as of Record Date who wish to participate in the Annual Meeting by remote communication and to vote in absentia may register by filling up the form that can be found at <https://metroglobalholdings.com/> Online registration will be open from November 10, 2022 at 9:00 A.M. to December 4, 2022 at 5:00 P.M.

The Company's Corporate Secretary and its stock transfer agent, Banco de Oro-Stock Transfer Services Unit, will validate the registration requirements submitted by the stockholders. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with unique log in credentials which can be used to log in and participate in the Annual Meeting.

Upon validation, stockholders as of Record Date who have successfully registered and have signified their intention to vote in absentia will receive an email containing the link for the Digital Ballot/ Online Voting System and the Instructions for casting online votes. Registered stockholders shall have until 5:00PM of December 4, 2022 to cast their votes. Stockholders may also vote by proxy by sending a scanned copy of duly accomplished Proxy Form by email to [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) not later than December 4, 2022. The Proxy Form may be

downloaded at <https://metroglobalholdings.com/images/pdf/METROGLOBALHOLDINGSCORPORATION-2022-ASM-PROXY%20FORM.pdf>. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, Poblador, Bautista, Reyes Law Offices, 5<sup>th</sup> Floor, SEDECO Building 1, 120 Rada Street, Legaspi Village, Makati City, 1229, not later than December 6, 2022.

Please refer to **Annex “C”** for detailed guidelines for participation via remote communication and the procedures for registration and casting votes in absentia.

**Item 20. Statement of Management Responsibility and Audited Financial Statements**

The Statement of Management Responsibility for the Corporation’s and Separate Audited Financial Statements for the year ending 31 December 2021 are attached to the said Financial Statements which in turn are attached to this information Statement as **Annexes “A-1” and A-2”**.

**Item 21. Management Report contained in Annual Report (SEC Form 17-A), Sustainability Report, 3<sup>rd</sup> Quarter Financial Statements (SEC Form 17-Q)**

The Corporation incorporates by reference the information contained in its latest Annual Report (SEC Form 17-A, **Annex “A”**), Sustainability Report (**Annex “A-3”**) and the 3<sup>rd</sup> Quarter Financial Statements (SEC Form 17-Q) of 2022 (**Annex “A-4”**).

**Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**Financial Condition, Changes in Financial Condition and Results of Operations during the Last Three (3) Years and the Interim Period**

**(a) Last Three (3) Years (Based on Consolidated AFS)**

The Group’s net income for the year ended December 31, 2021 increased to ₱2,615.2 million, compared to the ₱0.8 million as of December 31, 2020 and ₱34.4 million as of December 31, 2019. The Group’s comprehensive income for the year ended December 31, 2021 increased to ₱2,615.5 million, compared to the ₱1.5 million as of December 31, 2020 and ₱33.5 million as of December 31, 2019.

The total revenue and other income generated by the Group for the year ended December 31, 2021 increased to ₱2,647.10 million, compared to ₱0.8 million in December 31, 2020 and ₱39.3 million in December 31, 2019.

This was mainly due to the dividend income received by the Parent Company from Metro Rail Transit Holdings, Inc. II (MRTII), amounting to ₱2,606.6 million. As discussed in Note 5.1c of the Notes to the Consolidated Financial Statements of the Group, MRTII declared dividends to its shareholders on December 13, 2021. The Parent Company has a 12.68% equity ownership in MRTII and its share in the dividends amounted to ₱2,606.2 million.

The Depot Royalty Income continues to be the main source of funding of the Group. However, with the continued effect of the Covid 19 pandemic on the operations of the Trinoma Commercial Center, the Group's share in Depot Royalty Income for the year ended December 31, 2021, decreased to ₱7.9 million, from ₱9.3 million as of December 31, 2020 and ₱30.3 million as of December 31, 2019.

The Group's General and Administrative expenses increased to ₱32.0 million in December 31, 2021, from ₱12.7 million in December 31, 2020 and ₱4.9 million in December 31, 2019, largely due to the increase in the Parent Company's salaries and wages, brought about by the employment of the various executive officers of FEMI, in September and October 2020.

**Consolidated Income Statement**  
(₱ Million)

	2021	2020	2019
Depot Royalty Income	7.8	9.3	30.3
General & Administrative Expense	(31.9)	(12.6)	(4.9)
Loss from operations	(24.0)	(3.3)	25.4
Dividend Income	2,606.2	0.0	0.0
Share in profit of associates	7.7	6.0	(1.9)
Other income (expense)	20.4	(0.009)	20.0
Income tax benefit (expense)	5.0	(1.7)	(9.1)
Net income for the year	2,615.2	0.8	34.4
Fair value gain on financial assets at fair value through OCI	0.3	0.6	(0.9)
TOTAL COMPREHENSIVE INCOME	2,615.5	1.5	33.5
Total Revenue & Other Income	2,647.1	13.6	39.3

**Financial Position**

The Group's financial position showed remarkable improvement for the year ended December 31, 2021, compared to years ended December 31, 2020 and 2019. The Group's comparative consolidated balance sheet is summarized below:

**Consolidated Balance Sheet**  
(₱ Million)

	2021	2020	2019
Current Assets	9.9	11.0	30.0
Non-current Assets	3,971.0	1,504.6	1,498.0
Total Assets	3,981.0	1,515.5	1,528.0
Current Liabilities	390.9	391.5	390.5
Non-Current Liabilities	956.6	1,106.3	1,121.1
Total Liabilities	1,347.5	1,497.8	1,511.6
Stockholders' Equity	2,633.3	17.8	16.3

**Total Assets**

The Group's Total Assets increased to ₱3,981.0 million as at December 31, 2021, from ₱1,515.5 million as at December 31, 2020 and ₱1,528.0 million as at December 31, 2019. The increase was mainly due to increases in the "Due from Related Parties" and "Financial Assets at Fair Value Through OCI" accounts, which were brought about by the dividends received from MRTHII, as discussed in Note 5.1c of the Notes to the Consolidated Audited Financial Statements.

Due from Related Parties increased to ₱892.8 million as at December 31, 2021 from ₱1.8 million as at December 31, 2020 and ₱ 1.8 million as at December 31, 2019, in view of ₱891.5 million dividend receivables from MRTHII.

Financial Assets at Fair Value Through OCI, which consist mainly of the Group's investments in MRTHI and MRTHII, increased to ₱3,062.3 million as at December 31, 2021, from ₱1,494.5 million as at December 31, 2020 and ₱ 1,493.9 million as December 31, 2019. This is view of the application of the ₱1.57 billion dividends against the Parent Company's liability from sale of future share distributions, which was previously recorded as a reduction of investment in MRTHII.

**Total Liabilities**

The Group's Total Liabilities decreased to ₱1,347.5 million as at December 31, 2021, from ₱1,497.8 million as at December 31, 2020 and ₱1,511.6 million as at December 31, 2019.

The decrease in the Group's Total Liabilities was mainly due to decreases in the "Due to a Stockholder" and "Due to Related Parties" accounts. Due to a Stockholder, which actually is the Group's liability to FEMI, decreased to ₱707.0 million as at December 31, 2021, from ₱744.8 million as at December 31, 2020 and ₱ 773.4 million as at December 31, 2019, due to various cash payments made by the Group to FEMI. Due to Related Parties decreased to ₱249.6 million as of December 31, 2021, from ₱361.4 million as of December 31, 2020 and ₱ 347.7 million as at December 31, 2019, in view of the offsetting of the Parent Company's liability from MRTHII, against dividend receivables.

### **Stockholders Equity**

Stockholders Equity increased to ₱2,633.3 million as at December 31, 2021, from ₱17.8 million as at December 31, 2020 and ₱16.3 million as December 31, 2019.

The increase in Stockholders' Equity was mainly due to the increase in the Group's Retained Earnings to ₱44.2 million as of December 31, 2021, from a negative balance of ₱2,571.0 million as of December 31, 2020 and negative ₱2,571.9 million as at December 31, 2019, which was brought about by the ₱2.6 billion dividend income received from MRTHII in 2021.

### **Key Performance Indicators (KPI)**

The Group's KPI for the years ended December 31, 2021, 2020 and 2019 follows:

Performance Indicator	Formula	2021	2020	2019
<i>Liquidity</i>				
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.025	0.028	0.077
Quick Ratio	$\frac{\text{Cash \& Cash Equivalents} + \text{Current Trade Receivables}}{\text{Current Liabilities}}$	0.024	0.028	0.076
<i>Leverage</i>				
Debt to Total Assets	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.34	0.99	0.99
Equity to Total Assets	$\frac{\text{Total Owner's Equity}}{\text{Total Assets}}$	0.66	0.01	(0.01)
Debt to Equity	$\frac{\text{Total Liabilities}}{\text{Total Owner's Equity}}$	0.51	84.18	92.78
Asset to Equity	$\frac{\text{Total Assets}}{\text{Total Owner's Equity}}$	1.51	85.18	93.79
<i>Profitability</i>				

Return on Equity	Net Income	1.31	0.045	(2.00)
	Equity Attributable to Parent Company's Shareholders			
Return on Assets	Net Income	0.66	0.001	0.022
	Total Assets			
Earnings per Share	Net Income (Loss)	1.32	0.0004	0.0172
	Average Number of Shares Outstanding			

### Liquidity

Current Ratio and Quick Ratio both decreased in December 2021, compared to December 2020 and 2019, mainly due to the decrease in the current assets of the Group.

### Leverage

Debt to Total Assets ratio decreased in December 2021 as compared to December 2020 and December 2019, in view of the increase in Group's Total Assets.

Other leverage ratios decreased due to increases in the Group's Total Assets and Total Liabilities.

### Profitability

All profitability ratios increased in view of the increase in the net income earned by the Group in December 2021, as compared to December 2020 and December 2019.

## **Review for the period ended September 30, 2022**

*(Comparative balances for the 9-month period ended September 30, 2022 and September 30, 2021)*

## **Results of Operations**

### **Revenue**

During the 3<sup>rd</sup> Quarter of 2022, the Group earned revenue amounting to ₱5.6 million, bringing the total revenue as of the nine-month period ended, September 30, 2022, to ₱13.5 million. The revenue earned by the Group was for the share of the Parent Company in the NTDCC/Trinoma Depot Royalty Income. However, despite the ₱13.5 million revenue, the Group still suffered a Net Loss of ₱8.2 Million and Total Comprehensive Loss of ₱7.6 million as of the quarter ended, September 30, 2022 in view of the ₱21.8 million general and administrative expenses incurred during the same period. Net loss as of 3<sup>rd</sup> Quarter of 2021 was ₱21.5 million and Total Comprehensive Loss was ₱21.2 million.

## **Expenses**

The General and administrative (G&A) expenses as of nine month period September 30, 2022, amounted to ₱21.8 million while during the same period as of September 30, 2021, it was ₱21.7 million.

### **Consolidated Income Statement (₱ Million)**

	<b>3Q 2022</b>	<b>3Q 2021</b>	<b>1<sup>st</sup> half of 2022</b>	<b>1<sup>st</sup> half of 2021</b>
Revenue	13.5	0.001	7.9	0.016
General & Administrative Expenses	(21.8)	(21.7)	(16.2)	(14.7)
Income before income tax	(8.2)	(21.5)	(8.3)	(14.7)
Provision for Income Tax	0	0.1	0	0.139
Net Income (Loss)	(8.2)	(21.5)	(8.3)	(14.5)
Other income	0.595	0.288	0.595	(0.179)
<b>Total Comprehensive Income (Loss)</b>	<b>(7.6)</b>	<b>(21.2)</b>	<b>(7.7)</b>	<b>(14.7)</b>

## **Financial Position**

The Group's comparative consolidated balance sheet is summarized below:

### **Consolidated Balance Sheet (₱ Million)**

	<b>3Q 2022</b>	<b>3Q 2021</b>	<b>2021</b>
Current Assets	15.3	6.7	9.9
Non-Current Assets	3,971.4	1,505.0	3,971.0
<b>Total Assets</b>	<b>3,986.8</b>	<b>1,511.5</b>	<b>3,981.0</b>
Current Liabilities	402.4	393.7	390.9
Non-Current Liabilities	958.6	1,121.3	956.6
<b>Total Liabilities</b>	<b>1,361.1</b>	<b>1,515.0</b>	<b>1,347.5</b>
<b>Stockholders' Equity</b>	<b>2,625.6</b>	<b>(3.5)</b>	<b>2,633.3</b>

## **Total Assets**

The Group's Total Assets increased to ₱3,968.8 million as at September 30, 2022, compared to ₱1,511.5 million in the same period of 2021.

Current Assets, which include cash, receivables and other current assets, amounted to ₱15.3 million as of 3<sup>rd</sup> Quarter ended, September 30, 2022, compared to ₱6.7 million as of the same period of 2021. Non-current Assets, which include the cost of the Group's investments in the MRT companies and receivables from related parties, amounted to ₱3,971.4 million as of 3<sup>rd</sup> Quarter ended, September 30, 2022, compared to ₱1,505.0 million as of the same period of 2021.

### **Total Liabilities**

The Group's Total Liabilities decreased to ₱1,361.1 million in September 30, 2022, compared to ₱1,515.0 million as of the same period of 2021.

Current Liabilities increased to ₱402.4 million as of 3<sup>rd</sup> Quarter ended September 30, 2022 compared to ₱393.7 million as of the same period in year 2021. Non-current Liabilities, which is comprised mainly of advances received from FEMI, MRTDC and other related companies, decreased to ₱958.6 million as of 3<sup>rd</sup> Quarter ended September 30, 2022, compared to ₱1,121.3 million as of the same period of year 2021.

### **Stockholder's Equity**

The Group's Stockholder's Equity increased to ₱2,625.6 million as of the 3<sup>rd</sup> Quarter period ended, September 30, 2022, from a negative balance of ₱3.5 million as of the same period of 2021. The increase was in view of the ₱2,606.2 million dividend income received and recognized by the Group in December, 2022.

### **Key Performance Indicators ("KPI")**

The Group's KPI as of 3<sup>rd</sup> Quarter 2022 compared with the same period in 2021 and for the years ended 2021 and 2020 are as follows:

Performance Indicator	Formula	3 <sup>rd</sup> Quarter 2022	3 <sup>rd</sup> Quarter 2021	2021	2020
<i>Liquidity</i>					
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.038	0.017	0.025	0.028
Quick Ratio	$\frac{\text{Cash \& Cash Equivalents} + \text{Current Trade Receivables}}{\text{Current Liabilities}}$	0.036	0.016	0.024	0.028
<i>Leverage</i>					
Debt to Total Assets	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.34	1.002	0.34	0.99
Equity to Total Assets	$\frac{\text{Total Owner's Equity}}{\text{Total Assets}}$	0.66	(0.002)	0.66	0.01
Debt to Equity	$\frac{\text{Total Liabilities}}{\text{Total Owner's Equity}}$	0.52	(437.37)	0.51	84.18
Asset to Equity	$\frac{\text{Total Assets}}{\text{Total Owner's Equity}}$	1.518	(436.37)	1.51	85.18
<i>Profitability</i>					
Return on Equity	$\frac{\text{Net Income}}{\text{Equity Attributable to Parent Company's}}$	(0.003)	(6.22)	1.31	0.045



	Shareholders				
Return on Assets	Net Income	(0.002)	(0.014)	0.66	0.001
	Total Assets				
Earnings per Share	Net Income	(0.004)	(0.011)	1.32	0.0004
	Average Number of Shares Outstanding				

### *Liquidity*

The Group's current assets of P15.3 million as of September 30, 2022 and current liabilities of P402.4 million resulted in a Current Ratio of 0.038, which increased compared to the Current Ratio of the same period in 2021, wherein the ratio was 0.017. The increase in current ratio was due to the increase in current assets.

### *Leverage*

There were no changes between the Debt to Equity Ratio and Asset to Equity Ratio for the period ending September 30, 2022 and 2021. The ratios show that the Group's assets are more than adequate to cover its liabilities.

### *Profitability*

The Group's results of operations for the periods ended September 30, 2022 and September 30, 2021 resulted in a net loss, thus in both periods the profitability ratios resulted in a negative.

### **Others Matters**

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have, nor anticipates having, any cash flow or liquidity problems within the next twelve (12) months.

The Parent Company foresees that material funding maybe required within the next twelve (12) months, in anticipation of the finalization and completion of the transactions relating to the acquisition of the equity interest of FEMI in Metro Solar. Metro Solar's main project is the development of the 65-megawatt solar farm project in Pililia, Rizal, which construction is expected to commence within the year 2022. The Parent Company plans to raise the needed funds to finance this project through private placements and the eventual resumption of the trading of its shares at the PSE.

The Group is not in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring making payments.

The Group has no significant trade payables that have been paid within the stated period.

The Group is not aware of any event that will trigger direct or contingent financial obligation that is material to the Group, including default or acceleration of an obligation.

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

The Group has no material commitments for capital expenditures.

The Group is not aware of any known trends, events or uncertainties that have had or is reasonably expected to have a material favorable or unfavorable impact on net income from operation nor does the Group know of any events that will cause a material change in the relationship between costs and revenues.

The Group is not aware of any significant elements of income or loss that did not arise from the Company's on-going operations nor of any seasonal aspects that had a material effect on the financial condition or results of operations.

## **Market Registrant's Common Equity and Related Stockholders Matters**

### **(1) Market Information**

The Parent Company's stocks are being traded at the Philippine Stock Exchange. However, during the last five (5) years, trading of the Parent Company's shares was suspended.

In view of the suspension of trading of the Parent Company's shares, the high and low sales prices of such shares for each quarter of the calendar years 2021, 2020 and 2019 could not be determined.

	<b>2022</b>		<b>2021</b>		<b>2020</b>	
<b>Quarter</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup>	0.00	0.00	0.00	0.00	0.00	0.00
2 <sup>nd</sup>	0.00	0.00	0.00	0.00	0.00	0.00
3 <sup>rd</sup>	0.00	0.00	0.00	0.00	0.00	0.00
4 <sup>th</sup>			0.00	0.00	0.00	0.00

The shares of the Parent Company were last traded on March 20, 2007 at a price of ₱0.26.

### **(2) Holders**

As of 30 September 2022, the number of shareholders of record is 1,911 while common shares outstanding were 2,000,000,000 shares.

**Top 20 stockholders based on issued common shares as of 30 September 2022:**

<b>Name of Shareholders</b>	<b>Number of Shares</b>	<b>Percentage</b>
Fil-Estate Management, Inc.	1,759,750,195	87.988%
PCD Nominee Corporation (Filipino)	100,564,633	5.028%
Alakor Securities Corporation	66,778,253	3.339%
Bank of Commerce-Trust Services Group	43,211,800	2.161%
Bank of Commerce TG-91-07-001-C	6,383,000	0.319%
PCD Nominee Corp.(Non-Filipino)	3,663,129	0.183%
Bancommerce Investment Corp.	2,000,000	0.100%
Atty. Gilbert Reyes ITF Various Shareholders	1,903,514	0.095%
Noel Carino	1,506,500	0.075%
Jaime Borromeo	1,000,000	0.050%
Leroy Tan	675,500	0.034%
Belson Securities, Inc. A/C#196-358	664,000	0.033%
Roberto N. Del Rosario	628,000	0.031%
CFC Corporation	576,000	0.029%
The Holders of the Unexchanged San Jose Oil	556,839	0.028%
David Go Securities Corp.	414,200	0.021%
Trendline Securities Corp.	382,500	0.019%
Alberto Mendoza &/or Jeanie C. Mendoza	300,000	0.015%
Alakor Corporation John Gokongwei Jr.	200,000	0.010%
Patricia Borja Alakor Corporation	200,000	0.010%
	1,991,358,063	99.568%

**(3) Dividends**

No dividends were declared during the last two (2) calendar years.

Under the Parent Company's By-Laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

**(4) Recent Sales of Unregistered or Exempt Securities**

There have no recent sales of unregistered or exempt securities by the Parent Company or recent issuances of securities constituting exempt transaction.

**Discussion on Compliance with leading practice on Corporate Governance**

The Parent Company is in substantial compliance with its Manual and the Code of Corporate Governance for PLC's. The Compliance Officer

is present at all meetings of the Board of Directors and closely coordinates with the Chairman and the President to ensure full compliance with the adopted leading practices on good governance. The Compliance Officer furnishes the Board of Directors and top-level management copies of new rules, regulations, circulars and orders of the Securities and Exchange Commission and the Philippine Stock Exchange to continuously update its Directors and top-level management with new requirements for compliance with leading practices on corporate governance. In addition, the Compliance Officer requires and encourages its Directors and top-level management to attend seminars on good corporate governance.

**Each year the Parent Company's** Board of Directors conducts an **annual assessment** of its performance as a whole. The **Board Evaluation and Assessment Questionnaire** is composed of varying statements based on the roles, functions and responsibilities of the Board found under the Parent Company's Manual on Corporate Governance. The Chairman and Directors evaluate how well the Board have performed for each criterion and indicate the rating using the following **rating scale**: 5 strongly agree, 4 agree, 3 undecided, 2 disagree and 1 strongly disagree. The Board's annual performance assessments are disclosed in the IACGR of the relevant year in which the assessments are made.

In 2022, the Parent Company commissioned The Good Governance Advocates and Practitioners of the Philippines, Inc. (GGAPP) to facilitate the Board Effectiveness Evaluation in compliance with the SEC Code of Corporate Governance in order to further align its governance framework with the principles of the said Code and global best practices. Part of the engagement of GGAPP is to facilitate an independent third-party Board evaluation. The tabulated results were then referred to the Board. The overall assessment showed that the Board continues to operate on a very high standard of independence, committees function effectively and senior management has the relevant professional experience, necessary skills and ability to manage the Parent Company while the directors have rigorously maintained independence of views and the relationship between the Board and committee members remain strong.


There are no material deviations to date from the Corporation's Manual on Corporate Governance or Code of Corporate Governance, with exception of certain recommendations, which the Company has explained in its I-ACGR filed in 2021. The Board has no immediate plans to adopt new policies for corporate governance.

## SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 25 October 2022.

METRO GLOBAL HOLDINGS CORPORATION

By:

  
RAMON G. JIMENEZ  
Chief Finance Officer

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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## COMPANY NAME

M	E	T	R	O		G	L	O	B	A	L		H	O	L	D	I	N	G	S									
C	O	R	P	O	R	A	T	I	O	N		(	F	O	R	M	E	R	L	Y									
F	I	L		E	S	T	A	T	E		C	O	R	P	O	R	A	T	I	O	N	)							

## PRINCIPAL OFFICE ( No./Street/Barangay/City/Town)Province)

M	E	Z	Z	A	N	I	N	E		F	L	O	O	R	,													
R	E	N	A	I	S	S	A	N	C	E		T	O	W	E	R	,											
M	E	R	A	L	C	O		A	V	E	N	U	E	,	P	A	S	I	G		C	I	T	Y				

Form Type

1	7	A	
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

Not applicable

## COMPANY INFORMATION

Company's Email Address

[info@metroglobalholdings.com](mailto:info@metroglobalholdings.com)

Company's Telephone Number/s

8633-6205

Mobile Number

Not applicable

No. of Stockholders

1906

Annual Meeting  
Month/Day

1st Thursday of March

Fiscal Year  
Month/Day

December 31

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ramon G. Jimenez

Email Address

[monjay@ymail.com](mailto:monjay@ymail.com)

Telephone Number/s

8633-6205

Mobile Number

Not applicable

## CONTACT PERSON's ADDRESS

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City

**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION AND SECTION 141  
OF THE CORPORATE CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2021
2. SEC Identification Number 9142
3. BIR Tax Identification No. 000-194-408-000
4. Exact name of registrant as specified initials charter METRO GLOBAL HOLDING CORPORATION
5. Pasig City, Philippines  
Province, Country or other jurisdiction of  
Incorporation or organization
6. Mezzanine Floor Renaissance Tower  
Meralco Ave., Pasig City  
Address of Principal Office
6. 1600  
Postal Code
6. (SEC Use Only)  
Industry Classification Code
8. (632) 8633-6248  
Issuer's Telephone Number, including area code
9. FIL-ESTATE CORPORATION  
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Section 8 n 12 of the SRC, or Sec 4 n 8 of the RSA

Title of Each Class	Number of Shares of common Stock Outstanding and Amount of Debt Outstanding
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Common Stock - P1 par value	2,000,000,000 (out of the total shares)
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11. Are any or all these securities listed on the Philippine Stock Exchange.  
Yes [X] No [ ]

12. Check whatever the registrant:

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

Yes [X] No [ ]

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

Yes [ ] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates:  
₱240,559,298.00@ ₱1.00/share as of December 31, 2021

14. Document incorporated by reference: 2020 Audited Financial Statements

**METRO GLOBAL HOLDINGS CORPORATION**

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**SIGNATURES**

**STATEMENT OF MANAGEMENT RESPONSIBILITY**

**STATEMENT TO FINANCIAL STATEMENTS AND SUPPLEMENTARY**



## **Item 1. Business**

### **Business Development**

Metro Global Holdings Corporation (the Parent Company), formerly Fil-Estate Corporation, was incorporated on September 17, 1954 originally as San Jose Oil, Incorporated. The original and primary purpose of the corporation was to prospect for and market oil, natural gas and other minerals and, secondarily, to invest in non-mining corporations or other enterprises. The Company was listed in the Philippine Stock Exchange (PSE) on May 4, 1964.

In July 1996, the Board of Directors (BOD) and the stockholders of the Parent Company approved (a) the change in the company's primary purpose from oil exploration to that of a holding company authorized to engage in property and infrastructure development and the relegation of its erstwhile primary purpose to one of the company's secondary purposes, (b) the increase in the company's authorized capital stock from ₱300.0 million, divided into 30.0 billion shares with a par value of ₱0.01 per share, to ₱2 billion, divided into 2 billion shares with a par value of ₱1.00 per share and (c) the declassification of Classes A and B common shares to a single class of common shares.

On January 22, 1998, The Securities and Exchange Commission ('SEC') approved the change in corporate name of San Jose Oil, Incorporated to Fil-Estate Corporation, accompanied by a shift in the primary purpose to that of a holding company engaged in property and infrastructure development, the declassification of Classes A and B common shares to a single class of common shares, and the change in par value of its shares from ₱0.01 in 1997 to ₱1.00 in 1998.

On December 11, 2000, the SEC approved the Parent Company's increase in authorized capital stock from 300.0 million shares to two (2) billion shares. Fil-Estate Management, Inc. (FEMI) subscribed to 700 million shares in exchange for the assignment of its interests in the Metro Rail Transit Holdings, Inc. (MRTHI) and Metro Rail Transit Corp., Limited (MRTCL).

On September 9, 2004, the SEC approved the extension of the Parent Company's term of existence for another fifty (50) years.

The Parent Company's key investment is in the form of equity interest in MRTHI and Metro Rail Transit Holdings II, Inc. (MRTHII). The combined investment in these holding companies represents approximately twenty nine percent (29%) interest in the Metro Rail Transit systems ('EDSA MRT systems'). The Phase I of the MRT project (LRTS Phase I) began full operations on July 15, 2000 and involved thirteen (13) stations from the North Triangle to Taft Avenue.

The Parent Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail), which, as a result, allows participation in the train system extension (e.g., the Makati Loop and Airport Link) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.

On December 17, 2014, by virtue of the Redemption and Deed of Assignment between Monumento Rail and the Parent Company, the Parent Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of 5% of the Depot Income

relative to the improvements and leased areas of the 16-hectare, more or less, North Triangle Depot. As successor-in-interest, the Parent Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses.

On May 19, 2017, the Parent Company incorporated MGHC Royal Holdings Corporation (MGHC Royal). MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. The Parent Company owns 99% of MGHC Royal.

On November 22, 2018, at the Annual Stockholder's Meeting of the Parent Company, the stockholders representing 2/3 of the outstanding capital stock of the Parent Company, approved the Increase in the Capital Stock of the Parent Company from P2 billion to P5 billion, with Fil-Estate Management, Inc. subscribing to the said increase to the extent of P750,000,000.00. The increase is still pending approval with the Securities and Exchange Commission as of December 31, 2021.

Likewise, during the 2018 Annual Stockholder's Meeting, the stockholders representing 2/3 of the outstanding capital stock of the Parent Company, approved the amendment of its Articles of Incorporation to allow the Parent Company to invest in businesses engaged in the development of renewable energy through solar farms, wind farms, waste-to-energy and other energy projects. This Amendment is likewise pending approval with the Securities and Exchange Commission.

In line with the new business directions the Parent Company intends to pursue, the Parent Company has entered into an Agreement last November 20, 2018 with its parent company, Fil-Estate Management, Inc. (FEMI's), for the acquisition by the Parent Company of FEMI's 100% equity stake in Metro Solar Power Solutions, Inc. (Metro Solar), a power company with an existing 65-megawatt solar farm project in Pililia, Rizal. The stockholders of the Parent Company likewise have approved this transaction during the Annual Meeting of November 22, 2018, subject to mutually acceptable valuation of the project to be determined by an independent appraiser.

On December 20, 2018, the Parent Company acquired the 15.79% equity interest of Fil-Estate Properties, Inc. in MRT Development Corporation (MRTDC).

On August 25, 2020, the Parent Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MRTSI is intended to be the special purpose vehicle company to undertake the new public transport system projects of the Group that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport. The first of these kind of projects is already the subject of an ongoing Feasibility Study in Baguio City under a Memorandum of Understanding (MOU) with the City of Baguio signed last September 3, 2020 concerning the development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The Company owns 100% of MRTSI.

Since 2007, the Parent Company has voluntarily suspended the trading of its securities to allow the Company to re-align its business and explore new strategic directions.

### ***Change of Principal Place of Business***

On December 6, 2019, at the Annual Stockholder's Meeting, the stockholders approved the amendment of the Third Article of the Articles of Incorporation to indicate the new location in another city of the MGHC's principal place of business with details of the specific complete address from Mandaluyong, Metro Manila to Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila. After the approval of the amendment, Article Third shall read as follows:

"That the place where the principal office of the Corporation is to be established or located is at MEZZANINE FLOOR, RENAISSANCE TOWERS, MERALCO AVENUE, PASIG CITY, METRO MANILA (As Amended on \_\_\_\_\_)"

The above amendment was necessitated by Memorandum Circular No. 16, Series of 2014 issued by the Securities and Exchange Commission (SEC) which directs corporations to file an Amended Articles of Incorporation to indicate its new location to another city or municipality. Likewise, SEC's Memorandum Circular No. 6, Series of 2014, directs all existing corporations whose Articles of Incorporation still indicate only a general address, such as a city, town or municipality, or "Metro Manila", to file an amended Articles of Incorporation in order to specify their complete address, such that, if feasible, it has a street number, street name, barangay, city or municipality, and if applicable, the name of the building, the number of the building, and name or number of the room or unit.

The amendments in Third Article of the Articles of Incorporation are intended for compliance to the above-mentioned Memorandum Circulars of the SEC by indicating in the proposed amendments the new location to another city of the Company (from Mandaluyong to Pasig City), and to indicate the specific complete address of the Company in its new location in Pasig City, that is, Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila.

As at December 31, 2021, the amendment has not yet been approved by the Securities and Exchange Commission.

## ***Corporate Name Change***

On March 18, 2014, the BOD approved the amendment of the Articles of Incorporation and By-laws of the Parent Company, a major provision of which was the change in its corporate name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "METRO GROUP" and establish the affiliation of the Parent Company with its affiliate infrastructure companies which likewise had the word "Metro" in their corporate names.

The foregoing amendments were approved by the Securities and Exchange Commission on May 14, 2014.

**Equity Infusion.** On March 19, 2007, the Parent Company accepted FEMI's proposal to infuse its 30% equity ownership in Camp John Hay Development Corporation (CJHDEVCO) in exchange for up to 450.0 million shares of the Parent Company at ₱1.00 par value, subject to approval by the SEC.

On September 11, 2007, the Parent Company signed a Deed of Assignment whereby the 30% equity ownership of FEMI in CJHDEVCO was transferred to the Parent Company in exchange for 450.0 million shares at ₱1.00 par value subject to the approval of the Bases Conversion Development Authority (BCDA). The Deed of Assignment by FEMI of its equity interest in CJHDEVCO in favor of the Parent Company was signed in 2007 in conjunction with CJHDEVCO's then active discussions with certain property developers and Business Process Outsourcing (BPO) operators who intended to invest in the CJHDEVCO area. The expansion of the CJHDEVCO tourism and leisure complex in the northern resort destination of Baguio City involved approximately 19 hectares of new development out of the total 247-hectare former rest-and-recreation facility of the United States military. It was further expected that the profitability of CJHDEVCO would be boosted by such investments and in turn, would positively affect the financial performance of the Company.

On July 1, 2008, the BCDA consented to the transfer made by FEMI of its 30.0% equity interest in CJH in exchange for new shares of stocks in the Parent Company.

On April 23, 2009, the Parent Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which (a) amended the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJHDEVCO, and (b) extended the date of closing of the transaction June 30, 2010, or any date agreed upon by the parties in writing, in order to allow the parties to fully comply with the conditions precedent to closing as set forth in the Deed of Assignment, particularly as it related to the required consent of the SEC.

On January 9, 2012, CJHDEVCO rescinded the Restructured Memorandum of Agreement it had entered into with the BCDA on July 1, 2008 due to the BCDA's continuing inability to make good on its one-stop shop 30-day permit issuance guaranty. CJHDEVCO subsequently filed a directly related case against the BCDA for arbitration with the Philippine Dispute Resolution Center, Inc. (PDRCI).

On March 14, 2012, the House of Representatives passed a resolution creating a technical working group aimed at assisting CJHDEVCO and the BCDA in amicably resolving the dispute.

On April 12, 2012, the BOD approved the deferment of the assignment, transfer and conveyance in favor of the Parent Company, of FEMI'S 30.0% equity in CJHDEVCO until the resolution of the dispute between CJHDEVCO and the BCDA.

On February 11, 2015, the PDRCI handed down its decision on the arbitration case filed by CJHDEVCO against the BCDA. The decision stated that the Original Lease Agreement (OLA), and the subsequent Memorandums of Agreement entered into by CJHDEVCO and the BCDA, was rescinded due to mutual breach by the parties. The PDRCI, in its decision, (a) directed the BCDA to return to CJHDEVCO the total amount of rent CJHDEVCO had paid amounting to P1,421,096,052; and (b) ordered CJHDEVCO to vacate the leased premises and promptly deliver the leased property to the BCDA upon full payment by the BCDA to CJHDEVCO of the aforementioned rental amount. The decision also concluded that the CJHDEVCO was not liable for any unpaid back rent as had been claimed by the BCDA.

On March 6, 2015, CJHDEVCO filed for a confirmation of judgment with the Regional Trial Court of Baguio City (Court). On March 27, 2015, the Court issued an order of confirmation of The Final Award.

In view of the PDRCI decision, the BOD approved to cancel the implementation of the transfer by FEMI of its 30.0% equity in CJHDEVCO in exchange for equity shares in the Parent Company. The cancellation was also in line with the Company's plan to focus on its core business of infrastructure development.

**Conversion of Liabilities to Equity.** On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Parent Company at a par value of P1.00 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted into equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The liability amount for conversion was further increased to P800.0 million and subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of a portion of the liabilities of the Company to FEMI amounting to P800.0 million into equity shares in the Company, equivalent to 800.0 million shares with a par value of P1.00 per share.

On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Parent Company through the conversion into equity of a portion of its receivables amounting to P200.15 million, equivalent to 200,150,000 shares at P1.00 per share par value.

On September 4, 2014, the SEC approved the conversion of a portion of the Parent Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value.

**Infusion of Certain Properties.** On April 12, 2012, the Parent Company accepted the infusion by FEMI of certain properties of Mt. Zion Memorial, Inc. (MZMI) worth P500.0 million in shares of the Parent Company at P1.00 par value. MZMI is wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks. Organized in 1999, by 2012, MZMI had twelve (12) memorial parks nationwide with a total combined saleable memorial lots aggregating to 50 hectares, with an estimated

concurrent value of ₱2,500.0 million. A significant amount of annual income was expected to be generated from this infusion.

Consistent with the direction of the Parent Company to focus on its core business of infrastructure development, the BOD approved to cancel the implementation of the proposed plan of FEMI to assign properties of Mt. Zion Memorial Inc. (MZMI), worth ₱500 million, in exchange for 500,000,000 shares of the Company at ₱1.00 per share.

**Cooperation Agreement.** On November 12, 2010, the Parent Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the ‘Fil-Estate Companies’) entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies’ rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2021 has not yet occurred.

**Redemption of Redeemable Preferred Shares in Monumento Rail.** On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former’s right to receive Depot Royalties (“Depot Royalty Rights” with respect to improvements constructed on the 16-hectare Depot located at North Triangle, EDSA and rental income from the commercial center known as Trinoma Mall in the Depot pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and the Parent Company executed the Redemption and Deed of Assignment whereby for and in consideration of the cancellation of the redeemable preferred shares issued by Monumento Rail to the Parent Company and certain trustees of the Parent Company, Monumento Rail assigned to the Parent Company a pro-rata interest of Monumento Rail’s Depot Royalty Rights to the extent of an aggregate of 28.47%.

The cost of the Parent Company’s 18,029,417 redeemable preferred shares amounts to ₱901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of Monumento Rail, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as at August 22, 2006.

As a result of the redemption, the Parent Company recognized a Depot royalty right intangible asset amounting to ₱901,471 which is equivalent to the value of the Parent Company’s investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

As at December 31, 2021, 2020 and 2019, the Parent Company recognized its share in lease rental income from the Trinoma Mall, classified as depot royalty income in the financial statements, of ₱7,887,684, ₱9,329,483 and ₱30,296,661, respectively. This represents the 28.47% in the 5% of the lease rental income of Trinoma Mall in those years, which were collected in subsequent years.

**Settlement Agreement.** On December 17, 2014, the Parent Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDC) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDC agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16-hectare Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Royalty arising from the development of assigned specific developable areas in the Depot to Monumento Rail Transit Corp. (Monumento Rail) or its successors-in-interest in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDC and the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and Monumento Rail.

The Parent Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of Depot Royalties corresponding to 5% of the gross receipts of the rental income and 5% of the gross proceeds of sale or leases of improvements from the exercise by specific assignees of the development rights in specific developable areas of the Depot by virtue of the Settlement Agreement and the December 17, 2014 Deed of Assignment between Monumento Rail and the Parent Company.

**Proposal to Department of Transportation and Communications (DOTC).** On December 19, 2014, the Parent Company presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast-Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Holdings II, owner of Metro Rail Transit Corporation (MRTC) which in turn owns the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government. Subsequently, MRTC adopted the proposal and submitted the same to DOTC and the Office of the President.

As at December 31, 2021, the foregoing proposals remain pending with the Office of the President.

**Proposed Increase in Authorized Capital Stock.** The Parent Company plans to increase its authorized capital stock to 5,000,000,000 shares at ₱1.00 per share, from 2,000,000,000 shares at ₱1.00 per share. The initial plan in increase of its authorized Capital stock to 3,000,000,000 shares at ₱1.00 per share, from 2,000,000,000 shares at ₱1.00 per share has been superseded by the approval by the Board of Directors on September 24, 2018.

FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750,000,000 shares at ₱1.00 per share. Out of the said subscription, Five Hundred Million Pesos (₱500,000,000.00) corresponding to Five Hundred Million

(500,000,000) common shares at ₱1.00 per share will be fully paid through the conversion into equity of portion of FEMI's advances to the Parent Company.

At the Annual Stockholder's Meeting held on November 22, 2018, the stockholders approved the increase in authorized capital stock from Two Billion Pesos (₱2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (₱1.00) per share to Five Billion Pesos (₱5,000,000,000) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (₱1.00) per share and the corresponding amendments to Article Seventh of the Amended Articles of Incorporation of the Parent Company. The stockholders also approved the subscription of FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Parent Company at par value of ₱1.00 per share with part of subscription price to the extent of Five Hundred Million Pesos (₱500,000,000.00) to be offset against the Parent Company's advances from FEMI. The subscription for 250,000,000 common shares at ₱1.00 per share or subscription price of ₱250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

As at December 31, 2021, the application for increase in authorized capital stock is still pending with the SEC, awaiting the result of the third-party valuation of the Metro Solar shares.

**Expansion of the Company's Primary Purpose.** The Parent Company plans to expand its primary purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

On November 20, 2018, the Board authorized the Parent Company to enter into a Memorandum of Agreement with Fil-Estate Management Inc. (FEMI) whereby the Parent Company shall purchase the Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares of common stock of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar); a stock corporation registered with the Securities and Exchange Commission (the "SEC") with SEC registration No. CS201622607 on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution.

Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration in the value of the Metro Solar shares will be determined based on an appraisal report to be prepared by an independent appraiser acceptable to the Parent Company.

The shares that the Parent Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed ₱3 billion (₱3,000,000,000.00) increase in authorized capital stock of the Parent Company.

On November 22, 2018, during the annual Stockholders Meeting, the stockholders approved the amendment of the Article Second of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Parent Company to expand its investment into business engaged in solar, wind, and other renewable energy generation facilities.



On October 30, 2019, the SEC approved said amendment and upon payment of corresponding assessment fees, shall issue the corresponding Certificate of Amended Articles of Incorporation.

**Assignment of Share in Lease Income Termed “Depot Royalties”.** On November 20, 2018 the Board approved to earmark/allocate to FEMI its Depot Royalties from the rental income derived from Trinoma Mall for a period of fifteen (15) years commencing January 30, 2020 and ending January 30, 2034 to enable the Parent Company to partially repay the Advances to FEMI to the extent of Three Hundred Million Pesos (P300,000,000.00).

On April 11, 2019, the Board of Directors of the Parent Company passed a Resolution approving the Parent Company’s agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Parent Company, the Parent Company agreed to partially repay the Advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Parent Company in addition to the assignment of Depot Royalties from the rental income derived in Trinoma Mall for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034.

### **Business of Issuer**

The business activities of Metro Global Holdings Corporation (the Parent Company) arise from its investments in the equity of the entities mentioned in the preceding. Hence, the Parent Company has no principal products or services, nor does it derive revenues or sales from any products or services. No part of the Parent Company’s revenues or income over the last three years has been derived from any foreign sales. Corollary, the Parent Company has no requirement for any distribution methods that would otherwise be needed for any products or services. Since the Parent Company’s inception, it has had nor publicly-announced new product or services.

There is no competition with respect to other train services. Instead, the MRT project complements other train systems and various public transportation modes available in Metro Manila such as buses, taxis and FXs. Passengers along EDSA have a choice between riding the MRT system and using the described alternatives.

Not being engaged in the manufacturing of any product, the Parent Company does not require any raw materials, energy or other items from suppliers for conducting its business.

The MRT system is dependent on public ridership and not on a single or a few customers. Current ridership is approximately 300,000 people per day. The Government, through the Department of Transportation (DOTR) is responsible for the collection of fares and for the day-to-day operations of the system. The owner of the system, MRTC, on the other hand is assured of a scheduled rental payment over the life of the Build Lease Transfer (BLT) agreement with DOTC.

The Parent Company is 87.885% owned by FEMI. The Parent Company obtains its financial support from FEMI as and when it is needed.

The Parent Company's business does not require any patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements. Instead, the Company has substantial investment in corporations (e.g., the MRTC) that have concession agreements with the government, specifically agreements with the DOTC under the Build Operate and Transfer Law ('BOT Law'). Under the BLT Agreement with DOTC, the MRTC designed, financed, built, completed and leased a light rail transit system (LRTS) operating from North Avenue to Taft Avenue, connecting approximately 16.8 kilometers with 13 stations. The MRTC completed the said LRTS in June 2000. As provided under the BLT Agreement, upon completion of the LRTS, the DOTC operates the same and pays MRTC guaranteed rental fees for a period of twenty-five (25) years from date of completion (until 2025). The rental fees are used to pay debt to foreign funders, and equity rental payments to stockholders of MRTC to guarantee a fifteen percent (15%) net economic return.

The investment of the Parent Company in the EDSA MRT system does not require further approvals from the Philippine Government. The MRT system in EDSA has fully complied and continues to comply with the governmental requirements directly related to the project.

The Parent Company has not been the subject of any bankruptcy, receivership or any other similar proceedings for the last three (3) years. There has likewise been no material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of business finalized within the same period.

In line with the new business directions of the Parent Company to invest in business engaged in solar, wind, and other renewable energy generation facilities, the Parent Company entered into an Agreement with FEMI on November 20, 2018, for the acquisition of FEMI's 100% equity stake in Metro Solar Power Solutions, Inc. (Metro Solar), a power company with an existing 65-megawatt solar farm project in Pililia, Rizal. As at December 31, 2019, the Agreement has not yet been implemented pending valuation of the Metro Solar shares which will be determined by an independent appraiser.

The Parent Company incorporated MGHC Royal Holdings Corporation (MGHC Royal) on May 19, 2017. MGHC Royal intends to engaged in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes.

On August 25, 2020, the Parent Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI intends to engaged in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MGHC Royal and MRTSI were not in commercial operation as at December 31, 2021.

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

The business of the Parent Company is to hold its investments in the securities of other corporations. Hence, its income is derived from dividends from other corporations.

Existing government regulations do not impose any tax on dividends received by a domestic corporation from other domestic corporations. Any law or policy changes to the existing regulations on dividends may have an effect on the income of the Parent Company. However, to date, the Parent Company is not aware of any pending legislation that may affect the Company's source of income.

## **Research and development activities**

The Parent Company and its subsidiaries have not been involved in any significant research and development activities over the last three fiscal years.

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

The Parent Company and its subsidiaries do not engage in business operations that are subject to regulations which require compliance with environmental laws.

## **Employees**

The Parent Company has ten (10) employees as of December 31, 2021.

Its subsidiaries, MGHC Royal and MRTSI, are both not yet in commercial operation and have no employees as of December 31, 2021. The management of the two companies is currently being undertaken by the executive officers of the Parent Company.

## **Risks**

The Group's principal financial exposures consist of its payables to associates and stockholders. Such financial instruments were used in prior years to raise funds for working capital and to retire interest-bearing US Dollar denominated bank loans. The group, as a matter of policy, discourages the use of any foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the group encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the group maintains a margin currency position in its asset and liability management function.

The residual financial risks from the Group's financial instruments are cash flow/liquidity risks, credit risks and equity price risks.

Cash flow/liquidity risk arises from the possibility that the group may encounter difficulties in raising funds to meet or settle its obligations and to support the group's operations and activities.

The group coordinates and negotiates closely with each principal stockholder to manage cash flow risks by jointly identifying new sources of cash flow infusions into the group over the next five years.

The group's exposure to credit risk arises primarily from its deposits with banks of good credit rating. The maximum exposure to credit risk is equivalent to the carrying amount of these cash in banks.

The group is exposed to fair value changes of its Available-For-Sale (AFS) investments in listed equity securities.

The group's policy is to maintain risk at an acceptable level. The group's shares are not traded at the PSE at the moment. Once the voluntary suspension of the trading of the group's shares is lifted, movement in share price will be monitored regularly to determine the impact on its financial position.

The group continuously conducts an internal review of its financial risks management objectives and policies.

## **Item 2. Properties**

As at December 31, 2021, the Parent Company's primary asset continues to be its investment in the MRT companies. The Parent Company is the recorded and beneficial owner of the shares of stock representing its investments in the said corporations.

The Parent Company holds 4,278,744 shares or 18.6% interest in MRTHI and 24,090,000 shares or 12.68% interest in MRTHII. MRTHI has 84.9% interest in MRTHII, which wholly owns MRTC. MRTHI, MRTHII and MRTC, are collectively referred to as the MRT companies. The earnings of the MRT companies are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

Notwithstanding the sale of future share distributions as discussed in Note 5(a) of the Financial Statements, the Parent Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII.

On August 18, 2005, the Parent Company and FEMI entered into a "Letter of Agreement," whereby FEMI agreed to grant and did grant the Parent Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the outstanding amount of the Parent Company's liabilities to FEMI and any additional advances or interest which FEMI may charge to the Parent Company in relation to the said advances at settlement date. Liabilities to FEMI as at December 31, 2005 amounted to ₱1,741.3 million. Under the "Letter of Agreement", should the Company opt to sell the said investments to third party or parties in the future, FEMI would have the right of first refusal to purchase the said investments at their prevailing market value.

On November 12, 2010, the Fil-Estate Companies entered into a Cooperation Agreement with MPIC relating to the Fil-Estate Companies' rights and interests in the MRT Companies. Under the Cooperation Agreement, the Fil-Estate Companies appointed MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties was subject to certain consents and conditions, which as at December 31, 2021 had not yet occurred.

The Parent Company, through its direct and indirect investments in MRTHI and MRTH II, is the beneficial owner of 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail). The Parent Company's interest in Monumento Rail expectedly allows the Company's participation in the train system extension and additional train/vehicle procurement, in the event the Government awards the projects to MRTC, which it will continue to pursue. As at December 31, 2021, Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal for the said projects.

The Parent Company also owns one thousand five hundred seventy-nine (1,579) shares or 15.79% equity ownership in Metro Rail Transit Development Corporation (MRTDC), which it acquired from Fil-Estate Properties, Inc. (FEPI) through a Deed of Assignment entered into with FEPI on December 20, 2018.

On May 19, 2017, the Parent Company incorporated MGHC Royal Holdings Corporation (MGHC Royal). MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. The Parent Company owns 99% of MGHC Royal.

On August 25, 2020, the Parent Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MRTSI is intended to be the special purpose vehicle company to undertake the new public transport system projects of the Group that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport. The first of these kind of projects is already the subject of an ongoing Feasibility Study in Baguio City under a Memorandum of Understanding (MOU) with the City of Baguio signed last September 3, 2020 concerning the development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The Company owns 100% of MRTSI.

As of December 31, 2021, MGHC Royal and MRTSI were not yet in commercial operation.

The Parent Company, and its subsidiaries, MGHC Royal and MRTSI, (the "Group") do not hold property subject of any lease arrangement, nor does the Group expect to purchase or sell any equipment within the ensuing twelve (12) months.

### Item 3. Legal Proceedings

There are no material legal proceedings to which the Parent Company or its subsidiaries and affiliates are a party to or of which any of their property is the subject of such proceedings. The Parent Company has no knowledge or information as to any such legal proceedings contemplated by government authorities or any other entity.

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

Aside from those taken up during the Annual Meeting of Stockholders, no other matters were submitted for voting by the security holders in year 2021.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Registrants Common Equity and Related Stockholders Matters

#### (1) Market Information

The Parent Company's stocks are being traded at the Philippine Stock Exchange. However, for the last five (5) years, trading of the Company's shares has been voluntarily suspended.

In view of the suspension of trading of the Parent Company's shares, the high and low sales prices of such shares for each quarter of the calendar years 2020, 2021 and 2022 could not be determined.

Quarter	2022		2021		2020	
	High	Low	High	Low	High	Low
1 <sup>st</sup>	0.00	0.00	0.00	0.00	0.00	0.00
2 <sup>nd</sup>			0.00	0.00	0.00	0.00
3 <sup>rd</sup>			0.00	0.00	0.00	0.00
4 <sup>th</sup>			0.00	0.00	0.00	0.00

The shares of the Parent Company were last traded on March 20, 2007 at a price of ₱0.26 per share.

#### (2) Holders

As at 31 December 2021 the number of shareholders of record is 1,906 while common shares outstanding were 2,000,000,000 shares. The Parent Company's top 20 Stockholders as at 31 December 2021 are:

Name of Stockholders		Number of Shares	% of Ownership
1	Fil-Estate Management, Inc.	1,757,690,197	87.885%
2	PCD Nominee Corporation (Filipino)	100,579,633	5.029%
3	Alakor Securities Corporation	66,778,253	3.339%
4	Bank of Commerce – Trust Services Group	43,211,800	2.161%
5	Bank of Commerce TG-91-07-001-C	6,383,000	0.319%

6	PCD Nominee Corp. (Non-Filipino)	3,663,129	0.183%
7	Fil-Estate Management Inc.	2,059,998	0.103%
8	Bancommerce Investment Corp	2,000,000	0.100%
9	Atty. Gilbert Reyes ITF Various Shareholders	1,903,514	0.095%
10	Noel Cariño	1,506,500	0.075%
11	Jaime Borromeo	1,000,000	0.050%
12	Leroy Tan	675,500	0.034%
13	Belson Securities, Inc. A/C#196-358	664,000	0.033%
14	Roberto N. Del Rosario	628,000	0.031%
15	CFC Corporation	576,000	0.029%
16	The Holders of the Unexchanged San Jose Oil Co., Inc.	556,839	0.028%
17	David Go Securities Corp.	414,200	0.021%
18	Trendline Securities Corp.	382,500	0.019%
19	Alberto Mendoza &/or Jeanie C. Mendoza.	300,000	0.015%
20	Alakor Corporation	200,000	0.010%

### **(3) Dividends**

No dividends were declared in the last two (2) calendar years.

Under the Parent Company's by-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Revised Corporation Code, namely; that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

### **(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

On January 3, 2019, the Parent Company filed with the Commission, a "Notice of Exempt Transaction" under SRC Rule 10.1, in relation to the subscription by FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Parent Company at par value of P1.00 per share. Portion of the subscription price to the extent of Five Hundred Million Pesos (P500,000,000.00) will be offset against the Parent Company's advances from FEMI. The balance of P250,000,000 is to be paid fully or partially via assignment to the Parent Company of shares of FEMI in Metro Solar.

The 750,000,000 shares that the Parent Company will issue to FEMI will come from the P3 billion (3,000,000,000) increase in authorized capital stock of the Parent Company, which has already been pre-approved by the SEC on October 30, 2019.

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

### **Plan of Operation:**

#### **1. MRT Operations**

Metro Global Holdings Corporation (MGHC), the Parent Company, continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and MRTHII and its associate, Monumento Rail.

The Parent Company plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTHI and MRTH II. The combined investment in these two holding companies represents approximately 29% interest in the MRT 3 System along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Parent Company, through its holdings in Monumento Rail, will continue to actively pursue its participation in the train system extensions (e.g., Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.

## **I. Operations for the next twelve months**

The Parent Company is expected to receive its 28.47% share of the 5% the lease rental income from Trinoma Mall, (the “Depot Royalty Income”) as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses and to partially pay its debts to FEMI.

The Parent Company foresees that material funding maybe required within the next twelve (12) months, in anticipation of the finalization and completion of the transactions relating to the acquisition by the Parent Company of the equity interest of FEMI in Metro Solar. Metro Solar’s main project is the development of the 65-megawatt solar farm project in Pililia, Rizal, which construction is expected to commence within the year 2022. The Parent Company plans to raise the needed funds to finance this project through private placement and the eventual resumption of trading of its shares at the PSE.

The Parent Company does not have plans for any product research and development within the same period.

There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Parent Company is not engaged in any manufacturing business.

## **Management Discussions and Analysis of Financial Condition and Results of Operations**

### **Review for the year ended December 31, 2021**

#### **Financial position and results as at and for the year ended December 31, 2021**

The Group’s net income for the year ended December 31, 2021, increased by ₱2,614,322,743, from ₱885,818 as of December 31, 2020 to ₱2,615,181,561 as of December 31, 2021. This was mainly due to the dividend income received by the



Parent Company from Metro Rail Transit Holdings, Inc. II (MRTHII), amounting to ₱2,606,600,692.

### **Dividend Income**

On December 13, 2021, MRTHII declared dividends to its shareholders. The Parent Company has a 12.68% equity ownership in MRTHII and its share in the dividends amounted to ₱2,606,190,497.

### **Depot Royalty Income**

The Depot Royalty Income continues to be the main source of funding of the Group. However, with the continued effect of the Covid 19 pandemic on the operations of the Trinoma Commercial Center, the Group's share in Depot Royalty Income decreased by ₱1.44 million or 15.45%, from ₱9,329,483 as of December 31, 2020 to ₱7,887,684 as of December 31, 2021.

### **General and Administrative Expenses**

The Group's General and Administrative expenses increased by ₱19.2 million or 60.39%, from ₱12,659,211 in December 31, 2020 to ₱31,958,915 in December 31, 2021, largely due to the increase in the Parent Company's salaries and wages. This is mainly because the executive officers seconded by the Parent Company from FEMI, joined the Parent Company only in September and October 2020.

### **Financial Condition**

The Group's financial condition showed remarkable improvement for the year ended December 31, 2021. The Group's Total Assets increased by ₱2,465,263,006 or 163%, from ₱1,515,548,660 as at December 31, 2020 to ₱3,980,811,666 as at December 31, 2021. The Group's Total Liabilities decreased by ₱150,273,764 or 10%, from ₱1,497,756,145 as at December 31, 2020 to ₱1,347,482,381 as at December 31, 2021; while its Stockholders Equity increased by ₱2,615,536,770 or 14700%, from ₱17,792,515 as at December 31, 2020 to ₱2,633,329,285 as at December 31, 2021.

### **Total Assets**

The ₱2,465,263,006 or 163% increase in the Group's Total Assets, was mainly due to increases in the "Due from Related Parties" and "Financial Assets at Fair Value Through OCI" accounts.

Due from Related Parties increased by ₱891 million or 50,442% from ₱1,766,471 as at December 31, 2020 to ₱892,803,244 as at December 31, 2021, in view of ₱891.5 million dividend receivables from MRTHII.

Financial Assets at Fair Value Through OCI, which consist mainly of the Group's investments in MRTHI and MRTHII, increased by ₱1.57 billion or 105%, from ₱1,494,488,966 as at December 31, 2020 to ₱3,062,291,051 as at December 31, 2021. This is in view of the application of the ₱1.57 billion dividends against the Parent Company's liability from sale of future share distributions, which was shown as a reduction of investment in MRTHII.

### **Total Liabilities**

The decrease in the Group's Total Liabilities of ₱150,273,764 or 10% was mainly due to decreases in the following liability accounts:

Income Tax Payable decreased by ₱6,310,576 or 100%, from ₱6,310,576 as at December 31, 2020 to ₱-nil- as at December 31, 2021 as the Group did not recognize any taxable income in year 2021.

Due to a Stockholder, which represents the Group's liability to FEMI, decreased by ₱37.8 million or 5%, from ₱744,833,320 as at December 31, 2020 to ₱707,010,807 as at December 31, 2021, due to various cash payments made by the Group to FEMI in year 2021.

Due to Related Parties decreased by ₱111.8 million or 31%, from ₱361,443,754 as of December 31, 2020, to ₱249,610,537 as of December 31, 2021, in view of the offsetting of the Parent Company's liability from MRTHII, against dividend receivables.

### **Stockholders' Equity**

The ₱2.6 billion or 14700% increase in Stockholders' Equity was in view of the ₱2.59 billion increase in the Retained Earnings of the Group (from a negative balance of ₱2,571,012,814 as of December 31, 2020 to a positive balance of ₱44,168,747 as of December 31, 2021) which was mainly due to the increase in net income earned by the Group in year 2021, brought about by the ₱2.6 billion dividend income received from MRTHII.

## **KEY PERFORMANCE INDICATORS ("KPI")**

### **LIQUIDITY RATIOS**

	December 31, 2021	December 31, 2020
Current Ratio	0.025	0.028
Quick Ratio	0.024	0.028

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Current Ratio and Quick Ratio both decreased in December 2021 compared to December 2020 mainly due to the decrease in the current assets of the Group.

## LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2021	December 31, 2020
Debt to Total Assets	0.34	0.99
Equity to Total Assets	0.66	0.01
Debt to Equity	0.51	84.18
Asset to Equity	1.51	85.18

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.

*Debt to Equity (Total Liabilities/ Total Owner's Equity)*

It relates the exposure of the creditors to that of the owners.

*Asset to Equity (Total Assets/ Total Owner's Equity)*

It measures the company's leverage.

Debt to Total Assets ratio decreased in December 2021 as compared to December 2020, in view of the increase in the Total Assets of the Group.

Other leverage ratios decreased due to increases in the Total Assets and Total Liabilities of the Group.

## PROFITABILITY RATIOS

	December 31, 2021	December 31, 2020
Return on Equity	1.31	0.045
Return on Assets	0.66	0.001
Earnings per Share	1.32	0.0004

*Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)*

It tests the productivity of the owners' investments.

*Return on Assets (Net Income/ Total Assets)*

This ratio indicates how profitable a company is relative to its total assets.

*Earnings per Share (EPS)*

It indicates the earnings for each of the common shares held.

All profitability ratios increased in view of the increase in the net income earned by the Group in December 2021.

## **Material Changes in the year ended December 31, 2021 Financial Statements**

### **Financial Position**

*(Increase/decrease of 5% or more versus December 31, 2020 balances)*

- 15% decrease in Trade and Other Receivables was mainly due to the decrease in the Parent Company's share in the Depot Royalty Income from Trinoma Mall
- 286% increase in Other Current Assets was mainly due to increase in input VAT
- 50442% increase in Due from Related Parties was mainly due to dividend receivables of the Parent Company from MRTHII
- 105% increase in Financial Assets at Fair Value through OCI, was in view of the application of the dividend income received by the Parent Company against its liability from sale of future share distributions, shown as a reduction of investment in MRTHII
- 128% increase in Investment in Associate was in view of the Parent Company's share in the net equity earnings of MRTDC for the year ended December 31, 2021
- 100% decrease in Income Tax Payable was in view of the Parent Company not recognizing any taxable income for the year ended December 31, 2021
- 5% decrease in Due to a Stockholder was due to various payments made by the Parent Company to FEMI during the year ended December 31, 2021
- 31% decrease in Due to Related Parties was in view of the offsetting of the Parent Company's liability to MRTHII against dividend receivables
- 31% increase in Cumulative Market adjustment was due to the increase in the market value of the Parent Company's quoted equity securities
- 102% increase in Retained Earnings was primarily due to dividend income received by the Parent Company from MRTHII

### **Results of Operation**

*(Increase/decrease of 5% or more versus December 31, 2020 balances)*

- 15% decrease in Depot Royalty Income was due to the decrease in the share in depot royalty income received by the Parent Company from Trinoma Mall
- 152% increase in General and Administrative Expense was mainly due to increase in salaries and wages of the Parent Company
- 100% increase in Dividend Income was in view of the dividends received by the Parent Company from MRTHII

- 28% increase in Share in Profit (Loss) of Associates was in view of the increase in the Parent Company's share in the net equity earnings of MRTDC for the year ended December 31, 2021
- 223% increase in Other Income was in view of the exclusivity fee received by the Parent Company

## **Review for the year ended December 31, 2020**

### **Impact of COVID-19 pandemic**

On March 15, 2020, the Philippine Government placed the entire Luzon under the Enhanced Community Quarantine (ECQ) due to the increasing corona virus disease (COVID-19) cases in the country. The ECQ mandated the closure of non-essential businesses and strict home quarantine which resulted in the slowdown of the economy. Measures are implemented to protect the health and safety of the employees, support business continuity, and manage financial impact to a minimum.

### **Financial position and results as at and for the year ended December 31, 2020**

The pandemic and the consequent quarantine measures imposed by the government, have greatly affected the operations of the Trinoma Commercial Center, which saw the decrease in its lease rental income for the year 2020, which resulted in the 69.2% or P21.0 million decrease (from P30.3 million as at December 31, 2019 to P9.3million as at December 31, 2020), in the Parent Company's share in the depot royalty income for the year 2020

General and Administrative (G&A) expenses increased by P7.8 million or 158.3%, from P4.9 million in December 31, 2019 to P12.7 million in December 31, 2020, mainly due to the increase in salaries and wages in view of the secondment of various officers from FEMI, starting September 2020.

The Group's net income for the year ended December 31, 2020, decreased by 97% or P33.5 million, from P34.4 million as at December 31, 2019 to P0.9 million as at December 31, 2020, in view of the P21.0 million decrease in depot royalty income and the P7.8 million increase in G&A expenses as previously mentioned.

### **Financial Condition**

The Group's Total Assets decreased by P12.4 million or 0.8%, from P1.53 billion as at December 31, 2019 to P1.52 billion as at December 31, 2020.

Cash increased by P0.9 million or 87.3% from P1.1 million as at December 31, 2019 to P2.0 million as at December 31, 2020, mainly due to increase in cash collections during the year.

Receivables decreased by P19.9 million or 69.2%, from P28.8 million as at December 31, 2019 to P8.9 million as at December 31, 2020, in view of the decrease in the Parent Company's share in lease rental income received from the Trinoma Mall.

The increase in Investment in Associates account amounting to P6 million (from P-nil- as at December 31, 2019 to P6.0 million as at December 31, 2020), was in view of the recognition of the Group's share in the net earnings of MRTDC for the year ended December 31, 2020.

Total Liabilities decreased by 0.9% or P13.9 million, from P1.49 billion as at December 31, 2019 to P1.51 billion as at December 31, 2020.

Increase in Accrued Expenses and Other Payables of 1% or P2.2 million, from P382.9 million as at December 31, 2019 to P385.2 million as at December 31, 2020, was mainly due to accrual of unpaid salaries and wages due in 2020.

Income Tax Payable decreased by P1.3 million or 16.9%, from P7.6 million as at December 31, 2019 to P6.3 million in December 31, 2020, due to decrease in taxable income as a result of the decrease in the Parent Company's share in depot royalty income from Trinoma Mall.

Due to a Stockholder decreased by 3.7% or P28.5 million, from P773.4 million as at December 31, 2019 to P744.8 million as at December 31, 2020, due to cash payments made to FEMI during the year.

Due to Other Related Parties increased by 3.9% or P13.7 million, from P347.7 million as at December 31, 2019 to P361.4 million as at December 31, 2020, due to cash advances received by the Parent Company from MRTDC during the year.

The Stockholders' Equity increased by P1.5 million or 9.2%, from P16.3 million as at December 31, 2019 to P17.8 million as at December 31, 2020, in view of the net operating income earned by the Parent Company for the year 2020.

## KEY PERFORMANCE INDICATORS ("KPI")

### LIQUIDITY RATIOS

	December 31, 2020	December 31, 2019
Current Ratio	0.028	0.077
Quick Ratio	0.028	0.076

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Current Ratio and Quick Ratio both decreased in December 2020 compared to December 2019 mainly due to decrease in current assets of the Group in particular the decrease in Receivables account.

## LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2020	December 31, 2019
Debt to Total Assets	0.988	0.989
Equity to Total Assets	0.012	0.011
Debt to Equity	76.484	92.789
Asset to Equity	84.179	93.786

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.

*Debt to Equity (Total Liabilities/ Total Owner's Equity)*

It relates the exposure of the creditors to that of the owners.

*Asset to Equity (Total Assets/ Total Owner's Equity)*

It measures the company's leverage.

Debt to Total Assets ratio decreased in December 2020 as compared to December 2019, in view of the decrease in the Total Assets of the Group.

Other leverage ratios decreased due to the decrease in Total Assets and Total Liabilities of the Group.

## PROFITABILITY RATIOS

	December 31, 2020	December 31, 2019
Return on Equity	0.045	2.113
Return on Assets	0.001	0.022
Earnings per Share	0.0004	0.0172

*Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)*

It tests the productivity of the owners' investments.

*Return on Assets (Net Income/ Total Assets)*

This ratio indicates how profitable a company is relative to its total assets.

*Earnings per Share (EPS)*

It indicates the earnings for each of the common shares held.

All profitability ratios in December 2020 decreased as a result of the decrease in the net income in view of the huge reduction in the Parent Company's share in the Depot Royalty Income for the year ended December 31, 2020.

## **Material Changes in the year ended December 31, 2020 Financial Statements**

### **Financial Position**

*(Increase/decrease of 5% or more versus December 31, 2019 balances)*

- 87% increase in Cash due to collection of receivables from NTDCC and cash advances received from FEMI and MRTDC during the year
- 69% decrease in Receivables was mainly due to the decrease in the Parent Company's share in lease rental income from Trinoma Mall.
- 79% increase in Other Current Assets was mainly due to increase in input VAT
- 17% decrease in Income Tax Payable was due to lower taxable income for 2020 as a result of the decrease in the Parent Company's share in depot royalty income
- 70% decrease in Other Current Liabilities was mainly due to the decrease in deferred output VAT payable as a result of the decrease in the Parent Company's share in depot royalty income
- 119% increase in Cumulative Market adjustment was due to the increase in the market value of the Parent Company's quoted equity securities

### **Results of Operation**

*(Increase/decrease of 5% or more versus December 31, 2019 balances)*

69% decrease in Depot Royalty Income was due to the decrease in the Parent Company's share in depot royalty income from Trinoma Mall.

158% increase in General and Administrative Expense was primarily due to the increase in salaries and wages in relation to the secondment of various officers from FEMI, starting September 2020

- 100% decrease in other income was in view of the decrease in other income account. Due to the assumption by MRTC of the Group consultancy agreement with Arch Advisory Limited and the reversal of the related accruals and expenses, the Parent Company recognized other income of P20 million in year 2019.

## **Review for the year ended December 31, 2019**

### **Results of Operations**

For the year ended December 31, 2019, the group posted a net income of P34.4 million, an increase of 221% or P23.7 million from the net operating income of P10.7 million recorded in December 31, 2018.



The Group's main source of income continues to be the Parent Company's share in lease rental income termed as "depot royalty income" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC), owner of Trinoma Mall. The Parent Company recognized depot royalty income of P30.3 million in 2019, which increased by P0.8 million or 2.9% from P29.5 million in 2018.

The Group's also recognized other income of P20 million representing reversal of previous years' expense accruals due to the assumption by MRTC of the Parent Company's consultancy agreement with Arch Advisory Limited, a financial consultancy firm based in Malaysia.

General and administrative (G&A) expenses amounting to P5.0 million as at December 31, 2019, consists mainly of payment of regular operating expenses, such as salaries and wages, taxes and licenses and transportation and travel expenses. The G&A expenses decrease by P9.6 million or 66% from P14.4 million in December 31, 2018 to P5.0 million in December 31, 2019 due to reduction in expenses brought about by the assumption by MRTC of Parent Company's consultancy agreement of the with Arch Advisory.

### **Financial Condition**

The Group's Total Assets decreased by P4.3 million or 0.2%, from P1.54 billion as at December 31, 2018 to P1.53 billion as at December 31, 2019 due to the decrease in the value of Investments in Associates brought about by operating losses incurred by the Parent Company's associates.

Cash increased by P0.4 million or 42% from P0.7 million as at December 31, 2018 to P1.1 million as at December 31, 2019 mainly due to the increase in cash receipts due to advances received from MRTDC.

Receivables increased by P0.7 million or 0.3% from P28 million as at December 31, 2018 to P29 million as at December 31, 2019, mainly due to additional provision for credit losses recognized for the year ended December 31, 2019.

Other current assets decreased by P1.6 million or 96%, from P1.7 million as at December 31, 2018 to P0.07 million as at December 31, 2019, due to the application of the Parent Company's creditable withholding tax accumulated in previous years against its 2019 Income Tax liability.

Investment in Associates decreased by P1.9 million or 2% from P1.9 million as at December 31, 2018 to P-nil-as at December 31, 2019 mainly because the Parent Company's associates suffered net equity losses that wrote off the value of its investment.

The Group's Total Liabilities decreased by 2% or P37.8million, from P1.55 billion as at December 31, 2018 to P1.52 billion as at December 31, 2019, mainly due to payments made by the Parent Company to FEMI.

Due to a Stockholder decreased by 4% or P28.7million, from 802.1 million as at December 31, 2018 to P773.4 million as at December 31, 2019, due to various payments made by the Parent Company to FEMI in 2019.

Decrease in Accrued Expenses and Other Payables of 6% or P27.2 million, from P410.1 million as at December 31, 2018 to P382.9 million as at December 31, 2019 was mainly due to the assumption by the MRTC of the Parent Company's consultancy agreement with Arch Advisory Limited.

Income Tax Payable increased by P3.8 million or 98% from P3.8 million as at December 31, 2018 to P7.6 million in December 31, 2019 due to higher Income tax liability for 2019 as a result of the increase in other income account due to the reversal of accruals and expenses resulting from the assumption by MRTC of the Parent Company's consultancy agreement with Arch Advisory Limited.

Other Current Liabilities increased by P0.1 million or 4% from P3.6 million as at December 31, 2018 to P3.7 million as at December 31, 2019 due to payment of various accruals in 2019.

The Group's Stockholders' Equity improved to a positive balance of P16.3 million in 2019 from a negative balance of P17.2 million in 2018, due to the P34.4million net income earned by the Parent Company in year 2019.

## KEY PERFORMANCE INDICATORS ("KPI")

### LIQUIDITY RATIOS

	December 31, 2019	December 31, 2018
Current Ratio	0.077	0.073
Quick Ratio	0.076	0.069

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Current Ratio and Quick Ratio both increased in December 2019 from December 2018 mainly due to decrease in current liabilities of the Group.

### LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2019	December 31, 2018
Debt to Total Assets	0.989	1.011
Equity to Total Assets	0.011	(0.012)
Debt to Equity	92.789	(90.067)
Asset to Equity	93.786	(89.067)

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.

*Debt to Equity (Total Liabilities/ Total Owner's Equity)*

It relates the exposure of the creditors to that of the owners.

*Asset to Equity (Total Assets/ Total Owner's Equity)*

It measures the company's leverage.

Debt to Total Assets ratio decreased due to the decrease in the Total Assets of the Group in December 2019.

Other leverage ratios increased due to the increase in net income earned by the Group in 2019.

## **PROFITABILITY RATIOS**

	December 31, 2019	December 31, 2018
Return on Equity	1.860	(0.620)
Return on Assets	0.022	0.007
Earnings per Share	0.017	0.0053

*Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)*

It tests the productivity of the owners' investments.

*Return on Assets (Net Income/ Total Assets)*

This ratio indicates how profitable a company is relative to its total assets.

*Earnings per Share (EPS)*

It indicates the earnings for each of the common shares held.

All profitability ratios increased in view of the 223% increase in the net income of the Group's in December 2019.

## **Material Changes in the year ended December 31, 2019 Financial Statements**

### **Financial Position**

*(Increase/decrease of 5% or more versus December 31, 2018 balances)*

- 42% increase in Cash due to collections of receivables from NTDCC and cash advances received from MRTDC
- 36.4% decrease in Due from Related Parties due to collection of receivables from MRTC, in connection with the assumption by MRTC of the consultancy agreement the Parent Company with Arch Advisory
- 96% decrease in Other Current Assets was mainly due the application of creditable withholding tax against income tax payments in year 2019

- 7% decrease in Accrued Expense and Other Payables was largely due to the assumption by MRTC of the Parent Company's consultancy agreement with Arch Advisory Limited
- 98% increase in Income Tax Payable was due to the increase in the Parent Company's net taxable income in 2019
- 64% decrease in Cumulative Market adjustment was the result of the decrease in the market value of the Parent Company's quoted equity securities

## **Results of Operation**

*(Increase/decrease of 5% or more versus December 31, 2018 balances)*

- 9328% increase in net Other Income due to reversal of year 2018 accruals in relation to the assumption by MRTC of the Parent Company's consultancy agreement with Arch Advisory Limited, which was recognized as other income in 2019.
- 66% decrease in General and Administrative Expense was due to the reduction in the Parent Company's consultancy fees in view of the assumption by MRTC of the consultancy agreement with Arch Advisory Limited.
- 99% increase in Income Tax Expense due to increased taxable income in 2019.

## **Item 7. Financial Statements**

Refer to the Audited Financial Statements of the Metro Global Holdings Corporation and its Subsidiaries as of December 31, 2021 and 2020, certified by Mr. Dennis M. Malco, Partner, Isla Lipana & Co.

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

For the year ended December 31, 2021, as recommended by the Audit Committee to the Board of Directors and subsequently approved by the stockholders during the Annual Stockholders Meeting held on December 11, 2020, the accounting firm, Isla Lipana & Co., was engaged as the Parent Company's external auditors.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure, which, is not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Group.

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

### **Item 9. Directors and Executive Officers of the Registrant**

#### **(A) Executive Officers of the Registrant**

- (1) The names, ages, citizenships, terms of office, tenures as directors and experiences for the past five years of all the directors and executive officers are as follows:

Name	Age	Citizenship	Executive Position	Term	Years Served
Robert John L. Sobrepeña	67	Filipino	Chairman of the Board	1	1996 - 2022
Ferdinand T. Santos	71	Filipino	President	1	1996 – 2022
Noel M. Cariño	67	Filipino	Director	1	1996 – 2022
Rafael Perez de Tagle, Jr	67	Filipino	Director	1	2000 - 2022
Roberto S. Roco	69	Filipino	Director	1	2004 - 2022
Alice Odchigue-Bondoc	55	Filipino	Director	1	2004 - 2022
Francisco C. Gonzalez	78	Filipino	Director, Independent	1	2010 - 2022
Jaime M. Cacho	65	Filipino	Director	1	2018 - 2022
Rafael M. Alunan	73	Filipino	Director, Independent	1	2019 - 2022
Gilbert Raymund T. Reyes	64	Filipino	Corporate Secretary	1	2003 - 2022

**ROBERT JOHN L. SOBREPEÑA**, Filipino, age 67, is the Chairman of the Board of MGHC. He is the Chairman of the Board of Fil-Estate Management, Inc., Metro Rail Transit Corporation, MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, CJH Leisure, Inc., Club Leisure Management Corporation, Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Philippine Highlands Coffee Farms, Inc.. He is also Vice-Chairman of Southwoods Ecocentrum Corporation. He is likewise the Chairman of Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also President of The Forest Hills Golf & Country Club, Inc. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing from the De La Salle University in 1978.

**ATTY. FERDINAND T. SANTOS**, Filipino, age 71, is the President and Chief Risk Officer of MGHC. He is also the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, MGHC Royal Holdings, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is a Director of Global-Estate Resorts, Inc. He is also the Chairman of the Forest Hills Golf & Country Club, Inc. He is likewise the President of Fairways & Bluewater Resort, Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exam (2nd Placer).

**NOEL M. CARIÑO**, Filipino, age 67, is a Director of MGHC. He is also a Director in Fil-Estate Management, Inc., Fil-Estate Development, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He was past Chairman and currently serves as President of the Chamber of Real Estate and Builders Association (CREBA), an umbrella organization of various stakeholders in the construction, real estate and development industry, inclusive of architects, engineers,

planners and other real estate brokers practitioners. He is Chairman of SunAsia, Inc., a renewable energy holding company. He is also Chairman of MegaWatt Solutions, Inc., a technology company pioneering in utilizing energy storage solutions. As CREBA President, he is Conferrer of the Dela Salle University Executive Development Program in Real Estate Management.

**RAFAEL PEREZ DE TAGLE JR.**, Filipino, age 67, is also a Director of MGHC. He is also Chairman of Metro Countrywide Corporation and Vice-Chairman of Metro Solar Power Solutions, Inc.. He is the President of CJH Leisure, Inc. and Club Leisure Management, Inc.. He also serves as Director in Metro Rail Transit Corporation, Monumento Rail Transit Corporation, MRT Development Corporation, Fil-Estate Management, Inc., Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is also a Director of the Manila Southwoods Golf & Country Club, Inc., Camp John Hay Golf Club, Inc. and Forest Hills Golf & Country Club, Inc. He obtained his Bachelor of Arts major in Economics degree from De La Salle University in 1976 is a committee of .

**ROBERTO S. ROCO**, Filipino, age 69, is a Director of MGHC. He was the Chief Financial Officer of Global-Estate Resorts, Inc. and its affiliate companies for 18 years until his retirement in late 2013. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management.

**ALICE O. BONDOC**, Filipino, age 55, is Senior Vice President for Good Governance, Compliance Officer, Corporate Information Officer and Assistant Corporate Secretary of MGHC. She is also the Senior Vice President for Corporate & Legal Affairs of the Company's parent company, Fil-Estate Estate Management, Inc. and affiliate company, Fil-Estate Development, Inc. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. She is also the Chief Legal Officer and Corporate Secretary of Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Metro Countrywide Corporation. She is also the Corporate Secretary of Club Leisure Management Corporation and CJH Leisure, Inc.. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Departmental Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila University School of Law and graduated as Second Honor-Silver Medal Awardee in 1992.

**FRANCISCO C. GONZALEZ**, Filipino, age 78, is the Chairman of the Board and CEO of Romago Corporation and Fabriduct & Metal Systems, Inc. He is the Chairman of the Board of Romago, Inc. Guam and Electro Mechanical Products International, Inc. He also serves as President of Asia Pacific Golf Cars Corporation. He is also a director and serves as Chairman of the Membership Committees of The Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc.

**JAIME M. CACHO**, Filipino, age 65, is a Filipino citizen. Holds a Bachelor of Arts Degree Major in Communication Arts from De La Salle University, Manila in 1978. Mr. Cacho also has a Master in Business Administration (Candidate) from the Ateneo Graduate School of Business, Manila in 1983. At present, Mr. Cacho is President and Chief Operating Officer of Metro Countrywide Corporation and Metro Solar Power Solutions, Inc. He is also a Director of CJH Development Corporation and MRT

Development Corporation. He is also concurrently, Head of Project Development and Management Services for Fil-Estate Management, Inc.. Mr. Cacho has over 39 years of top-level management and construction experience earned throughout his career.

**RAFAEL M. ALUNAN III**, Filipino, age 73, sits on the Boards of Pepsi Cola Products (Philippines), Inc., (PCPPI); Metro Global Holdings Inc. (MGHC); and APC Group Inc. He chairs the Philippine Council for Foreign Relations and Harvard Kennedy School Alumni Association of the Philippines Inc. He serves as President and Trustee of the Philippine Taekwondo Foundation; and is a Senior Adviser to United Harvest Corporation, Kaltimex Energy Philippines, and United Defense Manufacturing Corp. He is a member of the International Institute for Strategic Studies (IISS), the Maritime League, and the Fraternal Order of Eagles of the Philippines. He is an Eminent Fellow of the Development Academy of the Philippines (DAP); and a Fellow of the Institute of Corporate Directors (ICD) and Institute for Solidarity in Asia (ISA). Mr. Alunan obtained his double degree in Business Administration and History-Political Science from De La Salle University; attended Ateneo de Manila University's MBA-SEP; earned a Master's degree in Public Administration and a certificate in Executive Education from Harvard Kennedy School of Government. He holds the rank of Colonel in the Armed Forces of the Philippines and served as Commanding Officer of various Philippine Army Reserve Divisions; and is a graduate of the Army's Command and General Staff College Operations Course. Mr. Alunan served in the Cabinets of Presidents Corazon C. Aquino and Fidel V. Ramos as Secretary of Tourism and Secretary of the Interior and Local Government, respectively.

**GILBERT RAYMUND T. REYES**, Filipino, age 64, has been the Corporate Secretary of the Parent Company since 2003. He is a founding partner of the Poblador Bautista and Reyes Law Offices. He is also the Corporate Secretary of CJH Development Corporation, CJH Hotel Corporation, and CJH Suites Corporation. He graduated with a degree in Bachelor of Science in Biology from the University of the Philippines in 1979. He also holds a Bachelor of Laws degree from the University of the Philippines College of Law, graduating with Magna Cum Laude in 1983.

## **2) Significant Employees**

Management of the Parent Company is currently being undertaken by the executive officers of Fil-Estate Management, Inc. (FEMI). For this reason, the Parent Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Parent Company, with respect to an executive officer's employment with the Parent Company and its subsidiaries or from a change-in-control of the Parent Company or a change in the named executive officer's responsibilities following a change-in-control where the amount involved, if any, including all periodic payments or installments, which exceeds ₱2,500,000.00

The Parent Company has no employee who is not an executive officer or who is expected to make a significant contribution to the business. The Parent Company's business is not highly dependent on the services of any key personnel.

## **(3) Family Relationships**

None.

#### **(4) Involvement in Certain Legal Proceedings**

The Parent Company's directors and executive officers have not been the subject of the following legal proceedings in the last five (5) years:

- 1.** Any bankruptcy petition filed by or against any business to which such person was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
- 2.** Any pending or conviction by final judgment in a criminal proceeding, domestic or foreign;
- 3.** 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 their involvement in any type of business, securities or commodities or banking activities;
- 4.** Found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, the judgment of which has not been reversed, suspended or vacated.

#### **Item 10. Executive Compensation**

##### **(B) Executive Compensation**

Compensation paid in 2021 and 2020 for the benefit of Officers and Directors of the Parent Company, follows:

##### **(1) General**

Section 8 of the Parent Company's By-Laws on Compensation, provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

The directors receive a per diem of ₱10,000 per attendance at Board Meetings, and there is no provision in this section that may be construed as precluding any director from serving in any other capacity and receiving any compensation thereof.

The Parent Company plans to compensate its Chief Executive, Officers and Directors for any and all services rendered in 2019 and prior years. The amount of compensation is to be determined and will be subject to the approval by the BOD.

##### **Summary Compensation Table:**



	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	The CEO and four (4) most highly compensated executive officers  Robert John L. Sobrepeña, Chief Executive Officer Atty. Ferdinand T. Santos, President Rafael R. Perez de Tagle, Jr., Executive Vice President Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2021	20.6 Million	-	-	20.6 Million
B.	All other officers and directors as group unnamed	2021	1.11 Million	-	-	1.11 Million

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	The CEO and four (4) most highly compensated executive officers  Robert John L. Sobrepeña, Chief Executive Officer Atty. Ferdinand T. Santos, President Rafael R. Perez de Tagle, Jr., Executive Vice President Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2020	4.70 Million	-	-	4.70 Million
B.	All other officers and directors as group unnamed	2020	1.11 Million	-	-	1.11 Million

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	2 Compensated Officers  Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2019	1.09 Million	-	-	1.09 Million
B.	All other officers and directors as group unnamed	2019	0.44 Million	-	-	0.44 Million

Starting September 1, 2020, Mr. Robert John L. Sobrepeña and Atty. Ferdinand T. Santos, receive salaries and allowances from the Parent Company by virtue of their

positions as Chief Executive Officer (CEO) and President of the Parent Company, respectively.

The total annual compensation paid to all personnel is all payable in cash. The total amount of compensation includes basic salary and 13<sup>th</sup> month pay.

Name	Position	Salary	Bonus	Other Annual Compensation (Per Diem)
Robert John L. Sobrepeña	Chairman of the Board			Php40,000.00
Atty. Ferdinand T. Santos	President			Php35,000.00
Noel M. Cariño	Director			Php30,000.00
Rafael Perez de Tagle	Director			Php40,000.00
Roberto S. Roco	Director			Php40,000.00
Jaime M. Cacho	Director			Php45,000.00
Francisco C. Gonzalez	Director, Independent			Php60,000.00
Rafael Alunan, III	Director, Independent			Php65,000.00
Atty. Alice O. Bondoc	Director, SVP for Good Governance, Compliance Officer, Assistant Corporate Secretary			Php50,000.00
Atty. Gilbert Raymund T. Reyes	Corporate Secretary			Php10,000.00
Group Compensation 2020		Php5.4M		0
Group Compensation 2020		Php5.4M		0
Group Compensation 2019		Php1.09M		0

### Standard Arrangements

There are no existing standard arrangements pursuant to which directors of the Parent Company are compensated, directly or indirectly, for any services provided as director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments for the last completed fiscal year and the ensuing year.

### Other Arrangements

There are no other existing arrangements or consulting contracts, pursuant to which any of the directors of the Parent Company was compensated or is to be compensated, directly or indirectly, during the last completed fiscal year and the ensuing fiscal year, or for any services provided as director.

### Employment Contract and Termination of Employment and Change-in-control Arrangements

Management of the Parent Company is currently being undertaken by the executive officers of FEMI. For this reason, the Parent Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Parent Company with respect to an executive officer's employment with the Parent Company and its subsidiaries or from a change-in-control of the Parent Company or a change in the

named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceeds ₱2,500,000.

## **Warrants and Options Outstanding: Re-pricing**

The Parent Company has not issued any warrants and there are no outstanding warrants or options held by the Parent Company's CEO, the named executive officers, or any of the officers and directors, individually or as a group.

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

### **(1) Security Ownership of Certain Record and Beneficial Owners**

As at December 31, 2021, the Parent Company, Metro Global Holdings Corporation (MGHC), knows of no one who beneficially owns more than 5% of the MGHC's issued common stock except as set forth in the table below.

<b>Titles of Class</b>	<b>Name, address of record owner and relationship to issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent</b>
<b>Common</b>	<b>Fil-Estate Management, Inc.</b> Mezzanine Floor Renaissance Tower, Meralco Ave. Ortigas, Pasig City	<b>Robert John L. Sobrepeña - Chairman</b>	Filipino	1,757,690,197	87.885%
	<b>PCD Nominee Corp. (Filipino)</b> 37 <sup>th</sup> Floor Tower I The Enterprise Center, 6766 Ayala Avenue corner Paseo De Roxas Makati City	<b>Cesar B. Crisol- President</b>	Filipino	100,579,633	5.029%

Mr. Robert John L. Sobrepeña is the Chairman of Fil-Estate Management, Inc., a company he owns to the extent of about one-third (1/3) of the outstanding shareholdings. He is also the Chairman of the Board of the Parent Company.

PCD Nominee Corporation has various beneficial owners. PCD Nominee Corporation operates as a subsidiary of Philippine Central Depository and provides highly efficient system for securities settlement for MGHC, majority holder of which is Abacus Securities Corporation, with 2.38% of the total shares. Tower Securities, Inc. followed at 1.47% of the total 100,579,633 shares and the rest of the owners have below 1% ownership. As to date of this report the authorized persons to vote is not yet known.

Mr. Cesar B. Crisol is the President of PCD Nominee Corporation. He holds the voting power over the shares of stocks of PCD Nominee.

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, has been appointed by Fil-Estate Management, Inc. to direct the voting or disposition of the shares held by the said stockholders. FEMI's office is at Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City.

There are no securities placed under Trust or Agreement.

## **(2) Security Ownership of Management**

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Robert John L. Sobrepeña	241,000	Filipino	.013%
	Ferdinand T. Santos	1,000	Filipino	.00005%
	Noel M. Cariño	1,506,500	Filipino	.075%
	Jaime M. Cacho	1	Filipino	
	Alice Odchigue-Bondoc	1	Filipino	
	Roberto S. Roco	1	Filipino	
	Rafael Perez de Tagle Jr.	1,000	Filipino	.00005%
	Rafael M. Alunan, III	16	Filipino	
	Francisco C. Gonzales	1,000	Filipino	.00005%
	<b>TOTAL</b>	<b>1,750,504</b>		<b>.08753%</b>

The beneficial ownership of the foregoing directors arises from the direct ownership of the shares above-indicated registered in the name of the said directors.

## **(3) Voting Trust Holders of 5% or more**

No director, executive officer or nominee of the Parent Company holds more than 5% of the Parent Company's common shares under a voting trust or similar agreement.

## **(4) Changes in control since the Last Calendar Year**

There has been no change in the controlling majority stockholder of the Parent Company. Neither has there been any arrangement with any party, which may have resulted in a change in the control of the Parent Company.

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

D (1) The Parent Company, in the normal course of business, grants and obtains interest bearing cash advances to an affiliated company.

There were no transactions during the last two years, or proposed transactions, to which the Parent Company was or is to be a party, in which any of the following persons had, has or is to have a direct or indirect material interest:

- (a) Any director or executive officer of the Parent Company;
- (b) Any nominee for election as a director;
- (c) Any security holder named in response to Part IV, paragraph ©, IRR, SRC
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws of any of the persons in subparagraph (1)(a), (b) or (c) of this paragraph (d).

D (3) The ultimate parent company of MGHC is Fil-Estate Management, Inc. which owns 87.885% of the total issued, outstanding and subscribed capital stock of MGHC.

## **PART IV - CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

## **PART V – EXHIBITS AND SCHEDULES**

### **1) Reports on SEC Form 17-C**

a) We write in response to the request of the Philippine Stock Exchange (“PSE”) for clarification on the news article entitled “Metro Global’s proposed Baguio mass transport project set at P11.5B” posted on Business World (Online Edition) on February 22, 2021. The article reported in part that:

“To recall, the company signed a Memorandum of Understanding with Baguio City on September 3 last year for the development of an intelligent mass transport system.”

We wish to clarify that Metro Global Holdings Corp. (the “Company”) executed a Memorandum of Understanding (“MOU”) with Baguio City on September 3 last year for the purpose of conducting a feasibility study for the development of an intelligent public transport system that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport, provided that the MOU is solely for the conduct of feasibility study for the Company to present a proposal to the City. The MOU is preliminary in nature and is not intended to vest preferential right over the project.

This MOU was disclosed to the Philippine Stock Exchange (“PSE”) and the Securities & Exchange Commission on 3 September 2020.

After almost 5 months of studies, to update Baguio City on the progress of the study, the Company submitted to Baguio City last week the results of its pre-feasibility studies. In view of the costs and efforts to undertake the full feasibility studies, the

submission of the pre-feasibility study was accompanied by a request to Baguio City for exclusivity for the project within the next 9 months until the Company completes the Full Feasibility Study, Environmental/Social Impact Study, Detailed Engineering Design, draft joint venture agreement and eligibility documents

Thus, to this date, the Company has not yet submitted a final proposal for the project based on a full feasibility study nor signed a joint venture for the project.

The Company is working towards completion of the study and shall disclose updates as appropriate.

With reference to the request of the PSE to confirm the news report on the incorporation of the Company's subsidiary, Metro Renewable Transport Solutions, Inc., the approval by the Board of the incorporation of the said company was previously disclosed to the PSE. We confirm the Securities and Exchange Commission approved said incorporation on 23 October last year, we confirm the said fact. The incorporation of the said company was previously disclosed to the PSE.

b) At the regular meeting of the Board of Directors (the "Board") today, 9 October 2021, the Board:

1. Approved to hold the 2021 Annual Stockholders Meeting on December 14, 2021 at 10am via VIDEO CONFERENCE;
2. Approved to set the record date of stockholders entitled to notice and to vote to 7 November 2021;
3. Approved to close the books of the Company from 7 November to 13 December 2021;
4. Approved the Online Registration from 9 November 2021 at 9:00 A.M. TO 7 December 2021 at 5:00 P.M. for shareholders who wish to participate in the Annual Meeting via remote communication and to exercise their vote in absentia ;
5. Approved the following AGENDA for the Annual Meeting:
  - a. Call to Order
  - b. Determination and Certification of Quorum
  - c. Approval of the Previous Meeting Held on 11 December 2020
  - d. Report of the Chairman
  - e. Approval of the Audited Financial Statements for the calendar year ended 31 December 2020
  - f. Certification and Ratification of Corporate Acts for the years 2020 to 2021
  - g. Election of Directors (including Independent Directors)
  - h. Election of Internal Auditor
  - i. Other matters
  - j. Adjournment

c) In compliance with the rules and regulations on disclosure of the Securities and Exchange Commission ("SEC") and Philippine Stock Exchange ("PSE"), we hereby report the results of the Annual Meeting of the Stockholders of Metro Global Holdings Corporation (the "Company") held today, 14 December 2021, 10:00 A.M. through remote communication, as follows:

1. The Corporate Secretary certified that there is a quorum for the transaction of business, there being present in person or represented by proxy a total of 88.14% of common shares of the Company.
2. The Corporate Secretary attested to the votes attained for the following matters approved and authorized by the stockholders:
  - 2.1 The stockholders approved the Minutes of the Annual Meeting of Stockholders held on 11 December 2020. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Minutes of the Annual Meeting of Stockholders held on 11 December 2020.
  - 2.2 The stockholders approved the Annual Report and Audited Financial Statements of the Company for the calendar year ended 31 December 2020. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Audited Financial Statements of the Company for the calendar year ended 31 December 2020.
  - 2.3 The stockholders confirmed and ratified all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors and the various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to the present. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the confirmation and ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors and various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to the present.
  - 2.4 The stockholders approved the appointment of Isla Lipana & Co. as the Company's independent external auditor. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the appointment of Isla Lipana & Co. as the Company's independent external auditor for the year 2021 to 2022.
3. The stockholders elected the following directors for the ensuing year:
  - 3.1 Robert John L. Sobrepeña
  - 3.2 Atty. Ferdinand T. Santos
  - 3.3 Noel M. Cariño
  - 3.4 Rafael Perez de Tagle, Jr.
  - 3.5 Atty. Alice Odchigue-Bondoc
  - 3.6 Roberto S. Roco
  - 3.7 Jaime M. Cacho
  - 3.8 Francisco C. Gonzalez - Independent
  - 3.9 Rafael M. Alunan, III – Independent
4. In the Organizational Meeting of the Board of Directors of the Company held on 14 December 2021 after the Annual Meeting of Stockholders, the following matters were taken up:

The Board re-elected/re-appointed the Chairman of the Board and Officers of the Company to their respective positions:

Chairman of the Board & CEO - Robert John L. Sobrepeña

- |   |   |                                |
|---|---|--------------------------------|
| President & Chief Risk Officer  | - | Atty. Ferdinand T. Santos      |
| EVP for Operations & Director for Investor Relations  | - | Rafael Perez de Tagle, Jr.     |
| SVP for Project Development   | - | Jaime M. Cacho                 |
| Senior Vice President-Good Governance Compliance Officer, Corporate Information Officer & Asst. Corporate Secretary | - | Atty. Alice Odchigue-Bondoc    |
| Vice-President – Chief Finance Officer and Alternate Corporate Information Officer                                  | - | Ramon G. Jimenez               |
| Vice-President – Chief Audit Executive  | - | Solita S. Alcantara            |
| Vice-President – Business Dev’t. & Special Projects   | - | Sylvia M. Hondrade             |
| VP for Records Management   | - | Socorro G. Roco                |
| VP for Human Resources  | - | Khateryn M. Benitez            |
| Corporate Secretary   | - | Atty. Gilbert Raymund T. Reyes |
5. The Board approved the re-appointment of Stock Transfer Agent and Registrar – BDO Unibank, Inc. - Trust & Investments Group Securities Services & Corporate Agencies
  6. The Board approved the constitution of the following Board Committees:
    - (1) EXECUTIVE COMMITTEE

Chairman:	Robert John L. Sobrepeña
Members:	Noel M. Cariño Atty. Ferdinand T. Santos Francisco C. Gonzalez (Independent Director)
    - (2) SALARY COMPENSATION COMMITTEE

Chairman:	Robert John L. Sobrepeña
Members:	Atty. Ferdinand T. Santos Francisco C. Gonzalez (Independent Director)
    - (3) AUDIT COMMITTEE

Chairman:	Francisco C. Gonzalez (Independent Director)
Members:	Rafael M. Alunan, III (Independent Director) Roberto S. Roco Solita S. Alcantara
    - (4) NOMINATION COMMITTEE

Chairman:	Rafael M. Alunan, III (Independent Director)
Members:	Rafael Perez de Tagle, Jr. Jaime M. Cacho



Atty. Alice Odchigue-Bondoc

(5) CORPORATE GOVERNANCE COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Robert John L. Sobrepeña  
Atty. Ferdinand T. Santos  
Rafael Perez de Tagle, Jr.  
Atty. Alice Odchigue-Bondoc

(6) BOARD RISK OVERSIGHT COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Atty. Ferdinand T. Santos  
Atty. Alice Odchigue-Bondoc

(7) RELATED PARTY TRANSACTIONS COMMITTEE

Chairman: Francisco C. Gonzalez (Independent Director)  
Members: Rafael M. Alunan, III (Independent Director)  
Roberto S. Roco  
Ramon G. Jimenez

2) 2021 Sustainability Report

# COVER SHEET

9 1 4 2

SEC Registration No.

METRO  
GLOBAL  
HOLDINGS  
CORPORATION

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE  
TOWERS, MERALCO AVE., PASIG

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

ALICE ODCHIGUE BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC Amendment to Disclosure dated 23 February 2021

1 2 3 1

Month Day

fiscal year

FORM TYPE

Listed

Secondary License Type, if Applicable

1st Thursday of March

Month Day

Annual Meeting

MSRD

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **23 February 2021**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number: **9142**    3. BIR Tax Identification No. 000-194-408-000
4. **Metro Global Holdings Corporation**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **Mezzanine Floor, Renaissance Tower, Meralco Ave., Pasig City 1604**  
Address of principal office Postal Code
8. **(632) 86336205**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9



We write in response to the request of the Philippine Stock Exchange ("PSE") for clarification on the news article entitled "Metro Global's proposed Baguio mass transport project set at P11.5B" posted on BusinessWorld (Online Edition) on February 22, 2021. The article reported in part that:

"To recall, the company signed a Memorandum of Understanding with Baguio City on September 3 last year for the development of an intelligent mass transport system."

We wish to clarify that Metro Global Holdings Corp. (the "Company") executed a Memorandum of Understanding ("MOU") with Baguio City on September 3 last year **for the purpose of conducting a feasibility study** for the development of an intelligent public transport system that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport, provided that the **MOU is solely for the conduct of feasibility study for the Company to present a proposal to the City.** The MOU is preliminary in nature and is not intended to vest preferential right over the project.

This MOU was disclosed to the PSE and the Securities & Exchange Commission on 3 September 2020.

After almost 5 months of studies, to update Baguio City on the progress of the study, the Company submitted to Baguio City last week the results of its pre-feasibility studies. In view of the costs and efforts to undertake the full feasibility studies, the submission of the pre-feasibility study was accompanied by a request to Baguio City for exclusivity for the project within the next 9 months until the Company completes the Full Feasibility Study, Environmental/Social Impact Study, Detailed Engineering Design, draft joint venture agreement and eligibility documents

Thus, to this date, the Company has not yet submitted a final proposal for the project based on a full feasibility study nor signed a joint venture for the project.

The Company is working towards completion of the study and shall disclose updates as appropriate.

With reference to the request of the PSE to confirm the news report on the incorporation of the Company's subsidiary, Metro Renewable Transport Solutions, Inc. on 23 October last year, we confirm the said fact. The incorporation of the said company was previously disclosed to the PSE.

#### **SIGNATURE**

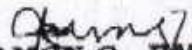
Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**

Issuer

Date: 23 February 2021

By:

  
**RAMON G. JIMENEZ**

Alternate Corporate Information Officer



# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

1 2 3 1

Month Day  
fiscal year

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

FORM TYPE

1st Thursday of March

Month Day

Annual Meeting

Listed

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. **8 October 2021**

Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142** 3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation**

Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other  
jurisdiction of incorporation

6.  (SEC Use Only)

Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1604**

Address of principal office

Postal Code

8. **(632) 86336205**

Issuer's telephone number, including area code

9. **N/A**

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or  
Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

---



At the regular meeting of the Board of Directors (the "Board") today, 8 October 2021, the Board:

1. Approved to hold the 2021 Annual Stockholders Meeting on December 14, 2021 at 10am via VIDEO CONFERENCE;
2. Approved to set the record date of stockholders entitled to notice and to vote to 7 November 2021;
3. Approved to close the books of the Company from 7 November to 13 December 2021;
4. Approved the Online Registration from 9 November 2021 at 9:00 A.M. to 7 December 2021 at 5:00 P.M. for shareholders who wish to participate in the Annual Meeting via remote communication and to exercise their vote in absentia;
5. Approved the following AGENDA for the Annual Meeting:
  - a. Call to Order
  - b. Determination and Certification of Quorum
  - c. Approval of the Previous Meeting Held on 11 December 2020
  - d. Report of the Chairman
  - e. Approval of the Audited Financial Statements for the calendar year ended 31 December 2020
  - f. Certification and Ratification of Corporate Acts for the years 2020 to 2021
  - g. Election of Directors (including Independent Directors)
  - h. Election of External Auditor
  - i. Other matters
  - j. Adjournment


#### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**  
Issuer

Date: 8 October 2021

By:

  
**RAMON G. JIMENEZ**  
Vice-President & CFO





METRO GLOBAL HOLDINGS CORP.

14 December 2021

**VICENTE GRACIANO P. FELIZMENIO, JR.**

Director, Market and Securities Regulation Department  
SECURITIES AND EXCHANGE COMMISSION  
G/F Secretariat Building PICC Complex, Roxas Boulevard  
Pasay City

**JANET A. ENCARNACION**

Head, Disclosure Department  
PHILIPPINE STOCK EXCHANGE, INC.  
6/F, Philippine Stock Exchange Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City  
Taguig City

Subject: RESULTS OF ANNUAL MEETING OF STOCKHOLDERS AND  
ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS

Gentlemen:

In compliance with the rules and regulations on disclosure of the Securities and Exchange Commission (“SEC”) and Philippine Stock Exchange (“PSE”), we hereby report the results of the Annual Meeting of the Stockholders of Metro Global Holdings Corporation (the “Company”) held today, 14 December 2021, 10:00 A.M. through remote communication, as follows:

1. The Corporate Secretary certified that there is a quorum for the transaction of business, there being present in person or represented by proxy a total of 88.14% of common shares of the Company.
2. The Corporate Secretary attested to the votes attained for the following matters approved and authorized by the stockholders:
  - 2.1 The stockholders approved the Minutes of the Annual Meeting of Stockholders held on 11 December 2020. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Minutes of the Annual Meeting of Stockholders held on 11 December 2020.
  - 2.2 The stockholders approved the Annual Report and Audited Financial Statements of the Company for the calendar year ended 31 December 2020. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the Audited Financial Statements of the Company for the calendar year ended 31 December 2020.

- 2.3 The stockholders confirmed and ratified all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors and the various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to the present. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the confirmation and ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors and various Committees constituted pursuant to the Code of Corporate Governance for the year 2020 up to the present.
  - 2.4 The stockholders approved the appointment of Isla Lipana & Co. as the Company's independent external auditor. The Company received votes in person and by proxy a total of 88.14% of common shares in favor of the approval of the appointment of Isla Lipana & Co. as the Company's independent external auditor for the year 2021 to 2022.
3. The stockholders elected the following directors for the ensuing year:
    - 3.1 Robert John L. Sobrepeña
    - 3.2 Atty. Ferdinand T. Santos
    - 3.3 Noel M. Cariño
    - 3.4 Rafael Perez de Tagle, Jr.
    - 3.5 Atty. Alice Odchigue-Bondoc
    - 3.6 Roberto S. Roco
    - 3.7 Jaime M. Cacho
    - 3.8 Francisco C. Gonzalez - Independent
    - 3.9 Rafael M. Alunan, III – Independent
  4. In the Organizational Meeting of the Board of Directors of the Company held on 14 December 2021 after the Annual Meeting of Stockholders, the following matters were taken up:

The Board re-elected/re-appointed the Chairman of the Board and Officers of the Company to their respective positions:

Chairman of the Board & CEO	-	Robert John L. Sobrepeña
President & Chief Risk Officer	-	Atty. Ferdinand T. Santos
EVP for Operations & Director for Investor Relations	-	Rafael Perez de Tagle, Jr.
SVP for Project Development	-	Jaime M. Cacho
Senior Vice President-Good Governance Compliance Officer, Corporate Information Officer & Asst. Corporate Secretary	-	Atty. Alice Odchigue-Bondoc
Vice-President – Chief Finance Officer and Alternate Corporate	-	Ramon G. Jimenez

Information Officer

Vice-President – Chief Audit Executive	-	Solita S. Alcantara
Vice-President – Business Dev't. & Special Projects	-	Sylvia M. Hondrade
VP for Records Management	-	Socorro G. Roco
VP for Human Resources	-	Khateryn M. Benitez
Corporate Secretary	-	Atty. Gilbert Raymund T. Reyes

5. The Board approved the re-appointment of Stock Transfer Agent and Registrar – BDO Unibank, Inc. - Trust & Investments Group Securities Services & Corporate Agencies
6. The Board approved the constitution of the following Board Committees:

(1) EXECUTIVE COMMITTEE

Chairman: Robert John L. Sobrepeña  
Members: Noel M. Cariño  
Atty. Ferdinand T. Santos  
Francisco C. Gonzalez (Independent Director)

(2) SALARY COMPENSATION COMMITTEE

Chairman: Robert John L. Sobrepeña  
Members: Atty. Ferdinand T. Santos  
Francisco C. Gonzalez (Independent Director)

(3) AUDIT COMMITTEE

Chairman: Francisco C. Gonzalez (Independent Director)  
Members: Rafael M. Alunan, III (Independent Director)  
Roberto S. Roco  
Solita S. Alcantara

(4) NOMINATION COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Rafael Perez de Tagle, Jr.  
Jaime M. Cacho  
Atty. Alice Odchigue-Bondoc

(5) CORPORATE GOVERNANCE COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Robert John L. Sobrepeña  
Atty. Ferdinand T. Santos  
Rafael Perez de Tagle, Jr.  
Atty. Alice Odchigue-Bondoc

(6) BOARD RISK OVERSIGHT COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Atty. Ferdinand T. Santos  
Atty. Alice Odchigue-Bondoc

(7) RELATED PARTY TRANSACTIONS COMMITTEE

Chairman: Francisco C. Gonzalez (Independent Director)  
Members: Rafael M. Alunan, III (Independent Director)  
Roberto S. Roco  
Ramon G. Jimenez

We hope the foregoing constitutes compliance of the disclosure requirements of your good office.

Very truly yours,

**METRO GLOBAL HOLDINGS CORPORATION**

By:

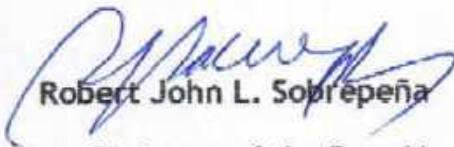
**ATTY. ALICE ODCHIGUE-BONDOC**

Senior Vice President-Good Governance  
Compliance Officer, Corporate  
Information Officer & Asst. Corporate  
Secretary


## Signatures

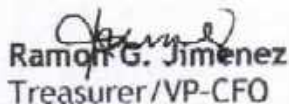
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Company Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on \_\_\_\_\_.

By:

  
Robert John L. Sobrepeña

Chairman of the Board/  
Chief Executive Officer

  
Atty. Ferdinand T. Santos  
President/Chief Risk Officer

  
Ramon G. Jimenez  
Treasurer/VP-CFO

  
Alice O. Bondoc  
Assistant Corporate Secretary/  
VP-Good Governance & Compliance  
Officer

SUBSCRIBED AND SWORN to before me this MAY 12 2022  
day of \_\_\_\_\_  
affiant(s) exhibiting to me his/their Social Security System Number, as follows:

NAMES	SSS NO.
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-7643588-3
Alice O. Bondoc	33-1923852-8
Ramon G. Jimenez	03-6347637-1

MANDALUYONG CITY

Doc. No.: 273 :  
Page No.: 36 :  
Book No.: 52 :  
Series of 2022

  
ATTY. JAMES K. ABUGAN  
Notary Public  
Appt. No. 0442-21  
Until Dec. 31, 2022  
IBP No. 175123 01/06/2022 Rizal Chapter  
Roll No. 26890 Lifetime  
MCLE No. VI-0012875 Until 4/14/2022  
TTN No. 116-239-956  
PTR No. 4871351 / 01-06-2022  
Tel. No. 02-85452321  
Mandaluyong City





**METRO GLOBAL HOLDINGS CORP.**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **METRO GLOBAL HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

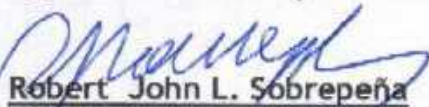
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial process.

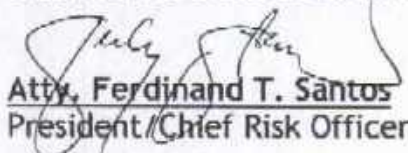
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

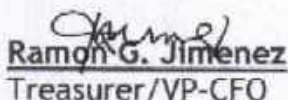
Signed under oath by the following:



**Robert John L. Sobrepeña**  
Chairman of the Board / Chief Executive Officer



**Atty. Ferdinand T. Santos**  
President / Chief Risk Officer



**Ramon G. Jimenez**  
Treasurer / VP-CFO


## ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this MAY 12 2022 day of MAY 2022  
affiant(s) exhibiting to me his/their Social Security System Number, as follows:

NAMES	SSS NO.
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Ramon G. Jimenez	03-6347637-1

MANDALUYONG CITY

Doc. No.: 271  
Page No.: 38  
Book No.: 38  
Series of 2022

  
Y. JAMES K. ABUGAN  
Notary Public  
Appl. No. 0442-21  
(Exp. Dec. 31, 2022)  
IBP No. 175 / 01-06-2022 Rizal Chapter  
Roll No. 26990 Lifetime  
MCLE No. VI-0013873 Unit 4/14/2022  
IIN No. 116-238-455  
PTR No. 4871351 / 01-06-2022  
Tel. No. 02-85452321  
Mandaluyong City

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

							9	1	4	2
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**COMPANY NAME**

M	E	T	R	O		G	L	O	B	A	L		H	O	L	D	I	N	G	S								
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C	O	R	P	O	R	A	T	I	O	N		(	F	O	R	M	E	R	L	Y								
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PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

M	E	Z	Z	A	N	I	N	E		F	L	O	O	R	,												
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R	E	N	A	I	S	S	A	N	C	E		T	O	W	E	R	,										
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M	E	R	A	L	C	O		A	V	E	N	U	E	,		P	A	S	I	G		C	I	T	Y			
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Form Type

A	A	F	S
---	---	---	---

Department requiring the report

M	R	D	
---	---	---	--

Secondary License Type, if applicable

Not applicable
----------------

**COMPANY INFORMATION**

Company's Email Address

info@metroglobalholdings.com
------------------------------

Company's Telephone Number(s)

8633-6205
-----------

Mobile Number

Not applicable
----------------

No. of Stockholders

1906
------

Annual Meeting (Month/Day)

1 <sup>st</sup> Thursday of March
-----------------------------------

Fiscal Year (Month/Day)

December 31
-------------

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ramon Jimenez
---------------

Email Address

monjay@ymail.com
------------------

Telephone Number(s)

8633-6205
-----------

Mobile Number

Not applicable
----------------

Contact Person's Address

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City
--

**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



**Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation and Subsidiaries**  
(Formerly Fil-Estate Corporation)  
Mezzanine Floor, Renaissance Tower,  
Meralco Avenue, Pasig

**Report on the Audits of the Consolidated Financial Statements*****Our Opinion***

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Metro Global Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

***What we have audited***

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the consolidated statements of changes in equity for the years ended December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
Page 2

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit relates to measurement of unquoted equity securities of certain companies, particularly whether the cost of investments can be used as an estimate of fair value:

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Measurement of unquoted equity instruments - cost as an estimate of fair value</b></p> <p>Refer to Note 5 to the consolidated financial statements.</p> <p>The Parent Company has investments in Metro Rail Transit Holdings I Inc. (MRTHI) and Metro Rail Transit Holdings II Inc. (MRTHII) which are accounted for as financial assets at fair value through other comprehensive income. MRTHI and MRTHII are holding companies owning equity interest in Metro Rail Transit Corporation (MRTC), a company granted by the Philippine Government the right to build, lease, and transfer the rail transit system in Metro Manila. The equity securities of MRTHI and MRTHII are unquoted.</p>	<p>We addressed the matter by performing the following substantive audit procedures to assess whether the cost of the investments in unquoted equity securities of MRTHI and MRTHII can be used as an estimate of fair value:</p> <ul style="list-style-type: none"><li>• Obtained and reviewed the results of operations of the investees including MRTC and evaluated if there are indicators where cost might not be representative of fair value, including significant change in the investees' performance and operations, change in expectation that the investee's capacity expansion plans will be achieved, and significant change in the economic environment in which the investees operate.</li></ul>

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
Page 3

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group has adopted PFRS 9 Financial Instruments which requires all equity investments to be measured at fair value in the consolidated financial statements. PFRS 9 further provides that, in limited circumstances, cost might be used as a measure of fair value where cost represents the best estimate of fair value.</p> <p>The Group assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, change in expectation that the investee's capacity expansion plans will be achieved, and significant change in the economic environment in which the investees operate. The Group also considers cost as the best measure of fair value where more recent available information is insufficient to determine fair value or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.</p> <p>The assessment involved in the determination of fair value of unquoted equity securities requires management to make highly subjective judgments.</p> <p>As a result, the valuation of these instruments was significant to our audit.</p>	<ul style="list-style-type: none"> <li>Reviewed the contracts, cooperation agreements and minutes of BOD meetings during the year and assessed if more recent available information is sufficient to determine fair value. We also obtained confirmation from the management and Group's legal team on the status of existing agreements to the extent relevant in the assessment.</li> <li>Reviewed and evaluated the forecast and MRTC's capacity expansion plans to assess whether those forecasts or plans could indicate a wide range of possible fair value measurements. This is the case where the outcome of capacity expansion proposals to the Philippine government highly varies, leading to a possible wide range of fair value measurements.</li> </ul>

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A (Annual Report) for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
Page 4

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity in the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations of an entity within the Group, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Isla Lipana & Co.

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***Other Matter***

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 were audited by another auditor whose report dated June 15, 2020, expressed an unmodified opinion on those statements.

We were not engaged to audit, review or apply any procedures to the 2019 consolidated financial statements of the Group and, accordingly, we do not express an opinion or any other form of assurance on the 2019 consolidated financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is  
Dennis M. Malco.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'D Malco'.

Dennis M. Malco  
Partner

CPA Cert. No. 126035

P.T.R. No. 0080034, issued on January 6, 2022, Makati City  
SEC A.N. (individual) as general auditors 126035-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

TIN 268-146-184

BIR A.N. 08-000745-144-2022; issued on February 15, 2022; effective until February 14, 2025

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
May 10, 2022



Isla Lipana & Co.

Statement Required by Rule 68,  
Securities Regulation Code (SRC)

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation and Subsidiaries**  
(Formerly Fil-Estate Corporation)

We have audited the consolidated financial statements of Metro Global Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated May 10, 2022. The supplementary information shown in the *Reconciliation of Retained Earnings Available for Dividend Declaration, a Map Showing the Relationships among the Group and its Ultimate Parent Company and Schedules A, B, C, D, E, F and G*, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

**Isla Lipana & Co.**

Dennis M. Malco

Partner

CPA Cert. No. 126035

P.T.R. No. 0080034, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 126035-SEC, Category A;

valid to audit 2021 to 2025 financial statements

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Makati City

May 10, 2022

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Statement Required by Rule 68,  
Securities Regulation Code (SRC)

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation and Subsidiaries**  
(Formerly Fil-Estate Corporation)

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metro Global Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated May 10, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2021 and 2020 and no material exceptions were noted.

**Isla Lipana & Co.**

Dennis M. Malco  
Partner

CPA Cert. No. 126035

P.T.R. No. 0080034, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 126035-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

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Isla Lipana & Co.

Statement Required by Rule 68,  
Securities Regulation Code (SRC)

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation and Subsidiaries**  
(Formerly Fil-Estate Corporation)

We have audited the consolidated financial statements of Metro Global Holdings Corporation (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2021, on which we have rendered the attached report dated May 10, 2022.

In compliance with Rule 68 of the SRC and based on the certification received from the Parent Company's corporate secretary and the results of our work performed, the Parent Company has eight hundred seventeen (817) shareholders each owning one hundred (100) or more shares as at December 31, 2021.

**Isla Lipana & Co.**

Dennis M. Malco  
Partner

CPA Cert. No. 126035

P.T.R. No. 0080034, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 126035-SEC, Category A;  
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May 10, 2022

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**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Consolidated Statements of Financial Position  
As at December 31, 2021 and 2020  
(All amounts in Philippine Peso)

	Notes	2021	2020
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash	2	1,944,204	1,983,966
Trade and other receivables	3	7,494,090	8,863,009
Other current assets	4	489,752	126,960
Total current assets		9,928,046	10,973,935
<b>Non-current assets</b>			
Due from related parties	3	892,803,244	1,766,471
Financial assets at fair value through OCI	5	3,062,291,051	1,494,488,966
Investment in associates	6	13,667,401	5,987,239
Intangible asset, net	7	710,252	737,569
Deferred tax asset	13	1,411,672	1,594,480
Total non-current assets		3,970,883,620	1,504,574,725
<b>Total assets</b>		3,980,811,666	1,515,548,660
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	8	390,861,037	385,168,495
Income tax payable	13	-	6,310,576
Total current liabilities		390,861,037	391,479,071
<b>Non-current liabilities</b>			
Due to a stockholder	14	707,010,807	744,833,320
Due to other related parties	14	249,610,537	361,443,754
Total non-current liabilities		956,621,344	1,106,277,074
Total liabilities		1,347,482,381	1,497,756,145
<b>Stockholders' equity</b>			
Share capital	9	1,998,553,181	1,998,553,181
Additional paid-in capital	9	589,120,804	589,120,804
Fair value reserve	5	1,486,553	1,131,344
Retained earnings (deficit)		44,168,747	(2,571,012,814)
Total stockholders' equity		2,633,329,285	17,792,515
<b>Total liabilities and stockholders' equity</b>		3,980,811,666	1,515,548,660

(The notes on pages 1 to 36 are integral part of these financial statements)

**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Consolidated Statements of Total Comprehensive Income  
For the years ended December 31, 2021 and 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Depot royalty income	10	7,887,684	9,329,483	30,296,661
General and administrative expenses	11	(31,958,915)	(12,659,211)	(4,900,826)
<b>(Loss) profit from operations</b>		<b>(24,071,231)</b>	<b>(3,329,728)</b>	<b>25,395,835</b>
<b>Other income</b>				
Dividend income	5	2,606,190,497	-	-
Share in profit (loss) of associates	6	7,680,162	5,987,239	(1,894,800)
Other income (expense), net	12	20,410,195	(92,386)	20,033,527
		2,634,280,854	5,894,853	18,138,727
<b>Income before tax</b>		<b>2,610,209,623</b>	<b>2,565,125</b>	<b>43,534,562</b>
Income tax benefit (expense)	13	4,971,938	(1,679,307)	(9,111,142)
<b>Net income for the year</b>		<b>2,615,181,561</b>	<b>885,818</b>	<b>34,423,420</b>
Other comprehensive income (loss)				
<i>Item that will not be reclassified to profit or loss</i>				
Fair value gain (loss) on financial assets at fair value through OCI	5	355,209	615,037	(927,820)
<b>Total comprehensive income for the year</b>		<b>2,615,536,770</b>	<b>1,500,855</b>	<b>33,495,600</b>
<b>Basic and diluted earnings per share</b>	15	<b>1.3085</b>	<b>0.0004</b>	<b>0.0172</b>

(The notes on pages 1 to 36 are integral part of these financial statements)

**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2021 and 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Share capital (Note 9)	Additional paid-in capital (Note 9)	Fair value reserve (Note 5)	Retained earnings (deficit)	Total
<b>Balances as at January 1, 2019</b>	1,998,553,181	589,120,804	1,444,127	(2,606,322,052)	(17,203,940)
Profit for the year	-	-	-	34,423,420	34,423,420
Other comprehensive loss for the year	-	-	(927,820)	-	(927,820)
<b>Total comprehensive income for the year</b>	-	-	(927,820)	34,423,420	33,495,600
<b>Balances as at December 31, 2019</b>	1,998,553,181	589,120,804	516,307	(2,571,898,632)	16,291,660
Profit for the year	-	-	-	885,818	885,818
Other comprehensive loss for the year	-	-	615,037	-	615,037
<b>Total comprehensive income for the year</b>	-	-	615,037	885,818	1,500,855
<b>Balances at December 31, 2020</b>	1,998,553,181	589,120,804	1,131,344	(2,571,012,814)	17,792,515
Profit for the year	-	-	-	2,615,181,561	2,615,181,561
Other comprehensive income for the year	-	-	355,209	-	355,209
<b>Total comprehensive income for the year</b>	-	-	355,209	2,615,181,561	2,615,536,770
<b>Balances at December 31, 2021</b>	1,998,553,181	589,120,804	1,486,553	44,168,747	2,633,329,285

(The notes on pages 1 to 36 are integral part of these financial statements)

**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Consolidated Statements of Cash Flows  
For the years ended December 31, 2021 and 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
<b>Cash flows from operating activities</b>				
Net income before tax		2,610,209,623	2,565,125	43,534,562
Adjustment for:				
Unrealized foreign exchange (gain) loss		(37,677)	16,171	14,754
Amortization expense	7, 11	27,317	27,317	27,317
Assumption of liability	12	-	-	(20,260,083)
Interest income	2, 12	(4,069)	(3,893)	(3,232)
Dividend income	5, 12	(2,606,190,497)	-	-
Share in net (income) loss of associates	6	(7,680,162)	(5,987,239)	1,894,800
Operating (loss) income before working capital changes		(3,675,465)	(3,382,519)	25,208,118
Decrease (increase) in:				
Trade and other receivables		1,368,919	19,933,819	(799,286)
Other current assets		(445,730)	(522,609)	102,360
Due from related parties		-	-	1,012,756
Increase (decrease) in:				
Accrued expense and other current liabilities		5,692,542	2,218,482	(6,931,660)
Net cash from operations		2,940,266	18,247,173	18,592,288
Interest received	2	4,069	3,893	3,232
Income taxes paid		(1,072,892)	(2,497,073)	(3,827,230)
Net cash from operating activities		1,871,443	15,753,993	14,768,290
<b>Cash flows from financing activities</b>				
Advances from other related parties	14	35,873,631	13,725,328	14,249,802
Settlement of amounts due to a stockholder	14	(37,822,513)	(28,538,085)	(28,691,708)
Net cash used in financing activities		(1,948,882)	(14,812,757)	(14,441,906)
<b>Net (decrease) increase in cash</b>		(77,439)	941,236	326,384
<b>Cash at January 1</b>		1,983,966	1,058,901	747,271
Effect of foreign exchange rate changes in cash		37,677	(16,171)	(14,754)
<b>Cash at December 31</b>		1,944,204	1,983,966	1,058,901

(The notes on pages 1 to 36 are integral part of these financial statements)

**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Notes to Financial Statement

As at and for the years ended December 31, 2021 and 2020

(With comparative figures for the year ended December 31, 2019)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - Corporate information**

**1.1 Business information**

Metro Global Holdings Corporation (the "Parent Company") was incorporated as San Jose Oil Company, Inc. on September 17, 1954 and was listed on the Philippine Stock Exchange (PSE) on May 4, 1964 as an oil exploration company and was reorganized in 1996 into a corporate vehicle that will pursue infrastructure-related investments and was renamed Fil-Estate Corporation. On September 9, 2004, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Group's corporate life for another 50 years or until 2054.

On May 30, 2014, the SEC approved the amendment of the Articles of Incorporation and By-Laws of the Parent Company, changing its name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "Metro Group" and establish the affiliation of the Parent Company with its affiliate infrastructure companies, which likewise had the word "Metro" in their corporate names.

The trading of Group's shares of stock at the PSE has been voluntarily suspended since March 20, 2007 to allow the Group to re-align its business and explore new strategic directions.

The Parent Company's immediate and ultimate parent company is Fil-Estate Management, Inc. (FEMI), a company organized and existing under the laws of the Philippines. The total shares outstanding are held by the following shareholders as at December 31:

	2021	2020
Fil-estate Management, Inc.	87.89%	87.89%
PCD Nominee Corporation	5.03%	5.03%
Alakor Securities Corporation	3.34%	3.34%
Bank of Commerce Trust Services Group	2.16%	2.16%
Others	1.58%	1.58%
	100.00%	100.00%

The Parent Company's registered office address, which is also its principal place of business, is at Mezzanine Floor, Renaissance Centre, Meralco Avenue, Pasig City. The Group has nine (9) employees in 2021 (2020 - ten (10) employees).

**1.2 Expansion of the Group's primary purpose**

On November 22, 2018, the stockholders approved the amendment of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Parent Company to expand its investment into a business engaged in renewable energy generation facilities, a growth area the Parent Company intends to pursue.

On November 20, 2018, the Board authorized the Parent Company to enter into a Memorandum of Agreement with FEMI whereby the Parent Company shall purchase the 249,995 shares of common stock of Metro Solar Power Solutions Inc. (Metro Solar) held by FEMI. Metro Solar is a stock corporation registered with the SEC primarily to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form for electricity generation and distribution. Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration for Metro Solar shares will be determined based on an appraisal report by a third-party and mutually agreed by FEMI and the Parent Company. The shares that the Parent Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed 3.0 billion planned increase in authorized capital stock of the Parent Company, as discussed in detail in Note 9.

As of report date, the Parent Company and FEMI are in the process of finalizing the details of the proposed sale and purchase of shares transaction contemplated by the parties.

### 1.3 Approval of financial statements

The accompanying financial statements of the Group were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on May 10, 2022.

### 1.4 Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, MGHC Royal Holdings Corporation (MGHC Royal) and Metro Renewable Transport Solutions, Inc. (Metro Renewable). The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The Group's subsidiaries as at December 31 are set out below. Unless otherwise stated, these have share capital consisting solely of ordinary shares that are held directly or indirectly by the Parent Company, and the proportion of ownership interests held equals the voting rights held by the Group.

	Ownership interest/ participating share held			Country of incorporation	Main activity
	2021	2020	2019		
MGHC Royal	99%	99%	99%	Philippines	MGHC Royal was organized and established on May 19, 2017 to engage in the business to invest or purchase, otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.
Metro Renewable (Incorporated in 2020)	100%	100%	-	Philippines	Metro Renewable was organized and established on October 23, 2020 to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

### 1.5 Impact of COVID-19 pandemic

On March 15, 2020, the Philippine Government placed the entire Luzon island under the Enhanced Community Quarantine (ECQ) due to the increasing coronavirus diseases (COVID-19) cases in the country. The ECQ mandated the closure of non-essential businesses and strict home quarantine which resulted in the slowdown of the economy. Measures are implemented to protect the health and safety of the employees, support business continuity, and manage financial impact to a minimum.

#### *Financial position and results as at and for the year ended December 31, 2021*

The pandemic has resulted in lower depot royalty income for the Group in 2021 mainly due to the lower rental income from TriNoma commercial center caused by the implemented quarantine restrictions during 2021 (Note 10). The Group expects that the depot royalty income will increase in the next financial year since the Philippine economy is gradually opening with the imposition of less stringent community quarantine protocols. Likewise, the vaccination program of the government is expected to slow down and eventually contain the spread of the virus and boost confidence among businesses and consumers.

Management has assessed that the carrying amount of assets are recoverable as at reporting date. Management will continue to monitor the business developments amidst the pandemic and update the assessments made. Any medium to long-term impact of the pandemic on the Group's financial position, results, and cash flows will vary depending on the duration and severity of the economic and operational impacts of the pandemic, as well as the effectiveness of mass vaccination and other public health efforts to mitigate the impact of the pandemic.

#### **Note 2 - Cash**

Cash as at December 31 consists of:

	2021	2020
Cash on hand	36,201	36,201
Cash in banks	1,908,003	1,947,765
	1,944,204	1,983,966

Cash accounts with banks generally earn interest at rates based on daily bank deposit rates. Interest income earned from cash in banks amounted to P4,069 in 2021 (2020 - P3,893) (Note 12).

#### **Note 3 - Trade and other receivables; Due from related parties**

Trade and other receivables as at December 31 consist of:

	2021	2020
Trade receivables - third party	7,493,300	8,863,009
Others	790	-
	7,494,090	8,863,009

Trade receivable pertains to the Group's royalty income from depot developments in TriNoma and billed to North Triangle Depot Commercial Corporation (NTDCC) (Note 10). These are short-term, unguaranteed, unsecured, non-interest bearing and collectible in cash with usual credit terms of 60 days.



Due from related parties (non-current asset) as at December 31 consist of:

	Note	2021	2020
Due from related parties	14		
Monumento Rail Transit Corporation (Monumento Rail)		5,314,935	5,314,935
Metro Rail Transit Holdings, Inc. (MRTHI)		117,361	117,361
Metro Rail Transit Holdings II, Inc. (MRTHII)		892,685,883	1,649,110
		898,118,179	7,081,406
Allowance for impairment		(5,314,935)	(5,314,935)
		892,803,244	1,766,471

There is no movement in allowance for impairment of due from related parties for the years ended December 31, 2021 and 2020.

**Critical accounting estimates and judgment: Recoverability of trade and other receivables and due from related parties**

Provision for impairment of trade and other receivables and due from related parties is calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of trade receivables and incorporated forward-looking information based on certain macroeconomic factors such as gross domestic products and inflation rate. Any change in the Group's assessment of the collectability of receivables could impact the recorded carrying amounts of receivables and related allowance for impairment.

Further, management evaluates specific accounts under other receivables and due from related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of other receivables and due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

**Note 4 - Other current assets**

Other current assets as at December 31 consist of the following:

	2021	2020
Creditable withholding tax	311,446	-
Input VAT	178,306	126,960
	489,752	126,960

Creditable withholding tax is related to the depot royalty income from NTDCC (Note 10).

**Note 5 - Financial assets at fair value through OCI**

Financial assets at fair value through OCI as at December 31 consist of:

	2021	2020
Unquoted equity securities	3,058,238,916	1,490,792,040
Quoted equity securities	4,052,135	3,696,926
	3,062,291,051	1,494,488,966

## 5.1 Unquoted equity securities

Unquoted equity securities as at December 31, 2021 consist of investments in MRTHI and MRTHII. The Group's ownership interests in MRTHI and MRTHII as at December 31 are as follows:

Investee	Direct interest	Indirect interest	Effective interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI owns 84.9% interest in MRTH II while MRTHII wholly owns Metro Rail Transit Corporation (MRTC), which was awarded by the Philippine Government, acting through the Department of Transportation and Communication (DOTC), the Build, Lease and Transfer (BLT) Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I. The earnings of MRTC are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

### Critical accounting estimate and judgment: Measurement of unquoted equity instruments - cost as an estimate of fair value

As required by PFRS 9, all equity investments in scope of PFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized either in profit or loss or other comprehensive income. PFRS 9 further provides that cost might be used as a measure of fair value where cost represents the best estimate of fair value. Upon the adoption of PFRS 9, the Group has assessed that the cost of investments in MRTHI and MRTHII amounting to P3,058,238,916 as at December 31, 2021 (2020 - P1,490,792,040) represents the best estimate of fair value of those investments.

The Group assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

Any change in the Group's assessment of the best estimate of fair value of investments in MRTHI and MRTHII could impact the recorded carrying amount of financial assets at fair value through OCI and related fair value gains or losses recognized in other comprehensive income.

As at December 31, 2021 and 2020, the Group has assessed that the cost of investments in MRTHI and MRTHII represents the best estimate of fair value of those investments. In addition, the Group has assessed that the carrying amount of the investments in MRTHI and MRTHII are recoverable in full and can be realized in the future through the Parent Company's share in the benefits arising from the capacity expansion projects to be undertaken by MRTC. Notwithstanding the sale of future share distributions pursuant to "Sale of future share distributions" discussed in (a) below, the Parent Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII. Further, the Group holds a put option to use the shares of stocks of MRTHI and MRTHII to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" as discussed in (b) below.

The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date. Therefore, the higher the cost of investments, the higher is the related fair value.

(a) *Sale of future share distributions*

In 2002, the Parent Company and other participating shareholders of MRTHI and MRTHII (collectively referred to as the 'Sellers', entered into Sale Agreements where they sold all future share distributions arising from the equity rental payments (ERP) of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds).

The transaction is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Group in MRTHI and MRTHII are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Group's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Notwithstanding the sale of future share distributions, the Group continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII in compliance with the various agreements related to the sale of share of future share distributions mentioned above, as well as the Group's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTHII are precluded from transferring their equity interest in MRTHI and MRTHII until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTHII through MRTC from DOTC in the future and any benefits arising from the residual rights in the expansion projects shall still accrue to the Group and the other shareholders.

(b) *Letter of agreement*

On August 18, 2005, the Parent Company and FEMI entered into a "Letter of Agreement", whereby FEMI has agreed to grant the Parent Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the Parent Company's liabilities to FEMI, included in 'Due to a stockholder' account in the statements of financial position, and any additional advances or interest which FEMI may charge to the Parent Company in relation to the said advances. Under the "Letter of Agreement," should the Parent Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

(c) *Dividend income*

On December 13, 2021, MRTHII declared dividends to its shareholders, of which P2,606,190,497 pertains to the Group's share. The dividend income was recognized as part of other income in the statement of total comprehensive income for the year ended December 31, 2021. The dividends were discharged/settled as follows:

- (1) P147,706,848 was offset and eliminated against the liability to MRTHII, representing outstanding cash advances received from MRTHII, presented under due to other related parties in the statement of financial position (Note 14);
- (2) P1,567,446,876 was applied against liability from sale of future share distributions shown as a reduction of investment in MRTHII. Pursuant to the Sale of future share distributions agreement entered by the Parent Company and other participating shareholders of MRTHI and MRTHII as described in (a) above, the Parent Company recognized P1,567,446,876 liability from the sale of the future share distribution from the MRTC project as a reduction of investment in MRTHI and MRTHII. The total carrying amount of investment in MRTHI and MRTHII after the dividend transaction amounted to P3,058,238,916 as at December 31, 2021; and

- (3) The remaining amount of P891,036,773 will be settled in cash and presented as dividend receivable under due from related parties (Note 14). The amount is not expected to be collected within 12 months from the end of the reporting period, thus presented as part of non-current asset in statement of financial position.

## 5.2 Quoted equity securities

Quoted equity securities consist of investments in domestic companies listed in the Philippine Stock Exchange and whose fair values are based on quoted market prices at the reporting date (Level 1 fair value hierarchy).

The movements of the account for the years ended December 31 are as follows:

	2021	2020	2019
Acquisition cost	2,565,582	2,565,582	2,565,582
Cumulative change in fair value			
Beginning of the year	1,131,344	516,307	1,444,127
Change in the fair value during the year	355,209	615,037	(927,820)
End of the year	1,486,553	1,131,344	516,307
	4,052,135	3,696,926	3,081,889

The changes in fair value of quoted equity securities are presented as part of other comprehensive income in the statement of total comprehensive income.

## Note 6 - Investment in associates

The Group's investment in associates as at December 31 consists of:

	Country of incorporation	Ownership interest		Main activity and registered place of business
		2021	2020	
MRT Development Corporation (MRTDC)	Philippines	15.79%	15.79%	Development of commercial premises in the depot and air space in the light rail transit system, its lease or sublease thereof, and the sale of development rights of stations.  Registered address is at 2 <sup>nd</sup> floor, The Renaissance Tower, Meralco Avenue, Pasig City
Monumento Rail Transit Corporation (Monumento Rail)	Philippines	28.47%	28.47%	Build, lease, and maintain a railway transit in Metro Manila, and to perform such other activities as may be necessary and desirable in the pursuit of the above-mentioned activities. As at December 31, 2021 and 2020, the Company has no commercial activity.  Registered address is at 6 <sup>th</sup> floor, The Belvedere Tower, San Miguel Avenue, Ortigas Center, Pasig City.

The carrying value of investment in associates as at December 31, 2021 consists of investment in MRTDC amounting to P13,667,401 (2020 - P5,987,239). As at December 31, 2021 and 2020, Monumento Rail has no commercial activity and its investment account is carried at nil.

The movement of investment in associates for the years ended December 31 are as follows:

	2021	2020	2019
At January 1	5,987,239	-	1,894,800
Share in net income of MRTDC	7,680,162	5,987,239	(1,894,800)
At December 31	13,667,401	5,987,239	-

On December 20, 2018, the Parent Company entered into a Deed of Assignment with Fil-Estate Properties, Inc. (FEPI) to acquire the 1,579 shares representing 15.79% equity ownership of FEPI in MRTDC for P1,894,000 consideration. The amount was paid for by FEMI on behalf of the Parent Company and is considered a non-cash investing activity.

MRTDC has exclusive rights to all commercial developments along the MRT-3 System, including in and above the 13 Stations, commercial leasing rights in the 13 Stations, advertising rights, development of the air space above all the 13 stations, and all other commercial activities with the entire MRT-3 System.

There are no significant restrictions on the ability of MRTDC to transfer funds to the Group in the form of cash dividends or repayment of loans or advances.

The summarized financial information of a material associate, MRTDC, as at and for the years ended December 31 are as follows:

*Statements of financial position*

	2021	2020
Current assets	341,916,611	102,684,650
Non-current assets	14,215,243	190,973,104
Current liabilities	(112,064,376)	(255,739,838)
Non-current liabilities	(154,358,134)	-
Net assets	89,709,344	37,917,916

*Statements of total comprehensive income*

	2021	2020
Revenue	238,902,775	180,913,742
Net income	48,639,403	44,570,234
Other comprehensive income	-	-
Total comprehensive income	48,639,403	44,570,234
Dividends received from associate	-	-

The information above reflects the amounts presented in the financial statements of MRTDC whose accounting policies are consistent with the Group's accounting policies.

*Reconciliation of summarized financial information*

Reconciliation of the summarized financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

	2021	2020
Net assets	89,709,344	37,917,916
Group's equity interest	15.79%	15.79%
Group's share of net asset	14,165,105	5,987,239
Other equity adjustment	(497,704)	-
Carrying value, December 31	13,667,401	5,987,239

*Critical accounting judgment: Recoverability of investment in associates*

The carrying value of the investment in associates is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management assessment and judgment could have a significant effect on the carrying value of investment in associates and the amount and timing of recorded provision for any period.

Based on management's assessment, there are no events or circumstances which might indicate that the carrying value of investment in associates as at December 31, 2021 and 2020 are not recoverable.

**Note 7 - Intangible asset, net**

*Depot royalty rights*

On August 22, 2006, the Board of Directors of Monumento Rail approved the redemption of its redeemable preferred shares through the assignment of its right to receive Depot Royalties to the holders of redeemable preferred shares pro-rata to their shareholdings. On December 17, 2014, Monumento Rail and the Parent Company executed the Redemption and Deeds of Assignment of the latter's redeemable preferred shares, giving the Parent Company a pro-rata interest on the Depot Royalty Rights to the extent of an aggregate of 28.47%, representing the preferred shareholdings held by the Parent Company.

As a result of the redemption, the Parent Company recognized a Depot royalty right intangible asset which represents the Parent Company's right to a 28.47% share in the depot royalties with respect to improvements constructed on the 16-hectare Depot located at North Triangle EDSA and rental income from the commercial center known as TriNoma Mall. As successor-in-interest, the Parent Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income (Note 10) from 8.3 hectare commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses (Note 11).

The cost of depot royalty rights upon initial recognition amounted to P901,471 which is equivalent to the value of the Parent Company's investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

The movements of Depot Royalty Rights for the years ended December 31 are as follows:

<b>At January 1, 2019</b>	
Cost	901,471
Accumulated amortization	(109,268)
Net carrying amount	792,203
<b>For the year ended December 31, 2019</b>	
Opening net carrying amount	792,203
Amortization	(27,317)
Closing net carrying amount	764,886
<b>At December 31, 2019</b>	
Cost	901,471
Accumulated amortization	(136,585)
Net carrying amount	764,886
<b>For the year ended December 31, 2020</b>	
Opening net carrying amount	764,886
Amortization	(27,317)
Closing net carrying amount	737,569
<b>At December 31, 2020</b>	
Cost	901,471
Accumulated amortization	(163,902)
Net carrying amount	737,569
<b>For the year ended December 31, 2021</b>	
Opening net carrying amount	737,569
Amortization	(27,317)
Closing net carrying amount	710,252
<b>At December 31, 2021</b>	
Cost	901,471
Accumulated amortization	(191,219)
Net carrying amount	710,252

#### **Note 8 - Accrued expenses and other current liabilities**

Accrued expenses and other liabilities as at December 31 consist of the following:

	2021	2020
Advances from MPIC	350,000,000	350,000,000
Accrued expenses	40,038,566	34,712,015
Payable to regulatory agencies	822,471	456,480
	390,861,037	385,168,495

##### *A. Advances from MPIC*

The amount pertains to deposit received from Metro Pacific Investment Corporation (MPIC) pursuant to the "Cooperation Agreement", as described below, entered into by the Parent Company and Fil-Estate Companies with MPIC.

### *Cooperation agreement*

On November 12, 2010, the Parent Company, FEPI and FEMI (collectively termed as the 'Fil-Estate Companies') entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT-3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2020 has not yet occurred.

As the Parent Company does not have an unconditional right to defer settlement of the amount for at least 12 months from reporting date, the amount was classified as current liability as at December 31, 2021 and 2020.

### *B. Accrued expenses*

The account consists mainly of accrual for payroll and professional fees, including legal, consulting and audit fees, and other general and administrative expenses. The average credit period on purchases of goods and services from suppliers is 30 to 60 days.

## **Note 9 - Equity**

### *Share capital*

The details of share capital as at December 31, 2021 and 2020 are as follows:

Authorized share capital	2,000,000,000
Subscribed share capital	2,000,000,000
Less: Subscription receivable	(1,446,819)
Issued and subscribed share capital	1,998,553,181
Par value per share	1
Amount of share capital	1,998,553,181

### *Track record of registration of securities*

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/Offer Price
January 22, 1998	300,000,000	299,850,000	1.00
December 11, 2000	1,700,000,000	700,000,000	1.00
December 16, 2013	-	800,000,000	1.00
September 4, 2014	-	200,150,000	1.00
	2,000,000,000	2,000,000,000	

- On January 22, 1998, the SEC approved the declassification of Class A and B common shares to a single class of common shares, and the change in par value of 300.0 million authorized common shares from P0.01 per share to P1.00 per share. Each share of stock entitles the person in whose name it is registered in the books of the Parent Company to one vote, provided the shares have not been declared delinquent.
- On December 11, 2000, the SEC approved the increase in authorized capital stock from P300.0 million, divided into 30.0 billion shares with a par value P0.01 per share, to P2.0 billion divided into 2.0 billion shares with a par value P1.00 per share.



FEMI subscribed to 700.0 million shares in exchange for the assignment of its interests in the MRTHI and Metro Rail Transit Corp. Limited with an aggregate carrying value of P1.3 billion. As a result, share capital of P700.0 million with a par value of P1.00 per share was recognized, with the excess credited to additional paid-in capital.

- c. On December 16, 2013, the SEC approved the conversion of a portion of the Parent Company's liabilities to FEMI amounting to P800.0 million into equity shares totaling 800.0 million shares at P1.00 par value.
- d. On September 4, 2014, the SEC approved the conversion of a portion of the Parent Company's liabilities to FEMI amounting to P200.15 million into equity shares totaling 200.15 million shares at P1.00 par value. The conversion resulted in FEMI owning 87.89% shareholding in the Parent Company.

*Planned increase in authorized capital stock*

On September 24, 2018, the BOD approved the Parent Company's plan to increase its authorized capital stock from 2.0 billion shares at P1.00 per share to 5.0 billion shares at P1.00 per share. FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750.0 million shares at P1.00 per share. Out of the said subscription, P500.0 million corresponding to 500.0 million common shares at P1.00 per share will be fully paid through the conversion into equity of a portion of FEMI advances to the Parent Company. As at report date, the Parent Company is awaiting the approval of the SEC for the planned increase in authorized capital stock.

**Note 10 - Depot royalty income**

Depot royalty income for the year ended December 31, 2021 amounting to P7,887,684 (2020 - P9,329,483; 2019 - P30,296,661) represents the Group's 28.47% share in the 5% of the gross receipts of the rental income from TriNoma commercial center owned and operated by NTDCC. The amount of royalty income is recognized over time as NTDCC earns rental income from the commercial center.

**Note 11 - General and administrative expenses**

This account consists of the following:

	Note	2021	2020	2019
Salaries and wages		20,327,228	5,398,091	1,093,336
Transportation and travel		5,396,832	2,686,300	756,029
13 <sup>th</sup> month pay		1,698,532	455,232	119,500
Professional and retainer's fee		1,641,236	1,287,322	514,149
Taxes and licenses		1,351,960	1,281,269	1,339,176
Directors' fees		554,035	410,936	440,351
Legal		371,748	598,684	292,890
Amortization expense	7	27,317	27,317	27,317
Telephone, telegraphic, and postage		12,161	850	106,158
Others		577,866	513,210	211,920
		31,958,915	12,659,211	4,900,826

Salaries and wages include compensation paid to executive officers seconded by the Parent Company from FEMI who joined the Parent Company starting September-October 2020.

Others include advertising and promotions, trainings, registration fees, bank charges, office supplies, food expense and utilities.

**Note 12 - Other income (expense), net**

Other income (expense), net for the years ended December 31 consists of the following:

	Note	2021	2020	2019
Exclusivity fee		20,000,000	-	-
Gain (loss) on foreign exchange		406,126	(96,279)	(290,502)
Interest income	2	4,069	3,893	3,232
Assumption of liability		-	-	20,260,083
Other income		-	-	60,714
		20,410,195	(92,386)	20,033,527

Foreign exchange gain (loss) relates to the translation and transactions in respect of the Group's USD-denominated cash account.

***Exclusivity fee***

On February 8, 2021, the Parent Company entered into an exclusivity agreement with a third party for a prospective infrastructure-related investment. A non-refundable exclusivity fee to undertake due diligence for a period of ninety (90) days amounting to P20,000,000 was collected by the Parent Company. On July 5, 2021, the Parent Company and the third party agreed to no longer proceed with the proposed transaction. As a result, the Company no longer have rights or obligations in relation to the exclusivity agreement, and the exclusivity fee was recognized as income in full in the statement of total comprehensive income.

***Assumption of liability***

On May 1, 2014, MGHC engaged Arch Advisory Limited (Arch Advisory) as its financial supervisor in connection with preparation of investable financial models, including funding, negotiation of potential projects with the Philippine Government and Metro Pacific, structuring the terms and conditions of a proposed financing for the MRT3 rail line that will be offered to potential investors, among others. In 2019, MRTC assumed the outstanding liability to Arch Advisory including all other fees paid to the latter in prior years for a total amount of P20,260,083.

**Note 13 - Income taxes*****Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)***

On March 26, 2021, the President of the Republic of the Philippines signed into law Republic Act No. 11534 or the CREATE) Act, which is the reconciled version of the Bicameral Conference Committee. It settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357. The CREATE Act was previously known as the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The law became effective on April 11, 2021.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- Reduction in CIT rate effective July 1, 2020 for domestic corporations are as follows:
  - Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate; and
  - Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.
- Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be 1%.

Under CREATE, the Group prepared its annual income tax return for the year ended December 31, 2021 using the updated rate of 25% (2020 - pro-rated rate reckoned from July 1, 2020 of 27.5%).

For financial reporting purposes, the enactment of CREATE after the December 31, 2020 was deemed a non-adjusting subsequent event in the December 31, 2020 consolidated financial statements. Hence, effect of changes in the tax rates applied is reflected in the income tax reconciliation for the year ended December 31, 2021.

#### *Income tax (benefit) expense*

Details of income tax (benefit) expense recognized in profit or loss for the years ended December 31 are as follows:

	2021	2020	2019
Current	(5,237,684)	1,679,307	9,111,142
Deferred	265,746	-	-
	(4,971,938)	1,679,307	9,111,142

The Parent Company used regular current income for purposes of the income tax calculation for the taxable year 2021 and Optional Standard Deduction (OSD) for taxable years 2020 and 2019, while the subsidiaries used regular current income for the taxable years 2021, 2020 and 2019.

#### *Deferred income tax (DIT)*

Details of DIT assets as at December 31 are as follows:

	2021	2020	2019
Allowance for impairment of other receivables	1,328,734	1,594,480	1,594,480
MCIT	82,938	-	-
	1,411,672	1,594,480	1,594,480

For the year ended December 31, 2021, the Group recognized the effect of the reduction of the tax rate from 30% to 25% amounting to P265,746 for its DIT asset on allowance for impairment of other receivables. DIT asset on minimum corporate income tax (MCIT) for the taxable year 2021 amounting to P82,938 was calculated at 1% and will expire on December 31, 2024.

The Group did not recognize deferred income tax assets arising from the net operating loss carry-over (NOLCO) because management has assessed there will be no future taxable income against which the benefits of these tax assets can be utilized.

The amounts and details of NOLCO and the related unrecognized DIT assets as at December 31 which could be carried over as a deduction from taxable income for the next consecutive years are as follows:

Year loss was incurred	Year of expiration	2021	2020
2020	2025	1,252,083	1,252,083
2021	2026	3,660,990	-
		4,913,073	1,252,083
Applicable tax rate		25%	30%
Unrecognized DIT asset		1,228,268	375,625

### *Reconciliation of pre-tax income to tax expense*

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense are as follows:

	2021	2020	2019
Income tax at tax rate of 25% (2019 and 2020 - 30%)	652,552,406	769,538	13,060,369
Adjustments for:			
Non-deductible expenses	1,029	799	1,507,537
Interest income subject to final tax	(1,017)	(1,068)	(970)
Share in net (income) loss of investment in associate	(1,920,041)	(1,796,172)	568,440
Non-taxable income	(651,547,624)	-	-
Unrecognized NOLCO	915,247	375,625	-
Impact of OSD	-	2,330,585	(6,024,234)
Change in effective tax rate	125,804	-	-
Adjustment for current tax of prior periods	(5,097,742)	-	-
	(4,971,938)	1,679,307	9,111,142

### *Critical accounting judgment: Income taxes*

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Group's income tax and related liability in the period in which such determination is made.

The recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Group reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Group will be able to generate sufficient future taxable income against which the temporary differences can be applied, except for NOLCO which is unrecognized.

## **Note 14 - Related party transactions and balances**

Transactions and balances with related parties are presented as follows:

	Transactions			Balances		
	2021	2020	2019	2021	2020	Ref
<b><i>Due from related parties - non-current (Note 3)</i></b>						
<i>Reimbursement of expenses</i>						(a)
MRTHI - investee	-	-	(1,012,757)	117,361	117,361	
MRTHII - investee	-	-	-	1,649,110	1,649,110	
<i>Dividend receivable</i>						
MRTHII - investee	891,036,773	-	-	891,036,773	-	(b)
	891,036,773	-	(1,012,757)	892,803,244	1,766,471	
<b><i>Due to a stockholder</i></b>						
<i>Payments on behalf</i>						
FEMI	37,822,513	28,538,085	28,691,708	(707,010,807)	(744,833,320)	(c)
<b><i>Due to other related parties</i></b>						
<i>Advances</i>						
MRTHI - investee	-	(8,198,827)	-	(221,939,234)	(221,939,234)	(d)
MRTHII - investee	(27,978,631)	-	-	-	(119,728,217)	(e)
MRTDC - associate	(7,895,000)	(5,526,501)	(14,249,802)	(27,671,303)	(19,776,303)	(f)
<i>Dividend settlement</i>						
MRTHII - investee	147,706,848	-	-	-	-	(b)
	111,833,217	(13,725,328)	(14,249,802)	(249,610,537)	(361,443,754)	

### *(a) Reimbursement of expenses*

Receivables from MRTHI and MRTHII represent expenses paid by the Group on their behalf. Amounts are unsecured, non-interest bearing, and collectible in cash upon demand, but not expected to be collected within 12 months from the end of the reporting period.

### *(b) Dividend from MRTHII*

During the year ended December 31, 2021, MRTHII declared dividends to the Parent Company amounting to P2,606,190,497. Details of its settlement are set out in Note 5.1 (c). Dividend receivables are collectible in are unsecured, non-interest bearing, and collectible in cash upon demand, which is not expected to be collected within 12 months from the end of the reporting period.

### *(c) Due to a stockholder*

Due to a stockholder is unsecured, non-interest, and arose mainly from FEMI's payment of the Parent Company's bank loans, including interests and penalties, aggregating to P3.0 billion, and the cost of acquisition of shares of MRTHII amounting to P180.0 million. Over the years, the amount of liability was reduced mainly through repayments and conversion of FEMI advances into equity. Repayments amounting to P37,822,513 were made during the year ended December 31, 2021 (2020 - P28,538,085). No conversion to equity was made during the year ended December 31, 2021 and 2020.

On November 2, 2018, the Parent Company entered into a Repayment Agreement with FEMI for the repayment of advances to the latter. To enable the Parent Company to make its repayments to the extent of P300.0 million, the Parent Company assigns to FEMI for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034, its receipts from depot royalty income. On April 11, 2019, the BOD of the Parent Company passed a resolution approving the Parent Company's agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Parent Company, the Parent Company agreed to partially repay the advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Parent Company in addition to the assignment of depot royalties.

FEMI, in its letter of support to the Group, committed not to demand payment of the amount due from the Group for a period of at least twelve (12) months from reporting date or until such time that the Group has the ability to pay in accordance with the Repayment Agreement above. As the Group has the unconditional right to defer settlement of the advances for at least 12 months from reporting date, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*(d) Advances from MRTHI*

Outstanding amounts payable to MRTHI arose from advances to Parent Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Parent Company's share of future dividends of MRTHI, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*(e) Advances from MRTHII*

Amounts payable to MRTHII arose from advances to Parent Company for settlement of outstanding obligations. During the year ended December 31, 2021, MRTHII declared dividends to the Parent Company. As a result, the outstanding liability was fully eliminated as set out in the details of settlement or discharge in Note 5.1 (c).

*(f) Advances from MRTDC*

Outstanding amounts payable to MRTDC arose from advances to Parent Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Parent Company's share of future dividends of MRTDC, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2021 and 2020.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements as at and for the years ended December 31:

	2021	2020
As at December 31		
Investment in subsidiaries	1,110,799	4,872,561
Trade and other receivables	3,584,098	3,558,950
Accrued expense and other current liabilities	(1,338,217)	(5,059,792)
Due to related parties	(370,881)	(385,921)
For the year ended December 31		
Other expense, net	(668,966)	(42,969)

*Material related party transactions policy*

The Group has an approved material related party transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Group's corporate governance policy.

**Note 15 - Earnings per share**

The following table presents basic and diluted earnings per share (EPS) for the years ended December 31:

	2021	2020	2019
Net income	2,615,181,561	885,818	34,423,420
Divided by weighted average number of shares outstanding	1,998,553,181	1,998,553,181	1,998,553,181
Basic and diluted EPS	1.3085	0.0004	0.0172

The Parent Company has no potential dilutive ordinary shares for the years ended December 31, 2021 and 2020. Therefore, the amounts reported for basic and diluted earnings per share are the same.

#### **Note 16 - Segment reporting**

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's management for the purposes of allocating resources to, and assessing the performance of, the Group's various entities.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and the type or class of customers. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group's management assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily holding infrastructure-related investments. Therefore, management considers there is only one operating segment under the requirements of PFRS 8, Operating Segments. In this regard, no segment information is presented.

No geographic information is shown as the revenue and profit from operations of the Group are presently solely derived from its activities in the Philippines.

#### **Note 17 - Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are enumerated below:

##### *(a) Critical accounting estimates and assumptions*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 14)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)

##### *(b) Critical accounting judgments*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 14)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)
- Recoverability of investment in associates (Note 6)
- Income taxes (Note 13)

## **Note 18 - Financial risk management objectives and policies**

### **18.1 Components of financial assets and financial liabilities**

#### *Financial assets*

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2021	2020
<i>At amortized cost</i>			
Cash	2	1,944,204	1,983,966
Trade and other receivables	3	7,493,300	8,863,009
Due from related parties	3	898,118,179	7,081,406
		907,555,683	17,928,381
<i>At FVOCI</i>			
Unquoted equity securities	5	3,058,238,916	1,490,792,040
Quoted equity securities	5	4,052,135	3,696,926
		3,062,291,051	1,494,488,966
		3,969,846,734	1,512,417,347

Trade and other receivables exclude other receivables which are subject to liquidations. Due from related parties are presented gross of allowance for impairment. Allowance for impairment as at December 31, 2021 and 2020 amounted to P5,314,935.

#### *Financial liabilities*

Details of the Group's financial liabilities, at amortized cost, at December 31 are as follows:

	Notes	2021	2020
Advances from MPIC	8	350,000,000	350,000,000
Accrued expenses	8	40,038,566	34,712,015
Due to a stockholder	14	707,010,807	744,833,320
Due to other related parties	14	249,610,537	361,443,754
		1,346,659,910	1,490,989,089

Other current liabilities excluded pertain to payables to government agencies that are non-financial liabilities.

### **18.2 Financial risk factor**

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

The most important types of risk the Group's manages are liquidity risk and credit risk.

#### *18.2.1 Liquidity risk*

Liquidity risk arises from the possibility that the Group will encounter difficulty in raising funds to meet associated commitments with financial instruments.



The Group manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Group is also able to defer payments of some of its due to related party balances.

The Group continues to obtain support from FEMI to finance the Group's operations.

The table below presents the Group's financial liabilities:

	Within 12 Months	More than 12 months	Total
<i><u>2021</u></i>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	40,038,566	-	40,038,566
Due to a stockholder	-	707,010,807	707,010,807
Due to other related parties	-	249,610,537	249,610,537
	390,038,566	956,621,344	1,346,659,910
<i><u>2020</u></i>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	34,712,015	-	34,712,015
Due to a stockholder	-	744,833,320	744,833,320
Due to other related parties	-	361,443,754	361,443,754
	384,712,015	1,106,277,074	1,490,989,089

The Group expects to settle the above financial obligations due within 12 months in accordance with their contractual maturity of 30 to 60 days.

#### *18.2.2 Credit risk*

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Group's business, could result in losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate net carrying amounts due to their short-term maturities.

The Group has a significant concentration of credit risk on its transactions with NTDC, its sole customer. However, this is brought down to an acceptable level since depot royalties are collected in accordance with the agreement and the Group's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.

The Group has the following financial assets as at December 31 where the expected credit loss model has been applied:

	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis of recognition of ECL
<u>2021</u>					
Cash	1,908,003	-	1,908,003	Performing	12-month ECL
Trade and other receivables					
Group 1	7,493,300	-	7,493,300	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	892,803,244	-	892,803,244	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	907,519,482	(5,314,935)	902,204,547		
<u>2020</u>					
Cash	1,947,765	-	1,947,765	Performing	12-month ECL
Trade and other receivables					
Group 1	8,863,009	-	8,863,009	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	1,766,471	-	1,766,471	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	17,892,180	(5,314,935)	12,577,245		

Credit quality of customers are classified as follows:

- Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.
- Group 2 - Customer and counterparty balances with some defaults in the past. Amounts are largely collectible after collection efforts.
- Group 3 - Individually assessed customer with defaults and which the Group no longer expects to recover the balance despite its collection efforts.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

Cash exclude cash on hand as at December 31, 2021 and 2020 amounting to P36,201 (Note 2) which is not subject to credit risk.

None of the fully performing financial assets have been renegotiated during the years ended December 31, 2021 and 2020. The Company does not hold any collateral as security to the above financial assets.

#### Credit quality of the Group's financial assets

##### *Cash in banks*

To minimize credit risk exposure from its cash account, the Group deposits its cash in universal banks that have good credit ratings. Accordingly, the Group's cash in bank is subject to insignificant expected credit loss as at reporting dates.

### *Receivables*

Group 1 - The Group's receivables under Group 1 consists of amounts due from NTDCC, have no history of recent default or write-off and are considered to be fully performing. Accordingly, no provision for impairment is required.

Group 2 - Past due but not impaired receivables consist of amounts due from related parties, who, despite delays in collection based on the credit term, are deemed to be fully collectible based on management's assessment and counterparties' financial capacity and creditworthiness. Accordingly, no provision for impairment is required at reporting date.

Group 3 - The Group records a provision for impairment of receivables that are assessed to have a significant probability of becoming uncollectible. The assessment is based on the Group's knowledge of the collectability of the account, nature of dispute and the creditworthiness of the customer.

### *18.2.3 Foreign currency exchange risk*

Foreign currency exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Company has transactional currency exposure. Such exposure is not material to the Group as this arises mainly from immaterial cash balances denominated in US Dollar.

## **18.3 Capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximizing the return on investments of stockholders. The Group monitors its use of capital by comparing deficit to total capitalization and makes adjustments to it in light of changes in economic conditions and its financial position.

The Group considers its long-term debt from FEMI and other related parties, as well as total equity consisting of share capital, additional paid-in capital, and deficit, as its capital:

	Notes	2021	2020
Equity			
Share capital	9	1,998,553,181	1,998,553,181
Additional paid-in capital		589,120,804	589,120,804
Retained earnings (deficit)		44,168,747	(2,571,012,814)
		2,631,842,732	16,661,171
Debt			
Due to a stockholder	14	707,010,807	744,833,320
Due to related parties	14	249,610,537	361,443,754
		956,621,344	1,106,277,074
		3,588,464,076	1,122,938,245

## **Note 19 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **19.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention except for financial assets at FVOCI.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 17.

### **19.2 Changes in accounting policies and disclosures**

There are no new standards, amendments and interpretations which are effective for the financial year beginning January 1, 2021 that are relevant to and have a material impact on the Group's consolidated financial statements.

#### *New standards, amendments and interpretations not yet adopted*

A number of new standards and amendments are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing the consolidated financial statements. None of these standards are expected to be relevant on the consolidated financial statements of the Group, except for the following:

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. Changes in accounting policy and disclosures

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

### **19.3 Financial assets**

#### Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group holds financial assets at fair value through OCI (Note 5).

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Group's financial assets at amortized cost category includes cash (Note 2), trade and other receivables (Note 3), and due from related parties (Notes 3 and 14).

The Group classifies the following investments as financial assets at FVTPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at fair value through OCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investments in debt instruments designated as financial assets at FVTPL at initial recognition.

The Group's does not hold financial assets at FVTPL.

#### Recognition and subsequent measurement

The Group recognizes a financial asset in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVOCI are recognized in other comprehensive income.

The Group assesses whether the cost is the best estimate of fair value of financial assets at FVOCI.

In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the financial assets, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

## Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the consolidated statement of total comprehensive income.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

### *Simplified approach*

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the customers to settle the receivables.

### *General approach*

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

### *Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of total comprehensive income and presented in other gains/(losses).

## **19.4 Financial liabilities**

### Classification

The Group classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost. Financial liabilities under category (i) comprise of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities under category (i) during and at the end of each reporting period.

Other financial liabilities at amortized cost are contractual obligations which are either those to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Group's other financial liabilities at amortized cost consist of accrued expenses and other current liabilities (excluding payable to government agencies) (Note 8), due to a stockholder (Note 14), and due to other related parties (Note 14).

### Recognition and measurement

The Group recognizes a financial liability in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provision of the instrument.

Other financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest rate method.



### Derecognition

Other financial liabilities at amortized cost are derecognized when the obligation is paid, settled, discharged, cancelled or has expired.

### Transfer, assumption, or assignment of liabilities

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

## **19.5 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The Group's quoted financial assets at FVOCI are under this category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date (Note 5).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial instruments presented as part of current assets and current liabilities as at December 31, 2021 and 2020 approximate their fair values due to their short-term maturities.

The fair values of due to a stockholder and due to other related parties amounted to P626,594,392 (2020 - P665,576,140) and P221,219,479 (2020 - P322,982,783), determined using discounted cash flow approach by applying current market interest rates of 3.51% (2020 - 2.49%) (Level 2), based on the expected settlement of the amounts by the end of the BLT Agreement in July 2025.

The Group has no other financial assets and liabilities measured at fair value during and at the end of each reporting date.

#### *Non-financial assets*

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The carrying value of the Group's non-financial assets, substantially property and equipment, approximate its fair value in the light of the assets' current use is presumed to be its highest and best use.

### **19.6 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. The Group does not have financial assets and liabilities that are covered by enforceable master netting arrangements and other similar agreements.

### **19.7 Consolidation**

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

### *Non-controlling interests*

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Group. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the equity attributable to the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance.

The amount of non-controlling interests from the Group's investment in MGHC Royal Holdings Corporation (MGHC Royal) is immaterial as at December 31, 2021 and 2020 considering that MGHC Royal is a dormant entity.

### *Disposal of subsidiary*

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

## **19.8 Cash**

Cash includes cash on hand and deposits held at call with banks. These are carried in the statement of financial position at nominal amount which approximates fair value. Cash in banks earn interest at the prevailing bank deposit rates.

## **19.9 Trade and other receivables**

Trade receivables arising from depot royalties with an average credit term of 60 days are recognized at transaction price and subsequently measured at amortized cost using effective interest method less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

Trade receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers) and are approved by the BOD.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

### **19.10 Other current assets**

Other current assets consist of input value-added tax (VAT) and creditable withholding taxes. These are stated at face value less provision for impairment, if any. Provision for unrecoverable input VAT and creditable withholding taxes, if any, is maintained by the Group at a level considered adequate to provide for potentially unutilizable or uncollectible portion of the claim. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Input VAT and creditable withholding taxes are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Amounts are included in current assets, except when the related assets are expected to be realized more than twelve (12) months after the reporting period which are classified in non-current assets.

### **19.11 Investment in associate**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights (Note 6).

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. It is also decreased by dividends received from the investee. The Group's investment in associates includes goodwill identified on acquisition. Any excess of the Group's share of the net fair value of the associates identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **19.12 Intangible assets**

Intangible assets acquired separately are carried at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the remaining useful economic life at the date of acquisition or business combination. These are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting date.

The Group's intangible asset, pertaining to depot royalty rights, was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of the development rights (Note 7).

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

### **19.13 Impairment of non-financial assets**

Non-financial assets that have definite useful lives are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses in the consolidated statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

### **19.14 Accrued expense and other current liabilities**

Accrued expense and other current liabilities are obligations to pay for related money received, goods or services that have been acquired in the ordinary course of business from purchase of goods or service.

Accrued expense and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

### **19.15 Provisions and contingencies**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

#### **19.16 Revenue recognition**

Revenue is measured based on the transaction price specified in a contract with the customer. The Group recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

##### *Depot royalty income*

The amount of royalty income is recognized over time as NTDCC earns rental income from the TriNoma commercial center. The use of a time-based approach (output method) best provides a faithful depiction of the transfer of services to the customer given the nature of the royalty arrangement.

##### *Dividend income*

Dividend income is recognized at the point in time when investees have declared dividends.

##### *Other income*

Other income is recognized when earned.

##### *Interest*

Revenue is recognized on a time-proportion basis using the effective interest method.

#### **19.17 Cost and expense recognition**

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the statement of total comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method.

### **19.18 Employee benefits**

#### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *(ii) Retirement benefits*

The Group has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under RA No. 7641, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary plus one twelfth of the 13th month pay and cash equivalent of not more than 5 days of service incentive leaves for every year of service (or 100% of monthly salary), a fraction of at least 6 months being considered as one whole year.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

### *(iii) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

## **19.19 Foreign currency transactions and translations**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Philippine pesos, which is the Group’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

## **19.20 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

## **19.21 Current and deferred income tax**

Income tax expense recognized in profit or loss during the period comprises of current and deferred income tax (DIT), except to the extent that it relates to items recognized in other comprehensive income.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related DIT asset is realized or the deferred income tax liability is settled.



DIT assets are the amounts of income taxes recoverable in future periods in respect of all deductible temporary differences. DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

### **19.22 Earnings per share**

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, if any.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

### **19.23 Equity**

Capital stock is determined using the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

### **19.24 Subsequent events**

Subsequent events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**

SUPPLEMENTARY SCHEDULES AS REQUIRED BY REVISED SRC RULE 68  
DECEMBER 31, 2021

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Schedule of Financial Soundness Indicator
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsubsidiaries and Associates

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**DECEMBER 31, 2021**

Name of issuing entity and association of each issue	Number of shares	Amount shown in the Statement of Financial Position	Income received and accrued
<b>Financial assets at amortized cost</b>			
Cash in banks			
Union Bank of the Philippines, Inc	-	912,976	1,947
Rizal Commercial Banking Corporation	-	273,637	584
United Coconut Planters Bank	-	721,390	1,538
Cash on hand	-	36,201	-
Total cash and cash equivalents	-	1,944,204	4,069
Trade receivables	-	7,493,300	-
Other receivables			
Receivable from Monumento Rail	-	5,314,935	-
Advances to MRTHI	-	117,361	-
Advances to MRTHII	-	892,685,883	-
	-	907,555,683	4,069
<b>Financial asset through other comprehensive income</b>			
Unquoted equity securities	11,856,311	3,058,238,916	-
Quoted equity securities	5,781,917	4,052,135	-
Total financial assets		3,969,846,734	4,069

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES****SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

DECEMBER 31, 2021

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Write-offs	Current	Noncurrent	Balance at the end of the period
Due from related parties							
Metro Rail Transit Holdings I	117,361	-	-	-	-	117,361	117,361
Metro Rail Transit Holdings I	1,649,110	891,036,773	-	-	-	892,685,883	892,685,883
Total due from related parties	1,766,471	891,036,773	-	-	-	892,803,244	892,803,244

*\*As required by the Revised SRC Rule 68, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as of December 31, 2021.*

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED**  
**DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at the end of the period
Metro Global Holdings Corporation	1,298,029	40,188	-	-	1,338,217	-	1,338,217
MGHC Royal Holdings Corporation	385,921	-	(15,040)	-	370,881	-	370,881
Metro Renewable Transport Solutions, Inc.	1,875,000	-	-	-	1,875,000	-	1,875,000
<b>Total</b>	<b>3,558,950</b>	<b>40,188</b>	<b>(15,040)</b>	<b>-</b>	<b>3,584,098</b>	<b>-</b>	<b>3,584,098</b>

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE D - LONG TERM DEBT**  
**DECEMBER 31, 2021**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM**  
**RELATED COMPANIES)**  
**DECEMBER 31, 2021**

Name of related party	Balance at beginning of the period	Balance at the end of the period
Fil-Estate Management, Inc	744,833,320	707,010,807
Metro Rail Transit Holdings, Inc. I	221,939,234	221,939,234
Metro Rail Transit Holdings, Inc. II	119,728,217	-
MRT Development Corporation	19,776,303	27,671,303
	1,106,277,074	956,621,344

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
**DECEMBER 31, 2021**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A



**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE G -SHARE CAPITAL**  
**DECEMBER 31, 2021**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by Directors, officers and employees	Number of shares held by others
Common shares	2,000,000	1,998,553,181	-	1,757,690,197	3,410,014	237,452,970

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR**  
**DECEMBER 31, 2021**

	December 31, 2021	December 31, 2020
Current ratio <sup>a</sup>	0.03:1	0.03:1
Acid Test ratio <sup>b</sup>	2.31:1	0.03:1
Solvency ratio <sup>c</sup>	1.94:1	0.001:1
Debt-to-equity ratio <sup>d</sup>	0.51:1	84:1
Asset-to-equity ratio <sup>e</sup>	1.51:1	85:1
Interest rate coverage ratio <sup>f</sup>	N/A	N/A
Debt service coverage ratio <sup>g</sup>	N/A	N/A
Net debt/EBITDA <sup>h</sup>	N/A	N/A
Earnings per share (PHP) <sup>i</sup>	1.3085:1	0.0004:1
Book value per share <sup>j</sup>	1.32:1	0.01:1
Return on assets <sup>k</sup>	0.952:1	0.001:1
Return on equity <sup>l</sup>	1.97:1	0.05:1
Net Profit Margin <sup>m</sup>	331.55:1	0.09:1

<sup>a</sup>Current assets/Current liabilities

<sup>b</sup>Cash and cash equivalents + Trade and other receivables, net + Due from related parties/Current liabilities

<sup>c</sup>Net operating profit after tax + depreciation and amortization/ Total liabilities

<sup>d</sup>Total liabilities/ Total equity

<sup>e</sup>Total assets/ Total equity

<sup>f</sup>Earnings before interest, taxes, depreciation and amortization / Interest expense

<sup>g</sup>Earnings before interest, taxes, depreciation and amortization / (Current loan payable + Interest expense + current lease liabilities)

<sup>h</sup>Loans payable less cash and cash equivalents/ Earnings before interest, taxes, depreciation and amortization

<sup>i</sup>Net income / Weighted average number of ordinary shares

<sup>j</sup>Total equity less Preferred Equity/ Total number of shares outstanding

<sup>k</sup>Net income/ Average total assets

<sup>l</sup>Net income / Average total equity

<sup>m</sup>Net income/ Depot royalty income

**METRO GLOBAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS**  
**DECLARATION**  
**DECEMBER 31, 2021**

**Metro Global Holdings Corporation**

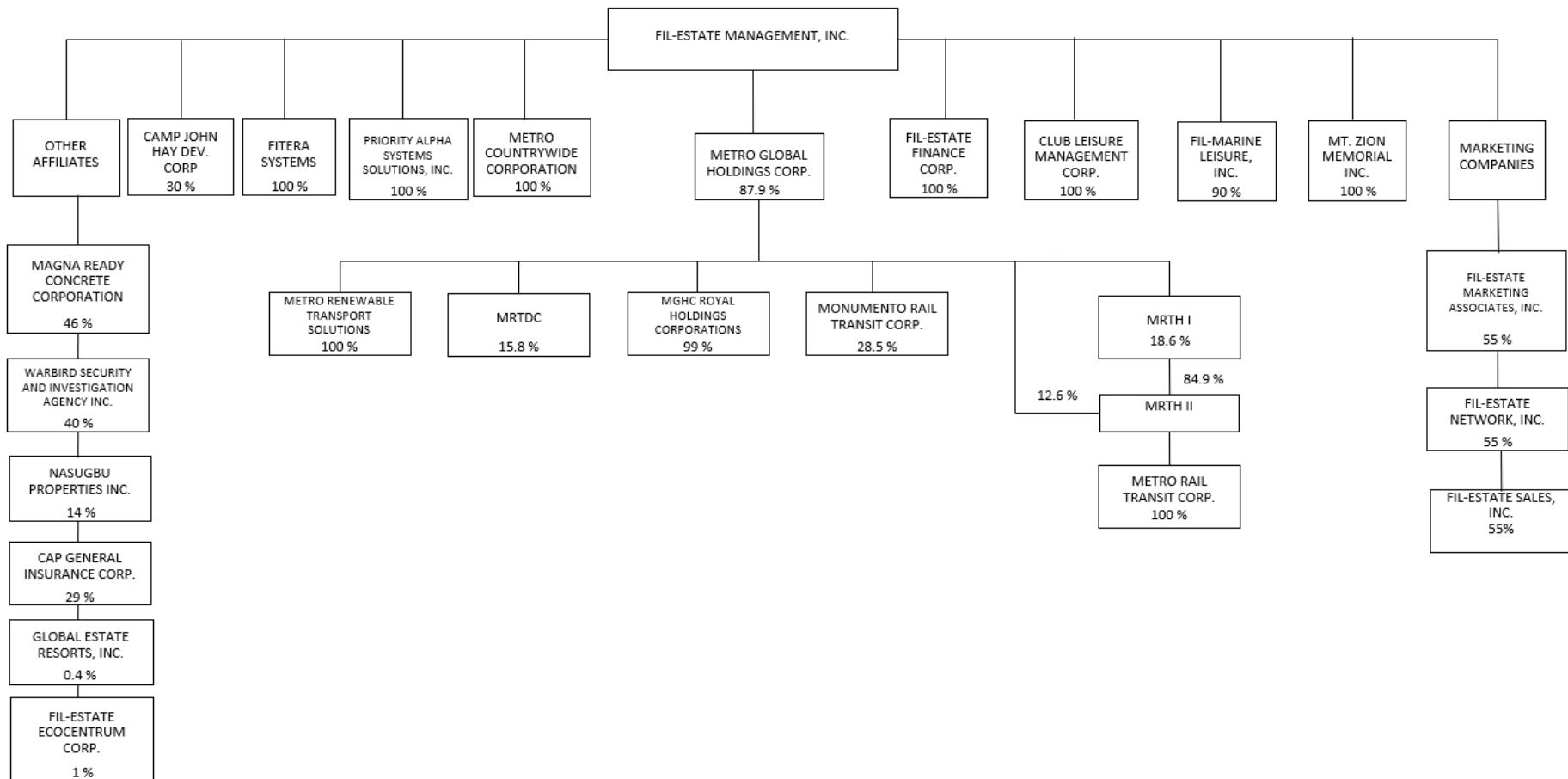
**Reconciliation of Parent Company Retained Earnings Available for Dividend Declaration**

As at December 31, 2021  
(All amounts in Philippine Peso)

<b>Unappropriated deficit at beginning of the year as shown in the Parent Company's separate financial statements</b>	(2,569,760,729)
<b>Net income during the year closed to retained earnings</b>	2,614,593,873
<b>Less:</b> Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	(7,680,162)
Unrealized foreign exchange gain - (after tax) except those attributable to cash and cash equivalents)	-
Unrealized actuarial gain	-
Fair value adjustment (mark-to-market gains)	-
Fair value adjustment of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
<b>Add:</b> Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<b>Subtotal</b>	2,606,913,711
<b>Add:</b> Release of retained earnings appropriation	-
Effects of prior period adjustments	-
<b>Less:</b> Treasury shares	-
Appropriation of retained earnings during the period	-
Dividend declarations during the period	-
<b>Unappropriated retained earnings, as adjusted, ending</b>	37,152,982

## Metro Global Holdings Corporation and Subsidiaries

A Map Showing the Relationships between and among the company and its Ultimate Parent Company, Middle Parent, Subsidiaries OR Co-subsidiaries and Associates  
December 31, 2021



***Metro Global Holdings  
Corporation***  
(formerly Fil-Estate Corporation)

**Separate Financial Statements**

**As at and for the years ended December 31, 2021 and 2020**

**Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation**  
(Formerly Fil-Estate Corporation)  
Mezzanine Floor, Renaissance Tower,  
Meralco Avenue, Pasig

**Report on the Audits of the Separate Financial Statements*****Our Opinion***

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Metro Global Holdings Corporation (the "Company") as at December 31, 2021 and 2020, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

***What we have audited***

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the statements of changes in equity for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)*

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation  
(Formerly Fil-Estate Corporation)  
Page 2

***Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements***

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation  
(Formerly Fil-Estate Corporation)  
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





Isla Lipana & Co.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
Page 4

### **Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 21 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is  
Dennis M. Malco.

**Isla Lipana & Co.**

A handwritten signature in dark ink, appearing to read 'D Malco', written over a light gray circular stamp.

Dennis M. Malco

Partner

CPA Cert. No. 126035

P.T.R. No. 0080034, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 126035-SEC, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 268-146-184

BIR A.N. 08-000745-144-2022; issued on February 15, 2022; effective until February 14, 2025

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City

May 10, 2022



METRO GLOBAL HOLDINGS CORP.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **METRO GLOBAL HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial process.

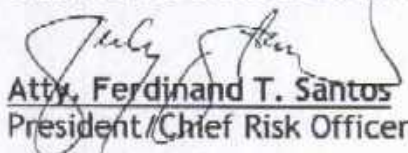
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

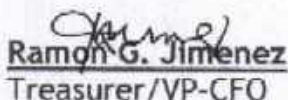
Signed under oath by the following:



Robert John L. Sobrepeña  
Chairman of the Board / Chief Executive Officer



Atty. Ferdinand T. Santos  
President / Chief Risk Officer



Ramon G. Jimenez  
Treasurer / VP-CFO


## ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this MAY 12 2022 day of MAY 2022  
affiant(s) exhibiting to me his/their Social Security System Number, as follows:

NAMES	SSS NO.
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Ramon G. Jimenez	03-6347637-1

MANDALUYONG CITY

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Page No.: 38  
Book No.: 32  
Series of 2022

  
Y. JAMES K. ABUGAN  
Notary Public  
Appl. No. 0442-21  
(Exp. Dec. 31, 2022)  
IBP No. 175 / 01-06-2022 Rizal Chapter  
Roll No. 26990 Lifetime  
MCLE No. VI-0013873 Under 4/14/2022  
IIN No. 116-238-455  
PTR No. 4871351 / 01-06-2022  
Tel. No. 02-85452321  
Mandaluyong City

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statements of Financial Position  
As at December 31, 2021 and 2020  
(All amounts in Philippine Peso)

	Notes	2021	2020
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash in banks	2	1,204,682	1,227,080
Trade and other receivables	3	7,494,090	8,863,008
Other current assets	4	472,502	113,025
Total current assets		9,171,274	10,203,113
<b>Non-current assets</b>			
Due from related parties	3,15	894,141,461	3,064,500
Financial assets at fair value through OCI	5	3,062,291,051	1,494,488,966
Intangible asset, net	8	710,252	737,569
Investment in associates	6	13,667,401	5,987,239
Investment in subsidiaries	7	441,833	1,110,799
Deferred tax asset	14	1,411,672	1,594,480
Total non-current assets		3,972,663,670	1,506,983,553
<b>Total assets</b>		3,981,834,944	1,517,186,666
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	9	390,849,037	385,168,495
Income tax payable		-	6,310,576
Total current liabilities		390,849,037	391,479,071
<b>Non-current liabilities</b>			
Due to a stockholder	15	707,010,807	744,833,320
Due to other related parties	15	249,981,418	361,829,675
Total non-current liabilities		956,992,225	1,106,662,995
Total liabilities		1,347,841,262	1,498,142,066
<b>Stockholders' equity</b>			
Share capital	10	1,998,553,181	1,998,553,181
Additional paid-in capital	10	589,120,804	589,120,804
Fair value reserve	5	1,486,553	1,131,344
Retained earnings (deficit)		44,833,144	(2,569,760,729)
Total stockholders' equity		2,633,993,682	19,044,600
<b>Total liabilities and stockholders' equity</b>		3,981,834,944	1,517,186,666

(The notes on pages 1 to 37 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statements of Total Comprehensive Income  
For the years ended December 31, 2021 and 2020  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
Depot royalty income	11	7,887,684	9,329,483
General and administrative expenses	12	(31,877,137)	(11,364,014)
<b>Loss from operations</b>		(23,989,453)	(2,034,531)
<b>Other income</b>			
Dividend income	5	2,606,190,497	-
Share in profit of associates	6	7,680,162	5,987,239
Other income (expense), net	13	19,740,729	(135,498)
		2,633,611,388	5,851,741
<b>Income before tax</b>		2,609,621,935	3,817,210
Income tax benefit (expense)	14	4,971,938	(1,679,307)
<b>Net income for the year</b>		2,614,593,873	2,137,903
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value gain on financial assets at fair value through OCI	5	355,209	615,037
<b>Total comprehensive income for the year</b>		2,614,949,082	2,752,940
<b>Basic and diluted earnings per share</b>	16	1.3085	0.0004

(The notes on pages 1 to 37 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statements of Changes in Equity  
For the years ended December 31, 2021 and 2020  
(All amounts in Philippine Peso)

	Share capital (Note 10)	Additional paid-in capital (Note 10)	Fair value reserve (Note 5)	Retained earnings (deficit)	Total
<b>Balances at January 1, 2020</b>	1,998,553,181	589,120,804	516,307	(2,571,898,632)	16,291,660
Profit for the year	-	-	-	2,137,903	2,137,903
Other comprehensive income for the year	-	-	615,037	-	615,037
<b>Total comprehensive income for the year</b>	-	-	615,037	2,137,903	2,752,940
<b>Balances at December 31, 2020</b>	1,998,553,181	589,120,804	1,131,344	(2,569,760,729)	19,044,600
Profit for the year	-	-	-	2,614,593,873	2,614,593,873
Other comprehensive income for the year	-	-	355,209	-	355,209
<b>Total comprehensive income for the year</b>	-	-	355,209	2,614,593,873	2,614,949,082
<b>Balances at December 31, 2021</b>	1,998,553,181	589,120,804	1,486,553	44,833,144	2,633,993,682

(The notes on pages 1 to 37 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statements of Cash Flows  
For the years ended December 31, 2021 and 2020  
(All amounts in Philippine Peso)

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Net income before tax		2,609,621,935	3,817,210
Adjustment for:			
Unrealized foreign exchange (gain) loss		(37,677)	16,171
Amortization expense	8, 12	27,317	27,317
Impairment loss on investment in subsidiaries	7	668,966	42,969
Interest income	2,13	(3,569)	(3,750)
Dividend income	5,15	(2,606,190,497)	-
Share in net income of associates	6	(7,680,162)	(5,987,239)
Operating loss before working capital changes		(3,593,687)	(2,087,322)
Decrease (increase) in:			
Trade and other receivables		1,368,918	19,933,820
Other current assets		(442,415)	(511,713)
Due from related parties		(40,188)	(1,298,029)
Increase in:			
Accrued expense and other current liabilities		5,680,542	2,229,282
Cash from operations		2,973,170	18,266,038
Interest received	2	3,569	3,750
Cash paid for income taxes		(1,072,892)	(2,497,073)
Net cash from operating activities		1,903,847	15,772,715
<b>Cash flows from investing activities</b>			
Incorporation of a subsidiary	7	-	(625,001)
<b>Cash flows from financing activities</b>			
Advances from related parties	15	35,858,591	13,701,390
Settlement of amounts due to a stockholder	15	(37,822,513)	(28,538,085)
Net cash used in financing activities		(1,963,922)	(14,836,695)
<b>Net (decrease) increase in cash</b>		(60,075)	311,019
<b>Cash at January 1</b>		1,227,080	932,232
Effect of foreign exchange rate changes in cash		37,677	(16,171)
<b>Cash at December 31</b>		1,204,682	1,227,080

(The notes on pages 1 to 37 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Notes to the Separate Financial Statements

As at and for the years ended December 31, 2021 and 2020

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - Corporate information**

**1.1 Business information**

Metro Global Holdings Corporation (the "Company") was incorporated as San Jose Oil Company, Inc. on September 17, 1954 and was listed on the Philippine Stock Exchange (PSE) on May 4, 1964 as an oil exploration company and was reorganized in 1996 into a corporate vehicle that will pursue infrastructure-related investments and was renamed Fil-Estate Corporation. On September 9, 2004, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Company's corporate life for another 50 years or until 2054.

On May 30, 2014, the SEC approved the amendment of the Articles of Incorporation and By-Laws of the Company, changing its name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "Metro Group" and establish the affiliation of the Company with its affiliate infrastructure companies, which likewise had the word "Metro" in their corporate names.

The trading of Company's shares of stock at the PSE has been voluntarily suspended since March 20, 2007 to allow the Company to re-align its business and explore new strategic directions.

The Company's immediate and ultimate parent company is Fil-Estate Management, Inc. (FEMI), a company organized and existing under the laws of the Philippines. The total shares outstanding are held by the following shareholders as at December 31:

	2021	2020
Fil-estate Management, Inc.	87.89%	87.89%
PCD Nominee Corporation	5.03%	5.03%
Alakor Securities Corporation	3.34%	3.34%
Bank of Commerce Trust Services Group	2.16%	2.16%
Others	1.58%	1.58%
	100.00%	100.00%

The Company's registered office address, which is also its principal place of business, is at Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City. The Company has 9 employees in 2021 (2020 - 10 employees).

**1.2 Expansion of the Company's primary purpose**

On November 22, 2018, the stockholders approved the amendment of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Company to expand its investment into a business engaged in renewable energy generation facilities, a growth area the Company intends to pursue.



On November 20, 2018, the Board authorized the Company to enter into a Memorandum of Agreement with FEMI whereby the Company shall purchase the 249,995 shares of common stock of Metro Solar Power Solutions Inc. (Metro Solar) held by FEMI. Metro Solar is a stock corporation registered with the SEC primarily to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form for electricity generation and distribution. Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration for Metro Solar shares will be determined based on an appraisal report by a third-party and mutually agreed by FEMI and the Parent Company. The shares that the Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed 3.0 billion planned increase in authorized capital stock of the Company, as discussed in detail in Note 10.

As of report date, the Company and FEMI are in the process of finalizing the details of the proposed sale and purchase of shares transaction contemplated by the parties.

### **1.3 Approval of financial statements**

The accompanying financial statements of the Company were approved and authorized for issuance by the Company's Board of Directors (BOD) on May 10, 2022.

### **1.4 Impact of COVID-19 pandemic**

On March 15, 2020, the Philippine Government placed the entire Luzon island under the Enhanced Community Quarantine (ECQ) due to the increasing coronavirus diseases (COVID-19) cases in the country. The ECQ mandated the closure of non-essential businesses and strict home quarantine which resulted in the slowdown of the economy. Measures are implemented to protect the health and safety of the employees, support business continuity, and manage financial impact to a minimum.

#### *Financial position and results as at and for the year ended December 31, 2021*

The pandemic has resulted in lower depot royalty income for the Company in 2021 mainly due to the lower rental income from TriNoma commercial center caused by the implemented quarantine restrictions during 2021 (Note 11). The Company expects that the depot royalty income will increase in the next financial year since the Philippine economy is gradually opening with the imposition of less stringent community quarantine protocols. Likewise, the vaccination program of the government is expected to slow down and eventually contain the spread of the virus and boost confidence among businesses and consumers

Management has assessed that the carrying amount of assets are recoverable as at reporting date. Management will continue to monitor the business developments amidst the pandemic and update the assessments made. Any medium to long-term impact of the pandemic on the Company's financial position, results, and cash flows will vary depending on the duration and severity of the economic and operational impacts of the pandemic, as well as the effectiveness of mass vaccination and other public health efforts to mitigate the impact of the pandemic.

### **Note 2 - Cash in banks**

Cash in banks as at December 31, 2021 amounted to P1,204,682 (2020 - P1,227,080). These accounts generally earn interest at rates based on daily bank deposit rates. Interest income earned from cash in banks amounted to P3,569 in 2021 (2020 - P3,750) (Note 13).

**Note 3 - Trade and other receivables; Due from related parties**

Trade and other receivables as at December 31 consist of:

	2021	2020
Trade receivables - third party	7,493,300	8,863,008
Others	790	-
	7,494,090	8,863,008

Trade receivable pertains to the royalty income from depot developments in TriNoma and billed to North Triangle Depot Commercial Corporation (NTDCC) (Note 11). These are short-term, unguaranteed, unsecured, non-interest bearing and collectible in cash with usual credit terms of 60 days.

Due from related parties (non-current asset) as at December 31 consist of:

	Note	2021	2020
Due from related parties	15		
Monumento Rail Transit Corporation (Monumento Rail)		5,314,935	5,314,935
Metro Renewable Transport Solutions, Inc. (MRTSI)		1,338,217	1,298,029
Metro Rail Transit Holdings, Inc. (MRTHI)		117,362	117,361
Metro Rail Transit Holdings II, Inc. (MRTHII)		892,685,882	1,649,110
		899,456,396	8,379,435
Allowance for impairment		(5,314,935)	(5,314,935)
		894,141,461	3,064,500

There is no movement in allowance for impairment of due from related parties for the years ended December 31, 2021 and 2020.

**Critical accounting estimates and judgment: Recoverability of trade and other receivables and due from related parties**

Provision for impairment of trade and other receivables and due from related parties is calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of trade receivables and incorporated forward-looking information based on certain macroeconomic factors such as gross domestic products and inflation rate. Any change in the Company's assessment of the collectability of receivables could impact the recorded carrying amounts of receivables and related allowance for impairment.

Further, management evaluates specific accounts under other receivables and due from related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of other receivables and due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

#### **Note 4 - Other current assets**

Other current assets as at December 31 consist of the following:

	2021	2020
Creditable withholding tax	311,446	-
Input VAT	161,056	113,025
	472,502	113,025

Creditable withholding tax is related to the depot royalty income from NTDC (Note 11).

#### **Note 5 - Financial assets at fair value through OCI**

Financial assets at fair value through OCI as at December 31 consist of:

	2021	2020
Unquoted equity securities	3,058,238,916	1,490,792,040
Quoted equity securities	4,052,135	3,696,926
	3,062,291,051	1,494,488,966

##### **5.1 Unquoted equity securities**

Unquoted equity securities as at December 31, 2021 consist of investments in MRTHI and MRTHII. The Company's ownership interests in MRTHI and MRTHII as at December 31 are as follows:

Investee	Interest	Indirect Interest	Effective Interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI owns 84.9% interest in MRTH II while MRTHII wholly owns Metro Rail Transit Corporation (MRTC), which was awarded by the Philippine Government, acting through the Department of Transportation and Communication (DOTC), the Build, Lease and Transfer (BLT) Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I. The earnings of MRTC are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

#### **Critical accounting estimates, assumptions, and judgment: Measurement of unquoted equity instruments - cost as an estimate of fair value**

As required by PFRS 9, all equity investments in scope of PFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized either in profit or loss or other comprehensive income. PFRS 9 further provides that cost might be used as a measure of fair value where cost represents the best estimate of fair value. Upon the adoption of PFRS 9, the Company has assessed that the cost of investments in MRTHI and MRTHII amounting to P3,058,238,916 as at December 31, 2021 (2020 - P1,490,792,040) represents the best estimate of fair value of those investments.

The Company assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Company checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Company also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

Any change in the Company's assessment of the best estimate of fair value of investments in MRTHI and MRTHII could impact the recorded carrying amount of financial assets at fair value through OCI and related fair value gains or losses recognized in other comprehensive income.

As at December 31, 2021, the Company has assessed that the cost of investments in MRTHI and MRTHII represents the best estimate of fair value of those investments. In addition, the Company has assessed that the carrying amount of the investments in MRTHI and MRTHII are recoverable in full and can be realized in the future through the Company's share in the benefits arising from the capacity expansion projects to be undertaken by MRTC. Notwithstanding the sale of future share distributions pursuant to "Sale of future share distributions" discussed in (a) below, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII. Further, the Company holds a put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" as discussed in (b) below.

The Company's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date. Therefore, the higher the cost of investments, the higher is the related fair value.

*(a) Sale of future share distributions*

In 2002, the Company and other participating shareholders of MRTHI and MRTHII (collectively referred to as the 'Sellers', entered into Sale Agreements where they sold all future share distributions arising from the equity rental payments (ERP) of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds).

The transaction is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Company in MRTHI and MRTHII are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Company's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Notwithstanding the sale of future share distributions, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII in compliance with the various agreements related to the sale of share of future share distributions mentioned above, as well as the Company's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTHII are precluded from transferring their equity interest in MRTHI and MRTHII until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTHII through MRTC from DOTC in the future and any benefits arising from the residual rights in the expansion projects shall still accrue to the Company and the other shareholders.

*(b) Letter of agreement*

On August 18, 2005, the Company and FEMI entered into a “Letter of Agreement”, whereby FEMI has agreed to grant the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the Company’s liabilities to FEMI, included in ‘Due to a stockholder’ account in the statements of financial position, and any additional advances or interest which FEMI may charge to the Company in relation to the said advances. Under the “Letter of Agreement,” should the Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

*(c) Dividend income*

On December 13, 2021, MRTHII declared dividends to its shareholders, of which P2,606,190,497 pertains to the Company’s share. The dividend income was recognized as part of other income in the statement of total comprehensive income for the year ended December 31, 2021. The dividends were discharged/settled as follows:

- (1) P147,706,848 was offset and eliminated against the liability to MRTHII, representing outstanding cash advances received from MRTHII, presented under due to other related parties in the statement of financial position (Note 15);
- (2) P1,567,446,876 was applied against liability from sale of future share distributions shown as a reduction of investment in MRTHII. Pursuant to the Sale of future share distributions agreement entered by the Company and other participating shareholders of MRTHI and MRTHII as described in (a) above, the Company recognized P1,567,446,876 liability from the sale of the future share distribution from the MRTC project as a reduction of investment in MRTHI and MRTHII. The total carrying amount of investment in MRTHI and MRTHII after the dividend transaction amounted to P3,058,238,916 as at December 31, 2021; and
- (3) The remaining amount of P891,036,773 will be settled in cash and presented as dividend receivable under due from related parties (Note 15). The amount is not expected to be collected within 12 months from the end of the reporting period, thus presented as part of non-current asset in statement of financial position.

## **5.2 Quoted equity securities**

Quoted equity securities consist of investments in domestic companies listed in the Philippine Stock Exchange and whose fair values are based on quoted market prices at the reporting date (Level 1 fair value hierarchy).

The movements of the account for the years ended December 31 are as follows:

	2021	2020
Acquisition cost	2,565,582	2,565,582
Cumulative change in fair value		
Beginning of the year	1,131,344	516,307
Change in the fair value during the year	355,209	615,037
End of the year	1,486,553	1,131,344
	4,052,135	3,696,926

The changes in fair value of quoted equity securities are presented as part of other comprehensive income in the statement of total comprehensive income.

## **Note 6 - Investment in associates**

Investment in associates as at December 31 consists of:

	Country of incorporation	Ownership interest		Main activity and registered place of business
		2021	2020	
MRT Development Corporation (MRTDC)	Philippines	15.79%	15.79%	Development of commercial premises in the depot and air space in the light rail transit system, its lease or sublease thereof, and the sale of development rights of stations.  Registered address is at 2 <sup>nd</sup> floor, The Renaissance Centre, Meralco Avenue, Pasig City
Monumento Rail Transit Corporation (Monumento Rail)	Philippines	28.47%	28.47%	Build, lease, and maintain a railway transit in Metro Manila, and to perform such other activities as may be necessary and desirable in the pursuit of the above-mentioned activities. As at December 31, 2021 and 2020, the Company has no commercial activity.  Registered address is at 6 <sup>th</sup> floor, The Belvedere Tower, San Miguel Avenue, Ortigas Center, Pasig City.

The carrying value of investment in associates as at December 31, 2021 consists of investment in MRTDC amounting to P13,667,401 (2020 - P5,987,239). As at December 31, 2021 and 2020, Monumento Rail has no commercial activity and its investment account is carried at nil.

The movement of investment in associates for the years ended December 31 are as follows:

	2021	2020
At January 1	5,987,239	-
Share in net income of MRTDC	7,680,162	5,987,239
At December 31	13,667,401	5,987,239

On December 20, 2018, the Company entered into a Deed of Assignment with Fil-Estate Properties, Inc. (FEPI) to acquire the 1,579 shares representing 15.79% equity ownership of FEPI in MRTDC for P1,894,000 consideration.

MRTDC has exclusive rights to all commercial developments along the MRT-3 System, including in and above the 13 Stations, commercial leasing rights in the 13 Stations, advertising rights, development of the air space above all the 13 stations, and all other commercial activities with the entire MRT-3 System.

There are no significant restrictions on the ability of MRTDC to transfer funds to the Company in the form of cash dividends or repayment of loans or advances.

The summarized financial information of a material associate, MRTDC, as at and for the years ended December 31 are as follows:

*Statements of financial position*

	2021	2020
Current assets	341,916,611	102,684,650
Non-current assets	14,215,243	190,973,104
Current liabilities	(112,064,376)	(255,739,838)
Non-current liabilities	(154,358,134)	-
Net assets	89,709,344	37,917,916

*Statements of total comprehensive income*

	2021	2020
Revenue	238,902,775	180,913,742
Net income	48,639,403	44,570,234
Other comprehensive income	-	-
Total comprehensive income	48,639,403	44,570,234
Dividends received from associate	-	-

The information above reflects the amounts presented in the financial statements of MRTDC whose accounting policies are consistent with the Company's accounting policies.

*Reconciliation of summarized financial information*

Reconciliation of the summarized financial information presented, to the carrying amount of the Company's interest in associates, is as follows:

	2021	2020
Net assets	89,709,344	37,917,916
Equity interest	15.79%	15.79%
Share of net assets	14,165,105	5,987,239
Other equity adjustment	(497,704)	-
Carrying value, December 31	13,667,401	5,987,239

*Critical accounting judgment: Recoverability of investment in associates*

The carrying value of the investment in associates is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management assessment and judgment could have a significant effect on the carrying value of investment in associates and the amount and timing of recorded provision for any period.

Based on management's assessment, there are no events or circumstances which might indicate that the carrying value of investment in associates as at December 31, 2021 and 2020 are not recoverable.

## **Note 7 - Investment in subsidiaries**

Investments in subsidiaries as at December 31 consist of:

	Percentage of ownership		2021	2020
	2021	2020		
MGHC Royal Holdings Corporation (MGHC Royal)	99	99	612,738	612,738
Metro Renewable Transport Solutions, Inc. (MRTSI)	99	99	625,001	625,001
			1,237,739	1,237,739
Allowance for impairment			(795,906)	(126,940)
			441,833	1,110,799

The movement in allowance for impairment for the years ended December 31 are as follows:

	Note	2021	2020
At January 1		126,940	83,971
Impairment loss	13	668,966	42,969
At December 31		795,906	126,940

The Company's investments in subsidiaries are carried at cost less allowance for impairment. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Due to recurring losses of MGHC Royal, the Company recognized an impairment loss for its investment in MGHC Royal amounting to P43,966 for the year ended December 31, 2021 (2020 - P42,969). Impairment loss was also recognized for the Company's investments in MRTSI for the year ended December 31, 2021 amounting to P625,000 (2020 - nil) due to MRTSI's capital deficiency. The impairment loss is recognized under other income (expense), net in the statement of total comprehensive income. The recoverable amount of MGHC Royal and MRTSI was determined by reference to the fair value less cost of disposal. Since the measurement of recoverable amount of MGHC Royal and MRTSI involves use of significant unobservable input, the fair value was classified as a Level 3 fair value. The fair value less cost of disposal was determined using fair values of net assets of MGHC Royal and MRTSI, which consists mainly of financial assets. The disclosure of unobservable inputs and sensitivity analysis were not provided as management assesses that the amount of investment in subsidiaries and related impairment loss are immaterial.

### *MGHC Royal*

On May 19, 2017, the Company incorporated MGHC Royal and contributed a total of P2,499,500 for 99% ownership interest. MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. MGHC Royal's registered office address and place of business is at Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City.



## *MRTSI*

On October 23, 2020, the Company incorporated MRTSI and contributed a total of P2,500,000 for 99% ownership interest. MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication. Its registered office address and place of business is at Mezzanine Floor, Renaissance Towers, Meralco Avenue, Barangay Ugong, Pasig City 1604.

### **Note 8 - Intangible asset, net**

#### *Depot royalty rights*

On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of its redeemable preferred shares through the assignment of its right to receive Depot Royalties to the holders of redeemable preferred shares pro-rata to their shareholdings. On December 17, 2014, Monumento Rail and the Company executed the Redemption and Deeds of Assignment of the latter's redeemable preferred shares, giving the Company a pro-rata interest on the Depot Royalty Rights to the extent of an aggregate of 28.47%, representing the preferred shareholdings held by the Company.

As a result of the redemption, the Company recognized a Depot royalty right intangible asset which represents the Company's right to a 28.47% share in the depot royalties with respect to improvements constructed on the 16-hectare Depot located at North Triangle EDSA and rental income from the commercial center known as TriNoma Mall. As successor-in-interest, the Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income (Note 11) from 8.3 hectare commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses.

The cost of depot royalty rights upon initial recognition amounted to P901,471 which is equivalent to the value of the Company's investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

The movements of Depot Royalty Rights for the years ended December 31 are as follows:

<b>At January 1, 2020</b>	
Cost	901,471
Accumulated amortization	(136,585)
Net carrying amount	764,886
<b>For the year ended December 31, 2020</b>	
Opening net carrying amount	764,886
Amortization	(27,317)
Closing net carrying amount	737,569
<b>At December 31, 2020</b>	
Cost	901,471
Accumulated amortization	(163,902)
Net carrying amount	737,569
<b>For the year ended December 31, 2021</b>	
Opening net carrying amount	737,569
Amortization	(27,317)
Closing net carrying amount	710,252
<b>At December 31, 2021</b>	
Cost	901,471
Accumulated amortization	(191,219)
Net carrying amount	710,252

#### **Note 9 - Accrued expenses and other current liabilities**

Accrued expenses and other liabilities as at December 31 consist of the following:

	2021	2020
Advances from MPIC	350,000,000	350,000,000
Accrued expenses	40,026,566	34,712,015
Payable to regulatory agencies	822,471	456,480
	390,849,037	385,168,495

#### *A. Advances from MPIC*

The amount pertains to deposit received from Metro Pacific Investment Corporation (MPIC) pursuant to the “Cooperation Agreement”, as described below, entered into by the Company and Fil-Estate Companies with MPIC.

#### *Cooperation agreement*

On November 12, 2010, the Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the ‘Fil-Estate Companies’) entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies’ rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT-3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2021 has not yet occurred.

As the Company does not have an unconditional right to defer settlement of the amount for at least 12 months from reporting date, the amount was classified as current liability as at December 31, 2021 and 2020.

#### *B. Accrued expenses*

The account consists mainly of accrual for payroll and professional fees, including legal, consulting and audit fees, and other general and administrative expenses. The average credit period on purchases of goods and services from suppliers is 30 to 60 days.

### **Note 10 - Equity**

#### *Share capital*

The details of share capital as at December 31, 2021 and 2020 are as follows:

Authorized share capital	2,000,000,000
Subscribed share capital	2,000,000,000
Less: Subscription receivable	(1,446,819)
Issued and subscribed share capital	1,998,553,181
Par value per share	1
Amount of share capital	1,998,553,181

#### *Track record of registration of securities*

Date of SEC Approval	Authorized Shares	Number of Shares	
		Issued	Issue/Offer Price
January 22, 1998	300,000,000	299,850,000	1.00
December 11, 2000	1,700,000,000	700,000,000	1.00
December 16, 2013	-	800,000,000	1.00
September 4, 2014	-	200,150,000	1.00
	2,000,000,000	2,000,000,000	

- On January 22, 1998, the SEC approved the declassification of Class A and B common shares to a single class of common shares, and the change in par value of 300.0 million authorized common shares from P0.01 per share to P1.00 per share. Each share of stock entitles the person in whose name it is registered in the books of the Company to one vote, provided the shares have not been declared delinquent.
- On December 11, 2000, the SEC approved the increase in authorized capital stock from P300.0 million, divided into 30.0 billion shares with a par value P0.01 per share, to P2.0 billion divided into 2.0 billion shares with a par value P1.00 per share.

Fil-Estate Management, Inc. (FEMI) subscribed to 700.0 million shares in exchange for the assignment of its interests in the MRTHI and Metro Rail Transit Corp. Limited with an aggregate carrying value of P1.3 billion. As a result, share capital of P700.0 million with a par value of P1.00 per share was recognized, with the excess credited to additional paid-in capital.

- On December 16, 2013, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P800.0 million into equity shares totaling 800.0 million shares at P1.00 par value.
- On September 4, 2014, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P200.15 million into equity shares totaling 200.15 million shares at P1.00 par value. The conversion resulted in FEMI owning 87.89% shareholding of the Company.

### *Planned increase in authorized capital stock*

On September 24, 2018, the BOD approved the Company's plan to increase its authorized capital stock from 2.0 billion shares at P1.00 per share to 5.0 billion shares at P1.00 per share. FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750.0 million shares at P1.00 per share. Out of the said subscription, P500.0 million corresponding to 500.0 million common shares at P1.00 per share will be fully paid through the conversion into equity of a portion of FEMI advances to the Company. As at report date, the Company is awaiting the approval of the SEC for the planned increase in authorized capital stock.

### **Note 11 - Depot royalty income**

Depot royalty income for the year ended December 31, 2021 amounting to P7,887,684 (2020 - P9,329,483) represents the Company's 28.47% share of 5% of the gross receipts of the rental income from TriNoma commercial center owned and operated by NTDCC. The amount of royalty income is recognized over time as NTDCC earns rental income from the commercial center.

### **Note 12 - General and administrative expenses**

This account consists of the following:

	Note	2021	2020
Salaries and wages		20,327,228	5,398,091
Transportation and travel		5,394,230	1,686,226
13 <sup>th</sup> month pay		1,698,532	455,232
Professional and retainer's fee		1,619,236	1,287,322
Taxes and licenses		946,012	1,183,608
Directors' fees		554,035	410,936
Fees and permits		379,390	-
Legal		371,748	598,684
Amortization expense	8	27,317	27,317
Telephone, telegraphic, and postage		12,161	530
Others		547,248	316,068
		31,877,137	11,364,014

Salaries and wages include compensation paid to executive officers seconded by the Company from FEMI who joined the Company starting September-October 2020.

Others include advertising and promotions, trainings, registration fees, bank charges, office supplies, food expense and utilities.

### **Note 13 - Other income (expense), net**

Other income (expense), net for the years ended December 31 consists of the following:

	Notes	2021	2020
Exclusivity fee		20,000,000	-
Gain (loss) on foreign exchange		406,126	(96,279)
Interest income	2	3,569	3,750
Impairment loss on investment in subsidiary	7	(668,966)	(42,969)
		19,740,729	(135,498)

Foreign exchange gain (loss) relates to the translation and transactions in respect of the Company's USD-denominated cash account.

### *Exclusivity fee*

On February 8, 2021, the Company entered into an exclusivity agreement with a third party for a prospective infrastructure-related investment. A non-refundable exclusivity fee to undertake due diligence for a period of ninety (90) days, amounting to P20,000,000 was collected by the Company. On July 5, 2021, the Company and the third party agreed to no longer proceed with the proposed transaction. As a result, the Company no longer have rights or obligations in relation to the exclusivity agreement, and the exclusivity fee was recognized as income in full in the statement of total comprehensive income.

### **Note 14 - Income taxes**

#### *Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)*

On March 26, 2021, the President of the Republic of the Philippines signed into law Republic Act No. 11534 or the CREATE) Act, which is the reconciled version of the Bicameral Conference Committee. It settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357. The CREATE Act was previously known as the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The law became effective on April 11, 2021.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. Reduction in CIT rate effective July 1, 2020 for domestic corporations are as follows:
  - a. Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate; and
  - b. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.
2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be 1%.

Under CREATE, the Company prepared its annual income tax return for the year ended December 31, 2021 using the updated rate of 25% (2020 - pro-rated rate reckoned from July 1, 2020 of 27.5%).

For financial reporting purposes, the enactment of CREATE after the December 31, 2020 was deemed a non-adjusting subsequent event in the December 31, 2020 separate financial statements. Hence, effect of changes in the tax rates applied is reflected in the income tax reconciliation for the year ended December 31, 2021.

#### *Income tax (benefit) expense*

The components of income tax (benefit) expense as shown in the total comprehensive income for the years ended December 31 are as follows:

	2021	2020
Current	(5,237,684)	1,679,307
Deferred	265,746	-
	(4,971,938)	1,679,307

The Company used regular current income for purposes of the income tax calculation for the taxable year 2021 and Optional Standard Deduction (OSD) for taxable year 2020.

### *Deferred income tax (DIT)*

Details of DIT assets as at December 31 are as follows:

	2021	2020
Allowance for impairment of other receivables	1,328,734	1,594,480
MCIT	82,938	-
	1,411,672	1,594,480

For the year ended December 31, 2021, the Company recognized the effect of the reduction of the tax rate from 30% to 25% amounting to P265,746 for its DIT asset on allowance for impairment of other receivables. DIT asset on minimum corporate income tax (MCIT) for the taxable year 2021 amounting to P82,938 was calculated at 1% and will expire on December 31, 2024.

During the year ended December 31, 2021, the Company's net operating loss carry-over (NOLCO) amounted to P1,062,032 (2020 - nil). This was calculated at 25% of its taxable loss for the year ended December 31, 2021 and shall be allowed as a deduction from the Company's taxable income until the taxable year 2026. The Company did not recognize deferred income tax assets arising from the net operating loss carry-over (NOLCO) as it was assessed to be immaterial.

### *Reconciliation of pre-tax income to tax expense*

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax (benefit) expense follows:

	2021	2020
Income tax at statutory income tax rate of 25% (2020 - 30%)	652,405,484	1,145,163
Adjustments for:		
Non-deductible expenses	1,041	799
Interest income subjected to final tax	(892)	(1,125)
Share in net income of investment in associate	(1,920,041)	(1,796,172)
Non-taxable income	(651,547,624)	-
Unrecognized NOLCO	1,062,032	-
Impact of OSD	-	2,330,642
Change in effective tax rate	125,804	-
Adjustment for current tax of prior periods	(5,097,742)	-
	(4,971,938)	1,679,307

### *Critical accounting judgment: Income taxes*

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax and related liability in the period in which such determination is made.

The recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Company reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Company will be able to generate sufficient future taxable income against which the temporary differences can be applied, except for NOLCO which is unrecognized.

## **Note 15 - Related party transactions and balances**

Transactions and balances with related parties are presented as follows:

	Transactions		Balances		Ref
	2021	2020	2021	2020	
<b>Due from related parties - non- current (Note 3)</b>					
Reimbursement of expenses					(a)
MRTSI - subsidiary	40,188	1,298,029	1,338,217	1,298,029	
MRTHI - investee	-	-	117,361	117,361	
MRTHII - investee	-	-	1,649,110	1,649,110	
Dividend receivable					
MRTHII - investee	891,036,773	-	891,036,773	-	(b)
	891,076,961	1,298,029	894,141,461	3,064,500	
<b>Due to a stockholder</b>					
Payments on behalf					
FEMI	37,822,513	28,538,085	(707,010,807)	(744,833,320)	(c)
<b>Due to other related parties</b>					
Advances					
MGHC Royal - subsidiary	15,040	23,938	(370,881)	(385,921)	(d)
MRTHI - investee	-	(8,198,827)	(221,939,234)	(221,939,234)	(e)
MRTHII - investee	(27,978,631)	-	-	(119,728,217)	(f)
MRTDC - associate	(7,895,000)	(5,526,501)	(27,671,303)	(19,776,303)	(g)
Dividend settlement (non-cash)					
MRTHI - investee	147,706,848	-	-	-	(b)
	111,848,257	(13,701,390)	(249,981,418)	(361,829,675)	

### ***(a) Due from related parties- non-current***

Receivables from MRTSI, MRTHI and MRTHII represent expenses paid by the Company on their behalf. Amounts are unsecured, non-interest bearing, and collectible in cash upon demand, but not expected to be collected within 12 months from the end of the reporting period.

### ***(b) Dividend from MRTHII***

During the year ended December 31, 2021, MRTHII declared dividends to the Company amounting to P2,606,190,497. Details of its settlement are set out in Note 5.1 (c). Dividend receivables are collectible in are unsecured, non-interest bearing, and collectible in cash upon demand, but is not expected to be collected within 12 months from the end of the reporting period.

### ***(c) Due to a stockholder***

Due to a stockholder is unsecured, non-interest, and arose mainly from FEMI's payment of the Company's bank loans, including interests and penalties, aggregating to P3.0 billion, and the cost of acquisition of shares of MRTHII amounting to P180.0 million. Over the years, the amount of liability was reduced mainly through repayments and conversion of FEMI advances into equity. Repayments amounting to P37,822,513 was made during the year ended December 31, 2021 (2020 - P28,538,085). No conversions to equity was made during the year ended December 31, 2021 and 2020.

On November 2, 2018, the Company entered into a Repayment Agreement with FEMI for the repayment of advances to the latter. To enable the Company to make its repayments to the extent of P300.0 million, the Company assigns to FEMI for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034, its receipts from depot royalty income. On April 11, 2019, the BOD of the Company passed a resolution approving the Company's agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Company, the Company agreed to partially repay the advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Company in addition to the assignment of depot royalties.

FEMI, in its letter of support to the Company, committed not to demand payment of the amount due from the Company for a period of at least twelve (12) months from reporting date or until such time that the Company has the ability to pay in accordance with the Repayment Agreement above. As the Company has the unconditional right to defer settlement of the advances for at least 12 months from reporting date, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*(d) Advances from MGHC Royal*

Outstanding amounts payable to MGHC Royal arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MGHC Royal, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*(e) Advances from MRTHI*

Outstanding amounts payable to MRTHI arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MRTHI, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*(f) Advances from MRTHII*

Amounts payable to MRTHII arose from advances to Company for settlement of outstanding obligations. During the year ended December 31, 2021, MRTHII declared dividends to the Company. As a result, the outstanding liability was fully eliminated as set out in the details of settlement or discharge in Note 5.1 (c).

*(g) Advances from MRTDC*

Outstanding amounts payable to MRTDC arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MRTDC, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2021 and 2020.

*Material related party transactions policy*

The Company has an approved material related party transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Company's corporate governance policy.



### **Note 16 - Earnings per share**

The following table presents basic and diluted earnings per share (EPS) for the years ended December 31:

	2021	2020
Consolidated net income of MGHC and subsidiaries	2,615,181,561	885,818
Divided by weighted average number of shares outstanding	1,998,553,181	1,998,553,181
Basic and diluted EPS	1.3085	0.0004

The Company has no potential dilutive ordinary shares for the years ended December 31, 2021 and 2020. Therefore, the amounts reported for basic and diluted earnings per share are the same.

### **Note 17 - Segment reporting**

Operating segments, and the amounts of each segment item reported in the separate financial statements, are identified from the financial information provided regularly to the Company's management for the purposes of allocating resources to, and assessing the performance of, the Company.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and the type or class of customers. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Company's management assesses the performance and allocates the resources of the Company as a whole, as all of the Company's activities are considered to be primarily holding infrastructure-related investments. Therefore, management considers there is only one operating segment under the requirements of PFRS 8, Operating Segments. In this regard, no segment information is presented.

No geographic information is shown as the revenue and profit from operations of the Company are presently solely derived from its activities in the Philippines.

### **Note 18 - Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are enumerated below:

#### *(a) Critical accounting estimates and assumptions*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 15)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)

#### *(b) Critical accounting judgments*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 15)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)
- Recoverability of investment in associates (Note 6)
- Income taxes (Note 14)

## **Note 19 - Financial risk management objectives and policies**

### **19.1 Components of financial assets and financial liabilities**

#### *Financial assets*

Details of the Company's financial assets as at December 31 are as follows:

	Notes	2021	2020
<i>At amortized cost</i>			
Cash in banks	2	1,204,682	1,227,080
Trade and other receivables	3	7,493,300	8,863,008
Due from related parties	3	899,456,396	8,379,435
		908,154,378	18,469,523
<i>At FVOCI</i>			
Unquoted equity securities	5	3,058,238,916	1,490,792,040
Quoted equity securities	5	4,052,135	3,696,926
		3,062,291,051	1,494,488,966
		3,970,445,429	1,512,958,489

Trade and other receivables exclude other receivables which are subject to liquidation. Due from related parties are presented gross of allowance for impairment. Allowance for impairment as at December 31, 2021 and 2020 amounted to P5,314,935.

#### *Financial liabilities*

Details of the Company's financial liabilities, at amortized cost, at December 31 are as follows:

	Notes	2021	2020
Advances from MPIC	9	350,000,000	350,000,000
Accrued expenses	9	40,026,566	34,712,015
Due to a stockholder	15	707,010,807	744,833,320
Due to other related parties	15	249,981,418	361,829,675
		1,347,018,791	1,491,375,010

Other current liabilities excluded pertain to payables to government agencies that are non-financial liabilities.

### **19.2 Financial risk factor**

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

The most important types of risk the Company's manages are liquidity risk and credit risk.

### 19.2.1 Liquidity risk

Liquidity risk arises from the possibility that the Company will encounter difficulty in raising funds to meet associated commitments with financial instruments.

The Company manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Company is also able to defer payments of some of its due to related party balances.

The Company continues to obtain support from FEMI to finance the Company's operations.

The table below presents the Company's financial liabilities as at December 31:

	Within 12 Months	More than 12 months	Total
<b>2021</b>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	40,026,566	-	40,026,566
Due to a stockholder	-	707,010,807	707,010,807
Due to related parties	-	249,981,418	249,981,418
	390,026,566	956,992,225	1,347,018,791
<b>2020</b>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	34,712,015	-	34,712,015
Due to a stockholder	-	744,833,320	744,833,320
Due to related parties	-	361,829,675	361,829,675
	384,712,015	1,106,662,995	1,491,375,010

The Company expects to settle the above financial obligations due within 12 months in accordance with their contractual maturity of 30 to 60 days.

### 19.2.2 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result in losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate net carrying amounts due to their short-term maturities.

The Company has a significant concentration of credit risk on its transactions with NTDCC, its sole customer. However, this is brought down to an acceptable level since depot royalties are collected in accordance with the agreement and the Company's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.

The Company has the following financial assets as at December 31 where the expected credit loss model has been applied:

	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis of recognition of ECL
<u>2021</u>					
Cash in banks	1,204,682	-	1,204,682	Performing	12-month ECL
Trade and other receivables					
Group 1	7,493,300	-	7,493,300	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	894,141,461	-	894,141,461	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	908,154,378	(5,314,935)	902,839,443		
<u>2020</u>					
Cash in banks	1,227,080	-	1,227,080	Performing	12-month ECL
Trade and other receivables					
Group 1	8,863,008	-	8,863,008	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	3,064,500	-	3,064,500	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	18,469,523	(5,314,935)	13,154,588		

Credit quality of customers are classified as follows:

- Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.
- Group 2 - Customer and counterparty balances with some defaults in the past. Amounts are largely collectible after collection efforts.
- Group 3 - Individually assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the fully performing financial assets have been renegotiated during the years ended December 31, 2021 and 2020. The Company does not hold any collateral as security to the above financial assets.

#### Credit quality of the Company's financial assets

##### *Cash in banks*

To minimize credit risk exposure from its cash account, the Company deposits its cash in universal banks that have good credit ratings. Accordingly, the Company's cash in bank is subject to insignificant expected credit loss as at reporting dates.

##### *Receivables*

Group 1 - The Company's receivables under Company 1 consists of amounts due from NTDC have no history of recent default or write-off and are considered to be fully performing. Accordingly, no provision for impairment is required.

Group 2 - Past due but not impaired receivables consist of amounts due from related parties, who, despite delays in collection based on the credit term, are deemed to be fully collectible based on management's assessment and counterparties' financial capacity and creditworthiness. Accordingly, no provision for impairment is required at reporting date.

Group 3 - The Company records a provision for impairment of receivables that are assessed to have a significant probability of becoming uncollectible. The assessment is based on the Company's knowledge of the collectability of the account, nature of dispute and the creditworthiness of the customer.

### 19.2.3 Foreign currency exchange risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Company has transactional currency gain. Such exposure is not material to the Company as this arises mainly from immaterial cash balances denominated in US Dollar.

## 19.3 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern, while maximizing the return on investments of stockholders. The Company monitors its use of capital by comparing deficit to total capitalization and makes adjustments to it in light of changes in economic conditions and its financial position.

The Company considers its long-term debt from FEMI and other related parties, as well as total equity consisting of share capital, additional paid-in capital, and deficit, as its capital:

	Notes	2021	2020
Equity			
Share capital	10	1,998,553,181	1,998,553,181
Additional paid-in capital	10	589,120,804	589,120,804
Retained earnings (deficit)		44,833,144	(2,569,760,729)
		2,632,507,129	17,913,256
Debt			
Due to a stockholder	15	707,010,807	744,833,320
Due to related parties	15	249,981,418	361,829,675
		956,992,225	1,106,662,995
		3,589,499,354	1,124,576,251

## Note 20 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 20.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These separate financial statements have been prepared under the historical cost convention except for financial assets at FVOCI.

The preparation of separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 18.

The Company has also prepared consolidated financial statements in accordance with PFRS. In the consolidated financial statements, undertakings of Metro Global Holdings Corporation and its subsidiaries have been fully consolidated. The consolidated financial statements can be obtained from the Company's business address in Meralco Ave., Pasig City or from the SEC.

Users of these separate financial statements should read these together with the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

## **20.2 Changes in accounting policies and disclosures**

There are no new standards, amendments and interpretations which are effective for the financial year beginning on or after January 1, 2021 that are relevant to and have a material impact on the Company's financial statements.

### *New standards, amendments and interpretations not yet adopted*

A number of new standards and amendments are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing the separate financial statements. None of these standards are expected to be relevant on the separate financial statements of the Company, except for the following:

- **PAS 1: Classification of Liabilities as Current or Non-current**

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company does not expect the amendments to have a significant impact on the Company's separate financial statements.

- **PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies**

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the amendments to have a significant impact on the Company's separate financial statements.

- **PAS 8: Definition of Accounting Estimates**

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the amendments to have a significant impact on the Company's separate financial statements.

- **PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- o right-of-use assets and lease liabilities, and
- o decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. Changes in accounting policy and disclosures

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the amendments to have a significant impact on the Company's separate financial statements.

## **20.3 Financial assets**

### Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company holds financial assets at fair value through OCI (Note 5).

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets at amortized cost category includes cash in banks (Note 2), trade and other receivables (Note 3), and due from related parties (Notes 3 and 15).

The Company classifies the following investments as financial assets at FVTPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at fair value through OCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investments in debt instruments designated as financial assets at FVTPL at initial recognition.

The Company's did not hold financial assets at FVTPL.

#### Recognition and subsequent measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVOCI are recognized in other comprehensive income.

The Company assesses whether the cost is the best estimate of fair value of financial assets at FVOCI. In making the assessment, the Company checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the financial assets, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Company also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

#### Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the statement of total comprehensive income.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.



### *Simplified approach*

The Company applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the customers to settle the receivables.

### *General approach*

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

### *Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented in other gains/(losses).

## **20.4 Financial liabilities**

### Classification

The Company classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost. Financial liabilities under category (i) comprise of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities under category (i) during and at the end of each reporting period.

Other financial liabilities at amortized cost are contractual obligations which are either those to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's other financial liabilities at amortized cost consist of accrued expenses and other current liabilities (excluding withholding tax payable and payable to government agencies) (Note 9), due to a stockholder (Note 15), and due to other related parties (Note 15).

### Recognition and measurement

The Company recognizes a financial liability in the statement of financial position when, and only when, the Company becomes a party to the contractual provision of the instrument.

Other financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest rate method.

### Derecognition

Other financial liabilities at amortized cost are derecognized when the obligation is paid, settled, discharged, cancelled or has expired.

## 20.5 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The Company's quoted financial assets at FVOCI are under this category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date (Note 5).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial instruments presented as part of current assets and current liabilities as at December 31, 2021 and 2020 approximate their fair values due to their short-term maturities.

The fair values of due to a stockholder and due to other related parties amounted to P626,594,392 (2020 - P665,576,140) and P221,219,479 (2020 - P322,982,783), determined using discounted cash flow approach by applying current market interest rates of 3.51% (2020 - 2.49%) (Level 2), based on the expected settlement of the amounts by the end of the BLT Agreement in July 2025.

The Company has no other financial assets and liabilities measured at fair value during and at the end of each reporting date.

#### *Non-financial assets*

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The carrying value of the Company's non-financial assets, substantially property and equipment, approximate its fair value in the light of the assets' current use is presumed to be its highest and best use.

### **20.6 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The Company does not have financial assets and liabilities that are covered by enforceable master netting arrangements and other similar agreements.

### **20.7 Cash**

Cash includes deposits held at call with banks. These are carried in the statement of financial position at nominal amount which approximates fair value. Cash in banks earn interest at the prevailing bank deposit rates.

### **20.8 Trade and other receivables**

Trade receivables arising from depot royalties with an average credit term of 60 days are recognized at transaction price and subsequently measured at amortized cost using effective interest method less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

Trade receivables and its related provision for impairment are written off when the Company has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers) and are approved by the BOD.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Company's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

## **20.9 Other current assets**

Other current assets consist of input value-added tax (VAT) and creditable withholding taxes. These are stated at face value less provision for impairment, if any. Provision for unrecoverable input VAT and creditable withholding taxes, if any, is maintained by the Company at a level considered adequate to provide for potentially unutilizable or uncollectible portion of the claim. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Input VAT and creditable withholding taxes are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Amounts are included in current assets, except when the related assets are expected to be realized more than twelve (12) months after the reporting period which are classified in non-current assets.

## **20.10 Investment in associate**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights (Note 6).

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. It is also decreased by dividends received from the investee. The Company's investment in associates includes goodwill identified on acquisition. Any excess of the Company's share of the net fair value of the associates identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

## **20.11 Investment in subsidiaries**

A subsidiary is an entity which is controlled by the Company. The control means that the Company can govern the financial and operating policies of its subsidiaries to gain benefits from the operations of subsidiary. The Company controls an investee if and only if the Company has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Investment in subsidiaries are accounted for using the cost method. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

Investment in subsidiary is derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company determines at each reporting date whether there are impairment indicators relating to investment in the subsidiaries. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes any impairment loss in profit or loss.

Investments in subsidiaries are carried at cost, less any provision for impairment.

## **20.12 Intangible assets**

Intangible assets acquired separately are carried at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the remaining useful economic life at the date of acquisition or business combination. These are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting date.

The Company's intangible asset, pertaining to depot royalty rights, was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of the development rights (Note 8).

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

### **20.13 Impairment of non-financial assets**

Non-financial assets that have definite useful lives are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Company to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses in the statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

### **20.14 Accrued expense and other current liabilities**

Accrued expense and other current liabilities are obligations to pay for related money received, goods or services that have been acquired in the ordinary course of business from purchase of goods or service.

Accrued expense and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

### **20.15 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## **20.16 Revenue recognition**

Revenue is measured based on the transaction price specified in a contract with the customer. The Company recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Company generates its revenue.

### *Depot royalty income*

The amount of royalty income is recognized over time as NTDC earns rental income from the TriNoma commercial center. The use of a time-based approach (output method) best provides a faithful depiction of the transfer of services to the customer given the nature of the royalty arrangement.

### *Dividend income*

Dividend income is recognized at the point in time when investees have declared dividends.

### *Other income*

Other income is recognized when earned.

### *Interest*

Revenue is recognized on a time-proportion basis using the effective interest method.

## **20.17 Cost and expense recognition**

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the statement of total comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent
- that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method.



## **20.18 Employee benefits**

### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *(ii) Retirement benefits*

The Company has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under RA No. 7641, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary plus one twelfth of the 13th month pay and cash equivalent of not more than 5 days of service incentive leaves for every year of service (or 100% of monthly salary), a fraction of at least 6 months being considered as one whole year.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

### *(iii) Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits when it is demonstrably committed to either:

(a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

## **20.19 Foreign currency transactions and translations**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

### **20.20 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **20.21 Current and deferred income tax**

Income tax expense recognized in profit or loss during the period comprises of current and deferred income tax (DIT), except to the extent that it relates to items recognized in other comprehensive income.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related DIT asset is realized or the deferred income tax liability is settled.

DIT assets are the amounts of income taxes recoverable in future periods in respect of all deductible temporary differences. DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

### **20.22 Earnings per share**

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, if any.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

## **20.23 Equity**

Capital stock is determined using the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

## **20.24 Subsequent events**

Subsequent events that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

## **Note 21 - Supplementary information required by the Bureau of Internal Revenue (BIR)**

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010.

### *(i) Output value-added tax (VAT)*

Output VAT declared for the year ended December 31, 2021 and the revenues upon which the same was based consist of:

	Tax base	VAT
Vatable sales	9,329,483	1,119,538

The gross amount of revenues as shown above is based on gross receipts of the Company while the revenues shown in the statement of total comprehensive income is recognized and measured in accordance with the Company's accounting policy on revenue recognition (Note 20.16).

(ii) *Input VAT*

Movements in input VAT for the period ended December 31, 2021 are as follows:

	Amount
Beginning balance	113,025
Add: Current period's domestic purchases/payments for:	
Goods other than Capital Goods	11,250
Domestic purchase of services	179,413
Total input VAT for the year	303,688
Application against output VAT	(142,632)
Total input VAT	161,056

(iii) *Importations*

There were no importation transactions made for the year ended December 31, 2021.

(iv) *Documentary stamp taxes*

There were no documentary stamp taxes paid for the year ended December 31, 2021.

(v) *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2021 consist of:

Business permit, clearance and licenses	934,937
Annual listing fee	500
Others	10,575
	946,012

The above local and national taxes are lodged under taxes and licenses account in general and administrative expenses (Note 12).

(vi) *Withholding taxes*

Withholding taxes accrued and paid as at and for the period ended December 31, 2021 follow:

	Paid	Accrued	Total
Withholding tax on compensation	4,731,248	771,651	5,502,899
Expanded withholding tax	43,775	13,860	57,635
	4,775,023	785,511	5,560,534

Withholding taxes payables above are presented as part of accrued expenses and other current liabilities in the statement of financial position (Note 9).

(vii) *Tax assessments*

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2021.

(viii) *Tax cases*

The Company does not have outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at December 31, 2021.



METRO GLOBAL HOLDINGS CORP.

**2021 SUSTAINABILITY REPORT**Contextual Information

COMPANY DETAILS	
Name of Organization:	METRO GLOBAL HOLDINGS CORPORATION ("MGHC")
Location of Headquarters :	Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila
Location of Operations :	Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>Metro Global Holdings Corporation is a holding company. The Company has investments in Metro Rail Transit Holdings I and Metro Rail Transit Holdings II – parent company of Metro Rail Transit Corporation (MRTC), thus, resulting in an indirect 29% equity interest in MRTC. The Company has 28.47% direct equity interest in Monumento Rail Transit Corporation and 15.79% direct equity in MRT Development Corporation.</p> <p>Metro Global Holdings Corporation has subsidiaries:</p> <ol style="list-style-type: none"> <li>1. MGHC Royal Holdings Corporation (MGHC Royal) (99%) incorporated on May 19, 2017, engage in the business to invest or purchase, otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.</li> <li>2. Metro Renewable Transport Solutions, Inc. (Metro Transport) (100%) incorporated on August 25, 2020, engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, needs, bridges, railways, ports, highways and other passages and facilities for transportation and communication.</li> </ol>

Business Model, including Primary Activities, Brands, Products, and Services	The business activities of Metro Global Holdings Corporation (the Parent Company) arise from its investments in the equity of the MRTH I and MRTH II. Hence, the Parent Company has no principal products or services, nor does it derive revenues or sales from any products or services. No part of the Parent Company's revenues or income over the last three years has been derived from any foreign sales. Corollary, the Parent Company has no requirement for any distribution methods that would otherwise be needed for any products or services. Since the Parent Company's inception, it has had nor publicly-announced new product or services.
Reporting Period	For the Year Ending December 31, 2021
Highest Ranking Person responsible for this report	Mr. Robert John L. Sobrepeña, Chief Executive Officer Ramon G. Jimenez, Chief Finance Officer

## Materiality Process

### **Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.**

The Company used Selected GRI Sustainability Reporting Standards (Core Option) in accordance with the GRI 102: General Disclosures, to report on contextual information about itself and its impacts on the economy, the environment and society.

The Company's economic and environmental sustainability principles are exercised through its affiliate, Metro Rail Transit Corporation (MRTC). MRTC is the owner of the Metro Rail Transit (MRT) 3 System along the 16.9 kilometer stretch of Epifanio de los Santos Avenue (EDSA). The MRT 3 System is leased to the Department of Transportation and Communication, which operates and maintains the system for 25 years commencing 2000. The wholly electrically-powered Metro Rail Transit Line 3 (MRT-3) currently accommodates 248,000 to 260,000 passengers a day which may increase to 300,000 to 400,000 per day, depending on the Covid-19 pandemic situation.

The Company has a 28.47% equity interest in Monumento Rail Transit Corporation which, allows participation in the MRT 3 (Phase 2) system extension, the airport link from the Taft Avenue Station up to the airport and the envisioned rail extension from Ayala Station to Buendia Station via a loop through Ayala Avenue and Gil-Puyat Avenue (the Makati loop)

The Company acquired 15.79% equity interest in MRT Development Corporation (MRTDC) on December 2018. MRTDC has exclusive rights to all commercial developments along the MRT-3 System, including in the 13 Stations and air space above the 13 Stations, which include all commercial leasing rights in the 13 Stations, advertising rights, development of the air space above all the 13 stations, and all other commercial activities within the entire MRT-3 System.

The Parent Company plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTH I and MRTH II. The combined investment in these two holding companies represents approximately 29% interest in the MRT 3 System along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Parent Company incorporated MGHC Royal Holdings Corporation (MGHC Royal) on May 19, 2017. MGHC Royal intends to engaged in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes.

On August 25, 2020, the Parent Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI intends to engaged in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MGHC Royal and MRTSI were not in commercial operation as at December 31, 2021.

## **MATERIALITY**

The key findings of the materiality analysis are as follows:

The Company and its subsidiaries do not engage in business operations that are subject to regulations which require compliance with environmental laws.

The Company has ten (10) employees as of December 31, 2021.

Its subsidiaries, MGHC Royal and Metro Rail Transport Inc. are both not yet in commercial operation and have no employees as of December 31, 2021. The management of the two companies is currently being undertaken by the executive officers of MGHC, the Parent Company.

The Company does not have plans for any product research and development within the next 12 months. There are no expected purchases or sale of plant and significant equipment within the same period as the Company is not engaged in any manufacturing business.

The trading of the Company's shares of stock at the PSE has been voluntarily suspended since March 20, 2007 to allow the Company to re-align its business and explore new strategic directions.

The Company plans to expand its primary purpose to include investments in businesses engaged in solar, wind and other renewable energy generation facilities.

The Parent Company is expected to receive its 28.47% share of the 5% the lease rental income from Trinoma Mall, (the "Depot Royalty Income") as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses and to partially pay its debts to FEMI.

The Parent Company foresees that material funding may be required within the next twelve (12) months, in anticipation of the finalization and completion of the transactions relating to the acquisition by the Parent Company of the equity interest of FEMI in Metro Solar. Metro Solar's main project is the development of the 65-megawatt solar farm project in Pililia, Rizal, the construction of which is expected to commence within the year 2022. The Parent Company plans to raise the needed funds to finance this project through private placement and the eventual resumption of trading of its shares at the PSE.

The revised strategy will deliver the reference values for sustainability related action beyond 2021.

## **MATERIALITY COMPLETENESS**

The report takes into account all significant impacts of MGHC along its value chain. The reporting processes ensure that the data collected includes the results from all entities with significant impacts regarding material topics.

**STAKEHOLDERS INCLUSIVENESS** is ensured by considering feedback from stakeholder engagement.



## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

In 2021, no part of the Company's Revenue or Income over the last three years was derived from foreign sales. With the continued effect of the Covid 19 pandemic on the operations of the Trinoma Commercial Center, the Group's share in Depot Royalty Income decreased by P1.44 Million or 15.45% from P9,329,483 as of December 31, 2020 to P7,887,684 as of December 31, 2021.

The Group's General and Administrative expenses increased by ₱19.2 million or 60.39%, from ₱12,659,211 in December 31, 2020 to ₱31,958,915 in December 31, 2021, largely due to the increase in the Parent Company's salaries and wages. This is mainly because the executive officers seconded by the Parent Company from FEMI, were paid in full in year 2021 compared to year 2020 when they were paid only from the time they started working for the Parent Company, in September and October 2020. The General and Administrative Expenses was distributed among the following: Employee wages and benefits, payment to suppliers, other operating costs, taxes given to government.

Disclosure	Units	Amount (2021)
Direct economic value generated (revenue)	PhP	7,887,684
Direct economic value distributed:		
a. General and Administrative Expenses	PhP	3,172,202
b. Employee wages and benefits	PhP	27,422,592
c. Payments to suppliers, other operating costs	PhP	12,161
d. Dividends given to stockholders and interest payments to loan providers	PhP	
e. Taxes given to government	PhP	1,351,960
f. Investments to community (e.g. donations, CSR)	PhP	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain. Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b> <i>(e.g. employees, community, suppliers, government, vulnerable group)</i>	<b>Management Approach</b> <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
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The Parent Company is expected to receive its 28.47% share of the 5% the lease rental income from Trinoma Mall, (the "Depot Royalty Income") as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses and to partially pay its debts to FEMI.	Stockholder- Fil-Estate Management, Inc. (FEM), the parent company of MGHC	The company's external source of financing comes from advances made by FEMI, the parent company of MGHC.
<b>What are the Risk/s Identified?</b> <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's principal financial exposures consist of its payables to associates and stockholders. Such financial instruments were used in prior years to raise funds for working capital and to retire interest-bearing US Dollar denominated bank loans.	Parent Company	The Company, as a matter of policy, discourages the use of any foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the Company encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the Company maintains a margin currency position in its asset and liability management function.
The residual financial risks from the Group's financial instruments are cash flow/liquidity risks, credit risks and equity price risks.  1. <b>Cash Flow Risk/ Liquidity Risk</b> arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations and to support the Company's operations and activities.	Shareholders          Banks	The group continuously conducts an internal review of its financial risks management objectives and policies.  The Company coordinates and negotiates closely with each principal stockholder to manage cash flow risks by jointly identifying new sources of cash flow infusions into the group over the next five years.

<p>2. <b>Credit Risk.</b> The Company's exposure to <b>credit risk</b> arises primarily from its deposits with banks of good credit rating. The maximum exposure to credit risk is equivalent to the carrying amount of these cash in banks.</p> <p>The Company's significant concentration of credit risk is on its transactions with NTDCC, its sole customer.</p> <p>3. <b>Equity Price Risk.</b> The Company is exposed to fair value changes on its Available-For-Sale (AFS) investments in listed equity securities.</p>	<p>Customer - NTDCC</p> <p>Lepanto/Alakor</p>	<p>These cash in banks are deposited with a reputable bank that belonged to the top three banks in the Philippines and approved by management</p> <p>Depot royalties are collected in accordance with the agreement and the Group's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.</p> <p>The Company's policy is to maintain risk at an acceptable level. The Company's shares are not traded at the PSE at the moment. Once the voluntary suspension of the trading of the Company's shares is lifted, movement in share price will be monitored regularly to determine the impact on its financial position.</p>
<p><b>What are the Opportunity/ies Identified?</b></p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>New sources of cash flow through potential future investment and or cash infusions into the Company over the next five years.</p> <p>Entry into renewable energy generation and operation shall provide a constant source of cash flows once the Power Purchase Agreement with the offtaker is signed.</p>	<p>Investors and Shareholders</p>	<p>The Company coordinates and negotiates closely with its Parent Company to manage cash flow risks.</p>

## Climate-related risks and opportunities

<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
<b>Disclose the organization's governance around climate-related risks and opportunities</b>	<b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material</b>	<b>Disclose how the organization identifies, assesses, and manages climate related risks</b>	<b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>
<b>Recommended Disclosures</b>			
<b>a) Describe the board's oversight of climate-related risks and opportunities</b>	<b>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</b>	<b>a) Describe the organization's processes for identifying and assessing climate-related risks</b>	<b>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</b>
In line with the new business directions of the Parent Company to invest in business engaged in solar, wind, and other renewable energy generation facilities, the Parent Company entered into an Agreement with FEMI on November 20, 2018, for the acquisition of FEMI's 100% equity stake in Metro Solar Power Solutions, Inc. (Metro Solar), a power company with an existing 65-megawatt solar farm project in Pililia, Rizal.	The Parent Company foresees that material funding maybe required within the next twelve (12) months in anticipation of the finalization and completion of the transactions relating to the acquisition by the Parent Company of the equity interest of FEMI in Metro Solar. The construction of 65-megawatt solar farm project in Pililia, Rizal, is expected to commence within the year 2022. The Parent Company plans to raise	The company uses project feasibility studies, cashflow projections, sensibility studies and other process in identifying and assessing climate-related risks.	Key Performance Indicators used are liquidity ratios, leverage or long-range solvency and profitability ratios.

<p>As at December 31, 2021, the Agreement has not yet been implemented pending valuation of the Metro Solar shares which will be determined by an independent appraiser.</p> <p>MGHC plans to increase its authorized capital stock from 2million shares at P100 per share to 5 million shares at P100 per share.</p>	<p>the needed funds to finance this project through private placement and the eventual resumption of trading of its shares at the PSE.</p> <p>As at December 31, 2021, the application for increase in authorized capital stock is still pending with the SEC, awaiting the result of the third-party valuation of the Metro Solar shares.</p>		
<p><b>b) Describe management's role in assessing and managing climate- related risks and opportunities</b></p>	<p><b>b) Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy and financial planning</b></p>	<p><b>b) Describe the organization's processes for managing climate- related risks</b></p>	<p><b>b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets</b></p>
<p>Board has a strategy execution process (i.e., Annual Planning) that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>With the intended increase in the Company's Authorized Capital Stock from P2 Billion to P5Billion and with additional subscription by FEMI to P750 million, the Company's Stockholder's Equity Balance is expected to result in a positive net equity balance.</p>	<p>The Vision and Mission are reviewed by the Board regularly to ensure that corporate business directors, strategies, and objectives are consistent and coherent with the Mission and Vision of the Company.</p>	<p>The comparative financial Key Performance Indicators (KPIs) and non-financial KPIs are reviewed regularly.</p>

	<b>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</b>	<b>b) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</b>	
	The Board of Directors oversee the development of, formulate and approve the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance in order to sustain the company's long-term viability and strength.	The Board of Directors review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.	

15 Adapted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non- financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

16 For this disclosure, impact refers to the impact of the climate-related issues on the company

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	N/A	%
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g., employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business. Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers for conducting its business.	Not Applicable	There is no competition with respect to other train services. Instead, the MRT project complements other train systems and various public transportation modes available in Metro Manila such as buses, taxis and FXs. Passengers along EDSA have a choice between riding the MRT system and using the described alternatives.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

<i>Identify risk/s related to material topic of the organization</i>		
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Parent Company, through its holdings in Monumento Rail, will continue to actively pursue its participation in the train system extensions (e.g., Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.	Government	As at December 31, 2021, Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal for the said projects.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti- corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g., employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
No incidents of violations of the company policy found and reported.	Employees, Directors	<p>Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Ethics &amp; Conduct.</p> <p>The Company requires continuous management attention at all corporate levels to assure compliance with the spirit and letter of this policy.</p>
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable	Not applicable	Not applicable

## Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	nil	#
Number of incidents in which employees were dismissed or disciplined for corruption	nil	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	nil	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
Not Applicable	Not Applicable	Not Applicable

## ENVIRONMENT

### Resource Management

Energy consumption within the organization:

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The Company does not engage in business operations that are subject to regulations, which require compliance with environmental laws.	Community, Government	The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None of the projects will spew any harmful by-products - gas emissions or solid and liquid secretions - into the earth's soil or atmosphere.	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization.</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

MRT-3 trains are operating purely on electrical power, which is NOT directly derived from fossil fuels (e.g. gasoline or diesel engines as busses have) that otherwise carry or have direct and intense emissions.	Public commuters, community	Averting diesel consumption. Approximately 1,450 buses a day do not have to ply EDSA because of the MRT-3 operating under the average normal condition of 300,000 passengers ferried daily . However, due to social distancing restrictions imposed in the MRT trains, because of the Covid-19 pandemic, train capacity was reduced to 30% and at 16 hours operation. Thus, the average number of passengers per day may increase to 300,000 to 400,000 per day, depending on the Covid-19 pandemic situation.
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### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	2,000	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>

Average day-to-day consumption of employees and executive officers of the Company.	Employees/Officers	To conserve energy. Meeting the needs of the present without compromising the ability of future generations to meet their own needs.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization.		
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization		
Not Applicable	Not Applicable	Not Applicable

### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
•renewable	N/A	kg/liters
•non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b> <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b> <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or</i>
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>		<p><i>projects, programs, and initiatives do you have to manage the material topic?</i></p>
Not Applicable	Not Applicable	Not Applicable
<p><b>What are the Risk/s Identified?</b></p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
Not Applicable	Not Applicable	Not Applicable
<p><b>What are the Opportunity/ies Identified?</b></p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
Not Applicable	Not Applicable	Not Applicable

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
ICUN Red List species and national conservation lit species with habitats in areas affected by operations	N/A	

<b>What is the impact and where does it occur? What is the Organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable

## Air pollutants

Disclosure	Quantity	Units
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General	Community, Government	Approval of the signing of a Memorandum of Understanding (MOU) with the City of Baguio concerning the Development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City.
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## Solid and Hazardous Wastes

### Solid Waste

Disclosure	Units	MGHC	MRTC (annual)	MRTDEVCO (annual)	MONUMENTO (annual)
		Quantity			
Total solid waste generated	kg	1	2	61	Nil
Reusable	kg	1	1	1	Nil
Recyclable	kg		1	60	Nil
Composted	kg	N/A	N/A	N/A	N/A
Incinerated	kg	N/A	N/A	N/A	N/A
Residuals/Land filled	kg	N/A	N/A	N/A	N/A

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b> <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b> <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,</i>
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>		<p><i>programs, and initiatives do you have to manage the material topic?</i></p>
<p><i>The company produces solid waste like used bond paper, used printer cartridges, used computer hardware, used telephones, etc. in its operations.</i></p>	<p><i>Employees, Suppliers</i></p>	<p>Recycle of used bond paper and refill of printer cartridges.</p>
<p><b>What are the Risk/s Identified?</b></p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p><i>Pest infection of office premises.</i></p>	<p>Employees</p>	<p>Quarterly Pest Control program of the work place.</p>
<p><b>What are the Opportunity/ies Identified?</b></p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p><i>Not Applicable</i></p>	<p>Not Applicable</p>	<p>Not Applicable</p>

## Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Maintains well ventilated and nonhazardous workplace through daily inspection and maintenance of facilities and supplies.
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Potential into Renewable energy generation.	Community, government	The company will be adding to its original portfolio, projects or objectives in three phases over the next 10 years that involve solar (panels), wind (turbines),

		hydro and waste-to-energy power generation – all quintessentially “Green” initiatives.
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## Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Which stakeholders are affected?</b>  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

<i>Identify the opportunity/ies related to material topic of the organization</i>		
Not Applicable	Not Applicable	Not Applicable

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	nil
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	nil
No. of cases resolved through dispute resolution mechanism	N/A	nil

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The Company does not engage in business operations that are subject to regulations, which require compliance with environmental laws.	community, government	Not Applicable

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>		
Not Applicable	Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>		
Not Applicable	Not Applicable	Not Applicable

## SOCIAL

Employee Management  
Employee Hiring and Benefits

Employee data

Employee benefits

### SOCIAL

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
a. Number of female employees	#	5	1	4	0
b. Number of male employees	#	5	0	11	0
Ratio of lowest paid employee against minimum wage	ratio	1:3	1:1.7	1:17	n/a



## MGHC

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	none
PhilHealth	Y	none	none
Pag-ibig	Y	none	none
Parental leaves	Y	none	none
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	none	none
Housing assistance (aside from Pag- ibig)	Y	none	none
Retirement fund (aside from SSS)	Y	none	none
Further education support	Y	none	none
Company stock options	N	none	none
Telecommuting	Y	none	none
Flexible-working Hours	Y	none	none

## MRTC

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	none
PhilHealth	Y	none	none
Pag-ibig	Y	none	none
Parental leaves	Y	none	none
Vacation leaves	N	100%	100%

Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	none	none
Housing assistance (aside from Pag-ibig)	Y	none	none
Retirement fund (aside from SSS)	Y	none	none
Further education support	Y	none	none
Company stock options	N	none	none
Telecommuting	Y	100% (during ECQ/MGCQ only)	100% (during ECQ/MGCQ only)
Flexible-working Hours	Y	100% (during ECQ/MGCQ only)	100% (during ECQ/MGCQ only)
(Others)		none	none

## MRTDEVCO

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	None
PhilHealth	Y	none	18%
Pag-ibig	Y	25%	None
Parental leaves	Y	None	None
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	50%	25%
Housing assistance (aside from Pag-ibig)	Y	none	None
Retirement fund (aside from SSS)	Y	none	None
Further education support	Y	none	None

Company stock options	N	none	None
Telecommuting	Y	50% (during ECQ/MGCQ only)	50% (during ECQ/MGCQ only)
Flexible-working Hours	Y	50% (during ECQ/MGCQ only)	50% (during ECQ/MGCQ only)
(Others)		none	None

## MONUMENTO

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	n/a	n/a
PhilHealth	Y	n/a	n/a
Pag-ibig	Y	n/a	n/a
Parental leaves	Y	n/a	n/a
Vacation leaves	N	n/a	n/a
Sick leaves	Y	n/a	n/a
Medical benefits (aside from PhilHealth))	Y	n/a	n/a
Housing assistance (aside from Pag- ibig)	Y	n/a	n/a
Retirement fund (aside from SSS)	Y	n/a	n/a
Further education support	Y	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	Y	n/a	n/a
Flexible-working Hours	Y	n/a	n/a
(Others)		n/a	n/a

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>The Company has no employee who is not an executive officer who is expected by the Company to make a significant contribution to the Business.</p>	<p>The Company has ten (10) employees in year 2020 while in 2019, the Company only had two (2) employees. Management of the Company is currently being undertaken by the executive officers of the parent company. Starting September 1, 2020, the CEO and President of the Company by virtue of their position, receive compensation from the company.</p>
<p><b>What are the Risk/s Identified?</b></p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p><b>Management Approach</b></p>
<p>Not applicable</p>	<p>Not Applicable</p>
<p><b>What are the Opportunity/ies Identified?</b></p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p><b>Management Approach</b></p>
<p>The Company's business is not highly dependent on the services or any key personnel.</p>	<p>The Company's By-Laws on compensation provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and</p>

	apportioned among the directors in such manner as the Board may deem proper.
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## Employee Training and Development

The Company is committed to having a workplace prepared to meet current and future business objectives by providing its employees, at all levels, with appropriate education and training.

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
Total training hours provided to employees			2	26	Nil
a. Female employees	hours	100	2	8	Nil
b. Male employees	hours	100	2	22	Nil
Average training hours provided to employees					
a. Female employees	hours/employee	10	2	2	Nil
b. Male employees	hours/employee	10	2	2	Nil

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The management of MGHC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by MGHC.	We provide intensive training and management support for our people and offer personal and financial growth through progressive hiring and promotion practices

	All employees are oriented in the philosophy, ethics, values, principles and business priorities of the company, such as induction into their group/department, thru its Management Development Program.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	
<i>Gap in Knowledge, Skills and Attitude of employees</i>	Attendance to public seminars and workshops are required to Address gap per KSA.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Officers (Managers up) are also encouraged to attend seminars to update their KSAs.	In-house training is provided and is customized to the job as well as personal needs.  All first-time managers shall successfully complete specified supervisory training within a specified period of appointment. - Promotional Program, Management Development Program

## Labor

### -Management Relations

Metro Global Holdings, Inc.'s sees to it that our relationship with our employees is always healthy and fruitful.

Our Company has code of Business Conduct and Ethics which all employees must understand and follow. Applicable labor laws and regulations where we do business are also being complied with. Moreover, we are responsible for preventing violations of laws and for speaking up if we see possible violations.

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
% of employees covered with Collective Bargaining Agreements	%	nil	nil	nil	n/a
Number of consultations conducted with employees concerning employee-related policies	#	nil	nil	nil	n/a
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>		<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>			
Management of MGHC is currently being undertaken by the executive officers of the parent company.		The company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, even on payments to be received from the Company, with respect to an executive officers employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the name executive officers' responsibilities following a change-in-control where the amount involved, if any including all periodic payments or installments, which exceeds P2.5M			
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>		<b>Management Approach</b>			
<i>In case unsure if action is not permitted by law or MGHC policy.</i>		We seek the advice of resource experts/consultants.			

<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Not Applicable	Not Applicable

## Diversity and Equal Opportunity

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
% of female workers in the workforce	%	nil	Nil	Nil	n/a
% of male workers in the workforce	%	nil	Nil	Nil	n/a
Number of employees from indigenous communities and/or vulnerable sector*	#	nil	nil	nil	n/a

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	
Not Applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	
Not applicable	Not applicable



What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Not applicable	Not Applicable

## Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
Safe Man-Hours	Man-hours				
No. of work-related injuries	0	nil	nil	nil	n/a
No. of work-related fatalities	0	nil	nil	nil	n/a
No. of work-related ill-health	0	nil	nil	nil	n/a
No. of safety drills	1	1	1	1	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The management of MGHC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by MGHC.	The health of every employee shall be maintained at the highest levels: 1. With existing health plan coverage, 2. With emergency medicine kit complete with emergency medicines, 3. With company nurse to address employees' health needs; assessment and, or referral of employee/s health condition in the workplace.

	<ol style="list-style-type: none"> <li>Employees required to consult a Physician if sick leave is more than two days and a medical certificate/ clearance is required before resumption of work.</li> <li>Pre-employment physical examination of newly hired employees.</li> <li>Annual Physical examinations for all regular employees.</li> </ol>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	
Presence of any symptoms of a suspected viral illness.	Employee advised to go home and immediately consult a Physician.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Data relating to health, safety and welfare of its employees.	<ol style="list-style-type: none"> <li>Annual vaccination program with Influenza virus is maintained</li> <li>Monthly purchase of first aid supplies.</li> <li>Maintenance of well-ventilated and nonhazardous workplace through daily inspection and maintenance of facilities/supplies.</li> <li>Quarterly Pest Control program of the work place.</li> </ol>

### Labor Laws and Human Rights

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Disclosure	Units	MGHC	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
No. of legal actions or employee grievances involving forced or child labor	n.a	none	none	None	none

Topic	Y/N	If yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Management Approach</b>
Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Management Approach</b>
Not Applicable	Not Applicable

## Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers in the conducting its business.

MRTC, MRTDC and Monumento have no accreditation policy for its suppliers. The three (3) bid rule is being implemented for company purchases.

Do you consider the following sustainability topics when accrediting suppliers?

On acquisition of supplies for operations like office supplies, computers airconditioners, etc., herewith is the Group's code of ethics and anti-bribery and anti-corruption policy). **Link:** [Company Policies](#)

Topic	Y/N	If yes, cite reference in the company policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	MGHC strictly prohibits any form of bribery and corruption within the company, as well as in dealing with suppliers, contractors, and potential suppliers and contractors.
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>		<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
There are no expected purchases or selling of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business.		The Company discloses its policies and practices—specifically those that address the selection procedures with regards to suppliers and contractors thru its Code of Business Conduct and Ethics.
<b>What are the Risk/s Identified?</b>		<b>Management Approach</b>

<i>Identify risk/s related to material topic of the organization</i>	
<i>Not Applicable</i>	Not Applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
The Parent Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail), which, as a result, allows participation in the train system extension (e.g., the Makati Loop and Airport Link) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.	The Company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions.

### Relationship with Community

Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

### Significant Impacts on Local Communities

MGHC's CSR programs are comprised of Green Outreach Programs focused on three major areas, namely: Environmental, Health and Educational prerogatives.

The three are central to 21st century living and are thus in line with MGHC's historical corporate philosophy of staying abreast with the times – inclusive of when it comes to fulfilling its CSR mandate.

Geographically, MGHC has applied these initiatives not just within its immediate communities but beyond and even on a nationwide basis.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
<i>The MRT system provides a low fare and convenient mode of transport to 350,000 commuters a day. There are elevators provided for the elderly and persons with disabilities</i>	13 stations from North Triangle to Taft Avenue	Public	Yes	Government	The Government, through Department of Transportation is responsible for the collection of fares and for the day-to-day operations of the system.

\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting Indigenous Peoples (IPs), indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
The depletion or destruction of natural resources is altogether a non-issue.	MGCH will function sustainably to provide power to our country.

<p>None of the projects will require compensatory or remedial measures to restore natural resources and will spew any harmful by-products – gas emissions or solid and liquid secretions – into the earth's soil or atmosphere (such as would be the case in energy being generated from coal, for example).</p>	
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Future objectives in various parts of the country such as Baguio in Benguet province, the NCR, Pililla in Rizal province and Iloilo in the Visayas will not be depleting the planet's natural resources during the company's operations, thus capturing the very definition of Sustainable Development, or "meeting the needs of the present without compromising the ability of future generations to meet their own needs" In the case of waste-to-energy initiatives in Baguio and in Manila, there will be the additional benefit of a significant reduction in extremely detrimental manmade waste, as large quantities of rubbish is converted to genuinely usable power</p>	<p>MGHC shall purchase 100% shares of common stock of Metro Solar Power Solutions, Inc. (Metro Solar) held by FEMI; Metro Solar is a stock corporation registered with the Securities and Exchange Commission (the "SEC") on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution. As of report date, the Parent Company and FEMI are in the process of finalizing details of the proposed sale and purchase of shares transaction contemplated by the parties.</p> <p>The company acquired two new subsidiaries: Metro Power Solutions, Inc. and Metro Renewable Transport Solutions, Inc.. The company will be adding to its original portfolio (real estate development and management, IT and infrastructure, among others), projects or objectives in three phases over the next 10 years that involve solar (panels), wind (turbines), hydro and waste-to-energy power generation – all quintessentially "Green" initiatives.</p>

### Customer Management

The Company is a holding company and has no business operations that entail direct interaction with customers.

### **Business Operations of Affiliates**

#### **Monumento Rail**

Monumento Rail currently has no project and is not in operation hence it has no direct interaction with customers.

#### **MRTC**

The operations and maintenance of MRT3 System is being handled by DOTR hence MRTC has no business operation that entails direct interaction with customers;

#### **MRTDC**

MRT Development Corporation's (MRTDC) main line of business is the leasing out of about 160 commercial retail spaces and about 1,200 outdoor and 1,000 indoor advertising assets located in all 13 MRT-3 stations and guideway structures along the stretch of EDSA from North Avenue in Quezon City to Taft Avenue in Pasay City, constantly uphold the highest standards in servicing its tenants and advertisers with quality care and assistance under terms and conditions that are fair and satisfactory. Through the hard work and dedication of its management and employees, MRTDC will continue to sustain its quality service delivery to its tenants and advertisers, whose growth and success are also the company's.

### *Customer Satisfaction*

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	No.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The Company is a holding company and has no direct business operations that entail direct interaction with customers.	Not Applicable
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i> Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i> Not Applicable	Not Applicable

## Health and Safety

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

For MRTC and MRTDC, there were no reported or filed cases of any violation relating to Health and Safety Standards. For the operation and maintenance of the MRT-3 train system, DOTR is responsible for any operational related cases.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	N/A	#
No. of complaints addressed	N/A	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable
<b>What are the Risk/s Identified?</b>  <i>Identify risk/s related to material topic of the organization</i>	<b>Management Approach</b>
Not Applicable	Not Applicable
<b>What are the Opportunity/ies Identified?</b>  <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Management Approach</b>
Not Applicable	Not Applicable

## Marketing and labeling

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	N/A	#
No. of complaints addressed	N/A	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<b>Management Approach</b>
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<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	
<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
<i>Not Applicable</i>	<i>Not Applicable</i>

## Customer privacy

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

MRT Development Corporation (MRTDC) strictly adheres to its responsibility towards confidential information provided by its tenants and advertisers. Unless in cases authorized by law, the company is accountable and compelled to protect all information provided by its tenants and advertisers. The company's leasing and advertising operations group, through the guidance of its corporate lawyers, is in-charge of handling tenants and advertisers' data privacy, reviewing guidelines and policies, executing strategies, establishing internal controls to protect these data and ensuring that these data are not compromised. MRTDC's policy on data privacy is in accordance with the Data Privacy Act. The company continues to educate its employees on the significance and confidentiality of tenants and advertisers' information.

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on customer privacy*	N/A	#
No. of complaints addressed	N/A	#

No. of customers, users and account holders whose information is used for secondary purposes	N/A	#
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>	
Not Applicable	Not Applicable	
<b>What are the Risk/s Identified?</b> <i>Identify risk/s related to material topic of the organization</i>	<b>Management Approach</b>	
Not Applicable	Not Applicable	
<b>What are the Opportunity/ies Identified?</b> <i>Identify the opportunity/ies related to material topic of the organization</i>	<b>Management Approach</b>	
Not Applicable	Not Applicable	

## Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact</i>	<b>Management Approach</b>  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>	

<i>(i.e., caused by the organization or linked to impacts through its business relationship)</i>	
Since 2007, the Company's securities are not traded due to voluntary suspension to allow the Company to re-align its business and explore new strategic directions.	Shareholders records are maintained by BDO Stock Transfer Agent.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	
<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>	
<i>Not Applicable</i>	<i>Not Applicable</i>

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to United Nations SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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<p>The wholly electrically-powered Metro Rail Transit Line 3 (MRT-3) currently accommodates 248,000 to 260,000 passengers a day, with an average fare collection of PHP2.7 million along its 13-station route from North Triangle to Taft Avenue along EDSA.</p> <p>The average number of passengers per day may increase to 300,000 to 400,000 per day, depending on the Covid-19 pandemic situation.</p>	<p>MGHC's environmental sustainability practices are exercised at the level of MRTC by the operations of MRT-3 System along EDSA on a daily basis all year long since year 2000 (and through the year 2021).</p> <p>Approximately 1,450 buses a day do not have to ply EDSA, as a result. The scenario where vehicular diesel engines emit nitrogen compounds and particulate matter (hydrocarbons and carbon dioxide) as they burn diesel fuel is significantly diminished because 300,000 to 400,000 passengers ride the MRT-3 daily instead of the aforementioned buses</p> <p>The four-car trains can accommodate a maximum of 1,576 passengers which is now ready. All stations of MRT have elevators for the use of the public.</p>	<p>While the MRT 3 is electrically powered and is a welcome substitute to the buses operating along EDSA that are run on diesel, there may still be a negative impact, albeit indirectly, on the environment by the mass rail system. This is because electricity in the Philippines is produced largely in coal fired plants which are less costly to operate.</p>	<p>"From three-car train sets it will be four-car train sets.</p> <p>The current three-car train setup of the MRT-3 can accommodate around 1,100 passengers per train. The four-car train setup is the future of MRT-3 which can accommodate a maximum of 1,576 passengers, with plans to combine the old Czech CKD train cars with the newer Chinese Dalian train cars for four-car operations.</p> <p>To date, 48 out of 72 CKD train cars have been overhauled, with the rest expected to be completed in 2022, while nine Dalian trains are "provisionally accepted". The remaining 39 CKD train cars are to undergo further testing.</p> <p>The Company's response to this negative impact is for MRT 3 to try to generate its own power through renewable energy, if feasible, if this is not feasible, the Company can more than offset the negative impact by developing renewable energy sources such as solar and wind farms, hydro electric and waste to energy plants.</p>
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*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

Remarks = pls. use black ink for scanning

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)b) THEREUNDER

1. For the quarterly period ended September 30, 2022
2. Commission identification number 9142 3. BIR Tax Identification No 000-194-408-000
4. Exact name of issuer as specified in its charter **METRO GLOBAL HOLDINGS CORPORATION**  
Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
- Mezzanine Floor Renaissance Tower,  
Meralco Avenue, Pasig City 1604
7. Address of registrant's principal office 1604 Postal Code
8. (02)633-6248  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 n 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock - P 1 par value</u>	<u>2,000,000,000 shares</u>

11. Are any or all of the securities listed on the Philippine Stock Exchange?  
Yes ☒ No ☐  
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine and Makati Stock Exchange

Common shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐



**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2022**  
**(With Comparative Figures as of Calendar Year Ended December 31, 2021)**

	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current Asset</b>		
Cash	₱ 1,016,975	₱ 1,944,204
Receivables	13,518,993	7,494,090
Other current assets	807,537	489,752
<b>Total current assets</b>	<b>15,343,505</b>	<b>9,928,046</b>
<b>Non-current Assets</b>		
Due from related parties	892,803,245	892,803,244
Financial assets at fair value through OCI	3,062,886,869	3,062,291,051
Intangible asset, net	689,764	710,252
Investment in Associates	13,667,401	13,667,401
Investment in Subsidiary	0	
Deferred Tax Asset	1,411,672	1,411,672
<b>Total non-current assets</b>	<b>3,971,458,951</b>	<b>3,970,883,620</b>
<b>TOTAL ASSETS</b>	<b>₱ 3,986,802,456</b>	<b>₱ 3,980,811,666</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expense and other current liabilities	₱ 402,445,353	₱ 390,861,037
<b>Total current liabilities</b>	<b>402,445,353</b>	<b>390,861,037</b>
<b>Noncurrent Liabilities</b>		
Due to a stockholder	696,447,627	707,010,807
Due to other related parties	262,242,537	249,610,537
<b>Total non-current liabilities</b>	<b>958,690,164</b>	<b>956,621,344</b>
<b>Total Liabilities</b>	<b>1,361,135,516</b>	<b>1,347,482,381</b>
<b>Stockholder's Equity</b>		
Share Capital	1,998,553,181	1,998,553,181
Additional paid-in capital	589,120,803	589,120,804
Fair value reserve	2,082,372	1,486,553
Retained Earnings	35,910,581	44,168,747
<b>Total stockholders equity</b>	<b>2,625,666,937</b>	<b>2,633,329,285</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>₱ 3,986,802,456</b>	<b>₱ 3,980,811,666</b>

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021**

		For the nine months ended September 30	
		2022	2021
<b>REVENUES</b>			
Depot Royalty Income	₱	13,518,993	₱ 0
Interest Income		539	3,313
Realized Forex Gain/Loss		24,218	14,726
<b>EXPENSES</b>			
Provision for Income Tax Expense		0	139,942
General & Administrative Expenses		(21,801,917)	(21,702,856)
<b>Net Income/( Loss) for the year</b>	₱	(8,258,166)	₱ (21,544,874)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Fair value gain (loss) on financial assets at fair value through OCI		595,818	288,539
<b>TOTAL COMPREHENSIVE INCOME /(LOSS)</b>	₱	(7,662,348)	₱ (21,256,335)
<b>INCOME/(LOSS) PER SHARE</b>		(0.0041)	(0.0108)

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME & DEFICIT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(With Comparative Figures for the Nine Months Ended September 30 and July to September 2022 & 2021)

	<b>January to September</b>		<b>July to September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Depot Royalty Income	13,518,993	0	5,621,552	0
Interest Income	539	3,313	79	1,388
Realized Forex Gain/Loss	24,218	14,726	10,711	
<b>EXPENSES</b>				
Provision for Income Tax Expense	0	139,942	0	0
General & Administrative expenses	(21,801,917)	(21,702,856)	(5,594,037)	(6,938,486)
<b>NET LOSS</b>	<b>(8,258,166)</b>	<b>(21,544,874)</b>	<b>38,307</b>	<b>(6,937,098)</b>
DEFICIT AT BEGINNING OF THE QUARTER	44,168,747	(2,571,012,814)	35,872,275	(2,585,620,590)
<b>INCOME (DEFICIT) AT END OF THE MONTH</b>	<b><u>35,910,581</u></b>	<b><u>(2,592,557,688)</u></b>	<b><u>35,910,581</u></b>	<b><u>(2,592,557,688)</u></b>

**\*\*Note: LOSS PER SHARE**

The computation of loss per share is as follows:

	<b>January to September</b>		<b>July to September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
(a) Net Income/loss	(8,258,166)	(21,544,874)	38,307	(6,937,098)
(b) Weighted average number of shares outstanding	1,998,553,181	1,998,553,181	1,998,553,181	1,998,553,181
	<u>(0.0041)</u>	<u>(0.0108)</u>	<u>0.0000</u>	<u>(0.0035)</u>

**METRO GLOBAL HOLDINGS CORPORATION**  
**AGING OF RECEIVABLES**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

<b><u>RECEIVABLES FROM</u></b>	<b>Less than 1 Year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years</b>	<b>Total</b>
NTDCC	13,518,993				<b>13,518,993</b>
<hr/>					
<b>TOTAL</b>	<b>13,518,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,518,993</b>
<hr/>					

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED TRAILING 12MONTHS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

Year to Date September 2022 Net Loss	P	(8,258,166)
Year to Date December 2021 Net Income		2,614,593,873
Year to Date September 2021 Net Loss		<u>(21,544,874)</u>
Trailing 12 mos Net Income	P	2,627,880,581
Weighted Average Number of Shares Outstanding		1,998,553,181
Trailing 12mos Earnings/(Loss) per Share (Basic)		1.3149

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**(With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021)**

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CAPITAL STOCK P 1 par value</b>	1,998,553,181	1,998,553,181
<b>ADDITIONAL PAID IN CAPITAL</b>	589,120,804	589,120,804
<b>CUMULATIVE CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
Balance at beginning of the year	1,486,553	1,131,344
Other Comprehensive Income	595,819	288,539
Balance at end of the year	2,082,372	1,419,883
<b>DEFICIT</b>		
Balance beginning of the Year	44,168,747	(2,571,012,814)
Net Loss	(8,258,166)	(21,544,874)
<b>Balance at end of year</b>	<b>35,910,581</b>	<b>(2,592,557,688)</b>
	2,625,666,937	(3,463,820)

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**(With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021)**

	Nine Months Ended September 30	
	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before income tax	₱ (8,258,166)	₱ (21,544,874)
Adjustment for:		
Increase (Decrease) in		
Receivables	(6,024,903)	8,863,009
Intangible assets, net	20,488	20,488
Other current assets	(317,785)	(24,986)
Accrued expenses and other current liabilities	11,584,316	3,441,593
Income Tax Payable	0	(1,212,833)
<b>Net cash used for operating activities</b>	<b>(2,996,050)</b>	<b>(10,457,603)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in Due to related parties	12,632,000	51,136,631
Increase(Decrease) in Due to stockholder	(10,563,180)	(36,131,914)
<b>Net cash used in financing activities</b>	<b>2,068,821</b>	<b>15,004,717</b>
<b>Net Increase/Decrease in Cash</b>	<b>(927,229)</b>	<b>4,547,114</b>
CASH BEGINNING OF THE YEAR	1,944,204	1,983,966
<b>End of Period</b>	<b>₱ 1,016,975</b>	<b>₱ 6,531,080</b>

**Metro Global Holdings Corporation and Subsidiaries**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting and Financial Reporting Policies**

**Basis of Preparation**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention except for financial assets at FVOCI.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

**Changes in Accounting Policies and Disclosures**

There are no new standards, amendments and interpretations which are effective for the financial year beginning January 1, 2021 that are relevant to and have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing the consolidated financial statements. None of these standards are expected to be relevant on the consolidated financial statements of the Group, except for the following:

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.



- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- o right-of-use assets and lease liabilities, and
- o decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. Changes in accounting policy and disclosures

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

## **Financial assets**

### Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group holds financial assets at fair value through OCI.

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Group's financial assets at amortized cost category includes cash, trade and other receivables, and due from related parties.

The Group classifies the following investments as financial assets at FVTPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at fair value through OCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investments in debt instruments designated as financial assets at FVTPL at initial recognition.

The Group's does not hold financial assets at FVTPL.

### Recognition and subsequent measurement

The Group recognizes a financial asset in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVOCI are recognized in other comprehensive income.

The Group assesses whether the cost is the best estimate of fair value of financial assets at FVOCI.

In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the financial assets, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

### Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the consolidated statement of total comprehensive income.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

### *Simplified approach*

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the customers to settle the receivables.

### *General approach*

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the

Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of total comprehensive income and presented in other gains/(losses).

### **Financial liabilities**

#### Classification

The Group classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost. Financial liabilities under category (i) comprise of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities under category (i) during and at the end of each reporting period.

Other financial liabilities at amortized cost are contractual obligations which are either those to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Group's other financial liabilities at amortized cost consist of accrued expenses and other current liabilities (excluding payable to government agencies), due to a stockholder, and due to other related parties.

#### Recognition and measurement

The Group recognizes a financial liability in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provision of the instrument.

Other financial liabilities at amortized cost are initially measured at fair value plus transaction costs.

Subsequently, these are measured at amortized cost using the effective interest rate method.

#### Derecognition

Other financial liabilities at amortized cost are derecognized when the obligation is paid, settled, discharged, cancelled or has expired.

#### Transfer, assumption, or assignment of liabilities

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

#### **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The Group's quoted financial assets at FVOCI are under this category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial instruments presented as part of current assets and current liabilities as at December 31, 2021 and 2020 approximate their fair values due to their short-term maturities.

The fair values of due to a stockholder and due to other related parties as of December 31, 2021 amounted to P626,594,392 (December 31, 2020 - P665,576,140) and P221,219,479 (December 31, 2020 - P322,982,783), determined using discounted cash flow approach by applying current market interest rates of 3.51% (December 31, 2020 - 2.49%) (Level 2),

based on the expected settlement of the amounts by the end of the BLT Agreement in July 2025.

The Group has no other financial assets and liabilities measured at fair value during and at the end of each reporting date.

#### *Non-financial assets*

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The carrying value of the Group's non-financial assets, substantially property and equipment, approximate its fair value in the light of the assets' current use is presumed to be its highest and best use.

#### **19.1 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. The Group does not have financial assets and liabilities that are covered by enforceable master netting arrangements and other similar agreements.

#### **Consolidation**

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, MGHC Royal Holdings Corporation (MGHC Royal) and Metro Renewable Transport Solutions, Inc. (Metro Renewable). The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The Group's subsidiaries as at December 31 are set out below. Unless otherwise stated, these have share capital consisting solely of ordinary shares that are held directly or indirectly by the Parent Company, and the proportion of ownership interests held equals the voting rights held by the Group.

	Ownership interest/ participating share held			Country of incorporati on	Main activity
	2021	2020	2019		
MGHC Royal	99%	99%	99%	Philippines	MGHC Royal was organized and established on May 19, 2017 to engage in the business to invest or purchase, otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.
Metro Renewable (Incorporated in 2020)	100%	100%	-	Philippines	Metro Renewable was organized and established on October 23, 2020 to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

### *Non-controlling interests*

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Group. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the equity attributable to the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance.



The amount of non-controlling interests from the Group's investment in MGHC Royal Holdings Corporation (MGHC Royal) is immaterial as at December 31, 2021 and 2020 considering that MGHC Royal is a dormant entity.

#### *Disposal of subsidiary*

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

#### **Cash**

Cash includes cash on hand and deposits held at call with banks. These are carried in the statement of financial position at nominal amount which approximates fair value. Cash in banks earn interest at the prevailing bank deposit rates.

#### **Trade and other receivables, net**

Trade receivables arising from depot royalties with an average credit term of 60 days are recognized at transaction price and subsequently measured at amortized cost using effective interest method less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

Trade receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers) and are approved by the BOD.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

#### **Other current assets**

Other current assets consist of input value-added tax (VAT) and creditable withholding taxes. These are stated at face value less provision for

impairment, if any. Provision for unrecoverable input VAT and creditable withholding taxes, if any, is maintained by the Group at a level considered adequate to provide for potentially unutilizable or uncollectible portion of the claim. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Input VAT and creditable withholding taxes are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Amounts are included in current assets, except when the related assets are expected to be realized more than twelve (12) months after the reporting period which are classified in non-current assets.

### **Investment in associate**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. It is also decreased by dividends received from the investee. The Group's investment in associates includes goodwill identified on acquisition. Any excess of the Group's share of the net fair value of the associates' identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate, equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **Intangible assets**

Intangible assets acquired separately are carried at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the remaining useful economic life at the date of acquisition or business combination. These are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting date.

The Group's intangible asset, pertaining to depot royalty rights, was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of the development rights.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

#### **Impairment of non-financial assets**

Non-financial assets that have definite useful lives are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses in the consolidated statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

#### **Accrued expense and other current liabilities**

Accrued expense and other current liabilities are obligations to pay for related money received, goods or services that have been acquired in the ordinary course of business from purchase of goods or service.

Accrued expense and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

### **Provisions and contingencies**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### **Revenue Recognition**

Revenue is measured based on the transaction price specified in a contract with the customer. The Group recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

### *Depot royalty income*

The amount of royalty income is recognized over time as NTDCC earns rental income from the TriNoma commercial center. The use of a time-based approach (output method) best provides a faithful depiction of the transfer of services to the customer given the nature of the royalty arrangement.

### *Dividend income*

Dividend income is recognized at the point in time when investees have declared dividends.

### *Other income*

Other income is recognized when earned.

### *Interest*

Revenue is recognized on a time-proportion basis using the effective interest method.

## **Cost and expense recognition**

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the statement of total comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent
- that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method.

## **19.2 Employee benefits**

### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## *(ii) Retirement benefits*

The Group has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under RA No. 7641, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary plus one twelfth of the 13th month pay and cash equivalent of not more than 5 days of service incentive leaves for every year of service (or 100% of monthly salary), a fraction of at least 6 months being considered as one whole year.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

## *(iii) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

## **Foreign currency transactions and translations**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Philippine pesos, which is the Group’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign

exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

### **Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **Current and deferred income tax**

Income tax expense recognized in profit or loss during the period comprises of current and deferred income tax (DIT), except to the extent that it relates to items recognized in other comprehensive income.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related DIT asset is realized or the deferred income tax liability is settled.

DIT assets are the amounts of income taxes recoverable in future periods in respect of all deductible temporary differences. DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

### **Earnings per share**

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, if any.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

### **Equity**

Capital stock is determined using the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

### **Subsequent events**

Subsequent events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

## **2. Significant Accounting Judgment and Estimate**

The Company's financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgment and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.



**Determination of Functional Currency.** Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The functional currency is the currency of the primary economic environment in which the Company operates.

**Determination of Fair Value of Financial Assets and Financial Liabilities.** Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

The fair value of financial assets amounted to ₱3.07 billion as at September 30, 2022 and December 31, 2021. The fair value of financial liabilities amounted ₱52.4 million as at September 30, 2022 and ₱40.9 million as at December 31, 2021.

**Determination of Fair Value of Financial Assets not Quoted in an Active Market.** The Company determines whether a reliable measure of fair value is available for equity investments not quoted in an active market. If a reliable measure is not available or ceases to be available, the unquoted equity investments are measured at cost.

The fair values of the Company's investments in MRTHI and MRTH II cannot be reasonably determined as the shares are unquoted nor are there any expected future cash flows in view of the sale of future distributions and that the investments, pursuant to the "Letter of Agreement", will be used to settle the Company's liability to FEMI.

**Determination of Impairment of AFS Financial Assets.** The Company treats quoted AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant decline" when the difference between its cost and fair value is 20.0% or more and "prolonged decline" when the fair value of quoted equity securities is lower than its cost for more than twelve months. In making this judgment, the Company evaluates, among other factors, the normal volatility in share price for quoted equities.

There was no impairment for quoted equity securities as of September 30, 2022 and December 31, 2021. The carrying value of quoted equity securities amounted to ₱4.6 million and ₱4.0 million as at September 30, 2022, and December 31, 2020.

In the case of unquoted shares, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. The Company's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Unquoted equity securities as at December 31, 2021 consist of investments in MRTHI and MRTHII. The Group's ownership interests in MRTHI and MRTHII as at December 31 are as follows:

Investee	Direct interest	Indirect interest	Effective interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI owns 84.9% interest in MRTH II while MRTHII wholly owns Metro Rail Transit Corporation (MRTC), which was awarded by the Philippine Government, acting through the Department of Transportation and Communication (DOTC), the Build, Lease and Transfer (BLT) Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I. The earnings of MRTC are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

*Critical accounting estimate and judgment - Measurement of unquoted equity instruments - cost as an estimate of fair value*

As required by PFRS 9, all equity investments in scope of PFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized either in profit or loss or other comprehensive income. PFRS 9 further provides that cost might be used as a measure of fair value where cost represents the best estimate of fair value. Upon the adoption of PFRS 9, the Group has assessed that the cost of investments in MRTHI and MRTHII amounting to P3,058,238,915 as at December 31, 2021 (2020 - P1,490,792,040) represents the best estimate of fair value of those investments.

The Group assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

Any change in the Group's assessment of the best estimate of fair value of investments in MRTHI and MRTHII could impact the recorded carrying amount of financial assets at fair value through OCI and related fair value gains or losses recognized in other comprehensive income.

As at December 31, 2021 and 2020, the Group has assessed that the cost of investments in MRTHI and MRTHII represents the best estimate of fair value of those investments. In addition, the Group has assessed that the carrying amount of the investments in MRTHI and MRTHII are recoverable in full and can be realized in the future through the Parent Company's share in the benefits arising from the capacity expansion projects to be undertaken by MRTC. Notwithstanding the sale of future share distributions pursuant to "Sale of future share distributions" discussed in (a) below, the Parent Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII. Further, the Group holds a put option to use the shares of stocks of MRTHI and MRTHII to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" as discussed in (b) below.

The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting

date. Therefore, the higher the cost of investments, the higher is the related fair value.

#### *Sale of future share distributions*

In 2002, the Parent Company and other participating shareholders of MRTHI and MRTHII (collectively referred to as the 'Sellers', entered into Sale Agreements where they sold all future share distributions arising from the equity rental payments (ERP) of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds).

The transaction is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Group in MRTHI and MRTHII are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Group's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Notwithstanding the sale of future share distributions, the Group continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II in compliance with the various agreements related to the sale of share of future share distributions mentioned above, as well as the Group's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTHII are precluded from transferring their equity interest in MRTHI and MRTHII until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTHII through MRTC from DOTC in the future and any benefits arising from the residual rights in the expansion projects shall still accrue to the Group and the other shareholders.

#### *Letter of agreement*

On August 18, 2005, the Parent Company and FEMI entered into a "Letter of Agreement", whereby FEMI has agreed to grant the Parent Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the Parent Company's liabilities to FEMI, included in 'Due to a stockholder' account in the statements of financial position, and any additional advances or interest which FEMI may charge to the Parent Company in relation to the said advances. Under the "Letter of Agreement," should the Parent Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

#### *Dividend income*

On December 13, 2021, MRTHII declared dividends to its shareholders, of which P2,606,190,497 pertains to the Group's share. The dividend income was recognized as part of other income in the statement of total comprehensive

income for the year ended December 31, 2021. The dividends were discharged/settled as follows:

- P147,706,848 was offset and eliminated against the liability to MRTHII, representing outstanding cash advances received from MRTHII, presented under due to other related parties in the statement of financial position;
- P1,567,446,876 was applied against liability from sale of future share distributions shown as a reduction of investment in MRTHII. Pursuant to the Sale of future share distributions agreement entered by the Parent Company and other participating shareholders of MRTHI and MRTHII as described in (a) above, the Parent Company recognized P1,567,446,876 liability from the sale of the future share distribution from the MRTC project as a reduction of investment in MRTHI and MRTHII. The total carrying amount of investment in MRTHI and MRTHII after the dividend transaction amounted to P3,058,238,916 as at December 31, 2021; and
- The remaining amount of P891,036,773 will be settled in cash and presented as dividend receivable under due from related parties. The amount is not expected to be collected within 12 months from the end of the reporting period, thus presented as part of non-current asset in statement of financial position.

In addition, the Company also believes that other sources of realization of the carrying value of the AFS investments in unquoted equity shares will be from the following (a) the Company's share in any additional variable equity rental payments (ERP) received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold and (b) the Company's share in the benefits arising from the residual rights in the expansion project. However, the benefits that can be derived from these cannot still be quantified and therefore not included in the calculation of impairment loss.

### **Estimate**

The key assumption concerning future and other key source of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

### ***Recognition of Deferred Tax Assets.***

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

### **Financial Risk Management Objectives and Policies**

The Company's financial assets and financial liabilities are cash in banks, AFS financial assets, accrued expenses and other current liabilities and due to a stockholder (excluding deposits received in consideration from the Cooperation Agreement). The BOD reviews and approves policies of managing each of the risks.

### ***Financial risk factor***

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's overall risk management program focuses on

the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

The most important types of risk the Group's manages are liquidity risk and credit risk.

### **Liquidity Risk**

Liquidity risk arises from the possibility that the Group will encounter difficulty in raising funds to meet associated commitments with financial instruments.

The Group manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Group is also able to defer payments of some of its due to related party balances.

The Group continues to obtain support from FEMI to finance the Group's operations.

### **Credit Risk**

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Group's business, could result in losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate net carrying amounts due to their short-term maturities.

The Group has a significant concentration of credit risk on its transactions with NTDCC, its sole customer. However, this is brought down to an acceptable level since depot royalties are collected in accordance with the agreement and the Group's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.

No impairment loss was recognized as at September 30, 2022.

### **Cash in banks**

To minimize credit risk exposure from its cash account, the Group deposits its cash in universal banks that have good credit ratings. Accordingly, the Group's cash in bank is subject to insignificant expected credit loss as at reporting dates.

### **Capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximizing the return on investments of stockholders. The Group monitors its use of capital by comparing deficit to total capitalization

and makes adjustments to it in light of changes in economic conditions and its financial position.

The Group considers its long-term debt from FEMI and other related parties, as well as total equity consisting of share capital, additional paid-in capital, and deficit, as its capital:

	September 30, 2022	December 31, 2021
Accrued expenses and other current liabilities	402,445,353	390,861,037
Due to/from related parties	(630,560,708)	(643,192,707)
Less cash on hand and in banks	1,016,975	1,944,204
Net debt (a)	(229,132,330)	(254,275,874)
Due to a stockholder	696,447,627	707,010,807
Total stockholders' equity	2,620,045,385	2,633,329,285
Capital and net debt (b)	3,087,360,682	3,086,064,218
Gearing ratio (a/b)	(7.42%)	(8.24%)

The Group continuously conducts an internal review its capital and financial risk management objective and policies.

### 3. Other Information

With regards to debt and equity securities, there were no issuances and/or repurchases incurred in the third quarter ended, September 30, 2022.

The Group has not made any reorganization, entered into any merger or consolidation or any business combinations. Also, the Group was not involved in any acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations since the last reporting period of December 31, 2021.

As of December 31, 2021 up to this quarter period reporting (September 30, 2022), no contingent liabilities or contingent assets have been declared.

## PART 1 – FINANCIAL INFORMATION

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Metro Global Holdings Corporation (MGHC), the Parent Company continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and MRTHII and its associate, Monumento Rail.

MGHC plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTHI and MRTHII. The combined investment in these two holding companies represents approximately 29% interest in the MRT 3 System along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation

for the next twelve (12) months was strictly confined to that of an investee corporation.

The Parent company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions (e.g., Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.

The Group's main source of income has been its share in the lease rental income termed as "Depot Royalty Income" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC). The Group recognized depot royalties of P7.9 million in 2021, P9.3 million in 2020 and P30.3 million in 2019.

During the past two years, the Group posted net operating income of P2.6 billion in 2021 and P885.8 thousand in 2020.

The Group's Retained earnings also posted an increase of P2.615 billion in 2021, in view of the P2.61 billion net income recognized by the Group in 2021.

The Group continues to recognize a Stockholders Equity balance of P2.633 billion in 2021. This had increased significantly when compared to the December 31, 2020 balance of P17.8 million.

During the regular meeting of the Board of Directors of the Parent Company held on September 24, 2018, the Board approved to (i) increase the Authorized Capital Stock of the Parent Company from P2,000,000,000 divided into 2,000,000,000 shares with a par value of One Peso (P1.00) per share to P5,000,000,000 divided into 5,000,000,000 shares with a par value of One Peso (P1.00) per share (ii) that out of the P3,000,000,000 increase in the Authorized Capital Stock, the amount of P750,000,000 representing 750,000,000 common shares at par value of P1.00 per share shall be subscribed by FEMI and (iii) that out of the said subscription, the amount of P500,000,000 representing 500,000,000 common shares at par value of P1.00 per share shall be fully paid through offset of outstanding payables of the Parent Company to FEMI to the extent of P500,000,000. The subscription for the 250,000,000 common shares at P1.00 per share or subscription price of P250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of the shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

**Conversion of Liabilities to Equity.** On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Parent Company at a par value of P1.00 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted into equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The liability amount for conversion was further increased to P800.0 million and subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of a portion of the liabilities of the Parent Company to FEMI amounting to P800.0 million into equity shares in the Company, equivalent to 800.0 million shares with a par value of P1.00 per share.

On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Parent Company through the conversion into equity of a portion of its receivables amounting to P200.15 million, equivalent to 200,150,000 shares at P1.00 per share par value.

On September 4, 2014, the SEC approved the conversion of a portion of the Parent Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value.

**Cooperation Agreement.** On November 12, 2010, the MGHC, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the 'Fil-Estate Companies') entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at March 31, 2021 has not yet occurred.

**Redemption of Redeemable Preferred Shares in Monumento Rail.** On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former's right to receive Depot Royalties ("Depot Royalty Rights" with respect to improvements constructed on the 16-hectare Depot located at North Triangle, EDSA and rental income from the commercial center known as Trinoma Mall in the Depot pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and the Parent Company executed the Redemption and Deed of Assignment whereby for and in consideration of the cancellation of the redeemable preferred shares issued by Monumento Rail to the Company and certain trustees of the Parent Company, Monumento Rail assigned to the Parent Company a pro-rata interest of Monumento Rail's Depot Royalty Rights to the extent of an aggregate of 28.47%.

The cost of the Parent Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of Monumento Rail, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as at August 22, 2006.

As a result of the redemption, the Parent Company recognized a Depot royalty right intangible asset amounting to P901,471 which is equivalent to the value of the Parent Company's investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

As at December 31, 2021, 2020 and 2019, the Parent Company recognized its share in lease rental income from the Trinoma Mall, classified as depot royalty income in the financial statements, of P7,887,684, P9,329,483, and P30,296,661, respectively. This represents the 28.47% in the 5% of the lease rental income of Trinoma Mall in those years, which were collected in subsequent years.



**Settlement Agreement.** On December 17, 2014, the Parent Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16-hectare Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Royalty arising from the development of assigned specific developable areas in the Depot to Monumento Rail Transit Corp. (Monumento Rail) or its successors-in-interest in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO and the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and Monumento Rail.

The Parent Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of Depot Royalties corresponding to 5% of the gross receipts of the rental income and 5% of the gross proceeds of sale or leases of improvements from the exercise by specific assignees of the development rights in specific developable areas of the Depot by virtue of the Settlement Agreement and the December 17, 2014 Deed of Assignment between Monumento Rail and the Company.

**Lease Agreement**

On October 29, 2015, GERI and NTDCC entered into a Lease Agreement over North Avenue Lot Pads A and B in the Depot. As a condition to the signing of the Lease Agreement, GERI required NTDCC to execute an Assumption and Accession Agreement in favor of the Company, which agreement is described below.

**Assumption and Accession Agreement**

On October 29, 2015, as a condition for Global- Estate Resorts, Inc. (GERI) to enter into a Lease Agreement with North Triangle Depot Commercial Corporation (NTDCC) and for the latter to commence development on North Avenue Lot Pads A and B in the Depot, GERI, NTDCC and the Company entered into an Assumption and Accession Agreement. Under the agreement, NTDCC, with the consent of the Parent Company, assumed the obligation of GERI to pay the Company the latter's 28.47% share of 5% of the Depot Income from developments and improvements on North Avenue Lot Pads A and B in the Depot.

**Corporate Name Change**

On March 18, 2014, the BOD approved the amendment of the Articles of Incorporation and By-laws of the Parent Company, a major provision of which was the change in its corporate name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "METRO GROUP" and establish the affiliation of the Parent Company with its affiliate infrastructure companies which likewise had the word "Metro" in their corporate names.

The foregoing amendments were approved by the Securities and Exchange Commission on May 14, 2014.

**New Management Plans**

**Proposed increase in Authorized Capital Stock.** The Parent Company

plans to increase its authorized capital stock to 5,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share. The initial plan in increase of its authorized Capital stock to 3,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share has been superseded by the approval by the Board of Directors on 24 September 2018.

FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750,000,000 shares at P1.00 per share. Out of the said subscription, Five Hundred Million Pesos (P500,000,000.00) corresponding to Five Hundred Million (500,000,000) common shares at P1.00 per share will be fully paid through the conversion into equity of portion of FEMI's advances to the Parent Company.

At the Annual Stockholder's Meeting held on November 22, 2018, the stockholders approved the increase in authorized capital stock from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (Php1.00) per share and the corresponding amendments to Article Seventh of the Amended Articles of Incorporation of the Parent Company. The stockholders also approved the subscription of FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Parent Company at par value of P1.00 per share with part of subscription price to the extent of Five Hundred Million Pesos (P500,000,000.00) to be offset against the Parent Company's advances from FEMI. The subscription for 250,000,000 common shares at P1.00 per share or subscription price of P250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

As at September 30, 2022, the application for increase in authorized capital stock is pending with the SEC while awaiting the valuation of the Metro Solar shares.

**Expansion of the Company's primary purpose.**

The Parent Company plans to expand its primary purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

On November 20, 2018, the Board authorized the Company to enter into a Memorandum of Agreement with Fil-Estate Management Inc. (FEMI) whereby the Company shall purchase the Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares of common stock of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar); a stock corporation registered with the Securities and Exchange Commission (the "SEC") with SEC registration No. CS201622607 on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution.

Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration in the value of the Metro Solar shares will be determined based on an appraisal report to be prepared by an independent appraiser acceptable to the Parent Company.

The shares that the Parent Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed P3 billion (P3,000,000,000.00) increase in authorized capital stock of the Company.

On November 22, 2018, during the annual Stockholders Meeting, the stockholders approved the amendment of the Article Second of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Parent Company to expand its investment into business engaged in solar, wind, and other renewable energy generation facilities.

On October 30, 2019, the SEC approved said amendment and upon payment of corresponding assessment fees, shall issue the corresponding Certificate of Amended Articles of Incorporation.

**Assignment of Share in Lease Income Termed “Depot Royalties”.**

On November 20, 2018 the Board approved to earmark/allocate to FEMI its Depot Royalties from the rental income derived from Trinoma Mall for a period of fifteen (15) years commencing January 30, 2020 and ending January 30, 2034 to enable the Company to partially repay the Advances to FEMI to the extent of Three Hundred Million Pesos (P300,000,000.00)

On April 11, 2019, the Board of Directors of the Parent Company passed a Resolution approving the Company’s agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Company, the Company agreed to partially repay the Advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Company in addition to the assignment of Depot Royalties from the rental income derived in Trinoma Mall for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034.

**Proposal to Department of Transportation and Communications (DOTC).** On December 19, 2014, MGHC presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast-Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Holdings II, owner of Metro Rail Transit Corporation (MRTC) which in turn owns the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government. Subsequently, MRTC adopted the proposal and submitted the same to DOTC and the Office of the President.

As at September 30, 2022, the foregoing proposals remain pending with the Office of the President.

MGHC, the Parent company, currently has ten (10) employees.

MGHC Royal and MRTSI are both not yet in commercial operation and have no employees as of September 30, 2022. The management of the two companies is currently being undertaken by the executive officers of MGHC.

Cash decreased by about ₱927 thousand or 47.69%, from ₱1.9 million in December 2021 to ₱1.0 million in September 2022. The decrease was primarily due to high level of net cash used to payoff various payables and operating expenses incurred during the third quarter of 2022.

Receivables increased by ₱6.0 million or 80.40% in view of the accrual of the Group’s Depot Royalty income due from Trinoma/NTDCC covering the nine-month period, January to September, 2022, amounting to ₱13.5 million.

Other Current Assets increased by ₱317 thousand or 64.89% due to increase in Input VAT receivables.

The Accrued Expense and Other Current Liabilities increased by ₱11.6 million or 2.96% due to increase in payables as of the third quarter of 2022.

Due to a Stockholder decreased by ₱10.6 million or 1.49%, from ₱707.0 million as of December 31, 2021 to ₱696.4 million as of September 30, 2022, in view of various payments made by the Parent Company to FEMI.

The 5.06% increase or ₱12.6 million in the Due to Related Parties, from ₱249.6 million as of December 31, 2021 to ₱262.2 million as of September 30, 2022, was primarily due to cash advances received by the Parent Company from MRT Development Corporation (MRTDC) which will be offset against dividends that MRTDC will declare in the future.

There was an increase of ₱595 thousand in the AFS Financial Assets in the 3rd Quarter ended September 2022, from ₱3,062 billion in December 2021 to ₱3.063 billion in September 2022, in view of the increase in the market value of quoted equity securities.

The 29% or ₱7.7 million decrease in the Group's Stockholders Equity was in view of the ₱8.3 million Net Loss suffered by the Group as of the third quarter ended September 30, 2022.

There are no material events, trends, commitments or uncertainties known to management that would address the past and would have an impact on the liquidity and on future operation of the company in general.

There are no any material commitments for capital expenditures, nor any events that will trigger direct or contingent financial obligation that is material to the company.

No material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during this 3rd quarter period.

## **FINANCIAL RISK DISCLOSURE**

The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

- ***Fair value of financial instruments***

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity. Due to the short-term nature of transactions, the fair value of cash in banks, accrued expenses and other current liabilities and due to a stockholder approximate the carrying values as at reporting date. Quoted equity securities are recorded at fair value. Fair value of unquoted equity securities for which no reliable basis for fair value measurement is available are carried at cost, less any accumulated impairment loss.

- **Fair Value Hierarchy**

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The quoted equity securities whose fair values are determined using quoted prices in active markets (Level 1) amounted to ₱4.6 million and ₱4.1 million as at September 30, 2022 and December 31, 2021, respectively.

As at September 30, 2022 and December 31, 2021, the Parent Company does not have any financial assets and financial liabilities carried at fair value that are classified under Level 2 and 3.

On September 30, 2022 and December 31, 2021, there are no transfers among the fair value hierarchies.

A comparison of the fair values as of the date of the recent interim financial report and as of the date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods, as follows:

#### Quoted Equity Securities

The changes in market value of quoted equity securities that were presented as “Change in fair value of available-for-sale financial assets” in other comprehensive income amounted to ₱ 2.1 million gain in September 2022 and ₱1.49 million gain in December 2021.

Movement in AFS financial assets consists of:

	September 2022	December 2021
Acquisition cost	₱2,565,582	₱2,565,582
Cumulative change in fair value of AFS financial assets:		
Balance at beginning of year	1,486,553	1,131,344
Changes in fair value during the quarter/year	595,819	355,209
Balance at end of year/quarter	2,082,372	1,486,553
	₱4,647,954	₱4,052,136

The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39 – Financial instruments.

- (1) Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Group classifies financial asset valuating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices

represent actual and regularly occurring market transactions on an arms' length basis.

The fair values of the Parent Company's investments in MRTHI and MRTHII cannot be reasonably determines as the shares are unquoted nor were there any expected future cash flows in view of the sale of future distributions entered into by the participated shareholders of MRTHI and MRTHII with TBS Kappitel Corporation Pte Ltd (TBS Kappitel) and that the investments, pursuant to the option agreement with FEMI will be used to settle the Parent Company's liability to FEMI. The carrying amount of unquoted investments amounted to ₱3.058 billion as at September 30, 2022 and December 31, 2021.

## **PART II – OTHER INFORMATION**

### **1) Reports on SEC Form 17-C**

#### **a) Postponement of Annual Stockholders' Meeting.**

As is of public knowledge, there was a COVID surge in January and February of 2022 which forced our offices to lockdown as well as of its accountants, auditors, corporate secretaries and third parties with whom the Corporation had transactions requiring disclosures in the Corporation's audited financial statements. The COVID surge made impossible for the months of January and February for the Corporation to undertake the various confirmations and reconciliations with our subsidiaries, accountants, auditors, corporate secretaries and third parties. By March 2022, our Corporation had to focus its limited resources to finalize its audited financial statements in time for April/May 2022 deadline filings. For this reason, the Corporation could not have been able to schedule its 2022 Annual Meeting in March, 2022 as its audited financial statements were still in the process of finalization and could not yet be reported to its stockholders in March, 2022.

At present, the Parent Company is in the midst of exploratory talks with local governments for the company's new business directions.

As these are prospects which would have significant impact to the Company's future business, management is of the opinion that we would report on these projects to our stockholders when the discussions are more firm. For this reason, the Parent Company is looking at the 4<sup>th</sup> quarter of this year on December within which to hold its 2022 Annual Meeting via remote communication. The venue for our Chairman to preside that Annual Meeting shall be at our principal office at 1/F Renaissance Towers, Meralco Avenue, Pasig City.

**Table A**

<b>Financial Ratios</b>	<b>Formula</b>	<b>3rd Quarter 2022</b>	<b>3rd Quarter 2021</b>
a) Current Ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	0.38%	0.017%
b) Solvency Ratio	$\frac{\text{Net Profit after Tax (or NPAT) + Depreciation and amortization}}{\text{Total Liabilities}}$		
c) Debt-to-Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Stockholders' Equity}}$		
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$		
e) Net Profit margin	$\frac{\text{NPAT}}{\text{Net Revenues}}$		
f) Return on asset	$\frac{\text{NPAT}}{\text{Average Total Asset}}$		
g) Return on Equity	$\frac{\text{NPAT}}{\text{Average Total Stockholders' Equity}}$		

# COVER SHEET

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(Company's Full Name)

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

<b>RAMON G. JIMENEZ</b>
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Contact Person

<b>86336205 loc. 804</b>
--------------------------

Company Telephone Number

1	2
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Month

fiscal year

3	1
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Day

**SEC FORM 17-C**

FORM TYPE

Listed

Secondary License Type, If Applicable

<b>1st Thursday of March</b>
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Month

Day

Annual Meeting

			M	S	R	D				
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Dept. Requiring this Doc.

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Amended Articles Number/ Section

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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LCU

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Cashier

STAMPS
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **July 1, 2022**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number: **9124**    3. BIR Tax Identification No. **000-194-408-000**
4. **Metro Global Holdings Corporation (Formerly Fil-Estate Corporation)**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **Mezzanine Renaissance Towers, Meralco Ave., Pasig City**    **1604**  
Address of principal office    Postal Code
8. **(632) 8633-6205**  
Issuer's telephone number, including area code
9. **N.A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Shares</b>	<b>2,000,000,000 share</b>

11. Indicate the item numbers reported herein: Item 9 (a) (12)

Postponement of Annual Stockholders' Meeting.

As is of public knowledge, there was a COVID surge in January and February of 2022 which forced our offices to lockdown as well as of its accountants, auditors, corporate secretaries and third parties with whom the Corporation had transactions requiring disclosures in the Corporation's audited financial statements. The COVID surge made impossible for the months of January and February for the Corporation

to undertake the various confirmations and reconciliations with our subsidiaries, accountants, auditors, corporate secretaries and third parties. By March 2022, our Corporation had to focus its limited resources to finalize its audited financial statements in time for April/May 2022 deadline filings. For this reason, the Corporation could not have been able to schedule its 2022 Annual Meeting in March, 2022 as its audited financial statements were still in the process of finalization and could not yet be reported to its stockholders in March, 2022.

At present, the Company is in the midst of exploratory talks with local governments for the company's new business directions.

As these are prospects which would have significant impact to the Company's future business, management is of the opinion that we would report on these projects to our stockholders when the discussions are more firm. For this reason, the Company is looking at the 4<sup>th</sup> quarter of this year on December within which to hold its 2022 Annual Meeting via remote communication. The venue for our Chairman to preside that Annual Meeting shall be at our principal office at 1/F Renaissance Towers, Meralco Avenue, Pasig City.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

#### **METRO GLOBAL HOLDINGS CORPORATION**

Issuer

Date: July 1, 2022

By:

  
**RAMON G. JIMENEZ**  
Vice President & CFO

REPUBLIC OF THE PHILIPPINES)

) S.S.

PASIG CITY,

### SECRETARY'S CERTIFICATE

I, **ALICE ODCHIGUE-BONDOC**, of legal age, Filipino, with office address at the Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **METRO GLOBAL HOLDINGS CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City (the "Corporation");

2. During the special meeting of the Board of Directors of the said Corporation held on **1 July 2022**, at which meeting a quorum was present and acting throughout, the following resolution was unanimously approved and adopted:

**"RESOLVED, That the Corporation approve the resetting of the Corporation's Annual Stockholders' Meeting from 3 March 2022 to 9 December 2022 at 10:00am, which meeting shall be held via remote communication, with the Chairman presiding at the Corporation's principal place of business at 1/F Renaissance Tower, Meralco Avenue, Pasig City."**

3. The foregoing resolution has not been revoked, amended nor in any manner modified, and accordingly, the same may be relied upon until a written notice to the contrary is issued by the Corporation.

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_ at PASIG CITY.

JUL 01 2022

  
**ALICE ODCHIGUE-BONDOC**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 01 2022. Affiant exhibited to me her Integrated Bar of the Philippines Lifetime No. 014624.

Doc. No. 247;  
Page No. 71;  
Book No. 168;  
Series of 2022.

**FERDINANDO AYAHAO**  
Notary Public  
For Pasig City, Puteran and San Juan City  
Appointment No. 102 (2022-2023) valid until 12/31/2023  
M.U.C. Exemption No. VII-DEP003719 valid until 04/14/25.  
Roll No. 26477; IRT L.R.N 02459; OR 535860; 06/21/2001  
TIN 123-311-743; PSR 8129984; 01/05/22; Pasig City  
Floor 5, West Tower PSR, Exchange Road  
Ortigas Center, Pasig City Tel. 6632-86314090

## SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

Registrant: Metro Global Holdings Corporation

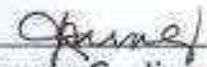
Signature and Title

  
Atty. Ferdinand T. Santos  
President

Date : October 5, 2022

Principal Financial/Accounting Officer/Controller:

Signature and Title

  
Ramon G. Jimenez  
Treasurer / VP-CFO



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C	O	R	P	O	R	A	T	I	O	N		(	F	O	R	M	E	R	L	Y									
F	I	L	-	E	S	T	A	T	E		C	O	R	P	O	R	A	T	I	O	N	)							

M	E	Z	Z	A	N	I	N	E		F	L	O	O	R	,												
R	E	N	A	I	S	S	A	N	C	E		T	O	W	E	R	,										
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1	7	-	A
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S	E	C	
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Not applicable

**info@metroglobalholdings.com**

8633-6205

Not applicable

1906

**1<sup>st</sup> Thursday of March**

December 31

## Ramon Jimenez

monjay@ymail.com

8633-6205

**Not applicable**

**Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City**

**2:** All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

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

1. For the fiscal year ended December 31, 2020
  2. SEC Identification Number 9142
  3. BIR Tax Identification No. 000-194-408-000
  4. Exact name of registrant as specified initials charter METRO GLOBAL HOLDING CORPORATION
  5. Pasig City, Philippines  
Province, Country or other jurisdiction of  
Incorporation or organization
  6.  (SEC Use Only)  
Industry Classification Code
  - Mezzanine Floor Renaissance Tower  
6. Meralco Ave., Pasig City  
Address of Principal Office
  - 1600  
Postal Code
  8. (632) 8633-6248  
Issuer's Telephone Number, including area code
  9. FIL-ESTATE CORPORATION  
Former name, former address, and former fiscal year, if changed since last report
  10. Securities registered pursuant to Section 8 n 12 of the SRC, or Sec 4 n 8 of the RSA
- | Title of Each Class         | Number of Shares of common Stock Outstanding<br>and Amount of Debt Outstanding |
|-----------------------------|--|
| Common Stock - P1 par value | 2,000,000,000 (out of the total shares)  |
11. Are any or all these securities listed on the Philippine Stock Exchange.  
Yes [X] No [ ]
  12. Check whatever the registrant:
    - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and SRA Rule 11 (1a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such report).  
Yes [X] No [ ]
    - (b) has been subject to such filing requirements for the past 90 days.  
Yes [ ] No [ ]
  13. Aggregate market value of the voting stock held by non-affiliates:  
₱240,559,298.00@ ₱1.00/share as of December 31, 2020
  14. Document incorporated by reference: 2020 Audited Financial Statements

**METRO GLOBAL HOLDINGS CORPORATION**

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## **Item 1. Business**

### **Business Development**

Metro Global Holdings Corporation (the Company), formerly Fil-Estate Corporation, was incorporated on September 17, 1954 originally as San Jose Oil, Incorporated. The original and primary purpose of the corporation was to prospect for and market oil, natural gas and other minerals and, secondarily, to invest in non-mining corporations or other enterprises. The Company was listed in the Philippine Stock Exchange (PSE) on May 4, 1964.

In July 1996, the Board of Directors (BOD) and the stockholders of the Company approved (a) the change in the **Company's primary purpose from oil exploration** to that of a holding Company authorized to engage in property and infrastructure development and the relegation of its erstwhile primary purpose to one of the **Company's secondary purposes, (b) the increase in the Company's authorized capital** stock from ₱300.0 million, divided into 30.0 billion shares with a par value of ₱0.01 per share, to ₱2 billion, divided into 2 billion shares with a par value of ₱1.00 per share and (c) the declassification of Classes A and B common shares to a single class of common shares.

On January 22, 1998, The Securities and Exchange Commission ("SEC") approved the change in corporate name of San Jose Oil, Incorporated to Fil-Estate Corporation, accompanied by a shift in the primary purpose to that of a holding company engaged in property and infrastructure development, the declassification of Classes A and B common shares to a single class of common shares, and the change in par value of its shares from ₱0.01 in 1997 to ₱1.00 in 1998.

On December 11, 2000, the SEC **approved the Company's increase in authorized** capital stock from 300.0 million shares to two (2) billion shares. Fil-Estate Management, Inc. (FEMI) subscribed to 700 million shares in exchange for the assignment of its interests in the Metro Rail Transit Holdings, Inc. (MRTHI) and Metro Rail Transit Corp., Limited (MRTCL).

On September 9, 2004, the SEC **approved the extension of the Company's term of** existence for another fifty (50) years.

**The Company's key investment is in the form of equity interest in MRTHI** and Metro Rail Transit Holdings II, Inc. (MRTHII). The combined investment in these holding companies represents approximately twenty nine percent (29%) interest in the Metro Rail Transit systems ("EDSA MRT systems"). The Phase I of the MRT project (LRTS Phase I) began full operations on July 15, 2000 and involved thirteen (13) stations from the North Triangle to Taft Avenue.

The Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail), which, as a result, allows participation in the train system extension (e.g. the Makati Loop and Airport Link) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.

On December 17, 2014, by virtue of the Redemption and Deed of Assignment between Monumento Rail and the Company, the Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of 5% of the Depot Income relative to the



improvements and leased areas of the 16-hectare, more or less, North Triangle Depot. As successor-in-interest, the Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses.

On May 19, 2017, the Company incorporated MGHC Royal Holdings Corporation (MGHC Royal). MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. The Company owns 99% of MGHC Royal.

On December 20, 2018, the Company acquired the 15.79% equity interest of Fil-Estate Properties, Inc. in MRT Development Corporation (MRTDC).

Last November 22, 2018, **at the Annual Stockholder's Meeting of** the Company, the stockholders representing 2/3 of the outstanding capital stock of the Company, approved the Increase in the Capital Stock of the Company from P2 billion to P5 billion, with the parent company, Fil-Estate Management, Inc. subscribing to the said increase to the extent of P750,000,000.00. The Increase is pending approval with the Securities and Exchange Commission.

Likewise, during the 2018 **Annual Stockholder's Meeting, the stockholders** representing 2/3 of the outstanding capital stock of the Company, approved the amendment of its Articles of Incorporation to allow the Company to invest in businesses engaged in the development of renewable energy through solar farms, wind farms, waste-to-energy and other energy projects. This Amendment is likewise pending approval with the Securities and Exchange Commission.

In line with the new business directions the Company intends to pursue, the Company has entered into an Agreement last November 20, 2018 with its parent company, **Fil-Estate Management, Inc. (FEMI's), for the acquisition by the Company of FEMI's** 100% equity stake in Metro Solar Power Solutions, Inc. (Metro Solar), a power company with an existing 65 megawatt solar farm project in Pililia, Rizal. The stockholders of the Company likewise have approved this transaction during the Annual Meeting of November 22, 2018, subject to mutually acceptable valuation of the project to be determined by an independent appraiser.

On August 25, 2020, the Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MRTSI is intended to be the special purpose vehicle company to undertake the new public transport system projects of the Group that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar

electricity-fed transport. The first of these kind of projects is already the subject of an ongoing Feasibility Study in Baguio City under a Memorandum of Understanding (MOU) with the City of Baguio signed last September 3, 2020 concerning the development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The Company owns 100% of MRTSI.

Since 2007 the Company has voluntarily suspended the trading of its securities to allow the Company to re-align its business and explore new strategic directions.

### ***Change of Principal Place of Business***

On December 6, 2019, at **the Annual Stockholder's Meeting**, the stockholders approved the amendment of the Third Article of the Articles of Incorporation to indicate the new location in another city of the MGHC's **principal place of business** with details of the specific complete address from Mandaluyong, Metro Manila to Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila. After the approval of the amendment, Article Third shall read as follows:

**“That the place where the principal office of the Corporation** is to be established or located is at MEZZANINE FLOOR, RENAISSANCE TOWERS, MERALCO AVENUE, PASIG CITY, METRO MANILA (As Amended on \_\_\_\_\_)”

The above amendment was necessitated by Memorandum Circular No. 16, Series of 2014 issued by the Securities and Exchange Commission (SEC) which directs corporations to file an Amended Articles of Incorporation to indicate its new location **to another city or municipality. Likewise, SEC's Memorandum Circular No. 6**, Series of 2014, directs all existing corporations whose Articles of Incorporation still indicate **only a general address, such as a city, town or municipality, or “Metro Manila”, to file** an amended Articles of Incorporation in order to specify their complete address, such that, if feasible, it has a street number, street name, barangay, city or municipality, and if applicable, the name of the building, the number of the building, and name or number of the room or unit.

The amendments in Third Article of the Articles of Incorporation are intended for compliance to the above-mentioned Memorandum Circulars of the SEC by indicating in the proposed amendments the new location to another city of the Company (from Mandaluyong to Pasig City), and to indicate the specific complete address of the Company in its new location in Pasig City, that is, Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila.

As at December 31, 2020, the amendment has not yet been approved by the Securities and Exchange Commission.

### ***Corporate Name Change***

On March 18, 2014, the BOD approved the amendment of the Articles of Incorporation and By-laws of the Company, a major provision of which was the change in its corporate name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under

the "METRO GROUP" and establish the affiliation of the Company with its affiliate infrastructure companies which likewise had the word "Metro" in their corporate names.

The foregoing amendments were approved by the Securities and Exchange Commission on May 14, 2014.

**Equity Infusion.** On March 19, 2007, the Company accepted FEMI's **proposal** to infuse its 30% equity ownership in Camp John Hay Development Corporation (CJHDEVCO) in exchange for up to 450.0 million shares of the Company at ₱1.00 par value, subject to approval by the SEC.

On September 11, 2007, the Company signed a Deed of Assignment whereby the 30% equity ownership of FEMI in CJHDEVCO was transferred to the Company in exchange for 450.0 million shares at ₱1.00 par value subject to the approval of the Bases Conversion Development Authority (BCDA). The Deed of Assignment by FEMI of its equity interest in CJHDEVCO in favor of the Company was signed in 2007 in conjunction with CJHDEVCO's then active discussions with certain property developers and Business Process Outsourcing (BPO) operators who intended to invest in the CJHDEVCO area. The expansion of the CJHDEVCO tourism and leisure complex in the northern resort destination of Baguio City involved approximately 19 hectares of new development out of the total 247-hectare former rest-and-recreation facility of the United States military. It was further expected that the profitability of CJHDEVCO would be boosted by such investments and in turn, would positively affect the financial performance of the Company.

On July 1, 2008, the BCDA consented to the transfer made by FEMI of its 30.0% equity interest in CJH in exchange for new shares of stocks in the Company.

On April 23, 2009, the Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which (a) amended the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJHDEVCO, and (b) extended the date of closing of the transaction June 30, 2010, or any date agreed upon by the parties in writing, in order to allow the parties to fully comply with the conditions precedent to closing as set forth in the Deed of Assignment, particularly as it related to the required consent of the SEC.

On January 9, 2012, CJHDEVCO rescinded the Restructured Memorandum of Agreement it had entered into with the BCDA on July 1, 2008 due to the **BCDA's** continuing inability to make good on its one-stop shop 30-day permit issuance guaranty. CJHDEVCO subsequently filed a directly related case against the BCDA for arbitration with the Philippine Dispute Resolution Center, Inc. (PDRCI).

On March 14, 2012, the House of Representatives passed a resolution creating a technical working group aimed at assisting CJHDEVCO and the BCDA in amicably resolving the dispute.

On April 12, 2012, the BOD approved the deferment of the assignment, transfer and **conveyance in favor of the Company, of FEMI'S 30.0% equity in CJHDEVCO until the resolution of the dispute between CJHDEVCO and the BCDA.**

On February 11, 2015, the PDRCI handed down its decision on the arbitration case filed by CJHDEVCO against the BCDA. The decision stated that the Original Lease Agreement (OLA), and the subsequent Memorandums of Agreement entered into by CJHDEVCO and the BCDA, was rescinded due to mutual breach by parties. The PDRCI, in its decision, (a) directed the BCDA to return to CJHDEVCO the total amount of rent CJHDEVCO had paid amounting to P1,421,096,052; and (b) ordered CJHDEVCO to vacate the leased premises and promptly deliver the leased property to the BCDA upon full payment by the BCDA to CJHDEVCO of the aforementioned rental amount. The decision also concluded that the CJHDEVCO was not liable for any unpaid back rent as had been claimed by the BCDA.

On March 6, 2015, CJHDEVCO filed for a confirmation of judgment with the Regional Trial Court of Baguio City (Court). On March 27, 2015, the Court issued an order of confirmation of The Final Award.

In view of the PDRCI decision, the BOD approved to cancel the implementation of the transfer by FEMI of its 30.0% equity in CJHDEVCO in exchange for equity shares in the Company. **The cancellation was also in line with the Company's plan to focus on its core business of infrastructure development.**

**Conversion of Liabilities to Equity.** On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Company at a par value of P1.00 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted into equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The liability amount for conversion was further increased to P800.0 million and subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of a portion of the liabilities of the Company to FEMI amounting to P800.0 million into equity shares in the Company, equivalent to 800.0 million shares with a par value of P1.00 per share.

On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Company through the conversion into equity of a portion of its receivables amounting to P200.15 million, equivalent to 200,150,000 shares at P1.00 per share par value.

On September 4, 2014, the SEC approved the conversion of a **portion of the Company's** liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value.

**Infusion of Certain Properties.** On April 12, 2012, the Company accepted the infusion by FEMI of certain properties of Mt. Zion Memorial, Inc. (MZMI) worth P500.0 million in shares of the Company at P1.00 par value. MZMI is wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks. Organized in 1999, by 2012, MZMI had twelve (12) memorial parks nationwide with a total combined saleable memorial lots aggregating to 50 hectares, with an estimated concurrent value of P2,500.0 million. A significant amount of annual income was expected to be generated from this infusion.

Consistent with the direction of the Company to focus on its core business of infrastructure development, the BOD approved to cancel the implementation of the

proposed plan of FEMI to assign -properties of Mt. Zion Memorial Inc. (MZMI), worth P500 million in exchange for 500,000,000 shares of the Company at P1.00 per share.

**Cooperation Agreement.** On November 12, 2010, the Parent Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the ‘Fil-Estate Companies’) entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the **Fil-Estate Companies’ rights and interests in the MRT Companies**. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2020 has not yet occurred.

**Redemption of Redeemable Preferred Shares in Monumento Rail.** On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the **former’s right to receive Depot Royalties (“Depot Royalty Rights”** with respect to improvements constructed on the 16-hectare Depot located at North Triangle, EDSA and rental income from the commercial center known as Trinoma Mall in the Depot pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and the Company executed the Redemption and Deed of Assignment whereby for and in consideration of the cancellation of the redeemable preferred shares issued by Monumento Rail to the Company and certain trustees of the Company, Monumento Rail assigned to the Company a pro-rata interest of **Monumento Rail’s Depot Royalty Rights to the extent of** an aggregate of 28.47%.

**The cost of the Company’s** 18,029,417 redeemable preferred shares amounts to P901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of Monumento Rail, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as at August 22, 2006.

As a result of the redemption, the Company recognized a Depot royalty right intangible asset **amounting to P901,471 which is equivalent to the value of the Company’s** investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

As at December 31, 2020, 2019 and 2018, the Company recognized its share in lease rental income from the Trinoma Mall, classified as depot royalty income in the financial statements, of **₱9,329,483, ₱30,296,661, and ₱29,455,307**, respectively. This represents the 28.47% in the 5% of the lease rental income of Trinoma Mall in those years, which were collected in subsequent years.

**Settlement Agreement.** On December 17, 2014, the Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16-hectare Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Royalty arising from the development of assigned specific developable areas in the Depot to Monumento Rail Transit Corp. (Monumento Rail) or its successors-in-interest in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO and the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and Monumento Rail.

The Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of Depot Royalties corresponding to 5% of the gross receipts of the rental income and 5% of the gross proceeds of sale or leases of improvements from the exercise by specific assignees of the development rights in specific developable areas of the Depot by virtue of the Settlement Agreement and the December 17, 2014 Deed of Assignment between Monumento Rail and the Company.

**Proposal to Department of Transportation and Communications (DOTC).** On December 19, 2014, the Company presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast-Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Holdings II, owner of Metro Rail Transit Corporation (MRTC) which in turn owns the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government. Subsequently, MRTC adopted the proposal and submitted the same to DOTC and the Office of the President.

As at December 31, 2020, the foregoing proposals remain pending with the Office of the President.

**Proposed increase in Authorized Capital Stock.** The Company plans to increase its authorized capital stock to 5,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share. The initial plan in increase of its authorized Capital stock to 3,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share has been superseded by the approval by the Board of Directors on 24 September 2018.

FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750,000,000 shares at P1.00 per share. Out of the said subscription, Five Hundred Million Pesos (P500,000,000.00) corresponding to Five Hundred Million (500,000,000) common shares at P1.00 per share will be fully paid through the conversion into equity of portion of FEMI's advances to the Company.

At the **Annual Stockholder's Meeting held on November 22, 2018**, the stockholders approved the increase in authorized capital stock from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par

value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (Php1.00) per share and the corresponding amendments to Article Seventh of the Amended Articles of Incorporation of the Company. The stockholders also approved the subscription of FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Company at par value of P1.00 per share with part of subscription price to the extent of Five Hundred Million Pesos (P500,000,000.00) to be offset against **the Company's advances from FEMI**. The subscription for 250,000,000 common shares at P1.00 per share or subscription price of P250,000,000.00 is intended to be paid fully or partially via assignment to the Company of shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar) as discussed further below.

As at December 31, 2020, the application for increase in authorized capital stock is pending with the SEC while awaiting the valuation of the Metro Solar shares.

### **Expansion of the Company's primary purpose.**

The Company plans to expand its primary purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

On November 20, 2018, the Board authorized the Company to enter into a Memorandum of Agreement with Fil-Estate Management Inc. (FEMI) whereby the Company shall purchase the Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares of common stock of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar); a stock corporation registered with the Securities and **Exchange Commission (the "SEC") with SEC registration No. CS201622607** on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution.

Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration in the value of the Metro Solar shares will be determined based on an appraisal report to be prepared by an independent appraiser acceptable to the Company.

The shares that the Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed P3 billion (P3,000,000,000.00) increase in authorized capital stock of the Company.

On November 22, 2018, during the annual Stockholders Meeting, the stockholders approved the amendment of the Article Second of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Company to expand its investment into business engaged in solar, wind, and other renewable energy generation facilities.

On October 30, 2019, the SEC approved said amendment and upon payment of corresponding assessment fees, shall issue the corresponding Certificate of Amended Articles of Incorporation.

### **Assignment of Share in Lease Income Termed “Depot Royalties”.**

On November 20, 2018 the Board approved to earmark/allocate to FEMI its Depot Royalties from the rental income derived from Trinoma Mall for a period of fifteen (15) years commencing January 30, 2020 and ending January 30, 2034 to enable the Company to partially repay the Advances to FEMI to the extent of Three Hundred Million Pesos (P300,000,000.00)

On April 11, 2019, the Board of Directors of the Company passed a Resolution **approving the Company’s agreement with FEMI that in consideration of FEMI not** charging interest on the outstanding obligations of the Company, the Company agreed to partially repay the Advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Company in addition to the assignment of Depot Royalties from the rental income derived in Trinoma Mall for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034.

### **Business of Issuer**

The business activities of Metro Global Holdings Corporation (the Company) arise from its investments in the equity of the entities mentioned in the preceding. Hence, the Company has no principal products or services, nor does it derive revenues or sales from any products or services. No part of the **Company’s** revenues or income over the last three years has been derived from any foreign sales. Corollary, the Company has no requirement for any distribution methods that would otherwise be needed for any products or services. **Since the Company’s** inception it has had nor publicly-announced new product or services.

There is no competition with respect to other train services. Instead, the MRT project complements other train systems and various public transportation modes available in Metro Manila such as buses, taxis and FXs. Passengers along EDSA have a choice between riding the MRT system and using the described alternatives.

Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers for conducting its business.

The MRT system is dependent on public ridership and not on a single or a few customers. Current ridership is approximately 300,000 people per day. The Government, through the Department of Transportation (DOTR) is responsible for the collection of fares and for the day-to-day operations of the system. The owner of the system, MRTC, on the other hand is assured of a scheduled rental payment over the life of the Build Lease Transfer (BLT) agreement with DOTC.

The Company is 87.885% owned by FEMI. The Company obtains its financial support from its Parent Company as and when it is needed.

The **Company’s** business does not require any patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements. Instead the Company has substantial investment in corporations (e.g. the MRTC) that have concession agreements with the government, specifically agreements with the DOTC under the Build Operate and Transfer Law (‘BOT Law’). Under the BLT Agreement with DOTC, the MRTC designed, financed, built, completed and leased a light rail transit system (LRTS) operating from North Avenue to Taft Avenue, connecting approximately 16.8 kilometers with 13 stations. The MRTC completed the said LRTS in June 2000. As



provided under the BLT Agreement, upon completion of the LRTS, the DOTC operates the same and pays MRTC guaranteed rental fees for a period of twenty-five (25) years from date of completion (until 2025). The rental fees are used to pay debt to foreign funders, and equity rental payments to stockholders of MRTC to guarantee a fifteen percent (15%) net economic return.

The investment of the Company in the EDSA MRT system does not require further approvals from the Philippine Government. The MRT system in EDSA has fully complied and continues to comply with the governmental requirements directly related to the project.

The Company has not been the subject of any bankruptcy, receivership or any other similar proceedings for the last three (3) years. There has likewise been no material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of business finalized within the same period.

In line with the new business directions of the Company to invest in business engaged in solar, wind, and other renewable energy generation facilities, the Company entered **into an Agreement with FEMI on November 20, 2018, for the acquisition of FEMI's** 100% equity stake in Metro Solar Power Solutions, Inc. (Metro Solar), a power company with an existing 65-megawatt solar farm project in Pililia, Rizal. As at December 31, 2019, the Agreement has not yet been implemented pending valuation of the Metro Solar shares which will be determined by an independent appraiser.

MGHC Royal intends to engaged in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes.

MRTSI intends to engaged in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MGHC Royal and MRTSI were not in commercial operation as at December 31, 2020.

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

The business of the Company is to hold its investments in the securities of other corporations. Hence, its income is derived from dividends from other corporations.

Existing government regulations do not impose any tax on dividends received by a domestic corporation from other domestic corporations. Any law or policy changes to the existing regulations on dividends may have an effect on the income of the Company. However, to date, the Company is not aware of any pending legislation that **may affect the Company's source** of income.

## **Research and development activities**

The Company and its subsidiaries have not been involved in any significant research and development activities over the last three fiscal years.

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

The Company and its subsidiaries do not engage in business operations that are subject to regulations which require compliance with environmental laws.

## **Employees**

MGHC has ten (10) employees in year 2020 while in 2019, the Company had two (2) employees.

MGHC Royal and MRTSI are both not yet in commercial operation and have no employees as of December 31, 200. The management of the two companies is currently being undertaken by the executive officers of MGHC.

## **Risks**

The Group's **principal financial exposures consist of its payables to associates and stockholders**. Such financial instruments were used in prior years to raise funds for working capital and to retire interest-bearing US Dollar denominated bank loans. The group, as a matter of policy, discourages the use of any foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the group encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the group maintains a margin currency position in its asset and liability management function.

The residual financial risks from the Group's **financial instruments are cash flow/liquidity risks, credit risks and equity price risks**.

Cash flow/liquidity risk arises from the possibility that the group may encounter difficulties in raising funds to meet or settle its obligations and to support the group's operations and activities.

The group coordinates and negotiates closely with each principal stockholder to manage cash flow risks by jointly identifying new sources of cash flow infusions into the group over the next five years.

The group's **exposure to credit risk arises primarily from its deposits with banks of good credit rating**. The maximum exposure to credit risk is equivalent to the carrying amount of these cash in banks.

The group is exposed to fair value changes of its Available-For-Sale (AFS) investments in listed equity securities.

The group's **policy is to maintain risk at an acceptable level**. The group's **shares are not** traded at the PSE at the moment. Once the voluntary suspension of the trading of the group's **shares is lifted**, movement in share price will be monitored regularly to determine the impact on its financial position.

The group continuously conducts an internal review of its financial risks management objectives and policies.

## Item 2. **Properties**

**As at December 31, 2020, the Company's primary asset continues to be its investment in the MRT companies.** The Company is the record and beneficial owner of the shares of stock representing its investments in the said corporations.

The Company holds 4,278,511 shares or 18.6% interest in MRTHI and 24,034,840 shares or 12.6% interest in MRTHII. MRTHI has 84.9% interest in MRTHII, which wholly owns MRTC. MRTHI, MRTHII and MRTC, are collectively referred to as the MRT companies. The earnings of the MRT companies are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

Notwithstanding the sale of future share distributions as discussed in Note 5 of the Financial Statements, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II.

**On August 18, 2005, the Company and FEMI entered into a "Letter of Agreement,"** whereby FEMI agreed to grant and did grant the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTH II as settlement of the outstanding amount of the **Company's liabilities to FEMI and any additional advances or interest** which FEMI may charge to the Company in relation to the said advances at settlement date. Liabilities to FEMI as at December 31, 2005 amounted to ₱1,741.3 million. Under the **"Letter of Agreement", should the Company opt to sell the said investments** to third party or parties in the future, FEMI would have the right of first refusal to purchase the said investments at their prevailing market value.

On November 12, 2010, the Fil-Estate Companies entered into a Cooperation Agreement with MPIC relating to the **Fil-Estate Companies' rights and interests in the MRT Companies.** Under the Cooperation Agreement, the Fil-Estate Companies appointed MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties was subject to certain consents and conditions, which as at 31 December 2020 had not yet occurred.

The Company, through its direct and indirect investments in MRTHI and MRTH II, is the beneficial owner of 28.47% equity interest in Monumento Rail Transit Corporation (**Monumento Rail**). **The Company's interest in Monumento Rail** expectedly allows the **Company's participation in the train system extension and additional train/vehicle** procurement, in the event the Government awards the projects to MRTC, which it will continue to pursue. As at December 31, 2020, Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal for the said projects.

The Company also owns one thousand five hundred seventy-nine (1,579) shares or 15.79% equity ownership in Metro Rail Transit Development Corporation (MRTDC),

which it acquired from Fil-Estate Properties, Inc. (FEPI) through a Deed of Assignment entered into with FEPI on December 20, 2018.

On May 19, 2017, the Company incorporated MGHC Royal Holdings Corporation (MGHC Royal). MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. The Company owns 99% of MGHC Royal.

On August 25, 2020, the Company incorporated Metro Renewable Transport Solutions, Inc. (MRTSI). MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

MRTSI is intended to be the special purpose vehicle company to undertake the new public transport system projects of the Group that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport. The first of these kind of projects is already the subject of an ongoing Feasibility Study in Baguio City under a Memorandum of Understanding (MOU) with the City of Baguio signed last September 3, 2020 concerning the development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The Company owns 100% of MRTSI.

As of December 31, 2020, MGHC Royal and MRTSI were not yet in commercial operation.

The Company and its subsidiaries do not hold property subject of any lease arrangement, nor does the Company expect to purchase or sell any equipment within the ensuing twelve (12) months.

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

There are no material legal proceedings to which the Company or its subsidiaries and affiliates are a party to or of which any of their property is the subject of such proceedings. The Company has no knowledge or information as to any such legal proceedings contemplated by government authorities or any other entity.

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

Aside from those taken up during the Annual Meeting of Stockholders, no other matters were submitted for voting by the security holders in year 2020.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. **Market for Registrants Common Equity and Related Stockholders Matters**

#### **(1) Market Information**

The Company's stocks are being traded at the Philippine Stock Exchange. However, for the last five (5) years, trading of the Company's shares has been voluntarily suspended.

In view of the suspension of trading of the Company's shares, the high and low sales prices of such shares for each quarter of the calendar years 2019, 2020 and 2021 could not be determined.

	<b>2021</b>		<b>2020</b>		<b>2019</b>	
<b>Quarter</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>1<sup>st</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2<sup>nd</sup></b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>3<sup>rd</sup></b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>4<sup>th</sup></b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The shares of the Company were last traded on March 20, 2007 at a price of ₱0.26 per share.

#### **(2) Holders**

As at 31 December 2020 the number of shareholders of record is 1,906 while common shares outstanding were 2,000,000,000 shares. The Company's top 20 Stockholders as at 31 December 2020 are:

	<b>Name of Stockholders</b>	<b>Number of Shares</b>	<b>% of Ownership</b>
1	Fil-Estate Management, Inc.	1,757,690,197	87.885%
2	PCD Nominee Corporation (Filipino)	100,579,633	5.029%
3	Alakor Securities Corporation	66,778,253	3.339%
4	Bank of Commerce – Trust Services Group	43,211,800	2.161%
5	Bank of Commerce TG-91-07-001-C	6,383,000	0.319%
6	PCD Nominee Corp. (Non-Filipino)	3,663,129	0.183%
7	Fil-Estate Management Inc.	2,059,998	0.103%
8	Bancommerce Investment Corp	2,000,000	0.100%
9	Atty. Gilbert Reyes ITF Various Shareholders	1,903,514	0.095%
10	Noel Cariño	1,506,500	0.075%
11	Jaime Borromeo	1,000,000	0.050%
12	Leroy Tan	675,500	0.034%
13	Belson Securities, Inc. A/C#196-358	664,000	0.033%
14	Roberto N. Del Rosario	628,000	0.031%
15	CFC Corporation	576,000	0.029%

	The Holders of the Unexchanged San Jose Oil		
16	Co., Inc.	556,839	0.028%
17	David Go Securities Corp.	414,200	0.021%
18	Trendline Securities Corp.	382,500	0.019%
19	Alberto Mendoza &/or Jeanie C. Mendoza.	300,000	0.015%
20	John Gokongwei Jr.	270,000	0.014%

### **(3) Dividends**

No dividends were declared in the last two (2) calendar years.

Under the Company's by-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Revised Corporation Code, namely; that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

### **(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

On January 3, 2019, the Company filed with the Commission, a “**Notice of Exempt Transaction**” under SRC Rule 10.1, in relation to the subscription by FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Company at par value of P1.00 per share. Portion of the subscription price to the extent of Five Hundred **Million Pesos (P500,000,000.00) will be offset against the Company's advances from FEMI.** The balance of P250,000,000 is to be paid fully or partially via assignment to the Company of shares of FEMI in Metro Solar.

The 750,000,000 shares that the Company will issue to FEMI will come from the P3 billion (3,000,000,000) increase in authorized capital stock of the Company, which has already been pre-approved by the SEC on October 30, 2019.

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

### **Plan of Operation:**

#### **1. MRT Operations**

Metro Global Holdings Corporation (MGHC) continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and MRTHII and its associate, Monumento Rail.

MGHC plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTHI and MRTHII. The combined investment in these two holding companies represents approximately 29% interest in the MRT 3 System along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North

Triangle to Taft Avenue. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions (e.g., Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.

## **I. Operations for the next twelve months**

The Company is expected to receive its 28.47% share in 5% of the lease rental income from Trinoma Mall termed Depot Royalties as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses and to partially pay its debts to FEMI.

The Company foresees that material funding may be required within the next twelve (12) months, in anticipation of the finalization and completion of the transactions relating to the acquisition by the Company of the equity interest of FEMI in Metro Solar. **Metro Solar's main project is the development of the 65-megawatt solar farm project in Pililia, Rizal, which construction is expected to commence within the year 2020.** The Company plans to raise the needed funds to finance this project through private placement and the eventual resumption of trading of its shares at the PSE.

The Company does not have plans for any product research and development within the same period.

There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business.

## **Management Discussions and Analysis of Financial Condition and Results of Operations**

### **Review for the year ended December 31, 2020**

#### **Impact of COVID-19 pandemic**

On March 15, 2020, the Philippine Government placed the entire Luzon under the Enhanced Community Quarantine (ECQ) due to the increasing corona virus disease (COVID-19) cases in the country. The ECQ mandated the closure of non-essential businesses and strict home quarantine which resulted in the slowdown of the economy. Measures are implemented to protect the health and safety of the employees, support business continuity, and manage financial impact to a minimum.

#### **Financial position and results as at and for the year ended December 31, 2020**

The pandemic and the consequent quarantine measures imposed by the government, have greatly affected the operations of the Trinoma Commercial Center, which saw the decrease in its lease rental income for the year 2020, which resulted in the 69.2% or P21.0 million decrease (from P30.3 million as at December 31, 2019 to P9.3million as

at December 31, 2020), in the Group's **share in the** depot royalty income for the year 2020

General and Administrative (G&A) expenses increased by P7.8 million or 158.3%, from P4.9 million in December 31, 2019 to P12.7 million in December 31, 2020, mainly due to the increase in salaries and wages in view of the secondment of various officers from FEMI. The **Group's G&A** expenses comprised mainly of the Group's regular operating expenses, such as salaries and wages, professional and retainer fees, taxes and licenses and transportation and travel expenses.

**The Group's net income for the year ended December 31, 2020, decreased by 97% or P33.5 million, from P34.4 million as at December 31, 2019 to P0.9 million as at December 31, 2020, in view of the P21.0 million decrease in depot royalty income and the P7.8 million increase in G&A expenses as previously mentioned.**

## **Financial Condition**

The Group's **Total** Assets decreased by P12.4 million or 0.8%, from P1.53 billion as at December 31, 2019 to P1.52 billion as at December 31, 2020.

Cash increased by P0.9 million or 87.3% from P1.1 million as at December 31, 2019 to P2.0 million as at December 31, 2020, mainly due to increase in cash received during the year.

Receivables decreased by P19.9 million or 69.2%, from P28.8 million as at December 31, 2019 to P8.9 million as at December 31, 2020, in view of the decrease in the share in lease rental income received from the Trinoma Mall.

The increase in Investment in Associates account amounting to P6 million (from P-nil- as at December 31, 2019 to P6.0 million as at December 31, 2020), was in view of the recognition of the Group's share in the net earnings of MRT Development Corporation for year 2020.

Total Liabilities decreased by 0.9% or P13.9 million, from P1.49 billion as at December 31, 2019 to P1.51 billion as at December 31, 2020.

Increase in Accrued Expenses and Other Payables of 1% or P2.2 million, from P382.9 million as at December 31, 2019 to P385.2 million as at December 31, 2020, was mainly due to accrual of unpaid salaries and wages due in 2020.

Income Tax Payable decreased by P1.3 million or 16.9%, from P7.6 million as at December 31, 2019 to P6.3 million in December 31, 2020, due to decrease in taxable income as a result of the decrease in the share in lease rental income from Trinoma Mall.

Due to a Stockholder decreased by 3.7% or P28.5 million, from P773.4 million as at December 31, 2019 to P744.8 million as at December 31, 2020, due to cash payments made to FEMI during the year.

Due to Other Related Parties increased by 3.9% or P13.7 million, from P347.7 million as at December 31, 2019 to P361.4 million as at December 31, 2020, due to cash advances received from MRTDC during the year.



The **Stockholders' Equity** increased by P1.5 million or 9.2%, from P16.3 million as at December 31, 2019 to P17.8 million as at December 31, 2020, in view of the net operating income earned by the **Group's** in year 2020.

## KEY PERFORMANCE INDICATORS (“KPI”)

### LIQUIDITY RATIOS

	December 31, 2020	December 31, 2019
Current Ratio	0.028	0.077
Quick Ratio	0.028	0.076

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Current Ratio and Quick Ratio both decreased in December 2020 compared to December 2019 mainly due to decrease in current assets of the **Group's** in particular the receivables account.

### LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2020	December 31, 2019
Debt to Total Assets	0.988	0.989
Equity to Total Assets	0.012	0.011
Debt to Equity	76.484	92.789
Asset to Equity	84.179	93.786

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.

*Debt to Equity (Total Liabilities/ Total Owner's Equity)*

It relates the exposure of the creditors to that of the owners.

*Asset to Equity (Total Assets/ Total Owner's Equity)*

It measures the company's leverage.

Debt to Total Assets ratio decreased in December 2020 as compared to December 2019, in view of the decrease in the Total Assets of the Group.

Other leverage ratios decreased due to the decrease in Total Assets and Total Liabilities of the Group.

## PROFITABILITY RATIOS

	December 31, 2020	December 31, 2019
Return on Equity	0.045	2.113
Return on Assets	0.001	0.022
Earnings per Share	0.0004	0.0172

*Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)*  
It tests the productivity of the owners' investments.

*Return on Assets (Net Income/ Total Assets)*  
This ratio indicates how profitable a company is relative to its total assets.

*Earnings per Share (EPS)*  
It indicates the earnings for each of the common shares held.

All profitability ratios in December 2020 decreased as a result of the decrease in the net income in view of the huge reduction in Depot royalty income for 2020.

## Material Changes in the year ended December 31, 2020 Financial Statements

### Financial Position

*(Increase/decrease of 5% or more versus December 31, 2019 balances)*

- 87% increase in Cash due to collection of receivables from NTDCC and cash advances received from FEMI and MRTDC during the year
- 69% decrease in Receivables was mainly due to the decrease in the **Group's** share in lease rental income from Trinoma Mall.
- 79% increase in Other Current Assets was mainly due to the increase in input VAT
- 17% decrease in Income Tax Payable was due to lower taxable income for 2020 as a result of the decrease in the **Group's** share in lease rental income
- 70% decrease in Other Current Liabilities was mainly due to the decrease in deferred output VAT payable as a result of the decrease in the **Group's** share in lease rental income
- 119% increase in Cumulative Market adjustment was due to the increase in the **market value of the Group's** quoted equity securities

## **Results of Operation**

*(Increase/decrease of 5% or more versus December 31, 2019 balances)*

- 69% decrease in Depot Royalty Income was due to the decrease in the share in lease rental income.
- 158% increase in General and Administrative Expense was primarily due to the increase in salaries and wages in relation to the employment of additional employees in 2020
- 100% decrease in other income was in view of the decrease in other income account. In 2019, due to the assumption by MRTC of the Group consultancy agreement with Arch Advisory Limited and the reversal of the related accruals and expenses, the **Group's** recognized other income of P20 million that year.

## **Review for the year ended December 31, 2019**

### **Results of Operations**

For the year ended December 31, 2019, the group posted a net income of P34.4 million, an increase of 221% or P23.7 million from the net operating income of P10.7 million recorded in December 31, 2018.

The Group's main source of income continues to be its share in the lease rental income **termed as "depot royalties" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC)**, owner of Trinoma Mall. The Group's recognized depot royalty income of P30.3 million in 2019, which increased by P0.8 million or 2.9% from P29.5 million in 2018.

The Group's also recognized other income of P20million representing reversal of previous years' expense accruals due to the assumption by MRTC of the Group's consultancy agreement with Arch Advisory Limited, a financial consultancy firm based in Malaysia.

General and administrative (G&A) expenses amounting to P5.0 million as at December 31, 2019, consists mainly of payment of regular operating expenses, such as salaries and wages, taxes and licenses and transportation and travel expenses. The G&A expenses decrease by P9.6 million or 66% from P14.4 million in December 31, 2018 to P5.0 million in December 31, 2019 due to reduction in expenses brought about by the assumption by MRTC of consultancy agreement with Arch Advisory.

### **Financial Condition**

The Group's Total Assets decreased by P4.3 million or 0.2%, from P1.54 billion as at December 31, 2018 to P1.53billion as at December 31, 2019 due to the decrease in the value of Investments in Associates brought about by the losses incurred by the Group's associates.

Cash increased by P0.4 million or 42% from P0.7 million as at December 31, 2018 to P1.1 million as at December 31, 2019 mainly due to the increase in cash receipts due to advances received from MRTDC.

Receivables increased by P0.7million or 0.3% from P28million as at December 31, 2018 to P29 million as at December 31, 2019, mainly due to additional provision for credit losses recognized this year.

Other current assets decreased by P1.6million or 96%, from P1.7 million as at December 31, 2018 to P0.07 million as at December 31, 2019, due to application of the creditable withholding tax recorded in 2018 against the 2019 Income Tax payable.

Investment in Associates decreased by P1.9 million or 2% from P1.9 million as at December 31, 2018 to P-nil as at December 31, 2019 mainly because the Group's associates suffered net equity losses that wrote off the value of the investment.

The Group's Total Liabilities decreased by 2% or P37.8million, from P1.55 billion as at December 31, 2018 to P1.52 billion as at December 31, 2019, mainly due to payments made by the Group's to FEMI.

Due to a Stockholder decreased by 4% or P28.7million, from 802.1 million as at December 31, 2018 to P773.4 million as at December 31, 2019 due to various payments made by the Group's to FEMI in 2019.

Decrease in Accrued Expenses and Other Payables of 6% or P27.2 million, from P410.1 million as at December 31, 2018 to P382.9 million as at December 31, 2019 was mainly due to the assumption by the MRTC of the Group's consultancy agreement with Arch Advisory Limited.

Income Tax Payable increased by P3.8million or 98% from P3.8 million as at December 31, 2018 to P7.6million in December 31, 2019 due to higher Income tax liability for 2019 as a result of the increase in other income account due to the reversal of accruals and expenses resulting from the assumption by MRTC of the Group's consultancy agreement with Arch Advisory Limited.

Other Current Liabilities increased by P0.1 million or 4% from P3.6 million as at December 31, 2018 to P3.7 million as at December 31, 2019 due to payment of various accruals in 2019.

The Group's **Stockholders' Equity** improved to a positive balance of P16.3 million in 2019 from a negative balance of P17.2 million in 2018, due to the P34.4million net income posted in year 2019.

## **KEY PERFORMANCE INDICATORS ("KPI")**

### **LIQUIDITY RATIOS**

	December 31, 2019	December 31, 2018
Current Ratio	0.077	0.073
Quick Ratio	0.076	0.069

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Current Ratio and Quick Ratio both increased in December 2019 from December 2018 mainly due to decrease in current liabilities of the Group's.

### **LEVERAGE OR LONG-RANGE SOLVENCY RATIOS**

	December 31, 2019	December 31, 2018
Debt to Total Assets	0.989	1.011
Equity to Total Assets	0.011	(0.012)
Debt to Equity	92.789	(90.067)
Asset to Equity	93.786	(89.067)

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.

*Debt to Equity (Total Liabilities/ Total Owner's Equity)*

It relates the exposure of the creditors to that of the owners.

*Asset to Equity (Total Assets/ Total Owner's Equity)*

It measures the company's leverage.

Debt to Total Assets ratio decreased due to the decrease in the Total Assets of the Group's in December 2019, as compared to December 2018.

Other leverage ratios increased due to the increase in net income earned by the Group's in 2019.

### **PROFITABILITY RATIOS**

	December 31, 2019	December 31, 2018
Return on Equity	1.860	(0.620)
Return on Assets	0.022	0.007
Earnings per Share	0.017	0.0053

*Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)*

It tests the productivity of the owners' investments.

*Return on Assets (Net Income/ Total Assets)*

This ratio indicates how profitable a company is relative to its total assets.

*Earnings per Share (EPS)*

It indicates the earnings for each of the common shares held.

All profitability ratios increased in view of the 223% increase in the net income of the Group's in December 2019.

## **Material Changes in the year ended December 31, 2019 Financial Statements**

### **Financial Position**

*(Increase/decrease of 5% or more versus December 31, 2018 balances)*

- 42% increase in Cash due to collections of receivables from NTDC and advances received from MRTDC, net of payments of various payables and expenses
- 36.4% decrease in Due from Related Parties due to collection of receivables in connection with the assumption by MRTDC of the consultancy agreement with Arch Advisory.
- 96% decrease in Other Current Assets was mainly due the application of creditable withholding tax against income tax payments made in April 2019
- 7% decrease in Accrued Expense and Other Payables was largely due to the assumption by MRTDC of the Group consultancy agreement with Arch Advisory Limited
- 98% increase in Income Tax Payable was due to higher Income tax liability for 2019 as a result of the increase in the Group's net taxable income in 2019
- 64% decrease in Cumulative Market adjustment was the result of the decrease in the market value of the Group quoted equity securities

### **Results of Operation**

*(Increase/decrease of 5% or more versus December 31, 2018 balances)*

- 9328% increase in net Other Income due to reversal of previous year's accrual in relation **to the assumption by MRTDC of the Company's consultancy agreement with Arch Advisory Limited and recognized as income in 2019.**
- 66% decrease in General and Administrative Expense was due to the reduction in **the Company's** consultancy fees in view of the assumption by MRTDC of the consultancy agreement with Arch Advisory Limited.
- 99% increase in Income Tax Expense due to increase in taxable income in 2019.

## **Review for the year ended December 31, 2018**

### **Results of Operations**

For the year ended December 31, 2018, the Group's posted a net income of P10.7 million, a significant improvement from its December 31, 2017 net operating loss of P5.5 million.

The Group's main source of income continues to be its share in the lease rental income **termed as "depot royalties" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC)**, owner of the Trinoma Mall. The group recognized depot royalty income of P29.5 million in 2018, which increased by P1.6 million or 5.8% from P27.8 million in 2017.

General and administrative (G&A) expenses amounting to P14.4 million in 2018 were mainly due to professional and retainer fees, salaries and wages, and taxes and licenses incurred by the Company. G&A expenses decreased by P2.1 million or 12.6% from P16.5 million in 2017, in view of the reduction in consultancy fees.

102% decrease in Other Expense due to the P11.6 million impairment loss on Financial assets at fair value through OCI recognized in year 2017.

## **Financial Condition**

The Group's Total Assets of P1.53 billion as at December 31, 2018 decreased by P12.5 million or 0.8%, from P1.54 billion as at December 31, 2017.

Cash decreased by 14.3%, from P0.87 million as at December 31, 2017 to P0.75 as at December 31, 2018 mainly due to increase usage of funds to pay off various payables and expenses.

The P10.6 million or 27.6% decrease in Receivables, from P38.6 million as at December 31, 2017 to P28 million as at December 31, 2018, was primarily due to the increase in the Group's **share in NTDCC lease rental income**.

Other current assets increased by P0.21 million or 14.3%, from P1.48 million as at December 31, 2017 to P1.69 million as at December 31, 2018, due to the increase in creditable withholding tax as a result of the increase in the Group's share in NTDCC lease rental income.

Investment in Associate decreased by P4.1 million or 68.6%, from P6.04 million as at December 31, 2017 to P1.9 million as at December 31, 2018 due to the acquisition of the 15.8% equity interest in MRTDC and the recognition by the Group's of its share in the net equity earnings of MRTDC.

Deferred tax assets as at December 31, 2018 increased to P1.6 million or 100%. The Group did not recognize any deferred tax asset as at December 31, 2017. The Group started recognizing deferred tax asset only in 2018 after re-assessment that there exist a probability that future taxable income will and can be offset against it.

The Group's Total Liabilities decreased by 2.6% or P41.17 million, from P1.59 billion as at December 31, 2017 to P1.54 billion as at December 31, 2018.

Accrued Expenses and Other current liabilities decreased by 8.1% or P36 million, from P446.5 million as at December 31, 2017 to P410.1 million as at December 31, 2018 due to increase in payments of various accruals.

Due to a Stockholder decreased by 0.7% or P5.3 million, from P807.3 million as at December 31, 2017 to P802.0 million as at December 31, 2018 as a result of increase in payment of liabilities to FEMI.

Income Tax Payable increased by P0.40 million or 12%, from P3.4 million as at December 31, 2017 to P3.8 million as at December 31, 2018 due to increase in taxable income in 2018.

The Group's **negative Stockholders' Equity significantly improved by P28.7 million** or 63%, from a negative equity balance of P45.9 million in 2017 to a negative equity balance of P17.2 million in 2018, in view of the P10.7 million net income recognized by the Group in year 2018, from a net loss of P5.5 million in 2017.

## KEY PERFORMANCE INDICATORS ("KPI")

The comparative financial KPI for the years ended December 31, 2018 and 2017 are as follows:

### LIQUIDITY RATIOS

	December 31, 2018	December 31, 2017
Current Ratio	0.073	0.091
Quick Ratio	0.069	0.088

*Current Ratio (Current Assets/ Current Liabilities)*

Liquidity Ratio measures a company's ability to pay short-term obligations

*Quick Ratio (Cash and Cash Equivalents+ Current Trade Receivables/ Current Liabilities)*

It measures a company's ability to meet its short-term obligations with its most liquid assets

Both Current Ratio and Quick Ratio decreased in 2018 due to decrease in current assets of the Group, particularly the receivables and other current assets accounts.

### LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2018	December 31, 2017
Debt to Total Assets	1.011	1.030
Equity to Total Assets	(0.011)	(0.030)
Debt to Equity	(90.067)	(34.655)
Asset to Equity	(89.067)	(33.655)

*Debt to Total Assets (Total Liabilities/ Total Assets)*

It shows the creditors' contribution to the total resources of the organization.

*Equity to Total Assets (Total Owner's Equity/ Total Assets)*

It shows the extent of owners' contribution to the total resources of the organization.



***Debt to Equity (Total Liabilities/ Total Owner's Equity)***

It relates the exposure of the creditors to that of the owners.

***Asset to Equity (Total Assets/ Total Owner's Equity)***

It measures the company's leverage.

Debt to Total Assets ratio decreased due to lower Total Assets in 2018.

Other leverage ratios remained at negative due to the negative equity position of the Group.

**PROFITABILITY RATIOS**

	December 31, 2018	December 31, 2017
Return on Equity	(0.620)	0.120
Return on Assets	0.007	(0.004)
Earnings per Share	0.0053	(0.003)

***Return on Equity (Net Income/ Equity Attributable to Parent Company's Shareholders)***

It tests the productivity of the owners' investments.

***Return on Assets (Net Income/ Total Assets)***

This ratio indicates how profitable a company is relative to its total assets.

***Earnings per Share (EPS)***

It indicates the earnings for each of the common shares held.

**Return on Equity in 2018 is negative due to negative stockholders' equity position of the Group.**

Return on Assets increase in 2018 from 2017 due to Net Income recognized by the Group's in December 2018.

Earnings per Share also improved in 2018 due to Net Income recognized by the Group's in December 2018.

**Material Changes in the year ended December 31, 2018 Financial Statements**

*(Increase/decrease of 5% or more versus December 31, 2017)*

**Financial Position**

- 14% decrease in Cash due to increased usage of funds to pay off various payables and expenses
- 28% decrease in Receivables primarily due to the increase in the Group's share in NTDCC lease rental income.

- 14% increase in Other Current Assets due to the increase in creditable withholding tax and input vat recognized during the year.
- 68% decrease in Investment in Associate due to the acquisition of the 15.8% equity interest in MRTDC and the recognition by the **Group's** of its share in the net equity earnings of MRTDC
- 100% increase in Deferred Tax Asset – the Group started recognizing deferred tax asset only in 2018 after re-assessment that there exist a probability that future taxable income will and can be offset against it.
- 12% increase in Income Tax Payable due to the increase in taxable income in 2018
- 8% decrease in Accrued Expenses and Other Current Liabilities due to increase in payment of various accruals.

## **Results of Operation**

- 5.8% increase in depot reoyalty income due to increase in share in lease rental income from NTDC.
- 102% decrease in Other Expense due to no impairment loss was recognized on the Group's available for sale financial assets in 2018.
- 13% decrease in General and Administrative Expense due to lower professional and retainer fees incurred in 2018
- 12% decrease in Income Tax Expense due to recognition of Deferred Tax Asset in 2018
- 34% decrease in Gain on Valuation of Available for Sale financial assets as a result of the decrease in the market value of the Group's quoted equity securities

## **Item 7. Financial Statements**

The Audited Financial Statements for the year ended December 31, 2020 and December 31, 2019 of the Group are incorporated herein duly signed by the external auditors.

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

The external auditors of the Company for the year ended December 31, 2019, was the accounting firm of KL Siy and Associates.

For the year ended December 31, 2020, as recommended by the Audit Committee to the Board of Directors and subsequently approved by the stockholders during the Annual Stockholders Meeting held on December 11, 2020, the accounting firm, Isla Lipana & Co., was **engaged as the Company's** external auditors.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure, which, is not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

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

#### **Item 9. Directors and Executive Officers of the Registrant**

##### **(A) Executive Officers of the Registrant**

- (1) The names, ages, citizenships, terms of office, tenures as directors and experiences for the past five years of all the directors and executive officers are as follows:

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Executive Position</b>	<b>Term</b>	<b>Years Served</b>
Robert John L. Sobrepeña	66	Filipino	Chairman of the Board	1	1996 - 2021
Ferdinand T. Santos	70	Filipino	President	1	1996 – 2021
Noel M. Cariño	66	Filipino	Director	1	1996 – 2021
Rafael Perez de Tagle, Jr	66	Filipino	Director	1	2000 - 2021
Roberto S. Roco	68	Filipino	Director	1	2004 - 2021
Alice Odchigue-Bondoc	54	Filipino	Director	1	2004 - 2021
Francisco C. Gonzalez	77	Filipino	Director, Independent	1	2010 - 2021
Jaime M. Cacho*	64	Filipino	Director, Independent	1	2018 - 2021
Rafael M. Alunan	72	Filipino	Director, Independent	1	2019 - 2021
Gilbert Raymund T. Reyes	63	Filipino	Corporate Secretary	1	2003 - 2021

\*elected on April 12, 2018

**ROBERT JOHN L. SOBREPEÑA**, Filipino, age 66, is the Chairman of the Board of the Company. He is the Chairman of the Board of Fil-Estate Management, Inc., Metro Rail Transit Corporation, MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, CJH Leisure, Inc., Club Leisure Management Corporation, Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Philippine Highlands Coffee Farms, Inc.. He is also Vice-Chairman of Southwoods Ecocentrum Corporation. He is likewise the Chairman of Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also President of The Forest Hills Golf & Country Club, Inc. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing from the De La Salle University in 1978.

**ATTY. FERDINAND T. SANTOS**, Filipino, age 70, is the President and Chief Risk Officer of the Company. He is also the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, MGHC Royalty Holdings, Inc., CJH Development Corporation, CJH

Hotel Corporation and CJH Suites Corporation. He is a Director of Global-Estate Resorts, Inc. He is also the Chairman of the Forest Hills Golf & Country Club, Inc. He is likewise the President of Fairways & Bluewater Resort, Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exam (2nd Placer).

**NOEL M. CARIÑO**, Filipino, age 66, is a Director of the Company. He is also a Director in Fil-Estate Management, Inc., Fil-Estate Development, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He was past Chairman and currently serves as President of the Chamber of Real Estate and Builders Association (CREBA), an umbrella organization of various stakeholders in the construction, real estate and development industry, inclusive of architects, engineers, planners and other real estate brokers practitioners. He is Chairman of SunAsia, Inc., a renewable energy holding company. He is also Chairman of MegaWatt Solutions, Inc., a technology company pioneering in utilizing energy storage solutions. As CREBA President, he is Conferrer of the Dela Salle University Executive Development Program in Real Estate Management.

**RAFAEL PEREZ DE TAGLE JR.**, Filipino, age 66, is also a Director of the Company. He is also Chairman of Metro Countrywide Corporation and Vice-Chairman of Metro Solar Power Solutions, Inc.. He is the President of CJH Leisure, Inc. and Club Leisure Management, Inc.. He also serves as Director in Metro Rail Transit Corporation, Monumento Rail Transit Corporation, MRT Development Corporation, Fil-Estate Management, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is also a Director of the Manila Southwoods Golf & Country Club, Inc., Camp John Hay Golf Club, Inc. and Forest Hills Golf & Country Club, Inc. He obtained his Bachelor of Arts major in Economics degree from De La Salle University in 1976.

**ROBERTO S. ROCO**, Filipino, age 68, is a Director of the Company. He was the Chief Financial Officer of Global-Estate Resorts, Inc. and its affiliate companies for 18 years until his retirement in late 2013. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management.

**ALICE O. BONDOC**, Filipino, age 54, is also Senior Vice President for Good Governance, Compliance Officer, Corporate Information Officer and Assistant Corporate Secretary of the Company. She is also the Senior Vice President for **Corporate & Legal Affairs of the Company's parent company**, Fil-Estate Estate Management, Inc. and affiliate company, Fil-Estate Development, Inc. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. She is also the Chief Legal Officer and Corporate Secretary of Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Metro Countrywide Corporation. She is also the Corporate Secretary of Club Leisure Management Corporation and CJH Leisure, Inc.. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Departmental Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila University School of Law and graduated as Second Honor-Silver Medal Awardee in 1992.

**FRANCISCO C. GONZALEZ**, Filipino, age 77, is the Chairman of the Board and CEO of Romago Corporation and Fabriduct & Metal Systems, Inc. He is the Chairman of the Board of Romago, Inc. Guam and Electro Mechanical Products International, Inc. He also serves as President of Asia Pacific Golf Cars Corporation. He is also a director and serves as Chairman of the Membership Committees of The Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc.

**JAIME M. CACHO, Filipino**, age 64, is a Filipino citizen. Holds a Bachelor of Arts Degree Major in Communication Arts from De La Salle University, Manila in 1978. Mr. Cacho also has a Master in Business Administration (Candidate) from the Ateneo Graduate School of Business, Manila in 1983. At present, Mr. Cacho is President and Chief Operating Officer of Metro Countrywide Corporation and Metro Solar Power Solutions, Inc. He is also a Director of CJH Development Corporation and MRT Development Corporation. He is also concurrently, Head of Project Development and Management Services for Fil-Estate Management, Inc.. Mr. Cacho has over 39 years of top-level management and construction experience earned throughout his career.

**RAFAEL M. ALUNAN III**, Filipino, age 72, sits on the Boards of Pepsi Cola Products (Philippines), Inc., (PCPPI); Metro Global Holdings Inc. (MGHC); and APC Group Inc. He chairs the Philippine Council for Foreign Relations and Harvard Kennedy School Alumni Association of the Philippines Inc. He serves as President and Trustee of the Philippine Taekwondo Foundation; and is a Senior Adviser to United Harvest Corporation, Kaltimex Energy Philippines, and United Defense Manufacturing Corp. He is a member of the International Institute for Strategic Studies (IISS), the Maritime League, and the Fraternal Order of Eagles of the Philippines. He is an Eminent Fellow of the Development Academy of the Philippines (DAP); and a Fellow of the Institute of Corporate Directors (ICD) and Institute for Solidarity in Asia (ISA). Mr. Alunan obtained his double degree in Business Administration and History-Political Science from De La Salle University; attended Ateneo de Manila University's MBA-SEP; earned a Master's degree in Public Administration and a certificate in Executive Education from Harvard Kennedy School of Government. He holds the rank of Colonel in the Armed Forces of the Philippines and served as Commanding Officer of various Philippine Army Reserve Divisions; and is a graduate of the Army's Command and General Staff College Operations Course. Mr. Alunan served in the Cabinets of Presidents Corazon C. Aquino and Fidel V. Ramos as Secretary of Tourism and Secretary of the Interior and Local Government, respectively.

**GILBERT RAYMUND T. REYES**, Filipino, age 63, has been the Corporate Secretary of the Company since 2003. He is a founding partner of the Poblador Bautista and Reyes Law Offices. He is also the Corporate Secretary of CJH Development Corporation, CJH Hotel Corporation, and CJH Suites Corporation. He graduated with a degree in Bachelor of Science in Biology from the University of the Philippines in 1979. He also holds a Bachelor of Laws degree from the University of the Philippines College of Law, graduating with Magna Cum Laude in 1983.

## **2) Significant Employees**

Management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company, with respect to

an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control where the amount involved, if any, including all periodic payments or installments, which exceeds ₱2,500,000.00

The Company has no employee who is not an executive officer or who is expected to make a significant contribution to the business. The Company's business is not highly dependent on the services of any key personnel.

### **(3) Family Relationships**

None.

### **(4) Involvement in Certain Legal Proceedings**

The Company's directors and executive officers have not been the subject of the following legal proceedings in the last five (5) years:

1. Any bankruptcy petition filed by or against any business to which such person was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
2. Any pending or conviction by final judgment in a criminal proceeding, domestic or foreign;
3. 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 their involvement in any type of business, securities or commodities or banking activities;
4. Found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, the judgment of which has not been reversed, suspended or vacated.

## **Item 10. Executive Compensation**

### **(B) Executive Compensation**

Compensation paid in 2020 and 2019 for the benefit of Officers and Directors of the Company, follows:

#### **(1) General**

Section 8 of the Company's By-Laws on Compensation, provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during

the preceding year. Such compensation shall be determined and apportioned among **the directors in such manner as the Board may deem proper.”**

The directors receive a per diem of ₱10,000 per attendance at Board Meetings, and there is no provision in this section that may be construed as precluding any director from serving in any other capacity and receiving any compensation thereof.

The Company plans to compensate its Chief Executive, Officers and Directors for any and all services rendered in 2019 and prior years. The amount of compensation is to be determined and will be subject to the approval by the BOD.

### Summary Compensation Table:

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	The CEO and four (4) most highly compensated executive officers Robert John L. Sobrepeña, Chief Executive Officer Atty. Ferdinand T. Santos, President Rafael R. Perez de Tagle, Jr., Executive Vice President Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2020	4.70 Million	-	-	4.70 Million
B.	All other officers and directors as group unnamed	2020	1.11 Million	-	-	1.11 Million

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	2 Compensated Officers  Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2019	1.09 Million	-	-	1.09 Million

B.	All other officers and directors as group unnamed	2019	0.44 Million	-	-	0.44 Million
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	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A.	2 Compensated Officers  Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer	2018	1.05 Million	-	-	1.05 Million
B.	All other officers and directors as group unnamed	2018	0.30 Million	-	-	0.30 Million

Starting September 1, 2020, Mr. Robert John L. Sobrepeña and Atty. Ferdinand T. Santos, receive salaries and allowances from the Company by virtue of their positions as Chief Executive Officer (CEO) and President of the Company, respectively.

The total annual compensation of the top highly compensated executives amounted to P1.18 million in 2019 and P1.18 million in 2018. The projected total annual compensation and allowances for the current year is P8.78 million.

The total annual compensation paid to all personnel is all payable in cash. The total amount of compensation includes the basic salary and 13<sup>th</sup> month pay.

Name	Position	Salary	Bonus	Other Annual Compensation (Per Diem)
Robert John L. Sobrepeña	Chairman of the Board			Php50,000.00
Atty. Ferdinand T. Santos	President			Php50,000.00
Noel M. Cariño	Director			Php50,000.00
Rafael Perez de Tagle	Director			Php50,000.00
Roberto S. Roco	Director			Php63,000.00
Jaime M. Cacho	Director			Php50,000.00
Francisco C. Gonzalez	Director, Independent			Php77,000.00
Rafael Alunan, III	Director, Independent			Php66,000.00
Atty. Alice O. Bondoc	Director, SVP for Good Governance, Compliance Officer, Assistant Corporate Secretary			Php55,000.00
Atty. Gilbert Raymund T. Reyes	Corporate Secretary			Php16,000.00
Group Compensation 2020		Php5.4M		0
Group Compensation 2019		Php1.09M		0
Group Compensation 2018		Php1.05M		0



## Standard Arrangements

There are no existing standard arrangements pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments for the last completed fiscal year and the ensuing year.

## Other Arrangements

There are no other existing arrangements or consulting contracts, pursuant to which any of the directors of the Company was compensated or is to be compensated, directly or indirectly, during the last completed fiscal year and the ensuing fiscal year, or for any services provided as director.

## Employment Contract and Termination of Employment and Change-in-control Arrangements

Management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company with respect to an **executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceeds ₱2,500,000.**

## Warrants and Options Outstanding: Re-pricing

The Company has not issued any warrants and there are no outstanding warrants or **options held by the Company's CEO, the named executive officers, or any of the officers and directors, individually or as a group.**

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

### (1) Security Ownership of Certain Record and Beneficial Owners

As at December 31, 2020, Metro Global Holdings Corporation knows of no one who beneficially owns more than 5% of the Company's **issued common stock except as set forth in the table below.**

Titles of Class	Name, address of record owner and relationship to issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
<hr/>					

<b>Common</b>	<b>Fil-Estate Management, Inc.</b> Mezzanine Floor Renaissance Tower, Meralco Ave. Ortigas, Pasig City	<b>Robert John L. Sobrepeña - Chairman</b>	Filipino	1,757,690,197	87.885%
	<b>PCD Nominee Corp. (Filipino)</b> 37 <sup>th</sup> Floor Tower I The Enterprise Center, 6766 Ayala Avenue corner Paseo De Roxas Makati City	<b>Cesar B. Crisol- President</b>	Filipino	100,579,633	5.029%

Mr. Robert John L. Sobrepeña is the Chairman of Fil-Estate Management, Inc., a company he owns to the extent of about one-third (1/3) of the outstanding shareholdings. He is also the Chairman of the Board of the Company.

PCD Nominee Corporation has various beneficial owners. PCD Nominee Corporation operates as a subsidiary of Philippine Central Depository and provides highly efficient system for securities settlement for Metro Global Holdings Corporation, majority holder of which is Abacus Securities Corporation, with 2.38% of the total shares. Tower Securities, Inc. followed at 1.47% of the total 100,579,633 shares and the rest of the owners have below 1% ownership. As to date of this report the authorized persons to vote is not yet known.

Mr. Cesar B. Crisol is the President of PCD Nominee Corporation. He holds the voting power over the shares of stocks of PCD Nominee.

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, has been appointed by Fil-Estate Management, Inc. to direct the voting or disposition of the shares held by the said stockholders. FEMI's office is at Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City.

There are no securities placed under Trust or Agreement.

## (2) Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Robert John L. Sobrepeña	241,000	Filipino	.013%
	Ferdinand T. Santos	1,000	Filipino	.00005%
	Noel M. Cariño	1,506,500	Filipino	.075%
	Jaime M. Cacho	1	Filipino	
	Alice Odchigue-Bondoc	1	Filipino	
	Roberto S. Roco	1	Filipino	
	Rafael Perez de Tagle Jr.	1,000	Filipino	.00005%
	Rafael M. Alunan, III	16	Filipino	

Francisco C. Gonzales	1,000	Filipino	.00005%
<b>TOTAL</b>	<b>1,750,504</b>		<b>.08753%</b>

The beneficial ownership of the foregoing directors arises from the direct ownership of the shares above-indicated registered in the name of the said directors.

### **(3) Voting Trust Holders of 5% or more**

No director, executive officer or nominee of the Company holds more than 5% of the Company's common shares under a voting trust or similar agreement.

### **(4) Changes in control since the Last Calendar Year**

There has been no change in the controlling majority stockholder of the Corporation. Neither has there been any arrangement with any party, which may have resulted in a change in the control of the Company.

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

D (1) The Company, in the normal course of business, grants and obtains interest bearing cash advances to an affiliated Company.

There were no transactions during the last two years, or proposed transactions, to which the Company was or is to be a party, in which any of the following persons had, has or is to have a direct or indirect material interest:

- (a) Any director or executive officer of the Company;
- (b) Any nominee for election as a director;
- (c) Any security holder named in response to Part IV, paragraph ©, IRR, SRC
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws of any of the persons in subparagraph (1)(a), (b) or (c) of this paragraph (d).

D (3) The parent company of the Company is Fil-Estate Management, Inc. which owns 87.885% of the total issued, outstanding and subscribed capital stock of the Company.

## **PART IV - CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

## **PART V – EXHIBITS AND SCHEDULES**

### 1) Reports on SEC Form 17-C

A) During meeting of the Board of Directors held on June 11, 2020, the Board approved the following resolutions to:

1.) Re-organize the composition of membership of the following Committees as follows:

- a) Corporate Governance Committee
- b) Board Risk Oversight Committee
- c) Related Party Transactions Committee

2.) To approve the following Committee Charters:

- a) **Corporate Governance Committee Charter (Annex “A”)**
- b) **Board Risk Oversight Committee Charter (Annex “B”)**
- c) **Related Party Transaction Committee Charter (Annex “C”)**

B) In the meeting of the Board of Directors on August 25, 2020, the Board approved the organization/incorporation of a new special purpose vehicle company to be called METRO RENEWABLE TRANSPORT SOLUTIONS, INC., whose primary objective is to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

The organization of the new company shall be submitted for approval to the Securities and Exchange Commission.

C) In the meeting of the Board of Directors on 3 September 2020, the Board approved the signing of a Memorandum of Understanding (MOU) with the City of Baguio concerning the Development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The MOU was signed today with City Mayor Benjamin B. Magalong representing Baguio City and Chairman Robert John L. Sobrepeña representing the Company. Under the said MOU, the Company will conduct feasibility study for the development of an intelligent public transport system that offer access the multiple transport opinions using one interface that includes monorail, trolleybus, electric bus, and similar electricity-fed transport with 90days for purposes of crafting a proposal on the Project.

D) **At the regular meeting of the Board of Directors (the “Board”) on 2 October 2020,** the Board:

- 1) Approved to hold the 2020 Annual Stockholders Meeting on December 11, 2020 at 10am via VIDEO CONFERENCE;
- 2) Approved the set of the record date of stockholders entitled to notice and to vote to 3 November 2020;

- 3) Approved to close the books of the Company from 3 November to 10 December 2020;
  - 4) Approved the Online Registration from 6 November 2020 at 9:00 A.M. to 4 December 2020 at 5:00 P.M. for shareholders who wish to participate in the Annual Meeting via remote communication and to exercise their vote in absentia;
  - 5) Approved the following AGENDA for the Annual Meeting:
    - a. Call to order
    - b. Determination and Certification of Quorum
    - c. Approval of the Previous Meeting Held on 6 December 2019
    - d. Report of the Chairman
    - e. Approval of the Financial Statements for the calendar year ended 31 December 2019
    - f. Certification and Ratification of Corporate Acts for the years 2019 to 2020
    - g. Election of Directors (including Independent Directors)
    - h. Election of External auditor
    - i. Other matters
    - j. Adjournment
- E) The Board of Directors approved the change in the record date for shareholders **entitled to vote and participate at the Company's 11 December 2020 annual** meeting to November 4, 2020 (instead of 3 November 2020 as previously announced). The Board also approved to correct the inclusive dates of closing the Stock and Transfer to 4 November 2020 to 10 December 2020. The reason for **these changes is based on the advice of the Company's Stock and Transfer Agent – Banco de Oro, Stock & Transfer Unit**, that on 3 November 2020, The Stock and Transfer Agent will still receive the reclass transaction of foreign shares from the Philippine Depository & Trust Corporation and, hence, there will still be movement of transactions for that date of 3 November 2020.
- F) The Board approved to correct the start of closing the Stock and Transfer Book to 5 November (instead of 4 November 2020 as previously announced). The end date of the closing of the Stock & Transfer Book of December 10, 2020 remains the same. The reason for this **change is based on the advice of the Company's Stock and Transfer Agent – Banco de Oro, Stock & Transfer Services Unit**, that on 4 November 2020, the Stock and Transfer Agent will still receive the transaction of foreign shares from the Philippine Depository & Trust Corporation and, hence, there will still be movement of transactions for that date of 4 November 2020.
- G) At the regular meeting the Board **of Directors (the "Board") 16 November 2020, the** Board approved the secondment of the following officers from the parent company, Fil-Estate Management, Inc.:
- Mr. Rafael Perez de Tagle, Jr. as EVP for Operation
  - Mr. Jaime M. Cacho as SVP for Project Development
  - Ms. Socorro G. Roco as VP for Records Management
  - Ms. Khateryn M. Benitez as VP for Human Resources
- H) The Board of Directors approved the change in the record date for shareholders **entitled to vote and participate at the Company's 11 December 2020 annual** Stockholders meeting to November 4, 2020 (instead of 3 November 2020 as previously announced). The Board also approved to correct the inclusive dates of closing the Stock and Transfer Book to 4 November 2020 to 10 December 2020.

**The reason for these changes is based on the advice of the Company's Stock and Transfer Agent-Banco de Oro, Stock & Transfer Services, Unit, that on 3 November 2020, the Stock and Transfer Agent will still receive the reclassified transaction of foreign shares from the Philippine Depository & Trust Corporation and, hence, there still be movement of transaction s for that date of 3 November 2020.**

2) 2020 Sustainability Report

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O  
G L O B A L  
H O L D I N G S  
C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E  
T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2 3 1

Month Day  
fiscal year

FORM TYPE

1st Thursday of March

Month Day  
annual meeting

Listed

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **11 June 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number: **9142**
3. BIR Tax Identification No. **000-194-408-000**
4. **Metro Global Holdings Corporation** (formerly *Fil-Estate Corporation*)  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City** **1605**  
Address of principal office Postal Code
8. **(632) 6336205**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

2,000,000,000 shares

11. Indicate the item numbers reported herein: Item 9



Please be informed that at the meeting of the Board of Directors of Metro Global Holdings Corporation held on 11 June 2020, the Board approved the following resolutions to:

1. Re-organize the composition of membership of the following Committees as follows:

a) CORPORATE GOVERNANCE COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Robert John L. Sobrepeña  
Atty. Ferdinand T. Santos  
Rafael Perez de Tagle, Jr.  
Atty. Alice Odchigue-Bondoc

b) BOARD RISK OVERSIGHT COMMITTEE

Chairman: Rafael M. Alunan, III (Independent Director)  
Members: Francisco C. Gonzalez (Independent Director)  
Atty. Ferdinand T. Santos  
Atty. Alice Odchigue-Bondoc

c) RELATED PARTY TRANSACTIONS COMMITTEE

Chairman: Francisco C. Gonzalez (Independent Director)  
Members: Rafael M. Alunan, III (Independent Director)  
Roberto S. Roco  
Ramon G. Jimenez

2. To approve the following Committee Charters:

- a) Corporate Governance Committee Charter (**Annex "A"**)
- b) Board Risk Oversight Committee Charter (**Annex "B"**)
- c) Related Party Transaction Committee Charter (**Annex "C"**)

**SIGNATURE**


Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL HOLDINGS  
CORPORATION**

Issuer

Date: 11 June 2020

By:



**ATTY. ALICE ODCHIGUE-BONDOC**  
SVP-Compliance Officer

# METRO GLOBAL HOLDINGS CORPORATION

## Charter of the Corporate Governance Committee

### 1. INTRODUCTION

#### 1.1 Preliminary Matters

##### **Corporate Governance Committee**

As authorized by the By-Laws and Corporate Governance Manual of Metro Global Holdings Corporation (the ‘Company’), the Board of Directors of the Company (the ‘Board’) constituted the Corporate Governance Committee (the ‘Committee’) to assist the Board in the Performance of the following: (i) corporate governance responsibilities, (ii) nomination process for the election or appointment of directors and officers, and (iii) executive compensation/remuneration.

##### **Committee Charter**

Pursuant to, and in compliance with the Securities and Exchange Commission Memorandum Circular No. 19 Series of 2016 (the ‘Code of Corporate Governance for Publicly-Companies’), the Company’s Corporate Governance Manual, the Board promulgates this Corporate Governance Committee Charter (the ‘Charter’) stating its purpose, membership, structure, operation, reporting process, resources and other relevant information, as well as the standards for its performance evaluation.<sup>1</sup>

#### 1.2 Defined Terms

The following capitalized terms shall have the meaning ascribed to them below:

**Articles** the Articles of Incorporation of the Company, as may be amended from time to

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<sup>1</sup> CG Code, Recommendation 3.6. NB: all footnotes refer to CG Code.

time;

<b>Annual Meeting</b>	the annual stockholders' meeting of the Company held in accordance with By-Laws;
<b>Board</b>	the Board of Directors of the Company;
<b>By-laws</b>	the By-laws of the Company, as may be amended from time to time;
<b>CG Code</b>	the Securities and Exchange Commission Memorandum Circular No. 19, Series of 2016 otherwise known as the "Code of Corporate Governance for Publicly-Listed Companies";
<b>CG Manual</b>	the Company's Corporate Governance Manual, as may be amended from time to time; this Charter of the Corporate Governance Committee, as may be amended from time;
<b>Committee</b>	the Corporate Governance Committee;
<b>Committee Chairman</b>	the Chairman of the Corporate Governance Committee;
<b>Company</b>	Metro Global Holding Corporation
<b>Independent Director</b>	a person who is independent of Management and the controlling shareholder, is free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as a director <sup>2</sup> ; and maintains all of the qualification of Independent Directors set out in the CG Manual; and
<b>Management</b>	a group of executives given the authority by the Board to implement the policies it has laid down in the conduct of business of the corporation. <sup>3</sup>

## 2. PURPOSE

### In general

The Committee shall primarily assist the Board in the Performance of responsibilities in the following: (i) corporate governance (ii) nomination of directors and officers, and (iii) compensation/remuneration.

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<sup>2</sup> Definition of Terms

<sup>3</sup>Definition of Terms

### **3. AUTHORITY**

#### **In general**

The Committee shall have the resources and authorities appropriate to discharge its responsibilities including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.

### **4. COMMITTEE STRUCTURE AND MEMBERSHIP**

#### **4.1 Composition**

##### **In general**

The Committee shall be composed of at least five (5) members, at least three (3) of whom shall be an Independent Director. The Committee Chairman shall be a non-executive Independent Director.

#### **4.2 Term**

##### **In general**

The Board shall appoint the members of the Committee at its Organizational Meeting and each member shall serve upon his election until the next Organizational Meeting of the Board, unless removed or replaced by the Board. The Organizational Meeting of the Board is held without notice after the Annual Meeting for the purpose of appointment of members of the Board Committees and Management.

##### **Vacancies**

Any vacancy in the Committee caused by death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

### **4.3 Qualifications and Disqualifications**

#### **In general**

The Committee Chairman and the members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the CG Manual, the Revised Corporation Code, the Securities Regulation Code, and other relevant laws. Moreover, the Committee member or members who is/are Independent Directors, must meet the qualifications of Independent Directors set out in the CG Manual.

#### **Independent Directors**

An Independent Director shall be free from any relationships that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

#### **Knowledge of Corporate Governance**

All members of the Committee shall have an adequate working knowledge with the Company's Articles, By-laws, CG Manual, the CG Code, and the Company's business and industry in which it operates.

#### **Training and Education**

The members of the Committee shall attend seminars on corporate governance and such other trainings as are appropriate conducted by duly recognized private or government entities to keep their skills and expertise current and relevant.

## **5. DUTIES AND FUNCTIONS**

### **5.1 Corporate Governance**

#### **Duties and Functions**

In the exercise of its responsibility of ensuring compliance with and proper observance of corporate governance principles and practices, and in close consultation with the Chairman of the Board, the Committee has the following duties and functions:

<i>Corporate Governance Framework</i>	(a) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments; <sup>4</sup>
<i>Performance Evaluation</i>	(b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance; <sup>5</sup>
<i>Areas for Improvement</i>	(c) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; <sup>6</sup>
<i>Continuing Education</i>	(d) Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance; <sup>7</sup>
<i>Corporate Governance Policy</i>	(e) Recommend corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; <sup>8</sup>
<i>Board Trainings</i>	(f) Propose and plan relevant trainings for the members of the Board <sup>9</sup>

## 5.2 Nomination and Election

### Duties and Functions

In the exercise of its responsibility of overseeing the nomination and election process of directors and officers, and in

<sup>4</sup> Explanation (a) to Recommendation 3.3

<sup>5</sup> Explanation (b) to Recommendation 3.3

<sup>6</sup> Explanation (c) to Recommendation 3.3

<sup>7</sup> Explanation (d) to Recommendation 3.3

<sup>8</sup> Explanation (e) to Recommendation 3.3

<sup>9</sup> Explanation (f) to Recommendation 3.3

close consultation with the Chairman of the Board, the Committee has the following duties and functions:

- |   |   |
|---|---|
| <i>Nomination and Election Process</i>    | (a) Determine the nomination and election process for the Company's directors and define the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;  |
| <i>Review and Evaluate Qualifications</i> | (b) Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval;  |
| <i>Pre-Screen Nominees</i>                | (c) Pre-screen and shortlist all candidates nominated to become members of the Board, subject to the pertinent provisions of the By-laws on the disqualification of persons engaged in business antagonistic to that of the Company;  |
| <i>Recommendations</i>                    | (d) Submit its findings and recommendations to the Board for approval;  |
| <i>Observe Nomination Guidelines</i>      | <p>(e) Consider the following guidelines in the determination of the availability of a director to serve as such:</p> <ul style="list-style-type: none"> <li>• the nature of the business of the corporations of which he is a director;</li> <li>• age of the director;</li> <li>• number of directorships/active memberships and officerships in other corporations and organizations;</li> <li>• possible conflict of interest;</li> <li>• experience from other boards;</li> <li>• experience as chief executive officer or chief operating officer;</li> <li>• knowledge of finance;</li> <li>• knowledge of accounting;</li> <li>• knowledge of the industry of the Company;</li> <li>• knowledge of the local and international market and strategic vision; and</li> <li>• contacts of value to the Company;</li> </ul> |

- |  |   |
|--|---|
| <i>Review Election and Replacement Process</i> | (f) Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; and |
| <i>Delegate Functions</i>                      | (g) Request the assistance of the Company's Human Resources Director/Manager in carrying out its duties.              |

### 5.3 Compensation/Remuneration

**Duties and Functions** In the exercise of its responsibility of reviewing and evaluating compensation/remuneration of the Company, and with due regard to the overall remuneration policies and procedures of the Company, the Committee has the following duties and functions:

- |  |  |
|--|--|
| <i>Remuneration Policy</i>             | (a) Establish a formal and transparent procedure for developing a policy on remuneration and for fixing the remuneration packages of directors and corporate officers and provide oversight over remuneration of senior Management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and business environment; |
| <i>Amount of Remuneration</i>          | (b) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully, subject to approval of the Board;  |
| <i>Full Business Disclosure</i>        | (c) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired;        |
| <i>Disallow Fixing of Remuneration</i> | (d) Disallow any director to decide his or her own remuneration;   |
| <i>Compensation</i>                    | (e) Consistent with the regulations of the SEC,  |



*Disclosure* provide in the Company's annual reports and information statements a clear, concise, and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year

*Personnel Handbook* (f) Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts; and in the absence of such the Personnel Handbook, cause the development of such covering the same parameters of governance stated above.

## **6. MEETINGS**

### **In General**

To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed. The Company's Corporate Secretary/ Assistant Corporate Secretary will ensure that the schedule is carried out as planned.

### **Frequency of Meetings**

The Committee shall hold meetings at such times and places as it considers appropriate, provided that one (1) meeting shall be held after the close of the nomination period for the election of directors and prior to the finalization of the Company's information statement; and one (1) meeting shall be held for a review of the Company's compensation plan for the year.

### **Authorized Conveners**

Meetings of the Committee shall be convened by the Committee Chairman as and when he considers appropriate, or upon the request of a majority of the

members of the Committee.

**Presiding Officer**

The Committee Chairman shall preside over all meetings. In the absence of the Committee Chairman, the remaining Committee members present constituting a quorum shall designate a presiding officer.

**Agenda**

The agenda for the meetings shall be developed by the Corporate Secretary/ Assistant Corporate Secretary and Compliance Officer in coordination with the Board of Directors and such other officers relevant to the performance of the Committee's functions based on the agreed calendar of activities and inputs from the Committee members, subject to the approval of the Committee Chairman.

The meeting agenda shall be prepared for every meeting and provided to the Committee members, along with the briefing materials, at least five (5) business days before the scheduled Committee meeting.

**Notice**

A Committee meeting shall be convened upon notice thereof made in the most convenient manner not less than five (5) business days before such meeting specifying the date, time, place, and agenda of the meeting.

Notices of meetings, and any other forms of notification to be sent to the Committee shall be initiated by the Corporate Secretary or the designated representative and approved by the Committee Chairman. Replies to notices shall also be sent to the Corporate Secretary and/or the designated representative.

Each member shall give to the Corporate Secretary an office address and email address for the service of notices of meetings of the Committee.

Notice of a meeting of the Committee shall be deemed to be duly served upon a member if it is given to him personally, or delivered to him by mail or email as appropriate, in accordance with the immediately preceding paragraph.

**Waiver of Notice**

Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the members present in the meeting at which there is a quorum. A member may consent to short notice and may waive notice of any meeting of the Committee and any such waiver may apply retrospectively.

**Manner of Attendance**

The members of the Committee shall be authorized to attend the Committee meetings by any of the following means of communication: teleconferencing, videoconferencing, web conferencing and other remote or electronic means. The requirement of presence is met if members of the Committee are able to communicate simultaneously.

**Quorum and Voting**

At any meeting of the Committee, quorum shall consist of at least a majority of the members of the Committee present throughout the meeting. A meeting shall not proceed in the absence of a quorum. All resolutions of the Committee shall require the affirmative vote of a majority of the members present in such meeting at which there is a quorum.

**Adoption of Resolutions**

To the extent possible, the Committee shall make decisions and resolutions by consensus. Where such is not possible, the Committee Chairman may call for a division of the house in which case a resolution shall be passed by a simple majority of votes of the members present at such meeting.

Each member, including the Committee Chairman, shall have one (1) vote.

A resolution in writing signed by at least a majority of the members of the Committee present shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted.

**Escalation**

If the Committee decides to take any action to which any member objects, such member shall have the right, by notice in writing to the Committee Chairman within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any member objects to the action which the Committee has decided to take at the second Committee meeting, then said member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

**Minutes**

Minutes of Committee meetings shall be prepared by the Corporate Secretary/ Assistant Corporate Secretary, and signed by the Committee Chairman and the members of the Committee present.

**Contents of Minutes**

The Committee Minutes shall contain a record of the following:

- Date/Place/Time      (a)    Date, place and time of the meeting;

Members Present/Absent	(b) Presence and absence of the members of the Committee and other participants;
Chairman/Corporate Secretary	(c) Name and signature of the Committee Chairman, Corporate Secretary and the members of the Committee present;
Resolutions	(d) Wording of resolutions passed, indicating the outcome of the votes and objections put to record of any member of the Committee;
Discussions	(e) Summary of the main points of the discussions;
Statement for the Record	(f) Statements for the record made by a member of the Committee;
Requests for information	(g) Requests for information and summary of the respective replies
<b>Records</b>	<p>The Committee shall cause records to be kept for following:</p> <ul style="list-style-type: none"> <li>(a) appointments and resignations of members/advisors;</li> <li>(b) all agenda and other documents sent to members/advisors; and</li> <li>(c) minutes of proceedings and meetings of Committee.</li> </ul> <p>Any such records shall be opened for inspection any member/advisor upon reasonable prior notice during usual office hours of the Company.</p>
<b>Circulation/ Approval</b>	The minutes shall be circulated to the members of the Committee within fifteen (15) business days after the meeting and submitted for approval at the next Committee meeting.
<b>Participation of Management and Other Parties</b>	The Committee Chairman and/or any of its members may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer,

executive, or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any Members or consultants of the Committee.

## **7. REPORTING PROCEDURES**

### **In General**

To keep the Board apprised on the results of the Committee's activities, the Committee Chairman shall report to the Board following each meeting significant matters discussed and acted upon.

### **Annual Report**

The Committee Chairman shall submit and present the Annual Committee Report to the full Board during its first meeting following the immediate calendar year

## **8. PERFORMANCE EVALUATION AND CONTINUOUS IMPROVEMENT**

### **In General**

To ensure that the Committee continues to fulfill its responsibilities in accordance with global standards and practices, the CG Code, and other relevant regulatory requirements, the Committee shall, in close consultation with the Chairman of the Board, conduct an assessment of its performance at least annually. The entire assessment process should be documented and should form part of the records of the Company

### **Powers and Duties**

In the performance of the foregoing duties, the Committee shall:

### **Self-Evaluation**

- (a) As a body, evaluate its performance by filling up a self-assessment worksheet that shall benchmark its practices against the expectations set out in this Charter.

### **Independent Assessment**

- (b) The Committee shall obtain and subject itself to an independent assessment by the Board relative to its performance in accordance with expectations set out in this Charter and the discharge of its responsibilities.

### **Plans for**

- (c) Based on the results of the self-assessment,

**Improvement**

formulate and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the Committee members up-to-date with corporate governance best practices.

**9. FINAL PROVISIONS**


**Effectivity**

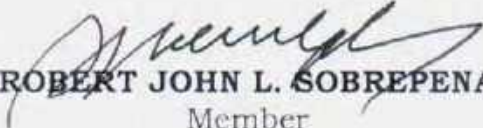
This Charter was approved by the Board on June 11, 2020 and shall become effective on June 11, 2020


**Periodic Review**


This Charter shall be reviewed by the Board and as and when deemed appropriate. Such review to take place at least every two (2) years.

**RAFAEL M ALUNAN, III**  
Chairman

  
**FRANCISCO C. GONZALEZ**  
Member

  
**ROBERT JOHN L. SOBREPENNA**  
Member

  
**FERDINAND T. SANTOS**  
Member

  
**RAFAEL PEREZ DE TAGLE JR.**  
Member

  
**ALICE ODCHIGUE-BONDOC**  
Member

# **METRO GLOBAL HOLDINGS CORPORATION**

## **Charter of the Board Risk Oversight Committee**

In line with best corporate governance practices and to ensure effective management of strategic, operational, financial and compliance-related risks, the Board of Directors of Metro Global Holdings Corporation (the “Corporation”) created the Board Risk Oversight Committee (the “Committee”) to support it in the performance of its oversight functions of the Corporation’s risk management activities through continuous input, evaluation and feedback on the effectiveness of the Corporation’s risk management process.

### **1. Membership**

The Committee shall be composed of at least three (3) members, majority of whom shall be an independent director, including its Chairman. Each member must possess an adequate understanding of the management, assessment and mitigation of risks faced by the Corporation and at least one member must have the relevant experience and knowledge in risk and risk management.

### **2. Authority, Roles and Responsibilities of the Committee**

The Committee shall have the following authority, roles and responsibilities:

- a. Develop a formal enterprise risk management plan which contains the following information: (1) registry of risks, (2) well-defined risk management goals, objectives and oversight, (3) uniform processes of assessing risks and developing strategies to manage prioritized risks, (4) designing and implementing risk management strategies, and (5) continuing assessments to improve risk strategies, processes and measures.
- b. Review the adequacy of the Corporation’s risk management framework, ensure that an overall set of risk management policies and procedures exist for the Corporation, and oversee its implementation through the Risk Management Unit;
- c. Evaluate the risk management plan and strategies to ensure its continued relevance, comprehensiveness and effectiveness, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;



- d. Advise the Board on its risk appetite and risk tolerance limits and review these limits at least annually, based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- e. Advise the Board on the Company's prioritized and residual risk exposures based on regular risk management reports, review the results of the annual risk assessment done by the Chief Risk Officer (CRO), including the risks identified, their impact or potential impact on the Corporation and its subsidiaries and how they are addressing and managing these risks;
- f. Assess the probability of the occurrence of each identified risk and estimate the possible significant impact to the Corporation and its subsidiaries;
- g. Provide oversight over Management's activities, managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors. This includes ensuring that the Corporation maintains a framework for fraud prevention and detection (i.e. Whistleblower Program) and plans for business continuity (i.e. Business Continuity Plan);
- h. Meet periodically with Management to discuss the Committee's observations and evaluation on its risk management activities; and
- i. Report to the Board, as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

This policy notwithstanding, Management shall remain primarily responsible for the development, implementation and reporting of the risk management framework, process and strategies intended to address the identified risks.

### **3. Meetings and Schedule of Activities**

The Committee shall meet at least twice a year, or more frequently as needed. All meetings shall be presided by the Committee Chairman and attended by all committee members, whether in person or via teleconference or videoconference. The presence of the majority of the

members shall be necessary to constitute a quorum for the transaction of business.

Separate executive sessions may be conducted by the Committee with the CRO, Chief Finance Officer (CFO), Chief Audit Executive (CAE), other members of the Management team and/or external auditors to foster open communication and discuss any matter that the Committee believes as needed to be discussed in private.

Aside from regular meetings, the Committee shall also agree on an annual calendar, which will lay down the schedule of activities for the year. This shall provide a systematic guide for the discharge of the Committee's responsibilities. Accordingly, the CRO shall ensure that the schedule is followed as planned.

#### **4. Reporting Procedure**

The Committee Chairman shall submit and present a report to the Board, containing updates on all actions taken by the Committee at the Board meeting following the Committee meeting.

The Committee Chairman will also submit and present an annual Risk Oversight Committee report to the Board during its first meeting following the immediate calendar year. The annual report shall include a summary of the Committee's activities during the year, an over-all assessment of its performance and recommendations for improvement.

#### **5. Functional and Secretariat Support**

The Risk Management Unit shall support the Committee in the performance of its functions, specifically:

- a. Risk Management Unit shall provide all the secretariat support to the Committee.
- b. The CRO and CAE shall attend all the Committee meetings.
- c. The Risk Management Unit shall keep all minutes of the meetings, recorded and prepared by the designated Secretary to the meeting and make these available for inspection by any member of the Committee or the Board, as and when requested.


#### **6. Performance Evaluation**

The Committee shall review its performance annually with respect to the fulfillment of its functions and responsibilities as mandated in this Charter. The Board of Directors shall conduct an independent annual assessment of the Committee's performance.

**7. Annual Charter Review**

This Charter shall be reviewed annually by the Committee to ensure its continuing adequacy and consistency with the Board's objectives and responsibilities. Any proposed changes shall be approved by the Board.

**RAFAEL M ALUNAN, III**  
Chairman

  
**FRANCISCO C. GONZALEZ**  
Member

  
**FERDINAND T. SANTOS**  
Member

  
**ALICE ODCHIGUE-BONDOC**  
Member

# **METRO GLOBAL HOLDINGS CORPORATION**

## ***Charter of the Related Party Transactions Review Committee***

This Charter sets out the policies, responsibilities, and authority of the Related Party Transaction (RPT) Review Committee (the “Committee”) of Metro Global Holdings Corporation (the “Corporation”), including the procedures that shall guide the Committee in the performance of its functions.

It shall be reviewed by the Committee annually and any changes and/or revisions thereof shall take effect only upon approval of the Board.

### **1. Statement of Policy**

It is the policy of the Corporation to constitute and maintain a Committee which shall provide assistance to the Board in fulfilling its oversight responsibility relating to:

- a. review of all Related Party Transactions (RPTs), except Pre-approved RPTs as enumerated under the Corporation’s RPT Policy;
- b. formulation, revision and approval of policies on RPTs; and
- c. conduct of any investigation required to fulfill its responsibilities on RPTs;

To fulfill this responsibility the Committee shall maintain a free and open communication with the Corporation’s Compliance Office and the Management.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the Corporation and the power to retain outside counsel or other experts for this purpose.

### **2. Roles and Responsibilities**

The Committee shall be responsible for the following:

- a. Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified. RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related, and vice-versa) are captured.
- b. Evaluate material/significant agreements of any kind with a related party and determine any potential reputational risk issues that may arise as a result of, or in connection with the transactions.

- c. Assist the Board in determining whether to approve, ratify, disapprove or reject an RPT.
- d. The Committee shall take into account whether the RPT is entered into on terms no less favorable to the Corporation than terms generally available to an unaffiliated third party under the same or similar circumstances and review all information provided by Management, including all relevant facts and circumstances.
- e. For transaction involving sale of Corporation assets, review results of the appraisal, valuation methodology used as well as alternative approaches to valuation.
- f. Endorse material/significant RPTs to the Board for approval.
- g. Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs by Management, including periodic review of the Corporation's RPT Policy and procedures.

### **3. Membership**

The Committee shall consist of composed of at least three non-executive directors, two of whom should be independent, including the Chairman. The Committee Chair shall be responsible for ensuring the effective interaction among Committee members and with Compliance Office and the Management.

### **4. Meeting and Schedule of Activities**

- a. To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed. The Chief Compliance Officer will ensure that the schedule is carried as planned.
- b. The Committee shall meet often enough or as deemed necessary to undertake its role effectively.
- c. The agenda for the meetings will be developed by the Compliance Officer based on the agreed calendar of activities and inputs from the Committee members, subject to the approval of the Chairman.
- d. The President or the Chief Executive Officer, Chief Financial Officer and Chief Audit Executive may be requested to attend Committee meetings. As and when appropriate, the Committee may require other members of Management to be members of the Committee or be present at the meetings. External subject experts, such as the appointed independent auditors and other consultants, may also be invited to the meetings.
- e. A quorum will be two (2) members, regardless of position.

- f. Committee members may attend meetings in person or by electronic or tele/video communication means.
- g. Endorsements and approvals via email or fax may be resorted to for urgent matters which shall be confirmed/ratified in the Committee's meeting. The respective emails are to be collected by the Secretariat

## **5. Reporting Procedures**

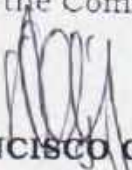
To keep the Board apprised on the Corporation's RPTs, the Chairman of the Committee shall submit an RPT Review Committee report to the Chairman of the Board subsequent to Committee meetings; and shall be ready to present the report to the Board during its meeting for the quarter.

The Committee Chairman will also submit and present an annual RPT Review Committee report to the Board during its first meeting in the immediately succeeding calendar year.

## **6. Functional and Secretarial Support**

The Compliance Office shall support the Committee in the rendition of its functions, specifically:

- a. Compliance Office shall provide all the secretariat support to the Committee.
- b. The Chief Compliance Officer shall attend all the Committee meetings.
- c. Compliance Office shall keep all minutes of the meetings, recorded and prepared by the designated Secretary to the meeting and make these available for inspection by any member of the Committee or the Board, as and when requested.
- d. Compliance Officer shall review all papers for submission to the Committee, including any proposals from Management before these are submitted to the Committee for approval.

  
**FRANCISCO GONZALEZ**  
Chairman

  
**ROBERTO ROCO**  
Member

**RAFAEL M ALUNAN, III**  
Member

  
**RAMON G. JIMENEZ**  
Member



# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2 3 1

Month Day  
fiscal year

FORM TYPE

1st Thursday of March

Month Day  
Annual Meeting

Listed

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **25 August 2020**

Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142** 3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation**

Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other  
jurisdiction of incorporation

6.  (SEC Use Only)

Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1604**

Address of principal office

Postal Code

8. **(632) 86336205**

Issuer's telephone number, including area code

9. **N/A**

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or  
Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9



In the meeting of the Board of Directors of Metro Global Holdings Corporation held today, 25 August 2020, the Board approved the organisation/incorporation of a new special purpose vehicle company to be called METRO RENEWABLE TRANSPORT SOLUTIONS, INC., whose primary objective is to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

The organisation of the new company shall be submitted for approval of the Securities and Exchange Commission.

### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**  
Issuer

Date: 25 August 2020

**By:**

  
**RAMON G. JIMENEZ**  
Vice-President & CFO

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2

Month

3 1

Day

fiscal year

FORM TYPE

1st Thursday of March

Month Day

Annual Meeting

Listed

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

\*\*\*\*\*

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS





In the meeting of the Board of Directors of Metro Global Holdings Corporation held today, 3 September 2020, the Board approved the signing of a Memorandum of Understanding (MOU) with the City of Baguio concerning the Development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City by Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General. The MOU was signed today with City Mayor Benjamin B. Magalong representing Baguio City and Chairman Robert John L. Sobrepeña representing the Company. Under the said MOU, the Company will conduct a feasibility study for the development of an intelligent public transport system that offers access to multiple transport options using one interface that includes monorail, trolleybus, electric bus and similar electricity-fed transport within 90 days for purposes of crafting a proposal on the Project.


### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**  
Issuer

Date: 3 September 2020

**By:**

  
**RAMON G. JIMENEZ**  
Vice-President & CFO

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2 3 1

Month Day  
fiscal year

FORM TYPE

Listed

Secondary License Type, if Applicable

1st Thursday of March

Month Day  
Annual Meeting

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

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Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. **2 October 2020**

Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142** 3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation**

Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other  
jurisdiction of incorporation

6.  (SEC Use Only)

Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1604**

Address of principal office

Postal Code

8. **(632) 86336205**

Issuer's telephone number, including area code

9. **N/A**

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or  
Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9



At the regular meeting of the Board of Directors (the "Board") today, 2 October 2020, the Board:

1. Approved to hold the 2020 Annual Stockholders Meeting on December 11, 2020 at 10am via VIDEO CONFERENCE;
2. Approved to set the record date of stockholders entitled to notice and to vote to 3 November 2020;
3. Approved to close the books of the Company from 3 November to 10 December 2020;
4. Approved the Online Registration from 6 November 2020 at 9:00 A.M. to 4 December 2020 at 5:00 P.M. for shareholders who wish to participate in the Annual Meeting via remote communication and to exercise their vote in absentia;
5. Approved the following AGENDA for the Annual Meeting:
  - a. Call to Order
  - b. Determination and Certification of Quorum
  - c. Approval of the Previous Meeting Held on 6 December 2019
  - d. Report of the Chairman
  - e. Approval of the Audited Financial Statements for the calendar year ended 31 December 2019
  - f. Certification and Ratification of Corporate Acts for the years 2019 to 2020
  - g. Election of Directors (including Independent Directors)
  - h. Election of External Auditor
  - i. Other matters
  - j. Adjournment

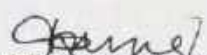
### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**  
Issuer

Date: 2 October 2020

By:

  
**RAMON G. JIMENEZ**  
Vice-President & CFO

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2 3 1

Month Day  
fiscal year

FORM TYPE

1st Thursday of March

Month Day  
Annual Meeting

Listed

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

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To be accomplished by SEC Personnel concerned

File Number

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Document I.D.

Cashier

STAMPS



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **12 October 2020**

Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142** 3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation**

Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other  
jurisdiction of incorporation

6.  (SEC Use Only)

Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1604**

Address of principal office

Postal Code

8. **(632) 86336205**

Issuer's telephone number, including area code

9. **N/A**

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or  
Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

The Board of Directors approved the change in the record date for shareholders entitled to vote and participate at the Company's 11 December 2020 Annual Stockholders meeting to November 4, 2020 (instead of 3 November 2020 as previously announced). The Board also approved to correct the inclusive dates of closing the Stock and Transfer Book to 4 November 2020 to 10 December 2020. The reason for these changes is based on the advice of the Company's Stock and Transfer Agent - Banco de Oro, Stock & Transfer Services Unit, that on 3 November 2020, the Stock and Transfer Agent will still receive the reclass transaction of foreign shares from the Philippine Depository & Trust Corporation and, hence, there will still be movement of transactions for that date of 3 November 2020.

### **SIGNATURE**


Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**

Issuer

Date: 12 October 2020

**By:**

  
**RAMON G. JIMENEZ**  
Vice-President & CFO

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O

G L O B A L

H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2

Month

3 1

Day

fiscal year

FORM TYPE

Listed

Secondary License Type, If Applicable

1st Thursday of March

Month Day

Annual Meeting

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

\*\*\*\*\*

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. **26 October 2020**

Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142** 3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation**

Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other  
jurisdiction of incorporation

6.  (SEC Use Only)  
Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1604**

Address of principal office Postal Code

8. **(632) 86336205**

Issuer's telephone number, including area code

9. **N/A**

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or  
Sections 4 and 8 of the RSA

Title of Each Class

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

Common shares

**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

The Board approved to correct the start of closing the Stock and Transfer Book to 5 November 2020 (instead of 4 November 2020 as previously announced). The end date of the closing of the Stock & Transfer Book of December 10, 2020 remains the same. The reason for this change is based on the advice of the Company's Stock and Transfer Agent - Banco de Oro, Stock & Transfer Services Unit, that on 4 November 2020, the Stock and Transfer Agent will still receive the reclass transaction of foreign shares from the Philippine Depository & Trust Corporation and, hence, there will still be movement of transactions for that date of 4 November 2020.

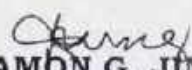
### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**METRO GLOBAL  
HOLDINGS CORPORATION**  
Issuer

Date: 26 October 2020

**By:**

  
**RAMON G. JIMENEZ**  
Vice-President & CFO

# COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O  
G L O B A L  
H O L D I N G S  
C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E  
T O W E R S , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

86336205 loc. 113

Company Telephone Number

## SEC FORM 17-C CURRENT REPORT UNDER SECTION 17 OF THE SRC

1 2 3 1

Month Day  
fiscal year

FORM TYPE

1st Thursday of March

Month Day  
Annual Meeting

Listed

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

## SEC FORM 17-C



At the regular meeting of the Board of Directors (the "Board") yesterday, 16 November 2020, the Board approved the secondment of the following officers from the parent company, Fil-Estate Management, Inc.:

Mr. Rafael Perez de Tagle, Jr. as EVP for Operations  
Mr. Jaime M. Cacho as SVP for Project Development  
Ms. Socorro G. Roco as VP for Records Management  
Ms. Khateryn M. Benitez as VP for Human Resources

### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: 17 November 2020

### **METRO GLOBAL HOLDINGS CORPORATION**

Issuer

**By:**



**ALICE ODCHIGUE-BONDOC**  
SVP-Compliance Officer





**METRO GLOBAL HOLDINGS CORP.**  
2020 SUSTAINABILITY REPORT

Contextual Information

COMPANY DETAILS	
Name of Organization:	METRO GLOBAL HOLDINGS CORPORATION ("MGHC")
Location of Headquarters :	Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila
Location of Operations :	Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, Metro Manila
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>Metro Global Holdings Corporation is a holding company. The Company has investments in Metro Rail Transit Holdings I and Metro Rail Transit Holdings II – parent company of Metro Rail Transit Corporation (MRTC), thus, resulting in an indirect 29% equity interest in MRTC. The Company has 28.47% direct equity interest in Monumento Rail Transit Corporation and 15.79% direct equity in MRT Development Corporation.</p> <p>On May 19, 2017, the company acquired 99% ownership of MGHC Royal Holdings Corporation (MGHC Royal).</p> <p>On August 25, 2020, the Company approved the organization/incorporation of a new special purpose vehicle company called Metro Renewable Transport Solutions, Inc., (Metro Transport).</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>Metro Global Holdings Corporation is an investment holding company. The Company has investments in companies engaged in (1) infrastructure development of light rail systems through Metro Rail Transit Corporation (29% indirect) and Monumento Rail Transit Corporation Inc. (29.47% direct) (2) property development through MRT Development Corporation (15.79% direct); and (3) renewable energy generation and operation through Metro Solar Power Solutions, Inc. (acquisition of 100% direct equity presently pending with the Securities &amp; Exchange Commission).</p> <p>Metro Global Holdings Corporation has subsidiaries:</p> <ol style="list-style-type: none"> <li>1. MGHC Royal Holdings Corporation (99%), engage in the business to invest or purchase, otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.</li> <li>2. Metro Renewable Transport Solutions, Inc. (100%), engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, needs, bridges, railways, ports, highways and other passages and facilities for transportation and communication.</li> </ol>
Reporting Period	For the Year Ending December 31, 2020
Highest Ranking Person responsible for this report	<p>Mr. Robert John L. Sobrepeña, Chief Executive Officer</p> <p>Ramon G. Jimenez, Chief Finance Officer</p>

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

The Company used Selected GRI Sustainability Reporting Standards (Core Option) in accordance with the GRI 102: General Disclosures, to report on contextual information about itself and its impacts on the economy, the environment and society.

The Company's economic and environmental sustainability principles are exercised through its affiliate, Metro Rail Transit Corporation (MRTC). MRTC is the owner of the Metro Rail Transit (MRT) 3 System along the 16.9 kilometer stretch of Epifanio de los Santos Avenue (EDSA). The MRT 3 System is leased to the Department of Transportation and Communication, which operates and maintains the system for 25 years commencing 2000. In 2019, the wholly electrically-powered MRT-3 ferried an average of 300,000 daily passengers along its 13-station route from North Triangle to Taft Avenue along EDSA. However, due to social distancing restrictions imposed in the MRT trains, because of the Covid-19 pandemic, train capacity was reduced to 30% and at 16 hours operation. Thus, the average no. of daily passengers was reduced, from 300,000 in 2019 to 113,280 in 2020.

The Company has a 28.47% equity interest in Monumento Rail Transit Corporation which, allows participation in the MRT 3 (Phase 2) system extension, the airport link from the Taft Avenue Station up to the airport and the envisioned rail extension from Ayala Station to Buendia Station via a loop through Ayala Avenue and Gil-Puyat Avenue (the Makati loop)

The Company acquired 15.79% equity interest in MRT Development Corporation (MRTDC) on December 2018. MRTDC has exclusive rights to all commercial developments along the MRT-3 System, including in the 13 Stations and air space above the 13 Stations, which include all commercial leasing rights in the 13 Stations, advertising rights, development of the air space above all the 13 stations, and all other commercial activities within the entire MRT-3 System.

### MATERIALITY

The key findings of the materiality analysis are as follows:

The Company does not plan any product research and development within the next 12 months. There are no expected purchases or sale of plant and significant equipment within the same period as the Company is not engaged in any manufacturing business.

The Company does not engage in business operations that are subject to regulations, which require compliance with environmental laws.

The Company has ten (10) employees in year 2020 while in 2019, the Company only had two (2) employees. Management of the Company is currently being undertaken by the executive officers of the parent company. Starting September 1, 2020, the CEO and President of the Company by virtue of their position, receive compensation from the company.

The trading of the Company's shares of stock at the PSE has been voluntarily suspended since March 20, 2007 to allow the Company to re-align its business and explore new strategic directions.

The Company plans to expand its primary purpose to include investments in businesses engaged in solar, wind and other renewable energy generation facilities.

The revised strategy will deliver the reference values for sustainability related action beyond 2020.

### MATERIALITY COMPLETENESS

The report takes into account all significant impacts of MGHC along its value chain. The reporting processes ensure that the data collected includes the results from all entities with significant impacts regarding material topics.

STAKEHOLDERS INCLUSIVENESS is ensured by considering feedback from stakeholder engagement.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

In 2020, no part of the Company’s Revenue or Income over the last three years has been derived from foreign sales. MGHC generated a total value of P9,237,097 which is a 70% decrease from the previous year due to the pandemic. The General and Administrative Expenses amounted to P12,659,211 of which, P9.648.650 was distributed among the following: Employee wages and benefits, payment to suppliers, other operating costs, taxes given to government—**For year 2020, the Company’s net operating income decreased by 97% or P33.5 million (from P34.4 million as at December 31, 2019 to P0.9 million as at December 31, 2020).** Other factors that brought about the decrease in net income, aside from the decrease in depot royalty income previously mentioned, is the increase in operating expenses of P7.8 million, brought about by the increase in salaries and wages in view of the secondment of several FEMI executives.

The pandemic and the consequent quarantine measures imposed by the government have resulted to lower depot royalty income for the group in 2020.

Disclosure	Units	Amount (2020)
Direct economic value generated (revenue)	PhP	9,429,483
Direct economic value distributed:		
a. General and Administrative Expenses	PhP	5,010,561
b. Employee wages and benefits	PhP	5,853,323
c. Payments to suppliers, other operating costs	PhP	514,060
d. Dividends given to stockholders and interest payments to loan providers	PhP	
e. Taxes given to government	PhP	3,616,611
f. Investments to community (e.g. donations, CSR)	PhP	

What is the impact and where does it occur? What is the <b>organization’s involvement in the</b> impact?_Identify the impact and where it occurs (i.e., primary business operations and/or supply chain. Indicate involvement in the impact (i.e., caused by the organization or_linked to impacts though its business relationship)	Which stakeholders are affected? (e.g. employees, community, suppliers, government, vulnerable group)	Management Approach What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
The company’s internal source of liquidity comes primarily from its share in the rental income termed as “depot royalty income” it receives from the operations of Trinoma Mall, a commercial mall owned and managed by North	Stockholder- Fil-Estate Management, Inc. (FEM), the parent company of MGHC	The company’s external source of financing comes from advances made by FEMI, the parent company of MGHC.

Triangle Depot Commercial Corporation (NTDCC), a company substantially owned by Ayala Land, Inc.		
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<p>The Company's principal financial exposures consist of its payables to associates and stockholders. Such financial instruments were used in prior years to raise funds for working capital and to retire interest-bearing US Dollar denominated bank loans.</p> <p>1. Cash Flow Risk/ Liquidity Risk arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations and to support the Company's operations and activities.</p> <p>2. Credit Risk. The Company's exposure to credit risk arises primarily from its deposits with banks of good credit rating. The maximum exposure to credit risk is equivalent to the carrying amount of these cash in</p>	<p>Parent Company</p> <p>Banks</p>	<p>The Company, as a matter of policy, discourages the use of any foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the Company encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the Company maintains a margin currency position in its asset and liability management function. The Company coordinates and negotiates closely with each principal stockholder to manage cash flow risks by jointly identifying new sources of cash flow infusions into the Company over the next five years. The Group manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Group is also able to defer payments of some of its due to related party balances. These cash in banks are deposited with a reputable bank that belonged to the top three banks in the Philippines and approved by management</p> <p>Depot royalties are collected in</p>

<p>banks.</p> <p>The Company's significant concentration of credit risk is on its transactions with NTDCC, its sole customer.</p> <p>3. Equity Price Risk. The Company is exposed to fair value changes on its AFS financial assets in listed equity services.</p>	<p>Shareholders</p>	<p>accordance with the agreement and the Group's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.</p> <p>The Company's policy is to maintain risk at an acceptable level. The Company's shares are not traded at the PSE at the moment. Once the voluntary suspension of the trading of the Company's shares is lifted, movement in share price will be monitored regularly to determine the impact on its financial position.</p> <p>The Company continuously conducts an internal review of its capital and financial risk management objective and policies.</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>New sources of cash flows through potential future investment and or cash infusions into the Company over the next five years.</p> <p>Entry into renewable energy generation and operation shall provide a constant source of cash flows once the Power Purchase Agreement with the offtaker is signed.</p>	<p>Investors and Shareholders</p>	<p>The Company coordinates and negotiates closely with its Parent Company to manage cash flow risks.</p>

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<b>Disclose the organization's</b> governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities	Disclose how the organization identifies, assesses, and manages	Disclose the metrics and targets used to assess and manage relevant climate-

	<b>on the organization's business,</b> strategy, and financial planning where such information is material	climate related risks	related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the <b>board's</b> oversight of climate-related risks and opportunities	a) Describe the climate- related risks and opportunities the organization has identified over the short, medium and long term.	a) Describe the <b>organization's processes</b> for identifying and assessing climate- related risks	Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process.
Board established a separate Board Risk Oversight Committee (BROC) that should be responsible for the <b>oversight of a company's</b> Enterprise Risk Management system to ensure its functionality and effectiveness.	Company plans to expand its primary purpose to include investments in business engaged in solar, wind and other renewable energy generation facilities. MGHC plans to increase its authorized capital stock from 2million shares at P100 per share to 5 million shares at P100 per share. As of report date, the Company is in the process of finalizing the documentary requirements necessary for the planned increase in authorized capital stock.  The Company intends to offer to the public at the right time the unsubscribed portion of its increase in authorized capital stocks.	The management has assessed that the Company will be able to continue as a going concern.	The Company is continuously assessing the impact of the COVID-19 on the performance of the Company based on latest developments.
<b>b) Describe management's</b> <i>role in assessing and managing climate- related risks and opportunities</i>	b) Describe the impact of climate- related risks and opportunities on the <b>organization's businesses,</b> strategy and financial planning	b) Describe the <b>organization's processes</b> for managing climate- related risks	b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets
Board has a strategy execution process (i.e. Annual Planning) that	With the intended increase in <b>the Company's Authorized</b> Capital Stock from P2 Billion to	The Vision and Mission are reviewed by the Board regularly to ensure that	The comparative financial Key Performance Indicators (KPIs) and non-financial KPIs are

facilitates effective management performance and is attuned to the company's business environment, and culture.	P5Billion and with additional subscription by FEMI to P750 million, the Company's Stockholder's Equity Balance is expected to result in a positive net equity balance.	corporate business directors, strategies, and objectives are consistent and coherent with the Mission and Vision of the Company.	reviewed regularly.
	c) Describe the resilience of the <b>organization's strategy, taking</b> into consideration different climate-related scenarios including a 2°C or lower scenario	b) Describe how processes for identifying, assessing, and managing climate-related risks are integrated <b>into the organization's</b> overall risk management	
	The Board of Directors oversee the development of, formulate and approve the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance in order to sustain the company's long-term viability and strength.	The Board of Directors review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.	

15 Adapted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non- financial companies and financial- sector organizations, including banks, insurance companies, asset managers and asset owners.

16 For this disclosure, impact refers to the impact of the climate-related issues on the company

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	N/A	%



<p>What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact?</p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business. Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers for conducting its business.</p>	<p>Not Applicable</p>	<p>MRT projects complement <del>other</del> other train systems and various public transportation modes available in Metro Manila such as buses, taxis and UV Express.</p>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Not Applicable</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>The Company's interest in Monumento Rail expectedly allows the Company's participation in the train systems expansion and additional train/vehicle procurement</p>	<p>Government</p>	<p>Monumento Rail is in the process of negotiation with the government.</p>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti- corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been	100	%



communicated to		
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact?  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Which stakeholders are affected?  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
No incidents of violations of the company policy found and reported.	Employees, Directors	Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Ethics & Conduct.  The Company requires continuous management attention at all corporate levels to assure compliance with the spirit and letter of this policy.
What are the Risk/s Identified?  <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<i>Not applicable</i>	Not applicable	Not applicable
What are the Opportunity/ies Identified?  <i>Identify the opportunity/ies related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<i>Not applicable</i>	Not applicable	Not applicable

### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	nil	#
Number of incidents in which employees were dismissed or disciplined for corruption	nil	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	nil	#

<p>What is the impact and where does it occur? <b>What is the organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ

Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

<p>What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact?</p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
The Company does not engage in business operations that are subject to regulations, which require compliance with environmental laws.	Community, Government	The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
None of the projects will spew any harmful by-products - gas emissions or solid and liquid secretions - into the earth's soil or atmosphere.	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization.</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
MRT-3 trains are operating purely on	Public commuters,	Averting diesel consumption. Approximately 1,450 buses a

electrical power, which is NOT directly derived from fossil fuels (e.g. gasoline or diesel engines as busses have) that otherwise carry or have direct and intense emissions.	community	day do not have to ply EDSA because of the MRT-3 operating under the average normal condition of 300,000 passengers ferried daily . However, due to social distancing restrictions imposed in the MRT trains, because of the Covid-19 pandemic, train capacity was reduced to 30% and at 16 hours operation. Thus, the average no. of daily passengers was reduced, from 300,000 in 2019 to 113,280, in 2020.
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Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	2,000	Cubic meters
Water recycled and reused	N/A	Cubic meters

<p>What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact?</p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>Average day-to-day consumption of employees and executive officers of the Company.</p>	<p>Employees/Officers</p>	<p>To conserve energy. Meeting the needs of the present without compromising the ability of future generations to meet their own needs.</p>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization.</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Not Applicable</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Not Applicable</p>

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
•renewable	N/A	kg/liters
•non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

<p>What is the impact and where does it occur? <b>What is the organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
ICUN Red List species and national conservation lit species with habitats in areas affected by operations	N/A	

<p>What is the impact and where does it occur? What is the <b>Organization's</b> involvement in the impact?</p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers,</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources,</i></p>
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<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	government, vulnerable groups)	grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
Not Applicable	Not Applicable	Not Applicable
<p>What are the Risk/s Identified?</p> <p>Identify risk/s related to material topic of the organization</p>	Which stakeholders are affected?	Management Approach
Not Applicable	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p>Identify the opportunity/ies related to material topic of the organization</p>	Which stakeholders are affected?	Management Approach
Not Applicable	Not Applicable	Not Applicable

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

<p>What is the impact and where does it occur? <b>What is the organization's</b> involvement in the impact?</p> <p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>Which stakeholders are affected?</p> <p>(e.g. employees, community, suppliers, government, vulnerable groups)</p>	<p>Management Approach</p> <p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>
Not Applicable	Not Applicable	Not Applicable

What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
Not Applicable	Not Applicable	Not Applicable
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
Not Applicable	Not Applicable	Not Applicable

Air pollutants

Disclosure	Quantity	Units
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact? <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Which stakeholders are affected? <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	Management Approach <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable	Not Applicable
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
Not Applicable	Not Applicable	Not Applicable

What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
Easing Traffic Congestion, Improving Traffic Management for Baguio City, Minimizing Environmental Impact and Increasing Benefits of Transportation to the Public in General	Community, Government	Approval of the signing of a Memorandum of Understanding (MOU) with the City of Baguio concerning the Development of an Intelligent Transport System as a Sustainable Long-Term Strategy to Urban Mass Transport Management for Baguio City.

### Solid and Hazardous Wastes

#### Solid Waste

Disclosure	Units	MGH	MRTC (annual)	MRTDEVCO (annual)	MONUMENTO (annual)
		Quantity			
Total solid waste generated	kg	1	2	61	Nil
Reusable	kg	1	1	1	Nil
Recyclable	kg		1	60	Nil
Composted	kg	N/A	N/A	N/A	N/A
Incinerated	kg	N/A	N/A	N/A	N/A
Residuals/Land filled	kg	N/A	N/A	N/A	N/A

What is the impact and where does it occur? <b>What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Which stakeholders are affected?  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<i>The company produces solid waste like used bond paper, used printer cartridges, used computer hardware, used telephones, etc. in its operations.</i>	<i>Employees, Suppliers</i>	Recycle of used bond paper and refill of printer cartridges.



What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<i>Pest infection of office premises.</i>	Employees	Quarterly Pest Control program of the work place.
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<i>Not Applicable</i>	Not Applicable	Not Applicable

### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? <b>What is the organization's involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Which stakeholders are affected?  <i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<i>Not Applicable</i>	<i>Not Applicable</i>	Maintains well ventilated and nonhazardous workplace through daily inspection and maintenance of facilities and supplies.
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Which stakeholders are affected?	Management Approach
<i>Not Applicable</i>	Not Applicable	Not Applicable
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to</i>	Which stakeholders are affected?	Management Approach

<i>material topic of the organization</i>		
Potential into Renewable energy generation.	Community, government	The company will be adding to its original portfolio, projects or objectives in three phases over the next 10 years that involve solar (panels), wind (turbines), hydro and waste-to-energy power generation – all quintessentially “Green” initiatives.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

<p>What is the impact and where does it <b>occur? What is the organization's</b> involvement in the impact?</p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not applicable	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	nil
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	nil
No. of cases resolved through dispute resolution mechanism	N/A	nil

<p>What is the impact and where does it occur? <b>What is the organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Which stakeholders are affected?</p> <p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
The Company does not engage in business operations that are subject to regulations, which require compliance with environmental laws.	community, government	Not Applicable
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
Not Applicable	Not Applicable	Not Applicable

SOCIAL

- Employee Management
  - Employee Hiring and Benefits
- Employee data
- Employee benefits

SOCIAL

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
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		Quantity			
a. Number of female employees	#	5	1	4	0
b. Number of male employees	#	5	0	9	0
Ratio of lowest paid employee against minimum wage	ratio	n/a	1:1.7	1:17	n/a

## MGHC

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	none
PhilHealth	Y	none	none
Pag-ibig	Y	none	none
Parental leaves	Y	none	none
Vacation leaves	N	none	none
Sick leaves	Y	none	none
Medical benefits (aside from PhilHealth))	Y	none	none
Housing assistance (aside from Pag-ibig)	Y	none	none
Retirement fund (aside from SSS)	Y	none	none
Further education support	Y	none	none
Company stock options	N	none	none
Telecommuting	Y	none	none
Flexible-working Hours	Y	100% (during ECQ/MGCQ only)	100% (during ECQ/MGCQ only)

## MRTC

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	none
PhilHealth	Y	none	18%
Pag-ibig	Y	none	none
Parental leaves	Y	25%	none
Vacation leaves	N	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	50%	25%
Housing assistance (aside from Pag-ibig)	Y	none	none
Retirement fund (aside from SSS)	Y	none	none
Further education support	Y	none	none
Company stock options	N	none	none

Telecommuting	Y	50% (during ECQ/MGCQ only)	50% (during ECQ/MGCQ only)
Flexible-working Hours	Y	50% (during ECQ/MGCQ only)	50% (during ECQ/MGCQ only)
(Others)		none	none

# MRTDEVCO

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	none	None
PhilHealth	Y	25%	22%
Pag-ibig	Y	none	None
Parental leaves	Y	None	None
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	50%	25%
Housing assistance (aside from Pag- ibig)	Y	none	None
Retirement fund (aside from SSS)	Y	none	None
Further education support	Y	none	None
Company stock options	N	none	None
Telecommuting	Y	none	None
Flexible-working Hours	Y	none	None
(Others)		none	None

# MONUMENTO

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	n/a	n/a
PhilHealth	Y	n/a	n/a
Pag-ibig	Y	n/a	n/a
Parental leaves	Y	n/a	n/a
Vacation leaves	N	n/a	n/a
Sick leaves	Y	n/a	n/a
Medical benefits (aside from PhilHealth))	Y	n/a	n/a
Housing assistance (aside from Pag- ibig)	Y	n/a	n/a

Retirement fund (aside from SSS)	Y	n/a	n/a
Further education support	Y	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	Y	n/a	n/a
Flexible-working Hours	Y	n/a	n/a
(Others)		n/a	n/a

<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>The Company has no employee who is not an executive officer who is expected by the Company to make a significant contribution to the Business.</p>	<p>The Company has ten (10) employees in year 2020 while in 2019, the Company only had two (2) employees. Management of the Company is currently being undertaken by the executive officers of the parent company. Starting September 1, 2020, the CEO and President of the Company by virtue of their position, receive compensation from the company.</p>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Management Approach</p>
<p>Not applicable</p>	<p>Not Applicable</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Management Approach</p>
<p>The Company's business is not highly dependent on the services or any key personnel.</p>	<p>The Company's By-Laws on compensation provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper.</p>

## Employee Training and Development

The Company is committed to having a workplace prepared to meet current and future business objectives by providing its employees, at all levels, with appropriate education and training-

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
Total training hours provided to employees			2	26	Nil
a. Female employees	hours		2	8	Nil
b. Male employees	hours		2	22	Nil
Average training hours provided to employees					
a. Female employees	hours/employee		2	2	Nil
b. Male employees	hours/employee		2	2	Nil

<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>The management of MGHC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by MGHC.</p>	<p>We provide intensive training and management support for our people and offer personal and financial growth through progressive hiring and promotion practices</p> <p>All employees are oriented in the philosophy, ethics, values, principles and business priorities of the company, such as induction into their group/department, through its Management Development Program</p>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Management Approach</p>
<p><i>Gap in Knowledge, Skills and Attitude of employees</i></p>	<p>Attendance to public seminars and workshops are required to Address gap per KSA.</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Management Approach</p>
<p>Officers (Managers up) are also encouraged to attend seminars to update their KSAs.</p>	<p>In-house training is provided and is customized to the job as well as personal needs.</p>

	All first time managers shall successfully complete specified supervisory training within a specified period of appointment. - Promotional Program, Management Development Program
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### Labor

#### -Management Relations

Metro Global Holdings, Inc.'s sees to it that our relationship with our employees is always healthy and fruitful.

Our Company has code of Business Conduct and Ethics which all employees must understand and follow. Applicable labor laws and regulations where we do business are also being complied with. Moreover, we are responsible for preventing violations of laws and for speaking up if we see possible violations.

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
% of employees covered with Collective Bargaining Agreements	%	nil	nil	nil	n/a
Number of consultations conducted with employees concerning employee-related policies	#		1	15	n/a

<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>Management of MGHC is currently being undertaken by the executive officers of the parent company.</p>	<p>The company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, even on payments to be received from the Company, with respect to an executive officers employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the name executive officers' responsibilities following a change-in-control where the amount involved, if any including all periodic payments or installments, which exceeds P2.5M</p>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p> <p><i>In case unsure if action is not permitted by law or MGH policy.</i></p>	<p>Management Approach</p> <p>We seek the advice of resource experts/consultants.</p>



What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Management Approach
Not Applicable	Not Applicable

### Diversity and Equal Opportunity

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
% of female workers in the workforce	%	nil	Nil	Nil	n/a
% of male workers in the workforce	%	nil	Nil	Nil	n/a
Number of employees from indigenous communities and/or vulnerable sector*	#	nil	nil	nil	n/a

What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not applicable
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Management Approach
Not applicable	Not applicable
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Management Approach
Not applicable	Not Applicable

### Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
Safe Man-Hours	Man-hours				

No. of work-related injuries	#	nil	nil	nil	n/a
No. of work-related fatalities	#	nil	nil	nil	n/a
No. of work related ill-health	#	nil	nil	nil	n/a
No. of safety drills	#	1	1	1	n/a

<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>The management of MGHC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by MGHC.</p>	<p>The health of every employee shall be maintained at the highest levels:</p> <ol style="list-style-type: none"> <li>1. With existing health plan coverage,</li> <li>2. With emergency medicine kit complete with emergency medicines,</li> <li>3. With company nurse to address employees' health needs; assessment and, or referral of employee/s health condition in the workplace.</li> <li>4. Employees required to consult a Physician if sick leave is more than two days and a medical certificate/ clearance is required before resumption of work.</li> <li>5. Pre-employment physical examination of newly hired employees.</li> <li>6. Annual Physical examinations for all regular employees.</li> </ol>
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Management Approach</p>
<p>Presence of any symptoms of a suspected viral illness.</p>	<p>Employee advised to go home and immediately consult a Physician</p>
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Management Approach</p>
<p>Data relating to health, safety and welfare of its employees.</p>	<ol style="list-style-type: none"> <li>1. Annual vaccination program with Influenza virus is maintained</li> <li>2. Monthly purchase of first aid supplies.</li> <li>3. Maintenance of well-ventilated and nonhazardous workplace through daily inspection and maintenance of facilities/supplies.</li> <li>4. Quarterly Pest Control program of the work place.</li> </ol>

### Labor Laws and Human Rights

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Disclosure	Units	MGH	MRTC	MRTDEVCO	MONUMENTO
		Quantity			
No. of legal actions or employee grievances involving forced or child labor	n.a	none	none	None	none
Topic	Y/N		If Yes, cite reference in the company policy		
Forced labor	N				
Child labor	N				
Human Rights	N				

<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
Not Applicable	Not Applicable
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	<p>Management Approach</p>
Not Applicable	Not Applicable
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Management Approach</p>
Not Applicable	Not Applicable

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers in conducting its business.

MRTC, MRTDC and Monumento have no accreditation policy for its suppliers. The three (3) bid rule is being implemented for company purchases.

Do you consider the following sustainability topics when accrediting suppliers?

On acquisition of supplies for operations like office supplies, computers airconditioners, etc., herewith is the Group's code of ethics and anti-bribery and anti-corruption policy). Link: [Company Policies](#)

Topic	Y/N	If Yes, cite reference in the company policy
-------	-----	--

Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	-MGHC strictly prohibits any form of bribery and corruption within the company, as well as in dealing with suppliers, contractors, and potential suppliers and contractors.
<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>	
There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business.	The Company discloses its policies and practices—specifically those that address the selection procedures with regards to suppliers and contractors thru its Code of Business Conduct and Ethics.	
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	Management Approach	
Not Applicable	Not Applicable	
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	Management Approach	
The Company has a 28.47% equity interest in Monumento Rail Transit Corporation which as a result, allows participation in the MRT-3 System train system extension from North Triangle to Monumento (MRT 3 Phase 2); from Taft Avenue Station to the Airport (airport link); and Ayala Avenue Station to Buendia Station(the Makati Loop) in the event these projects are approved by the Philippine Government	The Company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions.	

### Relationship with Community

Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

### Significant Impacts on Local Communities

MGHC's CSR programs are comprised of Green Outreach Programs focused on three major areas, namely: Environmental, Health and Educational prerogatives.

The three are central to 21st century living and are thus in line with MGHC's historical corporate philosophy of staying abreast with the times – inclusive of when it comes to fulfilling its CSR mandate.

Geographically, MGHC has applied these initiatives not just within its immediate communities but beyond and even on a nationwide basis.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
<i>The MRT system provides a low fare and convenient mode of transport to 350,000 commuters a day.</i>  <i>There are elevators provided for the elderly and persons with disabilities</i>	13 stations from North Triangle to Taft Avenue	Public	Yes	Government	The Government, through Department of Transportation is responsible for the collection of fares and for the day-to-day operations of the system.

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting Indigenous Peoples (IPs), indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
The depletion or destruction of natural resources is altogether a non-issue.  None of the projects will require compensatory or remedial measures to restore natural resources and will spew any harmful by-products – gas emissions or solid and liquid secretions – into the earth's soil or atmosphere (such as would be the case in energy being generated from coal, for example).	MGCH will function sustainably to provide power to our country.

What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
<p>Future objectives in various parts of the country such as Baguio in Benguet province, the NCR, Pililla in Rizal province and Iloilo in the Visayas will not be depleting the planet's natural resources during the company's operations, thus capturing the very definition of Sustainable Development, or "meeting the needs of the present without compromising the ability of future generations to meet their own needs"</p> <p>In the case of waste-to-energy initiatives in Baguio and in Manila, there will be the additional benefit of a significant reduction in extremely detrimental manmade waste, as large quantities of rubbish is converted to genuinely usable power</p>	<p>MGHC shall purchase 100% shares of common stock of Metro Solar Power Solutions, Inc. (Metro Solar) held by FEMI; Metro Solar is a stock corporation registered with the Securities and Exchange Commission (the "SEC") on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution. As of report date, the Parent Company and FEMI are in the process of finalizing details of the proposed sale and purchase of shares transaction contemplated by the parties.</p> <p>The company acquired two new subsidiaries: Metro Power Solutions, Inc. and Metro Renewable Transport Solutions, Inc.. The company will be adding to its original portfolio (real estate development and management, IT and infrastructure, among others), projects or objectives in three phases over the next 10 years that involve solar (panels), wind (turbines), hydro and waste-to-energy power generation – all quintessentially "Green" initiatives.</p>

Customer Management

The Company is a holding company and has no direct business operations that entail direct interaction with customers.

Business Operations of Affiliates

Monumento Rail

Monumento Rail currently has no project and is not in operation hence it has no direct interaction with customers.

MRTC

The operations and maintenance of MRT3 System is being handled by DOTR hence MRTC has no business operation that entails direct interaction with customers;

MRTDC

MRT Development Corporation's (MRTDC) main line of business is the leasing out of about 160 commercial retail spaces and about 1,200 outdoor and 1,000 indoor advertising assets located in all 13 MRT-3 stations and guide way structures along the stretch of EDSA

from North Avenue in Quezon City to Taft Avenue in Pasay City, constantly uphold the highest standards in servicing its tenants and advertisers with quality care and assistance under terms and conditions that are fair and satisfactory. Through the hard work and dedication of its management and employees, MRTDC will continue to sustain its quality service delivery to its tenants and advertisers, whose growth and success are also the company's.

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	No.
<p>What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b></p> <p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>	
The Company is a holding company and has no direct business operations that entail direct interaction with customers.	Not Applicable	
<p>What are the Risk/s Identified?</p> <p><i>Identify risk/s related to material topic of the organization</i></p>	Management Approach	
Not Applicable	Not Applicable	
<p>What are the Opportunity/ies Identified?</p> <p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	Management Approach	
Not Applicable	Not Applicable	

Health and Safety

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

For MRTC and MRTDC, there were no reported or filed cases of any violation relating to Health and Safety Standards. For the operation and maintenance of the MRT-3 train system, DOTR is responsible for any operational related cases.

Disclosure		Quantity	Units
No. of substantiated complaints on product or service health and safety*		N/A	#
No. of complaints addressed		N/A	#
What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs,</i>		

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	and initiatives do you have to manage the material topic?
Not Applicable	Not Applicable
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Management Approach
Not Applicable	Not Applicable
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Management Approach
Not Applicable	Not Applicable

Marketing and labeling

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	N/A	#
No. of complaints addressed	N/A	#

What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Not Applicable	Not Applicable
What are the Risk/s Identified? <i>Identify risk/s related to material topic of the organization</i>	Management Approach
Not Applicable	Not Applicable
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i>	Management Approach
Not Applicable	Not Applicable

Customer privacy



*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

MRT Development Corporation (MRTDC) strictly adheres to its responsibility towards confidential information provided by its tenants and advertisers. Unless in cases authorized by law, the company is accountable and compelled to protect all information provided by its tenants and advertisers. The company's leasing and advertising operations group, through the guidance of its corporate lawyers, is in-charge of handling tenants and advertisers' data privacy, reviewing guidelines and policies, executing strategies, establishing internal controls to protect these data and ensuring that these data are not compromised. MRTDC's policy on data privacy is in accordance with the Data Privacy Act. The company continues to educate its employees on the significance and confidentiality of tenants and advertisers' information.

Disclosure		Quantity	Units
No. of substantiated complaints on customer privacy*		N/A	#
No. of complaints addressed		N/A	#
No. of customers, users and account holders whose information is used for secondary purposes		N/A	#
What is the impact and where does it occur? What is the <b>organization's involvement in the impact?</b> <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>		
Not Applicable	Not Applicable		
What are the Risk/s Identified?  <i>Identify risk/s related to material topic of the organization</i>	Management Approach		
Not Applicable	Not Applicable		
What are the Opportunity/ies Identified?  <i>Identify the opportunity/ies related to material topic of the organization</i>	Management Approach		
Not Applicable	Not Applicable		

Data Security

Disclosure		Quantity	Units
No. of data breaches, including leaks, thefts and losses of data		N/A	#
What is the impact and where does it occur? What is the <b>organization’s involvement in the impact?</b>  <i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	Management Approach  <i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>		

<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	
Since 2007, the Company's securities are not traded due to voluntary suspension to allow the Company to re-align its business and explore new strategic directions.	Shareholders records are maintained by BDO Stock Transfer Agent.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Not Applicable	Not Applicable

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to United Nations SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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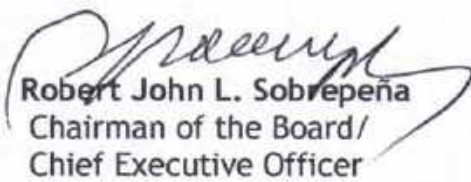
<p>The wholly electrically-powered MRT-3 ferried in 2019 an average of 300,000 daily passengers along its 13-station route from North Triangle to Taft Avenue along EDSA. However, due to social distancing restrictions imposed in the MRT trains, because of the Covid-19 pandemic, train capacity was reduced to 30% and at 16 hours operation the average daily passengers was reduced to 113,280 in 2020.</p>	<p>MGHC's environmental sustainability practices are exercised at the level of MRTC by the operations of MRT-3 System along EDSA on a daily basis all year long since 2000 (and through the year 2019). Approximately 1,450 buses a day do not have to ply EDSA, as a result. The scenario where vehicular diesel engines emit nitrogen compounds and particulate matter (hydrocarbons and carbon dioxide) as they burn diesel fuel is significantly diminished because 350,000 passengers ride the MRT-3 daily instead of the aforementioned buses. All stations of MRT have elevators for the use of the public.</p>	<p>Owing to the scaled-back, present day average of 40% less the number of trains running daily from its originally prescribed optimum of 20, the per-day average number of commuters riding the MRT-3 has correspondingly diminished from what the peak had been. As a result, with fewer trains servicing the commuting public, the public take buses and other forms of public transport like taxis or motorcycles instead. These other forms of public transport use fuel which pollutes the environment. This negative impact, unfortunately, is not within the control of the Company as it is the Philippine Government, through its agency, DOTR, which is responsible for ensuring the number of trains and the maintenance works on the MRT 3 System are enough to service the commuting public. While the MRT 3 is electrically powered and is a welcome substitute to the buses operating along EDSA that are run on diesel, there may still be a negative impact, albeit indirectly, on the environment by the mass rail system. This is because electricity in the Philippines is produced largely in coal fired plants which are less costly to operate.</p>	<p>Lobbied for and eventually succeeded in influencing the re-entry (which occurred in the 2<sup>nd</sup> quarter of 2019) of original maintenance service provider Sumitomo Corporation to restore riding capacity and bring it closer to its original ridership of 500,000+ passengers daily that occurred during its peak years of from 2000-2010. This will further add to the total number of buses that otherwise need to ply EDSA, and will remain sidelined, as a result.</p> <p><b>The Company's response to this</b> negative impact is for MRT 3 to try to generate its own power through renewable energy, if feasible, if this is not feasible, the Company can more than offset the negative impact by developing renewable energy sources such as solar and wind farms, hydro electric and waste to energy plants.</p> <p>The management is continuously assessing the impact of the COVID-19 on the performance of the Group based on the latest development.</p>
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*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

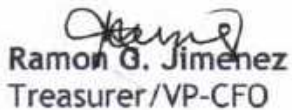
## Signatures

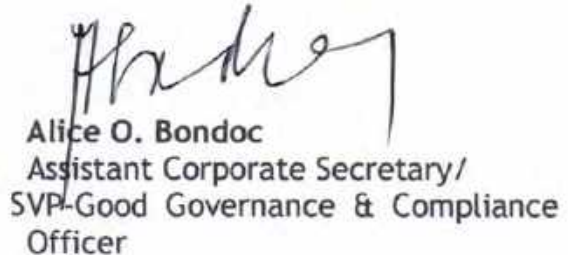
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Company Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on \_\_\_\_\_.

By:

  
Robert John L. Sobrepeña  
Chairman of the Board/  
Chief Executive Officer

  
Atty. Ferdinand T. Santos  
President/Chief Risk Officer

  
Ramon G. Jimenez  
Treasurer/VP-CFO

  
Alice O. Bondoc  
Assistant Corporate Secretary/  
SVP-Good Governance & Compliance  
Officer


SUBSCRIBED AND SWORN to before me this MAY 14 2021 day of \_\_\_\_\_  
affiant(s) exhibiting to me his/their Social Security System Number, as follows:

### NAMES

### SSS NO.

Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Alice O. Bondoc	33-1923852-8
Ramon G. Jimenez	03-6347637-1

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Page No. 62  
Book No. XIV  
Series of 2021

  
KAMILLE JOYCE E. CARRANZA-DITANGAN  
Notary Public for Pasig, San Juan & Pateros  
W/F Renaissance Office Towers  
Meralco Avenue, Ortigas Center, Pasig City  
Roll of Attorneys No. 59810  
Appointment No. 22 (2021-2022)  
Commission Expires on December 31, 2022  
PTR No. 7201698 / 01.11.2021 / Pasig  
IBP LRN No. 988060/01.08.2015/Cavite  
MCLE Compliance No. VI-0017577 / 2.11.2019

# ***Metro Global Holdings Corporation***

**(formerly Fil-Estate Corporation)**

**Separate Financial Statements**

**As at and for the year ended December 31, 2020**

**(With comparative figures as at and for the year ended  
December 31, 2019)**

**Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation**  
(Formerly Fil-Estate Corporation)  
Mezzanine Floor, Renaissance Tower,  
Meralco Avenue, Pasig

**Report on the Audit of the Separate Financial Statements*****Our Opinion***

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Metro Global Holdings Corporation (the "Company") as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

***What we have audited***

The separate financial statements of the Company comprise:

- the statement of financial position as at December 31, 2020;
- the statement of total comprehensive income for the year ended December 31, 2020;
- the statement of changes in equity for the year ended December 31, 2020;
- the statement of cash flows for the year ended December 31, 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

***Basis for Opinion***

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation  
(Formerly Fil-Estate Corporation)  
Page 2

***Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements***

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation  
(Formerly Fil-Estate Corporation)  
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

***Other Matter***

The separate financial statements of the Company as at and for the years ended December 31, 2019 and 2018, before the restatements described in Note 21, were audited by another auditor whose report dated June 15, 2020, expressed an unmodified opinion on those statements.

As part of our audit of the 2020 separate financial statements, we also audited the restatements described in Note 21 that were applied on the prior period balances. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2019 and 2018 separate financial statements of the Company other than with respect to the restatements in prior period balances and, accordingly, we do not express an opinion or any other form of assurance on the 2019 and 2018 separate financial statements taken as a whole.





Isla Lipana & Co.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Metro Global Holdings Corporation and Subsidiaries  
(Formerly Fil-Estate Corporation)  
Page 4

### **Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 22 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is  
Jan Michael L. Reyes.

**Isla Lipana & Co.**

A handwritten signature in blue ink, appearing to read 'Jan Michael L. Reyes'.

Jan Michael L. Reyes

Partner

CPA Cert. No. 104972

PTR No. 0011393, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 104972-SEC, Category A;

valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 215-692-059

BIR A.N. 08-000745-122-2019, issued on September 18, 2019; effective until September 17, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City

May 7, 2021



Isla Lipana & Co.

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of  
**Metro Global Holdings Corporation**  
(Formerly Fil-Estate Corporation)  
Mezzanine Floor, Renaissance Tower,  
Meralco Avenue, Pasig

None of the partners of the firm have any financial interest in Metro Global Holdings Corporation or any family relationships with its officers or shareholders.

The supplementary information on taxes and licenses for the year ended December 31, 2020 is presented in Note 22 to the financial statements.

**Isla Lipana & Co.**

Jan Michael L. Reyes

Partner

CPA Cert. No. 104972

PTR No. 0011393, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 104972-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

TIN 215-692-059

BIR A.N. 08-000745-122-2019, issued on September 18, 2019; effective until September 17, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City

May 7, 2021

*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)*

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statement of Financial Position  
As at December 31, 2020  
(With comparative figures as at December 31, 2019 and January 1, 2019)  
(All amounts in Philippine Peso)

	Notes	December 31, 2020	December 31, 2019 (As restated)	January 1, 2019 (As restated)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash in banks	2	1,227,080	932,232	620,599
Trade and other receivables	3	8,863,008	28,796,828	27,997,541
Other current assets	4	113,025	67,786	1,686,473
Total current assets		10,203,113	29,796,846	30,304,613
<b>Non-current assets</b>				
Due from related parties	3	3,064,500	1,766,471	2,779,228
Financial assets at fair value through OCI	5	1,494,488,966	1,493,873,929	1,494,801,749
Intangible asset, net	8	737,569	764,886	792,203
Investment in associates	6	5,987,239	-	1,894,800
Investment in subsidiaries	7	1,110,799	528,767	540,170
Deferred tax asset	14	1,594,480	1,594,480	1,594,480
Total non-current assets		1,506,983,553	1,498,528,533	1,502,402,630
<b>Total assets</b>		<b>1,517,186,666</b>	<b>1,528,325,379</b>	<b>1,532,707,243</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Accrued expenses and other current liabilities	9	385,168,495	382,939,213	410,130,556
Income tax payable		6,310,576	7,594,816	3,827,231
Total current liabilities		391,479,071	390,534,029	413,957,787
<b>Non-current liabilities</b>				
Due to a stockholder	15	744,833,320	773,371,405	802,063,113
Due to other related parties	15	361,829,675	348,128,285	333,890,283
Total non-current liabilities		1,106,662,995	1,121,499,690	1,135,953,396
Total liabilities		1,498,142,066	1,512,033,719	1,549,911,183
<b>Stockholders' equity</b>				
Share capital	9	1,998,553,181	1,998,553,181	1,998,553,181
Additional paid-in capital	9	589,120,804	589,120,804	589,120,804
Fair value reserve	5	1,131,344	516,307	1,444,127
Deficit		(2,569,760,729)	(2,571,898,632)	(2,606,322,052)
Total stockholders' equity		19,044,600	16,291,660	(17,203,940)
<b>Total liabilities and stockholders' equity</b>		<b>1,517,186,666</b>	<b>1,528,325,379</b>	<b>1,532,707,243</b>

(The notes on pages 1 to 41 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statement of Total Comprehensive Income  
For the year ended December 31, 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Notes	2020	2019 (As restated)
Depot royalty income	11	9,329,483	30,296,661
General and administrative expenses	12	(11,364,014)	(4,889,423)
Share in profit (loss) of associates	6	5,987,239	(1,894,800)
Other (expense) income, net	13	(135,498)	20,022,124
<b>Income before tax</b>		3,817,210	43,534,562
Income tax expense	14	(1,679,307)	(9,111,142)
<b>Net income for the year</b>		2,137,903	34,423,420
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value gain (loss) on financial assets at fair value through OCI	5	615,037	(927,820)
Total comprehensive income for the year		2,752,940	33,495,600
Basic and diluted earnings per share	16	0.0004	0.0172

(The notes on pages 1 to 41 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Statement of Changes in Equity  
For the year ended December 31, 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Share capital (Note 10)	Additional paid-in capital (Note 10)	Fair value reserve (Note 5)	Deficit	Total
<b>Balances at January 1, 2019, as previously reported</b>	1,998,553,181	589,120,804	1,017,460	(2,613,018,687)	(24,327,242)
Effect of restatements (Note 21)	-	-	426,667	6,696,635	7,123,302
<b>Balances at January 1, 2019, as restated</b>	1,998,553,181	589,120,804	1,444,127	(2,606,322,052)	(17,203,940)
Profit for the year	-	-	-	34,423,420	34,423,420
Other comprehensive loss for the year	-	-	(927,820)	-	(927,820)
<b>Total comprehensive income for the year</b>	-	-	(927,820)	34,423,420	33,495,600
<b>Balances at December 31, 2019</b>	1,998,553,181	589,120,804	516,307	(2,571,898,632)	16,291,660
Profit for the year	-	-	-	2,137,903	2,137,903
Other comprehensive income for the year	-	-	615,037	-	615,037
<b>Total comprehensive income for the year</b>	-	-	615,037	2,137,903	2,752,940
<b>Balances at December 31, 2020</b>	1,998,553,181	589,120,804	1,131,344	(2,569,760,729)	19,044,600

(The notes on pages 1 to 41 are integral part of these financial statements)

**Metro Global Holdings Corporation and Subsidiaries**  
(formerly Fil-Estate Corporation)

Statement of Cash Flows  
For the year ended December 31, 2020  
(With comparative figures for the year ended December 31, 2019)  
(All amounts in Philippine Peso)

	Notes	2020	2019 (As restated)
<b>Cash flows from operating activities</b>			
Net income before tax		3,817,210	43,534,562
Adjustment for:			
Unrealized foreign exchange loss		16,171	14,754
Amortization expense	8, 12	27,317	27,317
Assumption of liability	13	-	(20,260,083)
Impairment loss on investment in subsidiary	7	42,969	11,403
Interest income	2, 13	(3,750)	(3,232)
Share in net (income) loss of associates	6	(5,987,239)	1,894,800
Operating (loss) income before working capital changes		(2,087,322)	25,219,521
Decrease (increase) in:			
Trade and other receivables		19,933,820	(799,286)
Other current assets		(511,713)	102,360
Due from related parties		(1,298,029)	1,012,756
Increase (decrease) in:			
Accrued expense and other current liabilities		2,229,282	(6,931,260)
Cash from operations		18,266,038	18,604,091
Interest received	2	3,750	3,232
Cash paid for income taxes		(2,497,073)	(3,827,230)
Net cash from operating activities		15,772,715	14,780,093
<b>Cash flows from investing activities</b>			
Incorporation of a subsidiary	7	(625,001)	-
<b>Cash flows from financing activities</b>			
Increase (decrease) in:			
Due to other related parties	15	13,701,390	14,238,002
Due to a stockholder	15	(28,538,085)	(28,691,708)
Net cash used in financing activities		(14,836,695)	(14,453,706)
<b>Net increase in cash</b>		311,019	326,387
<b>Cash at January 1</b>		932,232	620,599
Effect of foreign exchange rate changes in cash		(16,171)	(14,754)
<b>Cash at December 31</b>		1,227,080	932,232

(The notes on pages 1 to 41 are integral part of these financial statements)

**Metro Global Holdings Corporation**  
(formerly Fil-Estate Corporation)

Notes to the Separate Financial Statements

As at and for the year ended December 31, 2020

(With comparative figures as at and for the year ended December 31, 2019)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - Corporate information**

**1.1 Business information**

Metro Global Holdings Corporation (the "Company") was incorporated as San Jose Oil Company, Inc. on September 17, 1954 and was listed on the Philippine Stock Exchange (PSE) on May 4, 1964 as an oil exploration company and was reorganized in 1996 into a corporate vehicle that will pursue infrastructure-related investments and was renamed Fil-Estate Corporation. On September 9, 2004, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Company's corporate life for another 50 years or until 2054.

On May 30, 2014, the SEC approved the amendment of the Articles of Incorporation and By-Laws of the Company, changing its name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "Metro Group" and establish the affiliation of the Company with its affiliate infrastructure companies, which likewise had the word "Metro" in their corporate names.

The trading of Company's shares of stock at the PSE has been voluntarily suspended since March 20, 2007 to allow the Company to re-align its business and explore new strategic directions.

The Company's immediate and ultimate parent company is Fil-Estate Management, Inc. (FEMI), a company organized and existing under the laws of the Philippines. The total shares outstanding are held by the following shareholders as at December 31:

	2020	2019
Fil-estate Management, Inc.	87.89%	87.89%
PCD Nominee Corporation	5.03%	5.03%
Alakor Securities Corporation	3.34%	3.34%
Bank of Commerce Trust Services Group	2.16%	2.16%
Others	1.58%	1.58%
	100.00%	100.00%

The Company's registered office address, which is also its principal place of business, is at Mezzanine Floor, Renaissance Centre, Meralco Avenue, Pasig City. The Company has ten (10) employees in 2020 and two (2) employees in 2019.

**1.2 Expansion of the Company's primary purpose**

On November 22, 2018, the stockholders approved the amendment of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Company to expand its investment into a business engaged in renewable energy generation facilities, a growth area the Company intends to pursue.

On November 20, 2018, the Board authorized the Company to enter into a Memorandum of Agreement with FEMI whereby the Company shall purchase the 249,995 shares of common stock of Metro Solar Power Solutions Inc. (Metro Solar) held by FEMI. Metro Solar is a stock corporation registered with the SEC primarily to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form for electricity generation and distribution. Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration for Metro Solar shares will be determined by an independent appraiser, which shall be acceptable to the Company. The shares that the Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed 3.0 billion planned increase in authorized capital stock of the Company, as discussed in detail in Note 10.

As of report date, the Company and FEMI are in the process of finalizing the details of the proposed sale and purchase of shares transaction contemplated by the parties.

### **1.3 Approval of financial statements**

The accompanying financial statements of the Company were approved and authorized for issuance by the Company's Board of Directors (BOD) on May 7, 2021.

### **1.4 Impact of COVID-19 pandemic**

On March 15, 2020, the Philippine Government placed the entire Luzon island under the Enhanced Community Quarantine (ECQ) due to the increasing coronavirus diseases (COVID-19) cases in the country. The ECQ mandated the closure of non-essential businesses and strict home quarantine which resulted in the slowdown of the economy. Measures are implemented to protect the health and safety of the employees, support business continuity, and manage financial impact to a minimum.

#### *Financial position and results as at and for the year ended December 31, 2020*

The pandemic has resulted in lower depot royalty income for the Company in 2020 mainly due to the lower rental income from TriNoma commercial center (Note 11). While the Company expects the decline in depot royalty income to continue in the next financial year, management has assessed that the carrying amount of assets are recoverable as at reporting date. Management will continue to monitor the business developments amidst the pandemic and update the assessments made. Any medium to long-term impact of the pandemic on the Company's financial position, results, and cash flows cannot be ascertained yet given the uncertainties surrounding the COVID-19 pandemic.

#### *Going concern*

Despite the worsening economic conditions caused by COVID-19, the management has assessed that the Company will be able to continue as a going concern. Up to the date on which the financial statements were authorized for issue, the management is continuously assessing the impact of the COVID-19 on the performance of the Company based on the latest development.

### **Note 2 - Cash in banks**

Cash in banks as at December 31, 2020 amounted to P1,227,080 (2019 - P932,232). These accounts generally earn interest at rates based on daily bank deposit rates. Interest income earned from cash in banks amounted to P3,750 in 2020 (2019 - P3,232) (Note 13).



**Note 3 - Trade and other receivables; Due from related parties**

Trade and other receivables as at December 31 consist of:

	2020	2019 (As restated)
Trade receivables - third party	8,863,008	28,781,828
Others	-	15,000
	8,863,008	28,796,828

Trade receivable pertains to the royalty income from depot developments in TriNoma and billed to North Triangle Depot Commercial Corporation (NTDCC) (Note 11). These are short-term, unguaranteed, unsecured, non-interest bearing and collectible in cash with usual credit terms of 60 days.

Due from related parties (non-current asset) as at December 31 consist of:

	Note	2020	2019 (As restated)
Due from related parties	15		
Monumento Rail Transit Corporation (Monumento Rail)		5,314,935	5,314,935
Metro Renewable Transport Solutions, Inc. (MRTSI)		1,298,029	-
Metro Rail Transit Holdings, Inc. (MRTHI)		117,361	117,361
Metro Rail Transit Holdings II, Inc. (MRTHII)		1,649,110	1,649,110
		8,379,435	7,081,406
Allowance for impairment		(5,314,935)	(5,314,935)
		3,064,500	1,766,471

There is no movement in allowance for impairment of due from related parties for the years ended December 31, 2020 and 2019.

**Critical accounting estimates and judgment: Recoverability of trade and other receivables and due from related parties**

Provision for impairment of trade and other receivables and due from related parties is calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of trade receivables and incorporated forward-looking information based on certain macroeconomic factors such as gross domestic products and inflation rate. Any change in the Company's assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related allowance for impairment.

Further, management evaluates specific accounts under other receivables and due from related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amount of other receivables and due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

#### **Note 4 - Other current assets**

Other current assets represent the input VAT amounting to P113,025 as at December 31, 2020 (2019 - P67,786).

#### **Note 5 - Financial assets at fair value through OCI**

Financial assets at fair value through OCI at December 31 consist of:

	2020	2019 (As restated)
Unquoted equity securities	1,490,792,040	1,490,792,040
Quoted equity securities	3,696,926	3,081,889
	1,494,488,966	1,493,873,929

##### **5.1 Unquoted equity securities**

Unquoted equity securities as at December 31, 2020 and 2019 consist of investments in MRTHI and MRTHII amounting to P1,490,792,040. The Company's ownership interests in MRTHI and MRTHII as at December 31, 2020 and 2019 are as follows:

Investee	Interest	Indirect Interest	Effective Interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI owns 84.9% interest in MRTH II while MRTHII wholly owns MRTC, which was awarded by the Philippine Government, acting through the Department of Transportation and Communication (DOTC), the Build, Lease and Transfer (BLT) Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I. The earnings of MRTC are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

#### **Critical accounting estimate and judgment - Measurement of unquoted equity instruments - cost as an estimate of fair value**

Prior to the adoption of PFRS 9 Financial Instruments on January 1, 2018, the Company's investments in MRTHI and MRTHII are carried at cost, as allowed under PAS 39 Financial Instruments, with impairment losses recognized as part of profit or loss in the statement of total comprehensive income. The amount recognized in retained earnings, representing cumulative impairment losses from the investments, amounted to P272,905,202 as at December 31, 2017 (prior to the adoption of PFRS 9).

As required by PFRS 9, all equity investments in scope of PFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized either in profit or loss or other comprehensive income. PFRS 9 further provides that cost might be used as a measure of fair value where cost represents the best estimate of fair value. Upon the adoption of PFRS 9, the Company has assessed that the cost of investments in MRTHI and MRTHII amounting to P1,490,792,040 as at December 31, 2020 and 2019 represents the best estimate of fair value of those investments.

The Company assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Company checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Company also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

Any change in the Company's assessment of the best estimate of fair value of investments in MRTHI and MRTHII could impact the recorded carrying amount of financial assets at fair value through OCI and related fair value gains or losses recognized in other comprehensive income.

As at December 31, 2020 and 2019, the Company has assessed that the cost of investments in MRTHI and MRTHII amounting to P1,490,792,040 represents the best estimate of fair value of those investments.

In addition, the Company has assessed that the carrying amount of the investments in MRTHI and MRTHII are recoverable in full and can be realized in the future through the Company's share in the benefits arising from the capacity expansion projects to be undertaken by MRTC. Notwithstanding the sale of future share distributions pursuant to "Sale of future share distributions" discussed in (a) below, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII. Further, the Company holds a put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" as discussed in (b) below.

The Company's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date. Therefore, the higher the cost of investments, the higher is the related fair value.

*(a) Sale of future share distributions*

In 2002, the Company and other participating shareholders of MRTHI and II (collectively referred to as the 'Sellers', entered into Sale Agreements where they sold all future share distributions arising from the ERP of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds).

The transaction is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Company in MRTHI and MRTH II are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Company's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Notwithstanding the sale of future share distributions, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II in compliance with the various agreements related to the sale of share of future share distributions mentioned above, as well as the Company's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTHII are precluded from transferring their equity interest in MRTHI and MRTHII until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTHII through MRTC from DOTC in the future and any benefits arising from the residual rights in the expansion projects shall still accrue to the Company and the other shareholders.

(b) *Letter of Agreement*

On August 18, 2005, the Company and FEMI entered into a “Letter of Agreement”, whereby FEMI has agreed to grant the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the Company’s liabilities to FEMI, included in ‘Due to a stockholder’ account in the statements of financial position, and any additional advances or interest which FEMI may charge to the Company in relation to the said advances. Under the “Letter of Agreement,” should the Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

## 5.2 Quoted equity securities

Quoted equity securities consist of investments in domestic companies listed in the Philippine Stock Exchange and whose fair values are based on quoted market prices at the reporting date (Level 1 fair value hierarchy).

The movements of the account for the years ended December 31 are as follows:

	2020	2019 (as restated)
Acquisition cost	2,565,582	2,565,582
Cumulative change in fair value		
Beginning of the year	516,307	1,444,127
Change in the fair value during the year	615,037	(927,820)
End of the year	1,131,344	516,307
	3,696,926	3,081,889

The change in fair value of quoted equity securities are presented as part of other comprehensive income in the statement of total comprehensive income.

## Note 6 - Investment in associates

Investment in associates at December 31 consists of:

	Country of incorporation	Ownership interest		Main activity and registered place of business
		2020	2019	
MRT Development Corporation (MRTDC)	Philippines	15.79%	15.79%	Development of commercial premises in the depot and air space in the light rail transit system, its lease or sublease thereof, and the sale of development rights of stations.  Registered address is at 2 <sup>nd</sup> floor, The Renaissance Tower, Meralco Avenue, Pasig City
Monumento Rail Transit Corporation (Monumento Rail)	Philippines	28.47%	28.47%	Build, lease, and maintain a railway transit in Metro Manila, and to perform such other activities as may be necessary and desirable in the pursuit of the above-mentioned activities. As at December 31, 2020 and 2019, the Company has no commercial activity.  Registered address is at 6 <sup>th</sup> floor, The Belvedere Tower, San Miguel Avenue, Ortigas Center, Pasig City.

The carrying value of investment in associates as at December 31, 2020 consists of investment in MRTDC amounting to P5,987,239 (2019 - nil). As at December 31, 2020 and 2019, Monumento Rail has no commercial activity and its investment account is carried at nil.

The movement of investment in associates for the years ended December 31 are as follows:

	2020	2019 (As restated)
At January 1	-	1,894,800
Acquisition of MRTDC	-	-
Share in net income (loss) of MRTDC	5,987,239	(1,894,800)
At December 31	5,987,239	-

On December 20, 2018, the Company entered into a Deed of Assignment with Fil-Estate Properties, Inc. (FEPI) to acquire the 1,579 shares representing 15.79% equity ownership of FEPI in MRTDC for P1,894,000 consideration.

MRTDC has exclusive rights to all commercial developments along the MRT-3 System, including in and above the 13 Stations, commercial leasing rights in the 13 Stations, advertising rights, development of the air space above all the 13 stations, and all other commercial activities with the entire MRT-3 System.

There are no significant restrictions on the ability of MRTDC to transfer funds to the Company in the form of cash dividends or repayment of loans or advances.

The summarized financial information of a material associate, MRTDC, as at and for the years ended December 31 are as follows:

*Statement of financial position*

	2020	2019
Current assets	102,684,650	61,762,518
Non-current assets	190,973,104	136,277,277
Current liabilities	(255,739,838)	(69,983,388)
Non-current liabilities	-	(134,708,725)
Net assets (liabilities)	37,917,916	(6,652,318)

*Statement of total comprehensive income*

	2020	2019
Revenue	180,913,742	103,758,305
Net income (loss)	44,570,234	(18,676,576)
Other comprehensive income	-	24,259
Total comprehensive income (loss)	44,570,234	(18,652,317)
Dividends received from associate	-	-

The information above reflects the amounts presented in the financial statements of MRTDC whose accounting policies are consistent with the Company's accounting policies.

### *Reconciliation of summarized financial information*

Reconciliation of the summarized financial information presented, to the carrying amount of the Company's interest in associates, is as follows:

	2020	2019
Net assets	37,917,916	(6,652,318)
Equity interest	15.79%	15.79%
Share of net assets	5,987,239	(1,050,401)
Unrecognized share in net loss	-	1,050,401
Carrying value, December 31	5,987,239	-

### *Critical accounting judgment: Recoverability of investment in associates*

The carrying value of the investment in associates is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management assessment and judgment could have a significant effect on the carrying value of investment in associates and the amount and timing of recorded provision for any period.

Based on management's assessment, there are no events or circumstances which might indicate that the carrying value of investment in associates amounting to P5,987,239 (2019 - nil) as at December 31, 2020 are not recoverable.

### **Note 7 - Investment in subsidiaries**

Investments in subsidiaries as at December 31 consist of:

	Percentage of ownership		2020	2019
	2020	2019		(as restated)
MGHC Royal Holdings Corporation (MGHC Royal)	99	99	612,738	612,738
Metro Renewable Transport Solutions, Inc. (MRTSI)	99	-	625,001	-
			1,237,739	612,738
Allowance for impairment			(126,940)	(83,971)
			1,110,799	528,767

The movement of investment in subsidiaries for the years ended December 31 are as follows:

	Note	2020	2019
			(As restated)
At January 1		2,415,530	2,426,933
Addition - Incorporation of MRTSI		2,500,000	-
Impairment loss - MGHC Royal	13	(42,969)	(11,403)
At December 31		4,872,561	2,415,530

The movement in allowance for impairment of MGHC Royal for the years ended December 31 are as follows:

	Note	2020	2019
			(As restated)
At January 1		83,971	72,568
Impairment loss	13	42,969	11,403
At December 31		126,940	83,971

The Company's investments in subsidiaries are carried at cost less allowance for impairment. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Due to recurring losses of MGHC Royal, the Company recognized an impairment loss of P42,969 for the year ended December 31, 2020 (2019 - P11,403). The impairment loss is recognized under other expense (income), net in the statement of total comprehensive income. The recoverable amount of MGHC Royal was determined by reference to the fair value less cost of disposal. Since the measurement of recoverable amount of MGHC Royal involves use of significant unobservable input, the fair value was classified as a Level 3 fair value. The fair value less cost of disposal was determined using fair values of net assets of MGHC Royal, which consists mainly of financial assets. The disclosure of unobservable inputs and sensitivity analysis were not provided as management assesses that the amount of investment in subsidiary and related impairment loss are immaterial.

#### *MGHC Royal*

On May 19, 2017, the Company incorporated MGHC Royal and contributed a total of P2,499,500 for 99% ownership interest. MGHC Royal was organized and established as a domestic corporation to engage in the business of investing, purchasing, or otherwise acquiring, and owning, holding, using, selling, assigning, transferring, pledging, exchanging, or otherwise disposing of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes. MGHC Royal's registered office address and place of business is at Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City.

#### *MRTSI*

On October 23, 2020, the Company incorporated MRTSI and contributed a total of P2,500,000 for 99% ownership interest. MRTSI was organized and established as a domestic corporation to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication. Its registered office address and place of business is at Mezzanine Floor, Renaissance Towers, Meralco Avenue, Barangay Ugong, Pasig City 1604.

### **Note 8 - Intangible asset, net**

#### *Depot royalty rights*

On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of its redeemable preferred shares through the assignment of its right to receive Depot Royalties to the holders of redeemable preferred shares pro-rata to their shareholdings. On December 17, 2014, Monumento Rail and the Company executed the Redemption and Deeds of Assignment of the latter's redeemable preferred shares, giving the Company a pro-rata interest on the Depot Royalty Rights to the extent of an aggregate of 28.47%, representing the preferred shareholdings held by the Company.

As a result of the redemption, the Company recognized a Depot royalty right intangible asset which represents the Company's right to a 28.47% share in the depot royalties with respect to improvements constructed on the 16-hectare Depot located at North Triangle EDSA and rental income from the commercial center known as TriNoma Mall. As successor-in-interest, the Company is entitled to receive 28.47% of royalties corresponding to 5% of the gross receipts of the rental income (Note 12) from 8.3 hectare commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the lot pads less management fees and general and administrative expenses.

The cost of depot royalty rights upon initial recognition amounted to P901,471 which is equivalent to the value of the Company's investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

The movements of Depot Royalty Rights for the years ended December 31 are as follows:

<b>At January 1, 2019</b>	
Cost	901,471
Accumulated amortization	(109,268)
Net carrying amount	792,203
<b>For the year ended December 31, 2019</b>	
Opening net carrying amount	792,203
Amortization	(27,317)
Closing net carrying amount	764,886
<b>At December 31, 2019</b>	
Cost	901,471
Accumulated amortization	(136,585)
Net carrying amount	764,886
<b>For the year ended December 31, 2020</b>	
Opening net carrying amount	764,886
Amortization	(27,317)
Closing net carrying amount	737,569
<b>At December 31, 2020</b>	
Cost	901,471
Accumulated amortization	(163,902)
Net carrying amount	737,569

#### **Note 9 - Accrued expenses and other current liabilities**

Accrued expenses and other liabilities as at December 31 consist of the following:

	2020	2019 (As restated)
Advances from MPIC	350,000,000	350,000,000
Accrued expenses	34,712,015	32,869,551
Withholding tax payable - compensation	448,731	60,247
Withholding tax payable - expanded	7,749	9,415
	385,168,495	382,939,213

#### ***A. Advances from MPIC***

The amount pertains to deposit received from Metro Pacific Investment Corporation (MPIC) pursuant to the "Cooperation Agreement", as described below, entered into by the Company and Fil-Estate Companies with MPIC.



### *Cooperation Agreement*

On November 12, 2010, the Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the 'Fil-Estate Companies') entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2020 has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

As the Company does not have an unconditional right to defer settlement of the amount for at least 12 months from reporting date, the amount was classified as current liability as at December 31, 2020 and 2019.

### *B. Accrued expenses*

The account consists mainly of accrual for payroll and professional fees, including legal, consulting and audit fees, and other general and administrative expenses. The average credit period on purchases of goods and services from suppliers is 30 to 60 days.

### **Note 10 - Equity**

#### *Share capital*

The details of share capital as at December 31, 2020 and 2019 are as follows:

Authorized share capital	2,000,000,000
Subscribed share capital	2,000,000,000
Less: Subscription receivable	(1,446,819)
Issued and subscribed share capital	1,998,553,181
Par value per share	1
Amount of share capital	1,998,553,181

#### *Track record of registration of securities*

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/Offer Price
January 22, 1998	300,000,000	299,850,000	1.00
December 11, 2000	1,700,000,000	700,000,000	1.00
December 16, 2013	-	800,000,000	1.00
September 4, 2014	-	200,150,000	1.00
	2,000,000,000	2,000,000,000	-

- a. On January 22, 1998, the SEC approved the declassification of Class A and B common shares to a single class of common shares, and the change in par value of 300.0 million authorized common shares from P0.01 per share to P1.00 per share. Each share of stock entitles the person in whose name it is registered in the books of the Company to one vote, provided the shares have not been declared delinquent.

- b. On December 11, 2000, the SEC approved the increase in authorized capital stock from P300.0 million, divided into 30.0 billion shares with a par value P0.01 per share, to P2.0 billion divided into 2.0 billion shares with a par value P1.00 per share.

Fil-Estate Management, Inc. (FEMI) subscribed to 700.0 million shares in exchange for the assignment of its interests in the MRTHI and Metro Rail Transit Corp. Limited with an aggregate carrying value of P1.3 billion. As a result, share capital of P700.0 million with a par value of P1.00 per share was recognized, with the excess credited to additional paid-in capital.

- c. On December 16, 2013, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P800.0 million into equity shares totaling 800.0 million shares at P1.00 par value.
- d. On September 4, 2014, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P200.15 million into equity shares totaling 200.15 million shares at P1.00 par value. The conversion resulted in FEMI owning 87.89% shareholding of the Company.

#### *Planned increase in authorized capital stock*

The Company plans to increase its authorized capital stock from 2.0 million shares at P100 per share to 5.0 million shares at P100 per share. FEMI agrees to subscribed to 25% of the planned increase in capitalization, or 750.0 million shares at P1.00 per share. Out of the said subscription, P500.0 million corresponding to 500.0 million common shares at P100 per share will be fully paid through the conversion into equity of a portion of FEMI advances to the Company. As at report date, the Company is in the process of finalizing the documentary requirements necessary for the planned increase in authorized capital stock.

#### **Note 11 - Depot royalty income**

Depot royalty income for the year ended December 31, 2020 amounting to P9,329,483 (2019 - P30,296,661) represents the Company's 28.47% share of 5% of the gross receipts of the rental income from TriNoma commercial center owned and operated by NTDCC. The amount of royalty income is recognized over time as NTDCC earns rental income from the commercial center.

#### **Note 12 - General and administrative expenses**

This account consists of the following:

	Note	2020	2019 (As restated)
Salaries and wages		5,398,091	1,093,336
Transportation and travel		1,686,226	756,029
Professional and retainer's fee		1,287,322	503,349
Taxes and licenses		1,183,608	1,339,176
Legal		598,684	292,890
13 <sup>th</sup> month pay		455,232	119,500
Director's fee		410,936	440,351
Amortization expense	8	27,317	27,317
Telephone, telegraphic, and postage		530	106,158
Others		316,068	211,317
		11,364,014	4,889,423

Others include advertising and promotions, trainings, registration fees, bank charges, office supplies, food expense and utilities.

**Note 13 - Other (expense) income, net**

Other (expense) income, net for the years ended December 31 consists of the following:

	Notes	2020	2019 (As restated)
Interest income	2	3,750	3,232
Impairment loss on investment in subsidiary	7	(42,969)	(11,403)
Loss on foreign exchange		(96,279)	(290,502)
Assumption of liability		-	20,260,083
Other income		-	60,714
		(135,498)	20,022,124

Foreign exchange loss relates to the translation and transactions in respect of the Company's USD-denominated cash account.

*Assumption of liability*

On May 1, 2014, MGHC engaged Arch Advisory Limited as its financial supervisor in connection with preparation of investable financial models, including funding, negotiation of potential projects with the Philippine Government and Metro Pacific, structuring the terms and conditions of a proposed financing for the MRT3 rail line that will be offered to potential investors, among others. In 2019, MRTC assumed the outstanding liability to Arch Advisory including all other fees paid to the latter in prior years for a total amount of P20,260,083. As a result, the amount was credited to other income for the year ended December 31, 2019.

**Note 14 - Income taxes***Income tax expense*

Income tax expense for the taxable years 2020 and 2019 consist of current income tax expense. The Company availed of the Optional Standard Deduction (OSD) for purposes of the income tax calculation for the taxable years 2020 and 2019.

*Deferred income tax (DIT)*

DIT assets as at December 31, 2020 and 2019 amounting to P1,594,480 represent the tax effects of allowance for impairment of other receivables. The account has no movement for the years ended December 31, 2020 and 2019.

*Reconciliation of pre-tax income to tax expense*

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense follows:

	2020	2019 (As restated)
Income tax at statutory income tax rate of 30%	1,145,163	13,060,369
Adjustments for:		
Non-deductible expenses	799	1,507,537
Interest income subjected to final tax	(1,125)	(970)
Share in net (income) loss of investment in associate	(1,796,172)	568,440
Impact of OSD	2,330,642	(6,024,234)
	1,679,307	9,111,142

### Critical accounting judgment: Income taxes

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax and related liability in the period in which such determination is made.

The recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Company reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Company will be able to generate sufficient future taxable income against which the temporary differences can be applied.

### **Note 15 - Related party transactions and balances**

Transactions and balances with related parties are presented as follows:

	Transactions		Balances		Ref
	2020	2019	2020	2019	
<b><i>Due from related parties - non- current</i></b>					
<i>Reimbursement of expenses</i>					(a)
MRTSI - subsidiary	1,298,029	-	1,298,029	-	
MRTHI - investee	-	(1,012,757)	117,361	117,361	
MRTH II - investee	-	-	1,649,110	1,649,110	
	1,298,029	(1,012,757)	3,064,500	1,766,471	
<b><i>Due to a stockholder</i></b>					
<i>Payments on behalf</i>					
FEMI	28,538,085	28,691,708	(744,833,320)	(773,371,405)	(b)
<b><i>Due to other related parties</i></b>					
<i>Advances</i>					
MGHC Royal - subsidiary	23,938	11,800	(385,921)	(409,859)	(c)
MRTHI - investee	(8,198,827)	-	(221,939,234)	(213,740,407)	(d)
MRTHII - investee	-	-	(119,728,217)	(119,728,217)	(d)
MRTDC - associate	(5,526,501)	(14,249,802)	(19,776,303)	(14,249,802)	(e)
	(13,701,390)	(14,238,002)	(361,829,675)	(348,128,285)	

#### *(a) Due from related parties non-current*

Receivables from MRTSI, MRTHI and MRTHII represent expenses paid by the Company on their behalf. Amounts are unsecured, non-interest bearing, and collectible in cash upon demand, but not expected to be collected within 12 months from the end of the reporting period.

#### *(b) Due to a stockholder*

Due to a stockholder is unsecured, non-interest, and arose mainly from FEMI's payment of the Company's bank loans, including interests and penalties, aggregating to P3.0 billion, and the cost of acquisition of shares of MRTHII amounting to P180.0 million. Over the years, the amount of liability was reduced mainly through repayments and conversion of FEMI advances into equity. Repayments amounting to P28,538,085 was made during the year ended December 31, 2020 (2019 - P28,691,708). No conversions to equity was made during the year ended December 31, 2020 and 2019.

On November 2, 2018, the Company entered into a Repayment Agreement with FEMI for the repayment of advances to the latter. To enable the Company to make its repayments to the extent of P300.0 million, the Company assigns to FEMI for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034, its receipts from depot royalty income. On April 11, 2019, the Board of Directors of the Company passed a resolution approving the Company's agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Company, the Company agreed to partially repay the advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Company in addition to the assignment of depot royalties.

FEMI, in its letter of support to the Company, committed not to demand payment of the amount due from the Company for a period of at least twelve (12) months from reporting date or until such time that the Company has the ability to pay in accordance with the Repayment Agreement above. As the Company has the unconditional right to defer settlement of the advances for at least 12 months from reporting date, the amount was classified as non-current liability as at December 31, 2020 and 2019.

*(c) Advances from MGHC Royal*

Outstanding amounts payable to MGHC Royal arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MGHC Royal, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2020 and 2019.

*(d) Advances from MRTHI and MRTHII*

Outstanding amounts payable to MRTHI and MRTHII arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MRTHI and MRTHII, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2020 and 2019.

*(e) Advances from MRTDC*

Outstanding amounts payable to MRTDC arose from advances to Company for settlement of outstanding obligations. Amounts are unsecured, non-interest bearing, and are to be offset against the Company's share of future dividends of MRTDC, which are not expected to be declared within 12 months from reporting date, thus, the amount was classified as non-current liability as at December 31, 2020 and 2019.

*Material related party transactions policy*

The Company has an approved material related party transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Company's corporate governance policy.

### **Note 16 - Earnings per share**

The following table presents basic and diluted earnings per share (EPS) for the years ended December 31:

	2020	2019 (As restated)
Consolidated net income of MGHC and subsidiaries	885,818	34,423,420
Divided by weighted average number of shares outstanding	1,998,553,181	1,998,553,181
Basic and diluted EPS	0.0004	0.0172

The Company has no potential dilutive ordinary shares for the years ended December 31, 2020 and 2019. Therefore, the amounts reported for basic and diluted earnings per share are the same.

### **Note 17 - Segment reporting**

Operating segments, and the amounts of each segment item reported in the separate financial statements, are identified from the financial information provided regularly to the Company's management for the purposes of allocating resources to, and assessing the performance of, the Company's various entities.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and the type or class of customers. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Company's management assesses the performance and allocates the resources of the Company as a whole, as all of the Company's activities are considered to be primarily holding infrastructure-related investments. Therefore, management considers there is only one operating segment under the requirements of PFRS 8, Operating Segments. In this regard, no segment information is presented.

No geographic information is shown as the revenue and profit from operations of the Company are presently solely derived from its activities in the Philippines.

### **Note 18 - Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are enumerated below:

#### *(a) Critical accounting estimates and assumptions*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 15)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)

#### *(b) Critical accounting judgments*

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 15)
- Measurement of unquoted equity instruments - cost as an estimate of fair value (Note 5)
- Recoverability of investment in associates (Note 6)
- Income taxes (Note 14)

## **Note 19 - Financial risk management objectives and policies**

### **19.1 Components of financial assets and financial liabilities**

#### *Financial assets*

Details of the Company's financial assets as at December 31 are as follows:

	Notes	2020	2019 (As restated)
<i>At amortized cost</i>			
Cash	2	1,227,080	932,232
Trade and other receivables	3	8,863,008	28,781,828
Due from related parties	3	8,379,435	7,081,406
		18,469,523	36,795,466
<i>At FVOCI</i>			
Unquoted equity securities	5	1,490,792,040	1,490,792,040
Quoted equity securities	5	3,696,926	3,081,889
		1,494,488,966	1,493,873,929
		1,512,958,489	1,530,669,395

Trade and other receivables exclude other receivables which are subject to liquidations. Due from related parties are presented gross of allowance for credit losses. Allowance for credit losses as at December 31, 2020 and 2019 amounted to P5,314,935.

#### *Financial liabilities*

Details of the Company's financial liabilities, at amortized cost, at December 31 are as follows:

	Notes	2020	2019 (As restated)
Advances from MPIC	8	350,000,000	350,000,000
Accrued expenses	8	34,712,015	32,869,551
Due to a stockholder	15	744,833,320	773,371,405
Due to other related parties	15	361,829,675	348,128,285
		1,491,375,010	1,504,369,241

Other current liabilities excluded pertain to payables to government agencies that are non-financial liabilities.

### **19.2 Financial risk factor**

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

The most important types of risk the Company's manages are liquidity risk and credit risk.

### 19.2.1 Liquidity risk

Liquidity risk arises from the possibility that the Company will encounter difficulty in raising funds to meet associated commitments with financial instruments.

The Company manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Company is also able to defer payments of some of its due to related party balances.

The Company continues to obtain support from FEMI to finance the Company's operations.

The table below presents the Company's financial liabilities as at December 31:

	Within 12 Months	More than 12 months	Total
<b><u>2020</u></b>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	34,712,015	-	34,712,015
Due to a stockholder	-	744,833,320	744,833,320
Due to related parties	-	361,829,675	361,829,675
	384,712,015	1,106,662,995	1,491,375,010
<b><u>2019</u></b>			
Advances from MPIC	350,000,000	-	350,000,000
Accrued expenses	32,869,551	-	32,869,551
Due to a stockholder	-	773,371,405	773,371,405
Due to related parties	-	348,128,285	348,128,285
	382,869,551	1,121,499,690	1,504,369,241

The Company expects to settle the above financial obligations due within 12 months in accordance with their contractual maturity of 30 to 60 days.

### 19.2.2 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result in losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate net carrying amounts due to their short-term maturities.

The Company has a significant concentration of credit risk on its transactions with NTDC, its sole customer. However, this is brought down to an acceptable level since depot royalties are collected in accordance with the agreement and the Company's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.



The Company has the following financial assets as at December 31, 2020 where the expected credit loss model has been applied:

	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis of recognition of ECL
<u>2020</u>					
Cash in banks	1,227,080	-	1,227,080	Performing	12-month ECL
Trade and other receivables					
Group 1	8,863,008	-	8,863,008	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	3,064,500	-	3,064,500	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	18,469,523	(5,314,935)	13,154,588		
<u>2019</u>					
Cash in banks	932,232	-	932,232	Performing	12-month ECL
Trade and other receivables					
Group 1	28,781,828	-	28,781,828	Collective assessment	Lifetime ECL
Due from related parties					
Group 2	1,766,471	-	1,766,471	Performing	12-month ECL
Group 3	5,314,935	(5,314,935)	-	Credit impaired	Lifetime ECL
	36,795,466	(5,314,935)	31,480,531		

Credit quality of customers are classified as follows:

- Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.
- Group 2 - Customer and counterparty balances with some defaults in the past. Amounts are largely collectible after collection efforts.
- Group 3 - Individually assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the fully performing financial assets have been renegotiated during the years ended December 31, 2020 and 2019. The Company does not hold any collateral as security to the above financial assets.

#### Credit quality of the Company's financial assets

##### *Cash in banks*

To minimize credit risk exposure from its cash account, the Company deposits its cash in universal banks that have good credit ratings. Accordingly, the Company's cash in bank is subject to insignificant expected credit loss as at reporting dates.

##### *Receivables*

Group 1 - The Company's receivables under Company 1 consists of amounts due from NTDC have no history of recent default or write-off and are considered to be fully performing. Accordingly, no provision for impairment is required.

Group 2 - Past due but not impaired receivables consist of amounts due from related parties, who, despite delays in collection based on the credit term, are deemed to be fully collectible based on management's assessment and counterparties' financial capacity and creditworthiness. Accordingly, no provision for impairment is required at reporting date.

Group 3 - The Company records a provision for impairment of receivables that are assessed to have a significant probability of becoming uncollectible. The assessment is based on the Company's knowledge of the collectability of the account, nature of dispute and the creditworthiness of the customer.

### 19.2.3 Foreign currency exchange risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Company has transactional currency exposure. Such exposure is not material to the Company as this arises mainly from immaterial cash balances denominated in US Dollar.

### 19.3 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern, while maximizing the return on investments of stockholders. The Company monitors its use of capital by comparing deficit to total capitalization and makes adjustments to it in light of changes in economic conditions and its financial position.

The Company considers its long-term debt from FEMI and other related parties, as well as total equity consisting of share capital, additional paid-in capital, and deficit, as its capital:

	Notes	2020	2019 (As restated)
Equity			
Share capital	10	1,998,553,181	1,998,553,181
Additional paid-in capital	10	589,120,804	589,120,804
Deficit		(2,569,760,729)	(2,571,898,632)
		17,913,256	15,775,353
Debt			
Due to a stockholder	15	744,833,320	773,371,405
Due to related parties	15	361,829,675	348,128,285
		1,106,662,995	1,121,499,690
		1,124,576,251	1,137,275,043

### **Note 20 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **20.1 Basis of preparation**

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These separate financial statements have been prepared under the historical cost convention except for financial asset at FVOCI.

The preparation of separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 18.

The Company has also prepared consolidated financial statements in accordance with PFRS. In the consolidated financial statements, undertakings of Metro Global Holdings Corporation and its subsidiaries have been fully consolidated. The consolidated financial statements can be obtained from the Company's business address in Meralco Ave., Pasig City or from the SEC.

Users of these separate financial statements should read these together with the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

## **20.2 Changes in accounting policies and disclosures**

### *(a) New and amended standards adopted by the Company*

The Company has adopted the following relevant and applicable new standards for the first time for the financial year beginning January 1, 2020:

- *Amendments to PFRS 3, Business combination - Definition of business*

The amendments to PFRS 3 clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combination.

- *Amendments to PAS 1, Presentation of financial statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material*

The amendments clarify the definition of material and how it should be applied by including the concept of 'obscuring information' in the new definition and replaced the threshold 'could influence' with 'could reasonably be expected to influence' in the definition of 'material'. These amendments had no impact on the financial statements of the Company.

- *Amendments to the Conceptual Framework for financial reporting*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

- (b) *New and amended standards not yet adopted by the Company*

A number of new and amended standards are effective for annual periods beginning after January 1, 2020, which the Company has not early adopted. None of these standards are expected to have a significant effect on the financial statements of the Company, while the most relevant ones are set out below:

- *Amendments to PAS 1: Classification of Liabilities as Current or Non-current (effective January 1, 2023)*

The amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the ‘settlement’ of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity. The amendments are not expected to have a significant impact on the financial statements of the Company.

- *Onerous Contracts - Costs of Fulfilling a Contract - Amendments to PAS 37 (effective January 1, 2022)*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are not expected to have a significant impact on the financial statements of the Company.

- *COVID-19-Related Rent Concessions - Amendments to PFRS 16*

The amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if certain conditions provided by the amendments are met. The amendment is effective beginning June 1, 2020 but can be immediately in any financial statements not yet authorized for issue. The amendments are not expected to have a significant impact on the financial statements of the Company given that the Company currently does not have any lease arrangements.

There are no other applicable and relevant standards, amendments or interpretations which are issued and effective beginning after January 1, 2020 that have or are expected to have a significant impact on the Company's financial statements during and at the end of the reporting period.

### **20.3 Financial assets**

#### Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company holds financial assets at fair value through OCI during and at the end of December 31, 2020 and 2019 (Note 5).

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets at amortized cost category includes cash (Note 2), trade and other receivables (Note 3), and due from related parties (Notes 3 and 15).

The Company classifies the following investments as financial assets at FVTPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at fair value through OCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investments in debt instruments designated as financial assets at FVTPL at initial recognition.

The Company's did not hold financial assets at FVTPL during and at the end of December 31, 2020 and 2019.

#### Recognition and subsequent measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVOCI are recognized in other comprehensive income.

The Company assesses whether the cost is the best estimate of fair value of financial assets at FVOCI. In making the assessment, the Company checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the financial assets, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Company also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

### Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the statement of total comprehensive income.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

### *Simplified approach*

The Company applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the customers to settle the receivables.

### *General approach*

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

### *Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented in other gains/(losses).

## **20.4 Financial liabilities**

### Classification

The Company classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost. Financial liabilities under category (i) comprise of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities under category (i) during and at the end of each reporting period.

Other financial liabilities at amortized cost are contractual obligations which are either those to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's other financial liabilities at amortized cost consist of accrued expenses and other current liabilities (excluding withholding tax payable and payable to government agencies) (Note 9), due to a stockholder (Note 15), and due to other related parties (Note 15).

#### Recognition and measurement

The Company recognizes a financial liability in the statement of financial position when, and only when, the Company becomes a party to the contractual provision of the instrument.

Other financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest rate method.

#### Derecognition

Other financial liabilities at amortized cost are derecognized when the obligation is paid, settled, discharged, cancelled or has expired.

#### Transfer, assumption, or assignment of liabilities

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

### **20.5 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The Company's quoted financial assets at FVOCI are under this category.



The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date (Note 5).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial instruments presented as part of current assets and current liabilities as at December 31, 2020 and 2019 approximate their fair values due to their short-term maturities.

The fair values of due to a stockholder and due to other related parties amounted to P665,576,140 (2019 - P618,325,179) and P323,327,638 (2019 - P278,335,199), determined using discounted cash flow approach by applying current market interest rates of 2.49% (2019 - 4.09%) (Level 2), based on the expected settlement of the amounts by the end of the BLT Agreement in July 2025.

The Company has no other financial assets and liabilities measured at fair value during and at the end of each reporting date.

#### *Non-financial assets*

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The carrying value of the Company's non-financial assets, substantially property and equipment, approximate its fair value in the light of the assets' current use is presumed to be its highest and best use.

## **20.6 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The Company does not have financial assets and liabilities that are covered by enforceable master netting arrangements and other similar agreements.

## **20.7 Cash**

Cash includes deposits held at call with banks. These are carried in the statement of financial position at nominal amount which approximates fair value. Cash in banks earn interest at the prevailing bank deposit rates.

## **20.8 Trade and other receivables, net**

Trade receivables arising from depot royalties with an average credit term of 60 days are recognized at transaction price and subsequently measured at amortized cost using effective interest method less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

Trade receivables and its related provision for impairment are written off when the Company has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers) and are approved by the BOD.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Company's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

## **20.9 Other current assets**

Other current assets consist of input value-added tax (VAT) and creditable withholding taxes. These are stated at face value less provision for impairment, if any. Provision for unrecoverable input VAT and creditable withholding taxes, if any, is maintained by the Company at a level considered adequate to provide for potentially unutilizable or uncollectible portion of the claim. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Input VAT and creditable withholding taxes are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Amounts are included in current assets, except when the related assets are expected to be realized more than twelve (12) months after the reporting period which are classified in non-current assets.

## **20.10 Investment in associate**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights (Note 6).

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. It is also decreased by dividends received from the investee. The Company's investment in associates includes goodwill identified on acquisition. Any excess of the Company's share of the net fair value of the associates identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

## **20.11 Investment in subsidiaries**

A subsidiary is an entity which is controlled by the Company. The control means that the Company can govern the financial and operating policies of its subsidiaries to gain benefits from the operations of subsidiary. The Company controls an investee if and only if the Company has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Investment in subsidiaries are accounted for using the cost method. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

Investment in subsidiary is derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company determines at each reporting date whether there are impairment indicators relating to investment in the subsidiaries. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes any impairment loss in profit or loss.

Investments in subsidiaries are carried at cost, less any provision for impairment.

## **20.12 Intangible assets**

Intangible assets acquired separately are carried at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the remaining useful economic life at the date of acquisition or business combination. These are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting date.

The Company's intangible asset, pertaining to depot royalty rights, was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of the development rights (Note 8).

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

## **20.13 Impairment of non-financial assets**

Non-financial assets that have definite useful lives are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Company to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses in the statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

## **20.14 Accrued expense and other current liabilities**

Accrued expense and other current liabilities are obligations to pay for related money received, goods or services that have been acquired in the ordinary course of business from purchase of goods or service.

Accrued expense and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

## **20.15 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## **20.16 Revenue recognition**

Revenue is measured based on the transaction price specified in a contract with the customer. The Company recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Company generates its revenue.

### *Depot royalty income*

The amount of royalty income is recognized over time as NTDCC earns rental income from the TriNoma commercial center. The use of a time-based approach (output method) best provides a faithful depiction of the transfer of services to the customer given the nature of the royalty arrangement.

### *Other income*

Other income is recognized when earned.

### *Interest*

Revenue is recognized on a time-proportion basis using the effective interest method.

## **20.17 Cost and expense recognition**

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the statement of total comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method.

## **20.18 Employee benefits**

### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *(ii) Retirement benefits*

The Company has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under RA No. 7641, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary plus one twelfth of the 13th month pay and cash equivalent of not more than 5 days of service incentive leaves for every year of service (or 100% of monthly salary), a fraction of at least 6 months being considered as one whole year.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

**20.19 Foreign currency transactions and translations**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Philippine pesos, which is the Company’s functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Total Comprehensive Income.

**20.20 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**20.21 Current and deferred income tax**

Income tax expense recognized in profit or loss during the period comprises of current and deferred income tax (DIT), except to the extent that it relates to items recognized in other comprehensive income.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related DIT asset is realized or the deferred income tax liability is settled.

DIT assets are the amounts of income taxes recoverable in future periods in respect of all deductible temporary differences. DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

## **20.22 Equity**

Capital stock is determined using the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

## **20.23 Subsequent events**

Subsequent events that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

### *Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)*

On March 26, 2021, Republic Act (RA) No.11534, otherwise known as CREATE, was signed into law. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. Reduction in CIT rate effective July 1, 2020. Domestic Corporations will be subject to the following reduced CIT rates depending on their assets and taxable income:
  - a. Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate;
  - b. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.
2. Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be one percent (1%).

As at December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. As such, the Company has assessed that the proposed tax law is not enacted or substantively enacted as at December 31, 2020. Therefore, for financial reporting purposes, the enactment of CREATE after the reporting date is deemed a non-adjusting subsequent event.

Had the new CIT rates been applied on the December 31, 2020 financial statements of the Company, the newly enacted income tax rate would have resulted in lower deferred income tax asset of P265,747, lower current income expense and income tax payable of P139,942, and lower net income of P125,805.



## **Note 21 - Restatements**

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Potential current period errors discovered in that period are corrected before the financial statements are authorized for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

The Company corrects a prior period error by retrospective restatement except when it is impracticable to determine either the period-specific effects or the cumulative effect of the error. When it is impracticable to determine the period-specific effects of the error on comparative information for one or more prior periods presented, the restatement of the opening balances of assets, liabilities and equity shall be made for the earliest period for which retrospective restatement is practicable. When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, restatement of the comparative information to correct the error prospectively shall be made from the earliest date practicable.

### **Statements of financial position**

#### ***Adjustments and reclassifications - December 31, 2019***

- a) Offsetting of the deferred output tax to its related accounts receivable amounting to P3,635,599. Reclassification of due from related parties to non-current amounting to P7,583,433 and recognition of related impairment amounting to P4,915,491 charged against beginning deficit. Recognition of depot royalty rights from due from related party balance amounting to P901,471 previously classified as receivable with catch up amortization amounting to P136,585.
- b) Reversal of impairment loss on financial assets at fair value through OCI recognized on unquoted equity securities from January 1, 2018 charged to beginning deficit in 2018 amounting to P33,542,054.
- c) Recognition of impairment of an associate amounting to P5,427,052 charged to beginning deficit. Recognition of share in 2019 net loss of another associate amounting to P1,894,800 and reversal of share in 2018 net profit of the same associate amounting P17,936,086 charged to beginning deficit.
- d) Recognition of impairment in subsidiary amounting to P72,567 charged to beginning deficit, additional impairment during the year amounting to P11,403, and offsetting of subscription payable to subsidiary with the related investment amounting to P1,886,763.
- e) Reversal of deferred tax assets related to impairment loss amounting to P10,062,616, and recognition of deferred tax assets amounting to P1,474,647.
- f) Offsetting of deferred output tax in relation to note (a), and subscription payable in relation to note (d). Reversal of advances from a related party amounting to P28,366,428 charged to beginning deficit.
- g) Adjustments to beginning deficit pertaining to (a), (b), (c), (e) and (f) above, and adjustments to the 2019 total comprehensive income.

*Adjustments and reclassifications - December 31, 2018*

- a) Offsetting of the deferred output tax to its related accounts receivable amounting to P3,534,637. Reclassification of due from related parties to non-current amounting to P8,738,904 and recognition of related impairment amounting to P5,058,205 charged against beginning deficit. Recognition of depot royalty rights from due from related party balance amounting to P901,471 previously classified as receivable with catch up amortization amounting to P109,268.
- b) Reversal of impairment loss on financial assets at fair value through OCI recognized on unquoted equity securities from January 1, 2018 charged to beginning deficit in 2018 amounting to P8,594,456, and recognition of additional gain on financial assets at fair value through OCI for quoted equity securities amounting to P426,667.
- c) Recognition of impairment of an associate amounting to P6,027,247 charged to beginning deficit. Reversal of share in 2018 net profit of an associate amounting P17,936,086.
- d) Recognition of impairment in subsidiary amounting to P32,608 charged to beginning deficit, additional impairment during the year amounting to P39,959, and offsetting of subscription payable to subsidiary with the related investment amounting to P1,886,763.
- e) Reversal of deferred tax assets related to impairment loss amounting to P2,578,337, and recognition of deferred tax assets amounting to P1,517,461.
- f) Offsetting of deferred output tax in relation to note (a), and subscription payable in relation to note (d). Reversal of advances from a related party amounting to P28,366,428 charged to beginning deficit.
- g) Adjustments to beginning deficit pertaining to (a), (b), (c), (e) and (f) above, and adjustments to the 2018 total comprehensive income.

As at December 31, 2019	References	As previously reported	Effects of adjustments	As restated
<b>Current assets</b>				
Cash		932,232	-	932,232
Trade and other receivables	(a)	40,015,860	(11,219,032)	28,796,828
Other current assets		67,786	-	67,786
<b>Total current assets</b>		<b>41,015,878</b>	<b>(11,219,032)</b>	<b>29,796,846</b>
<b>Non-current assets</b>				
Due from related parties	(a)	-	1,766,471	1,766,471
Financial assets at fair value through OCI	(b)	1,460,331,875	33,542,054	1,493,873,929
Intangible asset, net	(a)	-	764,886	764,886
Investment in associate	(c)	25,257,938	(25,257,938)	-
Investment in subsidiary	(d)	2,499,500	(1,970,733)	528,767
Deferred tax asset	(e)	10,182,449	(8,587,969)	1,594,480
<b>Total non-current assets</b>		<b>1,498,271,762</b>	<b>256,771</b>	<b>1,498,528,533</b>
<b>Total assets</b>		<b>1,539,287,640</b>	<b>(10,962,261)</b>	<b>1,528,325,379</b>
<b>Current liabilities</b>				
Accrued expense and other current liabilities	(f)	416,828,003	(33,888,790)	382,939,213
Income tax payable		7,594,816	-	7,594,816
<b>Total current liabilities</b>		<b>424,422,819</b>	<b>(33,888,790)</b>	<b>390,534,029</b>
<b>Non-current liabilities</b>				
Due to a stockholder		773,371,405	-	773,371,405
Due to other related parties		348,128,285	-	348,128,285
<b>Total non-current liabilities</b>		<b>1,121,499,690</b>	<b>-</b>	<b>1,121,499,690</b>
<b>Total liabilities</b>		<b>1,545,922,509</b>	<b>(33,888,790)</b>	<b>1,512,033,719</b>
<b>Stockholders' equity</b>				
Share capital		1,998,553,181	-	1,998,553,181
Additional paid-in capital		589,120,804	-	589,120,804
Fair value reserve		516,307	-	516,307
Deficit	(g)	(2,594,825,161)	22,926,529	(2,571,898,632)
<b>Total stockholders' equity</b>		<b>(6,634,869)</b>	<b>22,926,529</b>	<b>16,291,660</b>
<b>Total liabilities and stockholders' equity</b>		<b>1,539,287,640</b>	<b>(10,962,261)</b>	<b>1,528,325,379</b>

As at December 31, 2018	References	As previously reported	Effects of adjustments	As restated
Current assets				
Cash		620,599	-	620,599
Trade and other receivables	(a)	40,271,082	(12,273,541)	27,997,541
Other current assets		1,686,473	-	1,686,473
Total current assets		42,578,154	(12,273,541)	30,304,613
Non-current assets				
Due from related parties	(a)	-	2,779,228	2,779,228
Financial assets at fair value through OCI	(b)	1,485,780,626	9,021,123	1,494,801,749
Intangible asset, net	(a)	-	792,203	792,203
Investment in associate	(c)	25,858,133	(23,963,333)	1,894,800
Investment in subsidiary	(d)	2,499,500	(1,959,330)	540,170
Deferred tax asset	(e)	2,655,356	(1,060,876)	1,594,480
Total non-current assets		1,516,793,615	(14,390,985)	1,502,402,630
Total assets		1,559,371,769	(26,664,526)	1,532,707,243
Current liabilities				
Accrued expense and other current liabilities	(f)	443,918,384	(33,787,828)	410,130,556
Income tax payable		3,827,231	-	3,827,231
Total current liabilities		447,745,615	(33,787,828)	413,957,787
Non-current liability				
Due to a stockholder		802,063,113	-	802,063,113
Due to other related parties		333,890,283	-	333,890,283
Total non-current liabilities		1,135,953,396	-	1,135,953,396
Total liabilities		1,583,699,011	(33,787,828)	1,549,911,183
Stockholders' equity				
Share capital		1,998,553,181	-	1,998,553,181
Additional paid-in capital		589,120,804	-	589,120,804
Fair value reserve	(b)	1,017,460	426,667	1,444,127
Deficit	(g)	(2,613,018,687)	6,696,635	(2,606,322,052)
Total stockholders' equity		(24,327,242)	7,123,302	(17,203,940)
Total liabilities and stockholders' equity		1,559,371,769	(26,664,526)	1,532,707,243

### Statements of total comprehensive income

#### *Adjustments and reclassifications - for the year ended December 31, 2019*

- Reclassification of other income to present depot royalty income amounting to P30,296,661 separately, and to present assumption of liability amounting to P20,260,083, interest income amounting to P4,039 and other income amounting to P60,714 under other (expense) income, net.
- Reversal of share in net loss of an associate amounting to P600,196 and of impairment loss amounting to P24,947,596, and reclassification of loss on foreign exchange amounting to P290,502 to other (expense) income, net.
- Recognition of amortization expense amounting to P27,317 and reversal of provision for impairment of receivables amounting to P142,713.
- Recognition of share in net loss of an associate amounting to P1,894,800
- Reclassifications pertaining to (a) and (b) above, recognition of impairment in subsidiary amounting to P11,403 and reversal of interest income amounting to P807.
- Recognition of additional income tax expense amounting to P7,526,285.
- Reclassification to correct presentation of fair value loss on financial assets at fair value through OCI, and recognition of additional gain on financial assets at fair value through OCI for quoted equity securities amounting to P426,667 from 2018.

For the year ended December 31, 2019	References	As previously reported	Effects of adjustments	As restated
Other income	(a)	50,621,497	(50,621,497)	-
Other expense	(b)	(25,838,294)	25,838,294	-
Depot royalty income	(a)	-	30,296,661	30,296,661
General and administrative expenses	(c)	(5,004,819)	115,396	(4,889,423)
Share in profit (loss) of associates	(d)	-	(1,894,800)	(1,894,800)
Other (expense) income, net	(e)	-	20,022,124	20,022,124
Income before tax		19,778,384	23,756,178	43,534,562
Income tax expense	(f)	(1,584,857)	(7,526,285)	(9,111,142)
Net income for the year		18,193,527	16,229,893	34,423,420
<i>Other comprehensive income (loss) - net</i>				
<i>Items reclassified subsequently to net income upon derecognition</i>				
Gain (loss) on valuation of available-for-sale	(g)	(501,154)	501,154	-
Income tax	(g)	150,346	(150,346)	-
<i>Item that will not be reclassified to profit or loss</i>				
Fair value gain (loss) on financial assets at fair value through OCI	(g)	-	(927,820)	(927,820)
Total comprehensive income	(a)	17,842,719	15,652,881	33,495,600

Statements of cash flows for the year ended December 31, 2019

*Adjustments and reclassifications - for the year ended December 31, 2019*

- Presentation of non-cash adjustments such as assumption of liability, share in net loss of associates, amortization expense and unrealized foreign exchange loss amounting to P20,260,083, P1,894,800, P27,317, and P14,754, respectively, under the operating activities section.
- Reversal of impairment loss amounting to P24,947,596, and presentation of impairment loss in subsidiary amounting to P11,403, under the operating activities section.
- Reclassification of movement in other current assets to cash paid for income taxes amounting to P1,516,328 and adjustment in the amount of interest received of P808.
- Reclassification of the movement of due from related parties from trade and other receivables amounting to P1,012,756.
- Reversal of accrued expense and other current liabilities amounting to P20,159,121.
- Adjustment in due to other related parties amounting to P600,196 under financing activities section.
- Reclassification of due to a shareholder from operating activities to financing activities amounting to P28,691,708.

	References	As previously reported	Effects of adjustments	As restated
<b>Cash flows from operating activities</b>				
Net income before tax		19,778,384	23,756,178	43,534,562
Adjustment for:				
Unrealized foreign exchange loss	(a)	-	14,754	14,754
Amortization expense	(a)	-	27,317	27,317
Assumption of liability	(a)	-	(20,260,083)	(20,260,083)
Impairment losses	(b)	24,947,596	(24,936,193)	11,403
Interest income	(c)	(4,040)	808	(3,232)
Share in net (income) loss of associates	(a)	-	1,894,800	1,894,800
Operating (loss) income before working capital changes		44,721,940	(19,502,419)	25,219,521
Decrease (increase) in:				
Trade and other receivables	(d)	255,222	(1,054,508)	(799,286)
Other current assets	(c)	1,618,688	(1,516,328)	102,360
Due from related parties	(d)	-	1,012,756	1,012,756
Increase (decrease) in:				
Accrued expense and other current liabilities	(e)	(27,090,381)	20,159,121	(6,931,260)
Due to a stockholder	(g)	(28,691,708)	28,691,708	-
Cash from operations		(9,186,239)	27,790,330	18,604,091
Interest received	(c)	4,040	(808)	3,232
Cash paid for income taxes	(c)	(5,344,366)	1,517,136	(3,827,230)
Net cash from operating activities		(14,526,565)	29,306,658	14,780,093
<b>Cash flows from financing activities</b>				
Increase (decrease) in:				
Due to other related parties	(f)	14,838,198	(600,196)	14,238,002
Due to a stockholder	(g)	-	(28,691,708)	(28,691,708)
Net cash used in financing activities		14,838,198	(29,291,904)	(14,453,706)
<b>Net increase in cash</b>		311,633	14,754	326,387
<b>Cash at January 1</b>		620,599	-	620,599
Effect of foreign exchange rate changes in cash	(a)	-	(14,754)	(14,754)
<b>Cash at December 31</b>		932,232	-	932,232

**Note 22 - Supplementary information required by the Bureau of Internal Revenue (BIR)**

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010.

*(i) Output value-added tax (VAT)*

Output VAT declared for the year ended December 31, 2020 and the revenues upon which the same was based consist of:

	Tax base	VAT
VATable sales	30,296,661	3,635,599

The gross amount of revenues as shown above is based on gross receipts of the Company while the revenues shown in the statement of total comprehensive income is recognized and measured in accordance with the Company's accounting policy on revenue recognition (Note 20.16).

*(ii) Input VAT*

Movements in input VAT for the period ended December 31, 2020 are as follows:

	Amount
Beginning balance	67,786
Add: Current period's domestic purchases/payments for:	
Goods other than Capital Goods	62,029
Domestic purchase of services	1,407,573
Total input VAT for the year	1,537,388
Application against output VAT	(1,424,363)
Total input VAT	113,025

*(iii) Importations*

There were no importation transactions made for the year ended December 31, 2020.

*(iv) Documentary stamp taxes*

There were no documentary stamp taxes paid for the year ended December 31, 2020.

*(v) All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2020 consist of:

	2020
Business permit, clearance and licenses	911,041
Annual listing fee	261,000
Others	11,567
	1,183,608

The above local and national taxes are lodged under taxes and licenses account in general and administrative expenses (Note 12).

*(vi) Withholding taxes*

Withholding taxes accrued and paid as at and for the period ended December 31, 2020 follow:

	Paid	Accrued	Total
Withholding tax on compensation	915,890	448,731	1,364,621
Expanded withholding tax	63,631	7,749	71,380
	979,521	456,480	1,436,001

Withholding taxes payables above are presented as part of accrued expenses and other current liabilities in the statement of financial position (Note 9).

*(vii) Tax assessments*

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2020.

*(viii) Tax cases*

The Company does not have outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at December 31, 2020.

# ANNEX “C”

## METRO GLOBAL HOLDINGS CORPORATION 2022 ANNUAL STOCKHOLDERS’ MEETING December 09, 2021 at 10:00 am

### Requirements and Procedure for Registration, Participation and Voting in Absentia

To ensure the health and well-being of our stockholders during this COVID-19 pandemic, Metro Global Holdings Corporation (MGHC or the Company) will be conducting its Annual Stockholder Meeting (Annual Meeting) scheduled on December 09, 2021 at 10:00 AM virtually. There will be no physical venue for the Annual Meeting.

Only stockholders of record as of November 09, 2022 are entitled to participate and vote in the Annual Meeting.

#### I. Registration and Participation/Attendance Procedure:

1. The platform for participation through webcast/ video conferencing (Remote Communication) for the Annual Meeting is via Zoom;
2. Only stockholders of record as of November 09, 2022 and who have complied with the registration and validation process as outlined in this document may participate and vote in absentia in the Annual Meeting.
3. Stockholders who intend to participate in the Annual Meeting may register by filling up the form that can be found at <https://metroglobalholdings.com/> Online registration will be open from November 10, 2022 at 9:00 A.M. to December 04, 2022 at 5:00 P.M.
4. Stockholders should complete the online registration and submit/ upload the following for validation:
  - a. For individual stockholders:
    - i. Scanned copy of any valid government-issued ID showing stockholder’s personal details and photo;
    - ii. Active contact number, either landline or mobile.
  - b. For stockholders with joint account:
    - i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the Annual Meeting;
    - ii. Documents required under items 1.a (i) and (ii) for the authorized stockholder:



- c. For individual stockholders under PCD or a Brokers Account or “Scripless Shares”:
    - i. Broker’s certification on the stockholder’s number of shareholdings (in PDF format). To facilitate the verification of your account, please copy MGHC ([gtreyes@pbrlaw.com.ph](mailto:gtreyes@pbrlaw.com.ph)) and its stock transfer agent, BDO Transfer (BDOST) ([bdo-stock-transfer@bdo.com.ph](mailto:bdo-stock-transfer@bdo.com.ph)) in all your email correspondence with your broker for the request for certification;
    - ii. Documents required under items 1.a (i) and (ii).
  - d. For corporate stockholders:
    - i. Duly accomplished and signed proxy
    - ii. Secretary’s Certificate attesting to the authority of the person signing the proxy representative to participate and / or vote in the Annual Meeting;
    - iii. Documents required under items 1.a (i) and (ii) for the authorized representative;
    - iv. Valid and active email address and contact number of the representative
    - v. Scanned copy of the valid government-issued ID of the person signing the proxy
5. Please note that MGHC will request for your consent to process your personal information in accordance with the Data Privacy Act.
  6. The Company’s Corporate Secretary and its stock transfer agent, BDOST, will validate the registration requirements submitted by the stockholders. Incomplete or inconsistent information provided in the registration form will result to a rejection of the registration.
  7. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with unique log in credentials which can be used to log in and participate in the Annual Meeting on December 09, 2022 at 10:00 A.M.
  8. Only those stockholders who have successfully registered following the procedure above and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.
  9. MGHC reserves the right to request for additional information, and the submission of the originally signed copies of the documents forming part of the registration requirements at a later time.
  10. For the Question and Answer portion during the 2022 ASM, stockholders may send their questions related to the Agenda by email to [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) with subject “MGH 2022 ASM

Question/Comment.” While MGHC will accept questions during the virtual meeting sent via email, we encourage everyone to send their questions related to the agenda on or before December 08, 2022, 5:00 P.M. Please note that due to time and technological limitations, only relevant questions will be answered during the Annual Meeting. MGHC will endeavor to answer all other questions via e-mail at a later time.

11. As required by the Securities and Exchange Commission, the proceedings during the Annual Meeting will be recorded. A link to the recorded virtual website will be made available on MGHC’s website after the meeting.

## II. Voting Procedure:

Stockholders may vote during the Annual Meeting either (1) by Proxy or (2) by voting in absentia through our Digital Ballot/ Online Stockholder Voting System.

### 1. Voting by Proxy:

- a. Download and fill up the Proxy Form at [https://metroglobalholdings.com/images/pdf/METROGLOBALHOLDING CORPORATION-2022-ASM-PROXY%20FORM.pdf](https://metroglobalholdings.com/images/pdf/METROGLOBALHOLDING%20CORPORATION-2022-ASM-PROXY%20FORM.pdf). The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.

Send a scanned copy of the executed Proxy Form by email to [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) not later than 4 December 2022. A hard copy of the Proxy Form should be delivered to the Office of the Corporate Secretary at Poblador Bautista & Reyes Law Office, 5<sup>th</sup> Floor, SEDDCO Building, Rada Street, Legaspi Village, Makati City. Validation of proxies shall be held on 6 December 2022 at 9:00am at the Office of the Corporate Secretary.

### 2. Voting in absentia through the Digital Ballot/ Online Stockholder Voting System:

- a. Follow the Registration and Participation/Attendance Procedure set forth above.
- b. Signify your intention to vote in absentia through the online form not later than December 4, 2022 at 5:00p.m.
- c. Upon validation, the Company will send an email to the stockholder containing the link for the Digital Ballot/ Online Stockholder Voting System and the instructions for casting online votes. Registered stockholders shall have until 5:00 PM of December 8, 2021 to cast their votes.
- d. All agenda items indicated in the Notice of Meeting will be included in the Digital Ballot and the registered stockholder may vote as follows:

- i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares.
- ii. For the election of Directors, the stockholder may vote for vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.
- e. Once voting is completed in the Digital Ballot/ Online Stockholder Voting System, the stockholder shall proceed to click on the “Submit” button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. MGHC’s Office of the Corporate Secretary to be assisted by the MGHC’s Stock and Transfer Agent shall tabulate all votes cast in absentia together with the votes cast by proxy. The votes cast in absentia will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us by email at [investor-relations@metroglobalholdings.com](mailto:investor-relations@metroglobalholdings.com) with subject “MGH 2022 ASM Question/Comment” or our stock transfer agent, BDO Stock Transfer, through their telephone number +632-88784964.

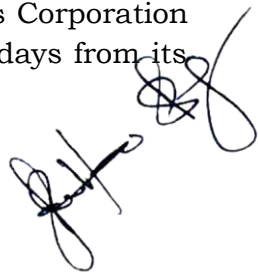
CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE WILFRIDO M. SUAREZ**, Filipino, of legal age, and a resident of 35 SMC Valle Verde 5, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Metro Global Holdings Corporation;
- 2. I am affiliated with the following companies or organizations:

<u>Company/Organization</u>	<u>Position/Relationship</u>	<u>Period of Service</u>
Nestle Philippines, Inc.	Risk Management Consultant	October 2005 to June 2016
WS Global Advisory Group Inc	Managing Director	July 2016 to January 2021

- a. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metro Global Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulation and other SEC issuances.
- 3. I am not related to any director/officer/substantial shareholder of Metro Global Holdings Corporation and its subsidiaries and affiliates;
- 4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;
- 5. I am not in government service or affiliated with a government agency or Government Owned and Controlled Corporation;
- 6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code, its Implementing Rules and Regulation and other SEC issuances;
- 7. I shall inform the Corporate Secretary of Metro Global Holdings Corporation of any changes in the abovementioned information within five days from its occurrence.




Done, this 21 OCT 2022 at PS 16 CVY

  
**JOSE WILFRIDO M. SUAREZ**  
Affiant

**MANDALUYONG CITY** SUBSCRIBED AND SWORN to before me this OCT 21 2022 at  
\_\_\_\_\_. Affiant personally appeared before me and exhibited to me his TIN ID  
No. 156-395-433.

Doc. No. 303  
Page No. 63  
Book No. 116  
Series of 2022.

  
**ATTY. JAMES K. ABUGAN**  
Notary Public  
Appt. No. 0443-21 Until Dec. 31, 2022  
BFP No. 175123 01/06/2022 Rizal Chapter  
Roll No. 26890 Lifetime  
MCLE No. VII-0020184 Until 4/14/2025  
TIN No. 116-239-956  
PTR No. 4871351 / 01-06-2022  
Mandaluyong City Tel. No. 02-85452321

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FRANCISCO C. GONZALEZ**, Filipino, of legal age and a resident of No. 225 Socorro Fernandez Street, Addition Hills, Mandaluyong City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metro Global Holdings and have been its independent director since 2010;
2. I am affiliated with the following companies or organizations:

<b><u>Company/Organization</u></b>	<b><u>Position/Relationship</u></b>	<b><u>Period of Service</u></b>
Romago Incorporated	Chairman of the Board & CEO	2008 to Present
Camp John Hay Golf Club	Director	1999 to Present
Manila Southwoods Golf & Country Club	Director	1998 to Present
Electro Mechanical Products, Inc.	Chairman of the Board	1989 to Present
Fabriduct & Metal Systems, Inc.	President & CEO	1989 to Present

- a. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metro Global Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulation and other SEC issuances.
3. I am not related to any director/officer/substantial shareholder of Metro Global Holdings Corporation and its subsidiaries and affiliates;
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;
5. I am not in government service or affiliated with a government agency or Government Owned and Controlled Corporation;
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code, its Implementing Rules and Regulation and other SEC issuances;
7. I shall inform the Corporate Secretary of Metro Global Holdings Corporation of any changes in the abovementioned information within five days from its occurrence.



OCT 19 2022

MANDALUYONG CITY

Done, this \_\_\_\_\_ at \_\_\_\_\_.



**FRANCISCO C. GONZALEZ**

Affiant

OCT 19 2022

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at

~~MANDALUYONG CITY~~ Affiant personally appeared before me and exhibited to me his Senior Citizen's ID No. 269430 issued by the City of Mandaluyong on 13 August 2004.

Doc. No. 40 ;  
Page No. 9 ;  
Book No. 116 ;  
Series of 2022.

**ATTY. JAMES L. ABUGAN**

Notary Public

Appl. No. 044274, Issued Dec. 31, 2022

Ibr. No. 143225, Issued by the Judicial Chapter

Philippine Notary Association

MCLE No. 123-002, Issued Until 4/14/2025

Telephone: 02-85452321

PTR No. 02-00001, Issued 2022

Mandaluyong City Tel. No. 02-85452321

SECRETARY'S CERTIFICATE

I, **ALICE ODCHIGUE-BONDOC**, of legal age, Filipino, and with office address at Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City, after having been duly sworn in accordance with law, hereby depose and say that:

1. I am the Assistant Corporate Secretary of **METRO GLOBAL HOLDINGS CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City (the "Corporation");

2. To the best of my knowledge, none of the following directors and key officers of the Corporation are currently employed by any government office of the Republic of the Philippines:

Name	Position
Robert John L. Sobrepeña	Chairman of the Board & CEO
Ferdinand T. Santos	Director, President & Chief Risk Officer
Noel M. Cariño	Director
Jaime Cacho	Director & SVP for Project Development
Rafael Perez de Tagle, Jr.	Director, EVP for Operations & Director for Investor Relations
Alice Odchigue-Bondoc	Director, SVP - Good Governance Compliance Officer, Corporate Information Officer & Assistant Corporate Secretary
Roberto S. Roco	Director
Francisco C. Gonzalez	Independent Director
Rafael M. Alunan, III	Independent Director
Gilbert Raymund T. Reyes	Corporate Secretary
Ramon G. Jimenez	VP - Chief Financial Officer and Alternate Corporate Information Officer
Solita S. Alcantara	VP - Chief Audit Executive
Sylvia M. Hondrade	VP for Business Development & Special Projects
Socorro G. Roco	VP for Records Management
Khateryn M. Benitez	VP for Human Resources


IN WITNESS WHEREOF, I have hereunto affixed my signature this OCT 25 2022 in PASIG CITY.

  
**ALICE ODCHIGUE-BONDOC**  
Assistant Corporate Secretary

OCT 25 2022

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ in PASIG CITY. Affiant exhibited to me her Integrated Bar of the Philippines Lifetime ID No. 014624.

Doc. No. 170;  
Page No. 35;  
Book No. 41;  
Series of 2022.

  
**FERDINAND D. AYAHAO**  
Notary Public  
For Pasig City, Pateros and San Juan City  
Appointment No. 108 (2022-2023) valid until 12/31/2023  
MCLE Exemption No. VII-BPP003719 valid until 04/14/25  
Roll No. 46377; IBP LRN 02450; OR 535885; 06/21/2001  
TIN 123-011-785; PTR 0129584; 01/05/22; Pasig City  
Unit 5, West Tower PSB, Exchange Road  
Ortigas Center, Pasig City Tel. +632-86314090



**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS  
OF  
METRO GLOBAL HOLDINGS CORPORATION**

Held on 14 December 2021 (10:00 a.m.)  
By remote communication (via Zoom Conference)

**STOCKHOLDERS PRESENT:**

No.	Stockholders	Subscription	Paid-Up	Percentage to Total Outstanding Capital Stock
1.	Fil-Estate Management, Inc.	1,759,750,195	P1,759,750,195.00	87.98
2.	Rafael Perez de Tagle, Jr.	1,000	P1,000.00	0.00
3.	Jaime V. Borromeo	1,000,000	P1,000,000	0.05
4.	Jaime M. Cacho	1	P1.00	0.00
5.	Roberto S. Roco	1	P1.00	0.00
6.	Gilbert Raymund T. Reyes	1,903,514	P1,903,514.00	0.10
7.	Ronaldo D. Ducusin	4,000	P4,000.00	0.00
8.	Solita S. Alcantara	15,000	P15,000.00	0.00
9.	Grace Victoria V. Perez de Tagle	190,000	P190,000.00	0.01
	<b>Total</b>	<b>1,762,863,711</b>	<b>P1,762,863,711.00</b>	<b>88.14%</b>

**DIRECTORS PRESENT:**

1. Mr. Robert John L. Sobrepeña (Chairman and Chief Executive Officer)
2. Atty. Ferdinand T. Santos (President)
3. Mr. Noel M. Cariño
4. Mr. Rafael Perez de Tagle, Jr.
5. Mr. Francisco C. Gonzalez
6. Mr. Jaime M. Cacho
7. Atty. Alice Odchigue-Bondoc (Assistant Corporate Secretary)
8. Mr. Rafael Alunan III
9. Mr. Roberto S. Roco

## **OFFICERS PRESENT:**

1. Mr. Ramon Jimenez (Chief Financial Officer)
  2. Atty. Gilbert Reyes (Corporate Secretary)
- 

### **1. Call to Order**

Mr. Robert John L. Sobrepeña, the Chairman of the Board of Directors, called the meeting to order and presided over the same. Atty. Gilbert Raymund T. Reyes, the Corporate Secretary, recorded the minutes of the proceedings.

### **2. Determination and Certification of Quorum**

The Chairman requested the Corporate Secretary, Atty. Gilbert Reyes, to establish that the meeting has been duly called and that a quorum is present for the Annual Meeting.

The Corporate Secretary certified that all stockholders as of 7 November, 2021 have been notified of this meeting pursuant to the Company's By-Laws and applicable SEC Circulars. He added that copies of the Notice and Agenda of the Annual Stockholders' Meeting and the Definitive Information Statement were made available through the Company's website and the PSE Electronic Disclosure Generation Technology or PSE EDGE. He also said that Notice and Agenda of the Annual Stockholders' Meeting were also published in The Manila Times on November 10 and 11, 2021 both in the printed and online formats.

The Corporate Secretary announced that there existed a quorum to transact the business in the agenda for the meeting, there being present in person or represented by proxy stockholders holding 88.14% of the subscribed and outstanding capital stock of the Company.

### **3. Procedures for Registration, Voting and Participation in the Meeting**

The Chairman then requested the Corporate Secretary to explain the rules for participation and voting in the meeting.

The Corporate Secretary announced that only stockholders who have registered may be heard at the meeting. He said that the Procedure for Registration, Voting and Participation in the 2021 Annual Stockholders' Meeting were contained in the Definitive Information Statement and have been

implemented as follows:

1. Stockholders signifying their intention to participate by remote communication have registered online at our Company website between 9 November 2021 up to 7 December 2021 and emailed the requirements to the Investor Relations at [www.metroglobalholdings.com](http://www.metroglobalholdings.com) .

2. Stockholders who have registered were enabled to send their questions and/or comments prior to the meeting by email to [gtreyes@pbrlaw.com.ph](mailto:gtreyes@pbrlaw.com.ph) until 5:00 pm of December 7, 2021.

3. The resolutions proposed to be adopted at the meeting were provided to the Stockholders through the Definitive Information Statement.

4. Stockholders who have duly registered were enabled to cast their votes by proxy or in absentia by emailing their accomplished ballots to the Corporate Secretary until 5:00 pm of December 7, 2021.

5. The Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, and the voting results would be announced during the meeting and reflected in the minutes of the meeting.

#### **4. Reading and Approval of Minutes of Previous Meeting**

The first item on the agenda was the reading and approval of the minutes of the preceding annual meeting of the stockholders held on 11 December 2020. The Chairman stated that the reading of the minutes of the 11 December 2020 annual stockholders' meeting was dispensed with since the minutes of the same were posted on the Company website prior to the meeting and the shareholders were informed of such posting in the Information Statement for the Annual Meeting.

The Chairman then requested the Corporate Secretary, Atty. Reyes, to present the proposed resolution on the approval of the minutes of the preceding annual meeting held on 11 December 2022 and the voting results on this item.

The Corporate Secretary announced that on the proposal to approve the minutes of the Annual Stockholders' Meeting held on December 11, 2020, based on the tabulation results, 100% of the shares present or represented by proxy approved the Minutes of the previous annual stockholders' meeting held on December 11, 2020.

## **5. Report of the Chairman**

Mr. Sobrepeña, the Chairman of the Board and the Corporation's Chief Executive Officer, shared that the Corporation has moved forward in the industries of infrastructure and renewable energy, which are vital industries needed for the country to move forward with economic recovery and growth.

He reported that the Corporation is involved in (1) mass transport, through the Metro Rail Transit Corporation ("MRTC"), Metro Rail Transit Development Corporation ("MRTDC"); and in (2) renewable energy, through the Metro Solar Power Solutions, Inc., the Metro Global Renewable Energy Corporation, and the Metro Renewable Transport Solutions, Inc.

### **Projects in the Development Stage**

Mr. Sobrepeña then asked Mr. Jaime Cacho, director, to give updates on the Corporation's projects in the renewable energy field. Mr. Cacho is the Chief Operating Officer of the three renewable energy companies of the Corporation, i.e., Metro Solar Power Solutions, Inc., Metro Renewable Energy Corporation, and Metro Renewable Transport Solutions, Inc.

#### ***Pililla One Solar Project***

Mr. Cacho presented the updates on Metro Solar Power Solution, Inc.'s Pililla One Solar Project, which is a 65MW Solar Farm located in Pililla, Rizal. He reported that the permitting stage of the project has been challenging primarily because the government agencies have been working on skeleton force during the pandemic. Despite this, the Corporation has already obtained most of the permits required for the project.

The Corporation is now in the last stage of the project, which is the land conversion process with the Department of Agrarian Reform ("DAR"). The Corporation has recently received the Department of Energy's ("DOE") Endorsement for DAR, and the DAR has already pre-evaluated the Corporation's documents. Mr. Cacho said that the Corporation is just waiting for the DAR's formal appointment for the final submission of the requirements and conversion approval.

Mr. Cacho reported that the Corporation engaged Enable Energy to oversee the soil investigation work which is critical for the design stage. Moreover, Soil Investigation has been recently awarded to GeoScience Technologies for 90 bore holes and 45 stations for resistivity grounding. The contract amount is P2,191,280.00 and the work is expected to be completed in 75 days.

### *BLISTT Waste-to-Energy Project*

Mr. Cacho then presented updates on the BLISTT Waste-to-Energy Project of Metro Global Renewable Energy Corporation.

The unsolicited proposal for the Project has been submitted to the City of Baguio and municipalities of La Trinidad, Itogon, Sablan, Tuba, and Tublay ("BLISTT") on 1 March 2021. Using the BHM and Valmet Technologies from Finland, the Waste-to-Energy Facility will process 500 metric tons of municipal solid waste every day, and convert this waste into Refuse Derived Fuel ("RDF"). The RDF will then fuel the Power Island to generate up to 10MW of electricity.

Mr. Cacho shared that the Corporation has already been given the green light by the City of Baguio and has received the PPP Packet from the latter on 21 October 2021, which is now being completed. He then reported that the Corporation is already finalizing the award of the Preparation of Formal Feasibility Study by the first quarter of 2022 to an international group, which is required to secure funding for the Project. Thereafter, the Corporation will enter into a Definitive Agreement under a Public Private Partnership/Joint Venture Agreement with Baguio City and the surrounding municipalities under BLISTT for a period of 50 years.

### *Baguio Mass Transit Project*

Mr. Cacho proceeded with the updates on the Baguio Mass Transit Project of Metro Renewable Transport Solutions, Inc.

Mr. Cacho shared that the Project is a mass transport solution that involves a phased introduction of new, clean, and green transport solutions for Baguio City using the Build Your Dreams ("BYD") Technology. He then introduced BYD Company Ltd. from China, the Corporation's technology partner for the Project.

He then reported that the proposed elevated monorail system with electric buses for feeder lines includes the BYD Sky Shuttle Monorail system and electric buses that will provide transport services from the Central Terminal to secondary routes. It will feature, among other things, 8 stations which would provide strategic access to many areas of the CBD, and 300 electric buses to service transport routes in high-density residential areas and connect to the CBD Monorail.

The unsolicited proposal for the Project has been submitted to the City of Baguio on 17 February 2021. The Corporation has received advice from Mayor Benjamin Magalong last 29 October 2021 that the proposal is now being evaluated and reviewed by the City Council under a Public Private Partnership/Joint Venture Agreement.



Mr. Cacho ended his report by sharing that, moving forward, the Corporation will pursue its vision of creating green communities through solar energy, waste-to-energy plants, and electric transport projects. It is already working with Baguio City for its first Waste-to-Energy Plan and the Electric Elevated Monorail and Feeder Buses transport systems and solutions. The Corporation will continue to build green communities by expanding solar farms, waste-to-energy plants, and electric transport solutions to other locations. Currently, the Corporation is looking at the areas in Cavite, Pasig, Metro Manila and Metro Cebu, for this purpose.

The Chairman thanked Mr. Cacho for his report.

Updates on the affiliates in the mass transport industry

The Chairman then called on the Corporation's Director, Mr. Rafael Perez de Tagle, Jr., to provide an update on the Corporation's affiliates, such as MRTC, MRTDC, and its wholly-owned subsidiary Media World, Inc.

*EDSA MRT3 Project*

Mr. de Tagle Jr. introduced the Project as the main mass transit system of Metro Manila which is owned and built by MRTC. MRTC is a consortium of seven companies led by the MGHC Group, with operations undertaken by the Department of Transportation ("DOTr").

MRT3 is a Build, Lease, Transfer ("BLT") Project, and the very first PPP project in the Philippines under the country's Build-Operate-Transfer Laws. Phase 1 of the Project is a 17-km Light Rail System with 73 Light Rail Vehicles ("LRVs") that was completed in 2000. Phase 2, on the other hand, provides for a 5.1 km extension of the MRT3 from North Ave./Trinoma towards Monumento Circle in Caloocan. Once completed, this will create a seamless rail loop around Metro Manila which would greatly ease traffic, and the air and noise pollution problem, within the area.

Mr. de Tagle, Jr. then provided updates on MRT3 System's rehabilitation which started in 2019 and its current operations. He reported that the rehabilitation of the rail tracks along the mainline was completed last December 2020, resulting in the restoration of the designed speed of 65 kph. Train availability now meets the minimum requirement of 20 trains at 3 minutes operational headway and 60 minutes round trip time, and train capacity is now restored to 500,000 passengers per day. He shared that the 72 LRVs are available for revenue service and the general overhauling of all 72 LRVs is scheduled to be completed by February 2023.

Moving forward, MRTC continues to negotiate with the DOTr to implement the capacity expansion and to pursue Phase 2 of MRT3.

#### *Advertising and Leasing Operations*

Mr. de Tagle Jr. then provided updates on the advertising and leasing operations of MRTDC and its subsidiary, Media World, Inc., during the pandemic.

##### *A. Out-of-Home ("OOH") Advertising Situationer for 2021*

The available data on OOH does not encourage advertisers to allocate budgets for OOH as of the 2<sup>nd</sup> quarter of 2021, and the report for the 3<sup>rd</sup> quarter is expected to be much worse for OOH. As a result, most advertisers stopped spending on advertising, with big players renegotiating cost of contractual obligations for billboards. Fortunately, for the 3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2021, advertisers are gearing up again, as the COVID-19 cases start to decrease and more people are going out of their homes again.

##### *B. Revenue Results for 2021 on Advertising Options*

The Corporation's revenues have increased by 8% from 2020, or from P220.73 million in revenues in 2020 to P238.67 million in revenues in 2021.

Advertising below-the-rail has decreased by 20%, while large billboard advertising increased by 33%. This is due to the lockdown which resulted in a shift to digital advertising. Below-the-rail advertising suffered, as advertisers preferred the big billboards along EDSA. Advertising inside the stations and LRVs were also affected, as DOTr limited the operational capacity of the trains to 15% to 30%, while buses on EDSA were offering free rides.

##### *C. 2022 Outlook*

Mr. de Tagle, Jr. ended his report by sharing that the revenues of the Corporation are projected to increase by P272 million from 2021, mostly coming from billboard advertising (with projected revenues of P325 million).

The Chairman thanked Mr. de Tagle, Jr. for his report. The Chairman opened the floor for questions from the stockholders. However, no questions were submitted.

#### **6. Report of the Chief Financial Officer**

The Chairman then called on Mr. Ramon G. Jimenez, the Corporation's Chief Financial Officer, to present his report.

Mr. Jimenez presented the Consolidated Financial Statements of the Corporation and its subsidiaries, Metro Global Royal Holdings Corporation ("MGH Royal") and Metro Renewable Transport Solutions, Inc. ("MRTSI") (collectively referred to as the "Group") for the calendar year ended 31 December 2020. As of 31 December 2020, both MGH Royal and MRTSI are not yet in commercial operation.

The auditors made some adjustments in the Group's Consolidated Financial Statements to align the accounting treatment of the Group with various accounting standards. Among the adjustments made was the reversal of impairment losses recognized in the Group's investment in Metro Rail Transit Holdings, Inc. ("MRTH I") and Metro Rail Transit Holdings II, Inc. ("MRTH II") in 2019 and 2018.

Mr. Jimenez reported that the Group's principal activity remains to be the holding of equity interest in MRT Companies, i.e., MRTH I, MRTH II, Monumental Rail Transit Corporation ("Monumento Rail"), and MRTDC. He said that the Group is 87.9% owned by Fil-Estate Management, Inc. ("FEMI").

He then reported the Income Statement of the Group for the Year Ended 31 December 2020. The net income of the Group in 2020 amounted to P0.9 million, which means that the net income decreased by 97% or P33.5 million compared to the net income in 2019 which amounted to P34 million. The decrease in net income can be attributed to the following:

1. 69% or P21 million decrease in depot royalty income;
2. 153% or P7.8 million increase in general and administrative expenses; and; and
3. P20.1 million decrease in other income accounts.

The pandemic and the consequent strict quarantine measures imposed by the government have greatly affected the operations of the Trinoma Commercial Center, which resulted in the decline in its lease rental income for the year 2020. This then resulted in a P21 million or 69% decrease in the Group's share in the depot royalty income in the same year.

153% or P7.8 million increase in general and administrative expenses resulted when the Group engaged the services of some of the officers of FEMI starting September 2020.

The P20.1 million decrease in other income accounts was the result of the reversal of expenses relating to the consultancy agreement with Arch Advisory Ltd., which was assumed by MRTC in year 2019.

Mr. Jimenez then proceeded with the presentation of the Group's Statement of Financial Condition or Balance Sheets. As of 31 December 2020,



the Group's Total Assets amounted to P1.52 billion, while its Total Liabilities amounted to P1.5 billion. 98.6% of the Group's Total Assets accounts for the financial assets, a bulk of which is the cost of the Group's investments in MRTTH I and MRTTH II.

The Total Assets of the Group slightly decreased by P12.4 million or by 0.8% in 2020. This is mainly attributed to the P19.9 million or 69.2% decrease in receivables brought about by the decrease in depot royalty income. Mr. Jimenez shared that there is, however, an increase of P6 million or 100% increase in the Group's investment in associates. This increase was in view of the Group's recognition of its share in the 2020 earnings of MRTDC.

As to the Corporation's Total Liabilities, Mr. Jimenez reported that 50% of the Group's total liabilities amounting to P744.8 million is due to a stockholder, i.e., FEMI (the Group's parent company). Other major liabilities include expenses and other payables amounting to P285.2 million or 26% of Total Liabilities, and liabilities due to related parties amounting to P361.4 million or 24% of Total Liabilities. The Group's Total Liabilities in 2020 decreased by P13.9 million or 0.9% compared its Total Liabilities in 2019.

As of 31 December 2020, the stockholders' equity consisted of paid-up capital amounting to P2 billion, additional paid-in capital amounting to P589.1 million, and deficit of P2.57 billion. The stockholders' equity in 2020 showed a positive balance of P17.8 million. It increased by P1.5 million or 9.2% in 2020 from the P16.3 million balance in 2019.

Mr. Jimenez then announced the Group's financial projections for 2021. He said that there is a projected increase in the Group's share in lease rental income from North Triangle Depot Commercial Corporation and in the net equity earnings of MRTDC. The Group also foresees a significant improvement in its stockholders' equity balance within the next 2 years. By end of 2021, MRTTH II is expected to declare dividends amounting to about P20.5 billion. The Corporation owns 12.6% of MRTTH II and the Corporation's projected share in dividends will amount to about P2.6 billion, which will eventually wipe out the Group's P2.5 billion deficit. Hence, by 31 December 2021, the Group will have a retained earnings balance of P22.7 million and its stockholders' equity will increase to P2.61 billion. Also, by year 2022, with the finalization of the P750 million additional subscription by FEMI which will come from the P3 billion increase in the Group's authorized capital stock, the Group's paid-up capital will increase from P2 billion to P2.75 billion. By 31 December 2022, the gross projected stockholders' equity balance will further increase to P3.36 billion.

He noted that, with the additional subscription by FEMI, FEMI's equity ownership in the Group will increase from 87.9% to 91.1%. There will be unsubscribed common shares amounting to P2.25 billion, equivalent to 2.25 billion shares, which could be a potential source of funding for the Group once

the shares are offered for public trading at the Philippine Stock Exchange. He then noted that the projected figures presented are subject to audit and verification by the Corporation's external auditor.

The stockholders were then given the opportunity to ask questions or to comment on the Reports. However, no queries were submitted.

**7. Approval of the Annual Management Report and Audited Financial Statements for the Calendar Year Ended 31 December 2020**

The next item on the agenda was the approval of the Annual Management Report and Audited Financial Statements for the calendar year ended 31 December 2020.

The Chairman requested Atty. Reyes to present the proposed resolution and the voting results on this item.

The Corporate Secretary announced that based on the tabulation results, 100% of the shares present or represented by proxy approved the Annual Report and the Audited Financial Statements for the period ended December 31, 2020.

**8. Ratification of the Actions and Proceedings Taken by the Board of Directors, Various Committees, and Corporate Officers from 2020 to Present**

The Chairman then announced that the next item on the Agenda was the proposed resolution for stockholders to ratify the actions and proceedings taken by the Board of Directors, the various Committees constituted pursuant to the Code of Corporate Governance, and corporate officers since the date of last year's annual stockholders' meeting held on 11 December 2020 up to the present.

The Corporate Secretary explained that submitted for ratification were all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation that were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on December 11, 2020 up to the present. The Corporate Secretary pointed out that a list of such acts was provided in the Definitive Information Statement available in the Company's website,

The Corporate Secretary then announced that based on the tabulation results, the required number of votes have been cast in favor of this

resolution.

#### **9. Election of Directors for the Year 2021 to 2022**

The Chairman then announced that the next item on the Agenda is the election of the directors of the Corporation who shall serve for a term of one year and until the next election. The Chairman added that the stockholders shall elect nine directors, at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's New Manual of Corporate Governance.

The Chairman then requested the Corporate Secretary, Atty. Reyes, to present the nominees for the members of the Board of Directors, on behalf of the Corporate Governance Committee.

The Corporate Secretary then announced that on behalf of the Corporate Governance Committee, he presented the Final List of Nominees for the members of the Board of Directors. For regular directors, the nominees were:

Robert John L. Sobrepeña  
Ferdinand T. Santos  
Noel M. Cariño  
Rafael Perez de Tagle, Jr.  
Jaime M. Cacho  
Roberto S. Roco; and  
Alice Odchigue-Bondoc

Atty. Reyes then announced that for independent directors, the nominees were:

Francisco C. Gonzalez (as independent director)  
Rafael Alunan III (as independent director)

The Corporate Secretary then reported that the nominees possess all the qualifications and none of the disqualifications to hold office as directors.

The Chairman then requested the Corporate Secretary to present the voting results on the election of directors.

The Corporate Secretary announced that based on the tabulation results, each of the nominees has obtained the required number of votes to be elected as members of the Board.

**10. Appointment of External Auditor**

The Chairman then announced that the next item on the Agenda was the proposal for the approval of the appointment of the auditing firm of Isla Lipana & Co. as the external auditor of the Corporation for the current calendar year ending 31 December 2021. The Chairman added that the Board of Directors, upon recommendation of the Audit Committee, has approved the engagement of Isla Lipana & Co. for the audit of the Corporation's financial statements for the year ending December 31, 2021.

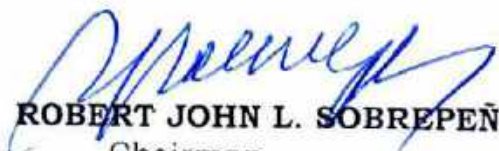
The Chairman then requested the Corporate Secretary to present the voting results on this item.

The Corporate Secretary announced that based on the tabulation results, 100% of the shares present or represented by proxy approved the appointment of Isla Lipana & Co. as External Auditor for the fiscal year ending December 31, 2021.

**11. Adjournment**

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

**ATTEST:**

  
**ROBERT JOHN L. SOBREPEÑA**  
Chairman

  
**GILBERT RAYMUND T. REYES**  
Corporate Secretary