

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20 – IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **Medco Holdings, Inc.**
3. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
4. SEC Identification Number: **39652**
5. BIR Tax Identification Code: **004-844-938**
6. Address of principal office Postal Code
31st Floor, Rufino Pacific Tower, 6784 Ayala Avenue
Makati City, Metro Manila, Philippines **1229**
7. Registrant's telephone number, including area code: **(632) 8811-0465**
8. Date, time and place of the meeting of security holders
May 10, 2024 at 10:00 a.m.
9. Approximate date on which the Information Statement is first to be sent or given to security holders – **April 18, 2024**
10. In case of proxy Solicitations: **(Not applicable)**
11. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	3,159,292,441 shares

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes **x** No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Of the total outstanding capital stock of the Company of 3,159,292,441 common shares, 700,000,000 are listed on the First Board of the Philippine Stock Exchange (PSE).



MEDCO HOLDINGS, INC.

Notice of Annual Meeting of Stockholders

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of the Stockholders of Medco Holdings, Inc. (the "Corporation") which will be held on 10 May 2024, Friday, at 10:00 a.m. The meeting will be held and conducted virtually online at www.medco.com.ph/asm by remote communication and voting will be in absentia. The agenda for the meeting is as follows:

- I. Call to Order;
- II. Certification of Notices and Quorum;
- III. Approval of the minutes of the annual meeting of stockholders held on 12 May 2023;
- IV. Approval of the Annual Report and the Audited Financial Statements as of December 31, 2023;
- V. Approval and Ratification of the acts, contracts, investments and resolutions of the Board and management of the Corporation since the last annual meeting on 12 May 2023;
- VI. Election of the members of the Board of Directors for the year 2024. The procedure for the nomination and election of directors is set forth in Item 5 of the Information Statement;
- VII. Re-appointment of Punongbayan and Araullo, the Philippine representative of Grant Thornton International, as external auditors of the Corporation for the year 2024; and
- VIII. Other matters.

For the purpose of the meeting, only stockholders of record as of 17 April 2024 are entitled to attend and vote in the said meeting. To ensure the safety and welfare of our stockholders and other stakeholders and as a precaution against the COVID-19 risk, the Corporation's Board of Directors has approved on 25 March 2024 in accordance with SEC rules a virtual stockholders' meeting for 2024. The meeting will be held online by remote communication and voting will be in absentia. The specific procedures for participating in the meeting through remote communication and voting in absentia are set forth below.

Stockholders who intend to attend and participate in the virtual meeting in person or through proxy shall first submit **on or before 24 April 2024** via email to MEDSHMeeting@medco.com.ph the scanned copy of their Letter of Intent to attend and participate via proxy or by remote communication and a copy of the stockholder's valid government-issued ID showing photo and personal details. Once validated, a registered stockholder will receive via email the proxy form and voting ballot. Stockholders must submit **on or before 5:00 p.m. on 25 April 2024** via email to MEDSHMeeting@medco.com.ph their duly accomplished proxy form and/or voting ballot. Validation of proxies shall be on 3 May 2024 at 5:00 p.m. at the office of the Corporation. Only stockholders who have notified the Corporation of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum. We are not soliciting your proxy. All agenda items indicated in the Notice of the Meeting will be set out in the voting ballot and the stockholder may vote as follows:

- a. For all items, except for Election of Directors, the stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
- b. For the Election of Directors, a stockholder entitled to vote: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.
- c. The Corporation's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.

d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. For the Election of Directors, the top seven (7) nominees with the most number of votes are elected.

Registered stockholders will receive the meeting link and password to log on to the meeting two (2) days before the stockholders' meeting. We encourage all registered stockholders to log onto the meeting link 45 minutes before the meeting starts, to avoid any technical difficulty. The meeting will start promptly at 10:00 a.m. on 10 May 2024. The meeting shall be recorded in audio and video format and copies shall be posted by the Company in its website. The procedures for voting and participation in the meeting through remote communication are also discussed further in the Information Statement which shall be made available to the public not later than 18 April 2024 through PSE Edge and the Corporation's website at www.medco.com.ph/asm. For any questions or inquiries, including request for assistance in the registration process, please contact our Office of the Corporate Secretary through MEDSHMeeting@medco.com.ph.

Medco Holdings, Inc.

By:


PAULINE C. TAN
Assistant Corporate Secretary

Makati City, Philippines, MAR 25 2024

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

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- (a) The Annual Meeting of the stockholders of Medco Holdings, Inc. (the “Corporation” or “Company”) shall be held on:

Date : May 10, 2024

Time: 10:00 a.m.

Place: To be held and conducted virtually online at **www.medco.com.ph/asm** by remote communication and voting will be *in absentia*

The complete mailing address of the principal office of the Corporation is as follows:

31st Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City,
Metro Manila, Philippines

- (b) Copies of this Information Statement will be sent or given to the stockholders on or about April 18, 2024.

Item 2. Dissenters’ Right of Appraisal

Under Section 80 of the Revised Corporation Code of the Philippines, the following are the instances when a stockholder may exercise his appraisal right:

1. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose;
2. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
3. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Corporation; and
4. In case of merger or consolidation.

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Corporation for the fair value of his shares which shall be agreed upon by the dissenting stockholder and the Corporation. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Corporation cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders’ approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by

the Corporation and a third to be named by the two (2) already 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. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

Nothing in the agenda of the meeting will give rise to the possible exercise by the shareholders of the right of appraisal.

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

- (a) None of the following persons have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon:
 - (1) A person who has been a director or officer of the Corporation at any time since the beginning of the last fiscal year;
 - (2) A nominee for election as a director of the Corporation; and
 - (3) An associate of any of the foregoing persons.
- (b) No director of the Corporation has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Outstanding Shares

There are 3,159,292,441 issued and outstanding common shares as of 29 February 2024. Each share is entitled to one (1) vote. The Corporation has only one (1) class of security.

About 2,833,625,076 of the Corporation's shares are owned by foreigners and this constitutes about 89.69% of the Corporation's total outstanding shares.

(b) Record Date and Share Ownership

Only stockholders of record in the books of the Corporation at the close of business on, 17 April 2024 (the "Record Date") is entitled to vote at the Annual Meeting. Presence in person or by proxy of stockholders owning a majority of the issued and outstanding common shares as of the Record Date will be required for a quorum.

(c) Cumulative Voting

Pursuant to the Revised Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock issued and outstanding as of the Record Date, in his own name in the stock and transfer book of the Corporation; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected. The formula may be stated as follows: Number of shares held on Record Date x number of directors to be elected = Total votes that may be cast. This right to cumulative voting is expressly recognized in Article V of Section 8 of the Amended By-Laws of the Corporation.

(d) (1) Security Ownership of Certain Record and Beneficial Owners as of 29 February 2024.

Title of class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Name of Person Voting on Behalf of Beneficial Owner	Citizenship	No. of Shares Held	Percent of class
Common	Bonham Strand Investments Ltd. c/o 19 Keppel Road #03-05, JA Poh Building, Singapore (Parent Company of the Issuer)	Millenium Empire Holdings, Ltd. Quijano & Associates (BVI) Limited, P.O. Box 3159, Road Town, Tortola, British Virgin Islands (Parent Company of the Record Owner)	Dionisio E. Carpio, Jr.	Foreign	2,201,421,241	69.68%
Common	PCD Nominee Corp. Makati Stock Exchange Bldg., Ayala Avenue Makati City (No Relationship with Issuer)	Various beneficial owners	N/A	Filipino/ Others	340,319,156	10.77%
Common	Citivist Asia Limited c/o Room 2301, Tower One, Lippo Centre, 89 Queensway Hong Kong (Significant Shareholder of the Issuer)	Citivist Asia Limited c/o Room 2301, Tower One, Lippo Centre, 89 Queensway Hong Kong	Dionisio E. Carpio, Jr.	Foreign	322,314,874	10.20%
Common	Xu Hanjiang The Office Tower Convention Plaza Suite 1607, I Harbour Road, Wanchai, Hongkong (No Relationship with Issuer)	Xu Hanjiang The Office Tower Convention Plaza Suite 1607, I Harbour Road, Wanchai, Hongkong	Dionisio E. Carpio, Jr.	Foreign	258,113,200	8.17%

The Company has no knowledge of the specific persons who will be designated as the representatives of the PCD Nominee Corporation during the annual stockholders' meeting.

(2) Security Ownership of Management

To the extent known to the Board of Directors, as of 29 February 2024, there is no security beneficial ownership of Management, other than the shares held for their own account by the following directors:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Ownership
Common Stock	Bobby Cheng Sai Chong	1	direct	British	Nil
Common Stock	Dionisio E. Carpio, Jr.	1,000	direct	Filipino	Nil
Common Stock	Edna D. Reyes (through broker)	20,000	direct	Filipino	Nil
Common Stock	Pauline C. Tan	1	direct	Filipino	Nil
Common Stock	Magher S. Baul	1	direct	Filipino	Nil
Common Stock	Juan Victor S. Tanjuatco	4	direct	Filipino	Nil
Common Stock	Rodolfo B. Fernandez	4	direct	Filipino	Nil
	TOTAL	21,011			

(3) Voting Trust Holders of Five Percent (5%) Or More

None.

(4) Changes in Control

At present, there are no other arrangements which may result in a change in control of the Corporation.

Item 5. Directors and Executive Officers

(a) (1) Directors and Positions Held/Business Experience for the Last Five (5) Years

The current members of the Corporation's Board of Directors together with a description of their other positions held and business experience for the last five years are enumerated as follows:

BOBBY CHENG SAI CHONG, British, aged seventy-five (75), has been a director of the Corporation since September 18, 2006 and has been appointed as the Chairman of the Board of Directors on July 23, 2009. He has more than thirty (30) years experience in banking and finance. He attended the Barnard College in Hong Kong and took up a course in Commerce and Finance.

DIONISIO E. CARPIO, JR., Filipino, aged seventy-seven (77), has been a director of the Corporation since 1998 and its President from September 2006 up to present. He was the treasurer of the Corporation from 1998 to 2006. He is currently also a director of Manila Exposition Complex, Inc. Mr. Carpio holds a Bachelor of Science degree in Mechanical Engineering from the De La Salle University and a Masters degree in Business Management from the Asian Institute of Management. He has more than forty (40) years experience in commercial, investment and trust banking, as well as line management.

EDNA D. REYES, Filipino, aged seventy-six (76), has been a director of the Corporation since 2000 and was its Treasurer between 2006 and 2007. She was also the Chairperson of the Board of MAIC until April 27, 2017. She has more than forty (40) years of experience in banking, particularly in international and correspondent banking as well as foreign operations. She has a Bachelor of Science degree in Commerce from the University of Santo Tomas.

PAULINE C. TAN, Filipino, aged fifty-four (54), has been a director of the Corporation since 2009. She has been the treasurer and compliance officer of the Corporation since September 20, 2007. She worked in The Hong Kong Chinese Bank Limited in 1994. She was a director of Lippo Securities, Inc. and of MAIC from 1995 to 1999 and of Manila Exposition Complex, Inc. from 1995 to 2000 and from 2012 to the present. She was also the Managing Director of Sun Hung Kai Securities Philippines, Inc. from 1999 to June 2000. She has a Bachelor of Arts degree in Mass Communication from St. Scholastica's College.

MAGHER S. BAUL, Filipino, aged thirty-five (35) was elected as a director of the Corporation on January 11, 2019. She is a Managing Partner at Mendiola Baul Valenzuela Law Office (formerly Jovellanos-Kho Yu Mendiola Pabalate Law Office). Ms. Baul is a member of the Philippine bar. She holds a Bachelor of Science in Legal Management and a Bachelor of Laws degree from San Beda College.

RODOLFO B. FERNANDEZ, Filipino, aged sixty-seven (67), has more than thirty-five years of experience in banking, particularly in Trust and Estate Planning, Corporate and Retail Banking, Compliance, Audit and Good Governance and as Chief Legal Officer and General Counsel. Atty. Fernandez is a Lead Independent Director of Crown Equities, Inc. and a Director and Legal Consultant of RG Financial Services Inc and a Director of The Organization of Property Stakeholders, Inc. He is a member of the Integrated Bar of the Philippines and holds a Bachelor of Laws degree from the University of the Philippines.

JUAN VICTOR S. TANJUATCO, Filipino, aged seventy-six (76), is an Independent Director of IP Ventures, Inc., and a Director of Ketmar Fast Food Corporation. Previously, he served in the same capacity on the board of Insular Savings Bank and Asiatrust Development Bank. A career banker, he was the former President of Export and Industry Bank and previously held various executive positions at Credit Agricole Indosuez in Manila, New Zealand and Hongkong, where, after 21 years, he retired as Deputy General Manager in Manila. Mr. Tanjuatco holds a Bachelor of Arts Degree in Economics from the Ateneo de Manila University (cum laude) and a Masters in Business Administration, major in Finance, from the Wharton School, University of Pennsylvania.

All of the incumbent directors stand for re-election to the Board of Directors.

(2) Procedure for the Nomination and Election of Directors, including Independent Directors

All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at its principal office not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and vote at the regular or special meeting of stockholders for the election of directors shall be qualified to be nominated and elected as director of the Corporation.

In line with established procedures, a formal nomination of a Director must be signed by a stockholder and submitted to the Corporate Secretary.

The Corporate Secretary, guided by the Bylaws, Revised Manual on Corporate Governance and the Revised Corporation Code, forwards the said nominations to the Nominations Committee. In accordance with the Revised Manual on Corporate Governance, the Nominations Committee passes upon the qualifications of the nominees. The process includes an examination of each nominee's business background and company affiliations, and ascertains that the nominees for independent director do not possess any of the disqualifications to serve as an independent director of the Corporation as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations. The members of the Nomination Committee are Mr. Rodolfo B. Fernandez (Chairman), Mr. Juan Victor S. Tanjuatco and Mr. Dionisio E. Carpio, Jr.

In compliance with SRC Rule 38, the Manual of Corporate Governance of the Corporation provides the following guidelines on the nomination and election of directors, including independent directors:

- a. The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:

Qualifications:

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications:

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the SRC, the Corporation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or any rule, regulation or order of the SEC or BSP;
- Any person judicially declared to be insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

- b. Any of the following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the SRC and the implementing Rules and Regulations thereof. This qualification shall be in effect as long as his refusal persists;
- Absence or non-participation for whatever reason/s for more than 50% of all meetings, both regular and special, of the Board of Directors during the incumbency, or any twelve (12)-month period during said incumbency. In view of the modern technology, however, attendance at Board meetings through teleconference or videoconference will be allowed. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Being under preventive suspension by the Corporation;
- If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; or
- Conviction that has not yet become final referred to in the grounds for disqualification of directors.

- c. The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the corporations which he is a director;
- Age of the director;

- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

The amendment of the Company's By-Laws to incorporate the provisions of SRC Rule 38, as amended, was approved by the SEC on September 12, 2007.

Directors and Executive Officers

The following have been nominated as Members of the Board of Directors for the ensuing year:

Name	Citizenship	Age
Bobby Cheng Sai Chong	British	75
Dionisio E. Carpio, Jr.	Filipino	77
Edna D. Reyes	Filipino	76
Pauline C. Tan	Filipino	54
Magher S. Baul	Filipino	35
Rodolfo B. Fernandez*	Filipino	67
Juan Victor S. Tanjuatco*	Filipino	76

*As Independent Director

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Mr. Rodolfo B. Fernandez and Mr. Juan Victor S. Tanjuatco possess all the qualifications and none of the disqualifications of an independent director.

The members of the Board of Directors to be elected at the Annual Meeting shall serve for a term of one (1) year or until their successors shall have been elected and qualified.

(3) Executive Officers

The following are the principal officers of the Corporation:

Chairman of the Board	Bobby Cheng Sai Chong
President and Corporate Information Officer	Dionisio E. Carpio, Jr.
Corporate Secretary	Jonas S. Khaw
Treasurer, Compliance Officer and Assistant Corporate Secretary	Pauline C. Tan

In addition to those already shown above, the following is description of the other positions held by the remaining principal officers and their business experience for the last five years:

Atty. Jonas S. Khaw, Filipino, aged forty-four (44), has been the Corporate Secretary of the Corporation since December 15, 2017. He is a partner in the law firm Picazo Buyco Tan Fider & Santos. Atty. Khaw holds a Juris Doctor and Bachelor of Science in Management Engineering degrees both from the Ateneo de Manila University. He is also the Assistant Corporate Secretary of Bloomberry Resorts Corporation and Apex Mining Co., Inc., both publicly listed companies.

(4) Significant Employees

There are no other employees who are expected by the Corporation to make a significant contribution to its business. Moreover, the business of the Corporation is not highly dependent on the services of certain key personnel.

(5) Family Relationship

There are no family relationships among the current and nominated directors and officers of the Corporation.

(6) Involvement in Certain Legal Proceedings

Based on their individual responses after due inquiry as of date hereof, none of the following events occurred with respect to any of the foregoing nominees and executive officers during the past five (5) years up to the latest date that would be material to an evaluation of their ability or integrity to act as directors or executive officers of the Corporation, except as otherwise provided below:

- (a) Any bankruptcy petition filed by or against any business of which the nominee was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time.
- (b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the nominee's involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

As of date, there are no material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party.

(7) Certain Relationships and Related Transactions During the Last Two (2) Years

As stated in Note 12 of the Notes to the Financial Statements (Annex "B" of the Information Statement), the Company's related parties include its stockholders, other entities through common ownership and/or with interlocking directors, its retirement fund and key management personnel as described below.

- **Summary of Related Party Transactions.**

A summary of the Company's related party transactions as of December 31, 2022, 2021 and 2020 are as follows:

	Notes	Amounts of Transactions			Outstanding Receivable (Payable)	
		2022	2021	2020	2022	2021
Related parties under common ownership and with interlocking directors and officers:						
Cash advances obtained	12.2	P (5,300,000)	-	-	(8,540,000)	(3,150,000)
Cash advances to related parties	12.3	2,950,000	-	-	2,950,000	-
Lease of office space	12.4	312,000	312,000	312,000	-	-
Other receivables	8	69,887	57,432	-	725,646	655,759
Other payables	10, 12.7	(989,826)	-	-	(989,826)	-
Key management personnel –						
Salaries and other benefits	12.5	2,385,000	2,385,000	2,405,769	-	-
Retirement fund	12.6	1,130,531	(352,310)	(335,177)	(1,270,637)	(2,401,168)

- **Due to Related Parties**

Due to a related party pertain to noninterest-bearing, unsecured cash advances from related parties for working capital requirements and other purposes. The advances are generally payable in cash upon demand and is presented as Due to a Related Party in the statements of financial position.

- **Due from Related Parties**

The Company grant advances to related parties for working capital requirements and other purposes. The advances are noninterest-bearing, unsecured, collectible in cash upon demand. These entities are related parties of the Company by virtue of having interlocking directors and common executive officers. As of December 31, 2022, the outstanding receivable is P2,950,000, which is presented as Due from Related Parties in the 2022 statement of financial position. There is no outstanding receivable as of December 31, 2021.

In 2020, the Company provided an allowance for doubtful accounts amounting to P2,000 which were recognized as part of Impairment Losses in the 2020 statement of comprehensive income. There was no similar transaction in 2022 and 2021.

- **Lease of Office Space**

The Company leases its office space from a related party under common ownership for a period of one year, renewable upon mutual agreement of the parties. Total rent charged to operations are presented as Occupancy in the statements of comprehensive income. The Company does not have any outstanding liabilities arising from these transactions as of December 31, 2022 and 2021 as the payments are made every month.

- **Key Management Personnel Compensation**

The compensation and benefits provided to key management personnel generally consist of short-term employee benefits. These are presented as part of Employee Benefits in the statements of comprehensive income (see Note 13 of the Notes to the Financial Statements (Annex "B" of the Information Statement)).

- **Transactions with the Retirement Fund**

The retirement fund for the defined benefit post-employment plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2022 and 2021 are presented in Note 13.2.

The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

The details of the contributions of the Company to the plan are presented in Note 13.2.

• **Other Payables.**

In 2022, the Parent Company transferred funds to the Company in relation to the Parent Company's tender offer. As of December 31, 2022, the outstanding payable is P989,826 (see Note 10 of the Notes to the Financial Statements (Annex "B" of the Information Statement)). No similar transactions occurred in 2021 and 2020.

The Company maintains a partially funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank managed the fund in coordination with the Company's Management Committee who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 65. The plan also provides for an early retirement at age 50 with a minimum of 10 years of credited service and voluntary separation with a minimum of five years of credited service, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 100% of the final monthly salary for every year of credited service.

Actuarial valuations are made every two years to update the retirement benefit costs and the amount of contributions. The 2020 amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary. No actuarial valuation was done in 2021 and 2019.

The amounts of post-employment benefit obligation recognized in the statements of financial position are determined as follows:

	<u>2022</u>	<u>2021</u>
Present value of obligation	P 3,024,171	P 4,164,581
Fair value of the plan assets	(1,753,534)	(1,763,413)
	<u>P 1,270,637</u>	<u>P 2,401,168</u>

The movements in the present value of the post-employment benefit obligation recognized in the books follow:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 4,164,581	P 3,831,546
Current service cost	205,259	204,678
Interest cost	139,513	128,357
Actuarial loss (gain) due to:		
Changes in financial assumptions	(1,210,485)	-
Experience adjustments	(274,697)	-
Balance at end of year	<u>P 3,024,171</u>	<u>P 4,164,581</u>

The movements in the fair value of plan assets are presented below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 1,763,413	P 1,782,688
Interest income	59,074	59,720
Return (loss) on plan assets (excluding amounts included in net interest)	(68,953)	(78,995)
Balance at end of year	<u>P 1,753,534</u>	<u>P 1,763,413</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	P 9,332	P 1,161
Debt securities:		
Unit investment trust funds (UITF)	1,324,110	1,339,442
Philippine government bonds	401,614	417,378
Interest receivable	19,075	6,064
Accrued trust fees	(597)	(632)
	<u>P 1,753,534</u>	<u>P 1,763,413</u>

The fair values of the above debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

The Company's plan assets earned a return (loss) of (P9,879), (P19,275), and P108,376 in 2022, 2021, and 2020. Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

Other than those identified above, the Corporation has no other agreements with any material Related Party.

The Corporation's policy with respect to related party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

(b) Others

No one has resigned or declined to stand for re-election to the Board of Directors since the last stockholders' meeting due to any disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

The Board of Directors has no reason to believe that any of the said nominees will be unwilling or unable to serve if elected as a director. Each director shall serve until the next annual meeting of the stockholders or, in case of vacancy due to resignation, until his successor is elected or appointed. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected.

Item 6. Compensation of Directors and Executive Officers

(a) Annual Compensation of the Top Executive Officers of the Corporation

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Dionisio E. Carpio, Jr. (President)	2022	None	None	P45,000
	2023	None	None	P45,000
	2024 (Estimated)	None	None	P45,000
Pauline C. Tan (Treasurer and Compliance Officer)	2022	P2,340,000	None	P45,000
	2023	P2,340,000	None	P45,000
	2024 (Estimated)	P2,340,000	None	P45,000
All Top Executive Officers and Directors as a group	2022	P2,340,000	None	P321,000
	2023	P2,340,000	None	P321,000
	2024 (Estimated)	P2,340,000	None	P321,000

Notes:

1. The aforementioned Other Annual Compensation consists only *per diems* given to directors.
2. Each Director receives *per diems* of P2,000 for each board committee meeting
3. The Corporate Secretary does not receive a salary but his law firm is paid a professional retainer fee of Php120,000.00 per year.

(b) Compensation of Directors

Since the dates of their election, except for *per diems*, the Directors have served without compensation. Except for *per diems*, the Directors did not receive any other amount or form of compensation for committee participation or special assignments.

The Amended By-laws of the Corporation does not provide for compensation for the directors. As of the date of this Information Statement, no standard arrangements have been made in respect of director compensation. For the ensuing year, the Corporation does not foresee payment of compensation for directors, except reasonable *per diems* annually for each director. The Corporation, however, does not discount the possibility that director compensation other than reasonable *per diems* may be given in the future.

Pursuant to Article VI, Section 8 of the Amended By-Laws of the Corporation, such compensation may be fixed by the directors with the approval of a majority of the stockholders and will in no case exceed 10% of the net income before income tax of the Corporation for the preceding year.

(c) Employment Contracts

There are no formal employment contracts between the Corporation and its executive officers and other officers. The terms and conditions of their employment are governed by applicable laws.

(d) Warrants and Options Outstanding

There are no outstanding warrants and options held by the Corporation's directors, executive officers and other officers.

Item 7. Appointment of Independent Public Accountants

Fourteen years ago, Punongbayan & Araullo, the Philippine representative of Grant Thornton International, was appointed as the external auditor of the Corporation.

The re-appointment of Punongbayan & Araullo, the current independent auditor for the Corporation for the current year, represented by Mr. Arman B. Neptuno, the partner-in-charge, will require the affirmative vote of a majority of the common shares of the Corporation present or represented and entitled to vote at the Annual Meeting. SEC Memorandum Circular No. 8, Series of 2003 and SEC Rule 68 (3) (b) (iv) require the rotation of the external auditor every five (5) years and the two-year cooling off period in the re-engagement of the same signing partner or individual auditor. At this time, there is no need to replace or rotate the current independent auditor, Mr. Arman B. Neptuno of Punongbayan & Araullo. The Corporation has complied with the two-year cooling off period.

The appointment of the partner-in-charge will be in compliance with SEC Rule 68, Paragraph 3(b)(iv) on the requirement on the rotation of external auditors.

A representative of the external auditor is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

During the past three (3) fiscal years, there have been no disagreements with the independent auditors on accounting and financial disclosures.

External Audit Fees

In compliance with Memorandum Circular No. 14, Series of 2004, the following matters on the external audit fees are reported:

(a) Audit and Audit-Related Fees

The aggregate fees billed for the professional services rendered by Punongbayan & Araullo amounted to P443,520 (inclusive of 10% OPE and 12% VAT) in 2023 for the regular audit of the Corporation's annual financial statements in connection with the statutory and regulatory filings of the Corporation.

The aggregate fees billed for the professional services rendered by Punongbayan & Araullo amounted to P406,550, in 2022 for the regular audit of the Corporation's annual financial statements in connection with the statutory and regulatory filings of the Corporation.

There was no other assurance or related services rendered for tax accounting, compliance, advice, planning and any other form of tax services.

(b) Tax Fees

For the last 2 fiscal years, the Corporation did not engage the services of an external auditor for tax-related services.

(c) All Other Fees

For the last 2 fiscal years, the Corporation did not engage the services of an external auditor other than the services reported in item (a) on Audit and Audit-Related Fees.

(d) Audit Committee's Approval Policies and Procedures

The Audit Committee meets with the external auditor to plan and discuss the matters to be audited including any accounting issues. The draft of the audited financial statements must be approved by the Audit Committee before the same is finalized by the external auditor.

In selecting the external auditor, the Audit Committee evaluates the integrity and competence of the proposed external auditor and limits its selection to SEC-accredited external auditors only.

Under the Corporation's Manual of Corporate Governance, the audit committee shall be composed of at least three (3) members of the Board, the majority of whom shall be independent directors. The chairman of this Committee should be an independent director. Each member shall have adequate understanding at least or competence at most of the Corporation's financial management systems and environment.

The Audit Committee has the following duties and responsibilities:

1. Check all financial reports against its compliance with pertinent accounting standards, including regulatory requirements.
2. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
3. Pre-approve all audit plans, scope and frequency one (1) month before the conduct of the external audit.
4. Perform direct interface functions with the external auditors.
5. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - a. Definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standards (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
6. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization.

The members of the Audit Committee of the Corporation are Mr. Juan Victor S. Tanjuatco (Chairman), Ms. Edna D. Reyes (Member) and Mr. Rodolfo B. Fernandez (Member).

Item 8. Compensation Plans

Not Applicable

Item 9. Authorization or Issuance of Securities Other than for Exchange

Not Applicable

Item 10. Modification or Exchange of Securities

Not Applicable

Item 11. Financial and Other Information

Please find attached a copy of the financial statements of the Corporation as of 31 December 2023 and management's discussion and analysis and plan of operation.

Representatives of Punongbayan & Araullo, the principal accountants for the current year and for the most recently completed fiscal year, are expected to be present at the annual meeting. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

Not Applicable

Item 13. Acquisition or Disposition of Property

Not Applicable

Item 14. Restatement of Accounts

Not Applicable

D. OTHER MATTERS**Item 15. Action with Respect to Reports**

The following reports/minutes shall be submitted for approval/ratification:

Approval of Minutes of the Annual Meeting of the Stockholders held last 12 May 2023

The Minutes of the Annual Meeting of the stockholders of the Corporation held on 12 May 2023 will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in the Minutes since the stockholders' approval and action on those items have already been obtained in those meetings and subsequently carried out.

The Minutes and related records are available for inspection by any stockholder at the office of the Corporation at any reasonable hour during business hours. Copies of the Minutes and other records may be furnished upon written request at the stockholder's expense. In addition, copies of the Minutes shall be distributed among the stockholders present in the Annual Meeting for their review and consideration.

The Minutes of the Annual Meeting of the stockholders held on 12 May 2023 pertain to the following matters:

- a. Approval of the minutes of the annual meeting of stockholders held on 13 May 2022;
- b. Approval of the Annual Report and the Audited Financial Statements as of 31 December 2022;
- c. Approval and ratification of the acts, contracts, investments and resolutions of the Board and management of the Corporation since the last annual meeting on 13 May 2022;
- d. Election of the following members of the Board of Directors for the year 2023;
 - i. Mr. Bobby Cheng Sai Chong
 - ii. Mr. Dionisio E. Carpio, Jr.
 - iii. Ms. Edna D. Reyes
 - iv. Ms. Pauline C. Tan
 - v. Juan Victor S. Tanjuatco (independent director)
 - vi. Rodolfo B. Fernandez (independent director); and
 - vii. Magher S. Baul
- e. Re-appointment of Punongbayan and Araullo, the Philippine representative of Grant Thornton International, as external auditors of the Corporation for the year 2023.

Approval of the Annual Report and Audited Financial Statements for 2023

The 2023 Management Report and the Audited Financial Statements of the Corporation for the period ended December 31, 2023 together with the accompanying notes to financial statements prepared by Punongbayan & Araullo (collectively, the "Financial Statements") will be submitted for approval of the stockholders at the Annual Meeting.

The information and representations in the Financial Statements are the responsibility of the Management of the Corporation. The Financial Statements have been prepared in conformity with generally accepted accounting principles. The Board of Directors reviewed the Financial Statements before their submission for approval to the stockholders. Punongbayan & Araullo had examined the Financial Statements in accordance with generally accepted auditing

standards and had expressed their opinion on the fairness of the presentation in their report to the Board of Directors and stockholders of the Corporation.

Approval of the Management Report and the Financial Statements for 2023 requires the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote thereon.

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the last Annual Meeting

The stockholders shall consider the approval and ratification of all the significant acts, contracts, investments and resolutions of the Board of Directors and Management since the date of the last annual meeting, 12 May 2023.

<u>May 12, 2023</u>	<p>The following were appointed by the Board as officers of the Corporation:</p> <p>Mr. Bobby Cheng Sai Chong – Chairman Mr. Dionisio E. Carpio, Jr. – President and Corporate Information Officer Atty. Jonas S. Khaw – Corporate Secretary Ms. Pauline C. Tan – Treasurer, Compliance Officer and Assistant Corporate Secretary</p> <p>The Board approved the election of the following members to the following Committees:</p> <p>Audit Committee Juan Victor S. Tanjuatco – Chairman Edna D. Reyes – Member Rodolfo B. Fernandez – Member</p> <p>Corporate Governance, Nominations and Remuneration Committee Rodolfo B. Fernandez – Chairman Dionisio E. Carpio, Jr. – Member Juan Victor S. Tanjuatco – Member</p>
<u>February 28, 2024</u>	<p>The Board of Directors appointed Mr. Bobby Cheng Sai Chong, Mr. Dionisio E. Carpio and Ms. Mary Ann A. Miel as its authorized representatives to: (a) approve the Corporation’s Audited Financial Statements as of December 31, 2023; (b) make the necessary arrangements to effect the issuance of the Corporation’s Audited Financial Statements as of December 31, 2023; (c) sign, execute and/or deliver any and all documents in connection with (a) and (b).</p>
<u>March 25, 2024</u>	<p>The Board of Directors approved the conduct of a virtual Annual Stockholders’ Meeting on May 10, 2024 and the agenda and the procedures for registration and participation therein.</p>

There were no other significant acts, contracts or investments of the Board of Directors other than those done in the regular course of the business of the Corporation.

Requirements under Section 49 of the Revised Corporation Code of the Philippines

- (a) MED has an effective shareholder voting mechanism which is included in the Company’s Bylaws, Manual on Corporate Governance and SEC Form 20-IS.

During the virtual annual stockholders’ meeting held on 12 May 2023 at www.medco.com.ph/asm, only Stockholders of record were entitled to notice and to vote at the

Annual Stockholders' Meeting. The common stock voted on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

Professional Stock Transfer, Inc. validated the votes during the Proxy Validation Date. Validation of proxies was done by the Corporate Secretary and persons designated by the Corporate Secretary who were under his supervision and control, in accordance with the procedure and guidelines set out in the MED's Bylaws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

- (b) The stockholders were given the opportunity to ask questions during the meeting and the company answered the same. The questions and answers can be found in the minutes of the annual stockholders' meeting is disclosed in the company website at www.medco.com.ph/sec_pse_reports.html.
- (c) The following are the matters discussed and resolutions reached for the 2023 Annual Stockholders Meeting:

MATTERS DISCUSSED/ RESOLUTIONS REACHED
Approval of the Minutes of the Annual Meeting of Stockholders Held on 13 May 2022
Approval of the Annual Report and the Audited Financial Statements as of 31 December 2022
Approval and Ratification of the acts, contracts, investments and resolutions of the Board and management of the Corporation since the last annual meeting on 13 May 2022
Election of the members of the Board of Directors
Appointment of External Auditor

- (d) The voting results* during the 2023 Annual Stockholders' Meeting are as follows:

AGENDA ITEMS	VOTING RESULTS*		
	APPROVING	DISSENTING	ABSTAINING
Approval of the Minutes of the Annual Meeting of Stockholders Held on 13 May 2022	2,816,350,326	None	None
Approval of the Annual Report and the Audited Financial Statements as of December 31, 2022	2,816,350,326	None	None
Approval and Ratification of the acts, contracts, investments and resolutions of the Board and management of the Corporation since the last annual meeting on 13 May 2022	2,816,350,326	None	None
Election of the members of the Board of Directors			
1. Dionisio E. Carpio, Jr.	2,816,350,326	None	None
2. Edna D. Reyes	2,816,350,326	None	None
3. Bobby Cheng Sai Chong	2,816,350,326	None	None
4. Pauline C. Tan	2,816,350,326	None	None
5. Magher S. Baul	2,816,350,326	None	None
6. Rodolfo B. Fernandez (Independent Director)	2,816,350,326	None	None
7. Juan Victor S. Tanjuatco (Independent Director)	2,816,350,326	None	None
Appointment of External Auditor	2,816,350,326	None	None

*Every resolution for approval of the stockholders in this meeting was introduced by a motion duly seconded during the virtual meeting. The Chairman asked if there was any objection to every motion. Since there were no objections, all the motions were carried without a vote. The number of votes

indicated here are the votes on the resolution from: (a) votes of proxies with instructions; (b) votes submitted during the virtual meeting; and (c) votes of the Chairman as holder of proxies, which would have been counted if there was a voting on the resolution.

- (e) Stockholders holding 2,816,350,326 shares were present in person or by proxy for the annual stockholders' meeting on 12 May 2023 conducted virtually via www.medco.com.ph/asm

The Directors and Officers who attended the meeting were as follows:

Chairman of the Board	Bobby Cheng Sai Chong
President and Corporate Information Officer	Dionisio E. Carpio, Jr.
Director, Treasurer and Assistant Corporate Secretary	Pauline C. Tan
Director	Edna D. Reyes
Director	Magher S. Baul
Independent Director	Juan Victor S. Tanjuatco
Corporate Secretary	Jonas S. Khaw

The stockholders and PCD Beneficial Owners who were present in person or by proxy during the Annual Stockholders' Meeting on May 12, 2023 were as follows:

- | | |
|----------------------------------|------------------------------|
| 1. Bonham Strand Investment Ltd. | 6. Dionisio E. Carpio, Jr. |
| 2. Suncentury Asia Limited | 7. Pauline C. Tan |
| 3. Xu Hanjiang | 8. Bobby Cheng Sai Chong |
| 4. Citivest Asia Limited | 9. Magher S. Baul |
| 5. BA Sec. Inc. (PCD) FAO Bonham | 10. Juan Victor S. Tanjuatco |
| | 11. Rodolfo B. Fernandez |

- (f) Material information on the current stockholders and voting rights were provided during the meeting and in Items 2 and 19 of the SEC Form 20-IS. The Assistant Corporate Secretary informed the stockholders that stockholders as of record date of April 19, 2023 were entitled to vote in the meeting. Stockholders representing 2,816,350,326 shares, out of 3,159,292,441 outstanding shares, or 89.15% of total outstanding shares, were present in person, registered to vote in absentia, or by proxy in the meeting.

- (g) To determine and measure the effectiveness of the Board of Directors, the Company is guided by its Manual on Corporate Governance which is available on the Company website: www.medco.com.ph/corporate_governance.html. The Board conducted an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It also established an internal self-rating and evaluation system.

- (h) On director disclosure on self-dealings, MED follows the SEC rule requiring Directors and Officers to report their dealings in Company shares within five (5) trading days from the date of the MED share-related transactions. MED discloses to the PSE and SEC the ownership (direct and indirect) and any acquisition or disposal of MED securities by MED Directors, Officers and controlling shareholders pursuant to the PSE Revised Disclosures and the Securities Regulations Code. Directors and Officers are likewise prohibited from buying or selling MED securities during the period within which material non-public information is obtained and up to two (2) full trading days after the price sensitive information is disclosed. MED also discloses purchases of its shares from the market within the same day or before the start of the next trading day. On related party transactions, see discussion on Related Party Transactions in Note 12, *Related Party Transactions*, of the Annual Audited Consolidated Financial Statements.

- (i) Attendance Report of Directors

Name of Director	Meetings Attended since last Annual Meeting	Percentage of Attendance
------------------	---	--------------------------

Bobby Cheng Sai Chong	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Dionisio E. Carpio, Jr.	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Edna D. Reyes	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Pauline C. Tan	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Magher S. Baul	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Rodolfo B. Fernandez*	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)
Juan Victor S. Tanjuatco*	<ul style="list-style-type: none"> • May 12, 2023 • February 28, 2024 • March 25, 2024 	100% (3/3)

*As Independent Director

Item 16. Matters Not Required to be Submitted

Not Applicable

Item 17. Amendment of Charter, Bylaws or Other Documents

Not Applicable

Item 18. Other Proposed Action

Not Applicable

Item 19. Voting Procedures

Stockholders of record as of 17 April 2024 may vote at the scheduled stockholders' meeting.

Stockholders who intend to attend and participate in the virtual meeting in person or through proxy shall first submit **on or before 24 April 2024** via email to MEDSHMeeting@medco.com.ph the scanned copy of their Letter of Intent to attend and participate via proxy or by remote communication and a copy of the stockholder's valid government-issued ID showing photo and personal details. Once validated, a registered stockholder will receive via email the proxy form and voting ballot. Stockholders must submit **on or before 25 April 2024** via email to MEDSHMeeting@medco.com.ph their duly accomplished proxy form and/or voting ballot. Validation of proxies shall be on 3 May 2024 at 5:00 p.m. at the office of the Corporation. Only stockholders who have notified the Corporation of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum. We are not soliciting your proxy. All agenda items indicated in the Notice of the Meeting will be set out in the voting ballot and the stockholder may vote as follows:

- a. For all items, except for Election of Directors, the stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
- b. For the Election of Directors, a stockholder entitled to vote: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.
- c. The Corporation's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
- d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and

outstanding voting stock present at the meeting. For the Election of Directors, the top seven (7) nominees with the most number of votes are elected.

Registered stockholders will receive the meeting link and password to log on to the meeting two (2) days before the stockholders' meeting. We encourage all registered stockholders to log onto the meeting link 45 minutes before the meeting starts, to avoid any technical difficulty. The meeting will start promptly at 10:00 a.m. on 10 May 2024. The meeting shall be recorded in audio and video format and copies shall be posted by the Company in its website. The procedures for voting and participation in the meeting through remote communication are also discussed further in the Information Statement which shall be made available to the public not later than 18 April 2024 through PSE Edge and the Corporation's website at www.medco.com.ph/asm. For any questions or inquiries, including request for assistance in the registration process, please contact our Office of the Corporate Secretary through MEDSHMeeting@medco.com.ph.

The following matters require the following votes:

Subject Matter	Votes Required
Approval of Minutes of the Annual Stockholders' Meeting	Majority of the votes cast
Approval of the Annual Report and Audited Financial Statements	Majority of the votes cast
Approval and Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management	Majority of the votes cast
Election of Directors	The top seven (7) nominees with the most number of votes are elected
Reappointment of Punongbayan & Araullo	Majority of the votes cast

Item 20. Proxies:

Not Applicable

Attached herewith are copies of the Management Report of the Corporation (Annex "A"); and the SEC Form 17-A Annual Report and Audited Financial Statements of the Corporation for the year ended 31 December 2023 (Annex "B"); the Certificates of Independent Directors (Annex "C"); and the Certification on no connection with government agencies (Annex "D").

A FREE COPY OF THE CORPORATION'S ANNUAL REPORT ON SEC FORM 17-A WILL BE MADE AVAILABLE UPON WRITTEN REQUEST ADDRESSED TO MS. PAULINE C. TAN WITH OFFICE ADDRESS AT THE 31ST FLOOR, RUFINO PACIFIC TOWER, 6784 AYALA AVENUE, MAKATI CITY, METRO MANILA, PHILIPPINES. HOWEVER, A REASONABLE FEE SHALL BE CHARGED FOR THE REPRODUCTION OF EXHIBITS THEREOF.

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 Makati on 15 April 2024.

MEDCO HOLDINGS, INC.

By:


DIONISIO E. CARPIO, JR.
President

Schedule 1 – Proxy Form and Voting Ballot

Instructions for submission of attached Proxy Form and Voting Ballot

1. Submission of the Proxy Form and Voting Ballot

- (a) The proxy form and voting ballot must be completed, signed and dated by the shareholder or his duly authorized representative.
- (b) If the shares of stock are owned by two or more joint owners, the proxy form and voting ballot must be signed by all of the joint owners.
- (c) If the shares of stock are owned in an "and/or" capacity, the proxy form and voting ballot must be signed by either one of the owners.
- (d) If the shares of stock are owned by a corporation, association, or partnership, the proxy form and voting ballot must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, or partnership, that the person signing the proxy form and voting ballot has been authorized by the governing body or has the power pursuant to its bylaws, constitutive documents of such corporation, association, or partnership, for such purpose.
- (e) A proxy form and voting ballot given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.
- (f) If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. Revocation of Proxy

An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at the Corporation's principal office not later than 5:00 p.m. on 2 May 2024. The automatic revocation of a proxy upon attendance in person of the stockholder will not apply in this virtual stockholders meeting.

3. Validation of Proxies

Proxy validation will be held at the Principal Office of the Corporation on 3 May 2024 at 5:00 p.m. Validation of proxies will be done by the Office of the Corporate Secretary and the Stock Transfer Services Inc., in accordance with the procedure and guidelines set out in the Corporation's Bylaws and Rule 20.11.2 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code.

**MEDCO HOLDINGS, INC.
PROXY AND VOTING BALLOT**

The undersigned (the “Principal”) hereby:

(Please choose and check only one option below)

in case of appointment of a proxy, constitutes and appoints [Name of Proxy] _____ or in his absence, the Chairman of the meeting, as his/her attorney-in-fact and proxy (the “Proxy”), so that the Proxy or any other person empowered by the Proxy, shall have, without need of further authorization from the Principal, full power and authority to represent and vote all of the shares of stock of the Principal in Medco Holdings, Inc. (the “Corporation”) at the annual stockholders’ meetings of the Corporation on 10 May 2024, or any adjournment thereof, on the agenda matters set forth below, as fully and to all intents and purposes as such Principal might do if present and acting in person.

in case of voting in absentia, casts its votes on the agenda matters set forth below:

(Please indicate below your votes or the votes to be cast by the Proxy. If the proxy form and voting ballot is returned without indicating the intended vote on any of the matters below, the Proxy shall vote on said matters in a way that the Proxy shall deem fit.)

Agenda Item	Choose one option below		
1. Approval of the Minutes of the Annual Stockholders’ Meeting held on 12 May 2023	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> ABSTAIN
2. Approval of the Annual Report and the Audited Financial Statements as of 31 December 2023	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> ABSTAIN
3. Approval and Ratification of the acts, contracts, investments and resolutions of the Board and management of the Corporation since the last annual meeting on 12 May 2023	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> ABSTAIN
Choose one option below for each candidate			
4. Election of the members of the Board of Directors	YES (The candidate will be given the votes corresponding to the total number of shares voting)	For cumulative voting, please indicate the number of votes to be given to each candidate (provided that the total votes given to all candidates shall not exceed 7 times the number of shares voting)	ABSTAIN (no vote will be given)
i. Dionisio E. Carpio, Jr.	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
ii. Edna D. Reyes	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
iii. Bobby Cheng Sai Chong	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
iv. Pauline C. Tan	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
v. Magher S. Baul	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
vi. Rodolfo B. Fernandez	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN
vii. Juan Victor S. Tanjuatco	<input type="checkbox"/> YES		<input type="checkbox"/> ABSTAIN

	Choose one option below		
5. Re-appointment of Punongbayan and Araullo, the Philippine representative of Grant Thornton International, as external auditors of the Corporation for the year 2024	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> ABSTAIN

IN WITNESS WHEREOF, this proxy form and voting ballot has been executed by the Principal on the date and place indicated below.

Signature over Printed Name of Principal

Date signed: _____

Place signed: _____

MANAGEMENT REPORT

MEDCO HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

		<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	P	5,798,412	3,228,882	5,029,155
Receivables – net		794,852	725,646	671,747
Due from related parties		5,687,000	2,950,000	-
		12,280,264	6,904,528	5,700,902
NON-CURRENT ASSET				
Financial assets at fair value through other comprehensive income		44,660,048	38,142,260	34,531,079
TOTAL ASSETS	P	56,940,312	45,046,788	40,231,981
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Accrued expenses and other liabilities	P	1,142,897	1,291,504	197,096
Due to related parties		19,307,916	8,450,000	3,150,000
		20,450,813	9,741,504	3,347,096
NON-CURRENT LIABILITY				
Post-employment defined benefit obligation		1,424,424	1,270,637	2,401,168
		21,875,237	11,012,141	5,748,264
EQUITY				
Capital Stock		157,964,622	157,964,622	157,964,622
Additional paid-in capital		25,498,912	25,498,912	25,498,912
Revaluation reserves – net		(509,845,593)	(516,459,952)	(521,487,362)
Retained earnings		361,447,134	367,031,065	372,507,545
		35,065,075	34,034,647	34,483,717
TOTAL LIABILITIES AND EQUITY		56,940,312	45,046,788	40,231,981

MEDCO HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

		<u>2023</u>	<u>2022</u>	<u>2021</u>
INCOME				
Foreign exchange gains – net	P	134,975	77,951	3,270
Interest income		<u>6,371</u>	<u>7,645</u>	<u>34,885</u>
		<u>141,346</u>	<u>85,596</u>	<u>38,155</u>
EXPENSES				
Salaries and employee benefits		3,146,316	3,129,899	2,934,178
Professional and management fees		618,000	589,000	900,000
Membership fees and dues		333,896	257,575	260,575
Occupancy		312,000	312,000	312,000
Transportation		243,640	227,789	220,141
Representation		191,795	219,872	220,128
Impairment losses		178,011	147,462	198,273
Net interest expense		87,928	80,439	637,190
Communication		47,253	47,076	40,815
Taxes and licenses		17,294	17,694	18,351
Others		<u>547,130</u>	<u>531,137</u>	<u>576,024</u>
		<u>5,723,263</u>	<u>5,559,943</u>	<u>6,317,675</u>
LOSSES BEFORE TAX		(5,581,917)	(5,474,347)	(6,279,520)
TAX EXPENSE		<u>(2,014)</u>	<u>(2,133)</u>	<u>(6,973)</u>
NET LOSS		<u>(5,583,931)</u>	<u>(5,476,480)</u>	<u>(6,286,493)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Fair value gain on financial assets at fair value through other comprehensive income		6,517,788	3,611,181	2,257,877
Remeasurements of post-employment defined benefit obligation		<u>96,571</u>	<u>1,416,229</u>	<u>(78,995)</u>
Other Comprehensive Income		6,614,359	5,027,410	2,178,882
TOTAL COMPREHENSIVE INCOME (LOSS)	P	<u>1,030,428</u>	<u>(449,070)</u>	<u>(4,107,611)</u>
Basic and Diluted Loss Per Share		<u>0.0018</u>	<u>0.0017</u>	<u>0.0020</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis should be read in conjunction with the section on "Brief Description of the General Nature and Scope of Business of Medco Holdings, Inc." of this Report, the Audited Financial Statements as of 31 December 2022 and the related Notes to Financial Statements.

Plan of Operation

The Corporation implemented the following recapitalization plan after it was approved by the Securities and Exchange Commission (SEC) on April 24, 2018:

- (a) decrease in the authorized capital stock from P700,000,000 to P35,000,000 through a reduction in the par value per share from P1.00 to P0.05;
- (b) the use of the additional paid-in capital thereby created to reduce the outstanding deficit;
- (c) increase in authorized capital stock from P35,000,000 to P470,000,000; and,
- (d) the subscription by Bonham Strand Investments Ltd. and Mr. Xu Han Jiang to a total of 2,459,292,441 common shares issued out of the increase in authorized capital stock which was paid through the assignment of debts owed to said creditors amounting to P122,964,622.

With the implementation of its recapitalization plan, the Corporation achieved a turnaround in 2018 when it became profitable and earned a net income of P2,738,406 thereby posting retained earnings of P383,373,182 as of December 31, 2018.

In 2019, the Corporation was again profitable with a net income of P758,572 resulting in a further improvement in its stockholders' equity to P75,229,067.

Upon the onset of the COVID-19 pandemic in the Philippines in March 2020, the Philippine government imposed strict community quarantine restrictions starting in that month and covering the remaining months of 2020 and the entire 2021. Such restrictions caused the immediate stoppage of operations of MEC in March 2020 and the cancellation of all exhibition activities scheduled then and in the remaining months of 2020. Thus, MEC had to immediately stop paying dividends to its stockholders.

Quarantine restrictions of varying strictness persisted in 2021 which enabled MEC to operate for short durations during the year conducting the few activities allowed by such restrictions. Thus, MEC continued to incur substantial operating losses in 2021.

In 2022, the gradual loosening up of community quarantine restrictions as the number of daily infections steadily declined allowed MEC to resume its operations and generate substantially-improved revenues thereby enabling the company to trim down its net loss to near break-even level.

In 2023, as the number of daily infections had declined to minimal levels enabling the full removal of quarantine restrictions, MEC's operations and earned revenues picked up substantially to levels approaching those achieved in pre-pandemic 2019 and became very profitable again. Nonetheless, to conserve and build up its cash resources to a more comfortable level, MEC deemed it prudent to defer paying cash dividends to its stockholders.

MEC's non-payment of dividends in the years 2020 through 2023 resulted in the Corporation's incurring net losses during these four years.

The Corporation is nonetheless confident that it can satisfy its cash requirements not only in the next twelve (12) months but also on a longer term basis. Its liquid assets as at December 31, 2023 consisted of P5.8 million of cash and cash equivalents. In case the Corporation has any unforeseen cash requirement that cannot be met by its internal sources, its external sources of liquidity would consist of, among others, advances from its affiliate companies and/or major shareholders.

As of December 31, 2023, the Corporation has three (3) employees: a company driver, a messenger, and an administrative personnel. The Company does not anticipate any increase in the number of its employees within the ensuing twelve (12) months.

Results of Operations for the years ended December 31, 2023, 2022 and 2021

2023

Total revenues for the year ended 2023 increased by 65% compared to the year 2022 figure. The Corporation's revenues for this year consisted mainly of foreign exchange gain (95%) and interest income from short-term placement and bank deposits (5%).

The bulk of the increase in total revenues was mainly contributed by the foreign exchange gain from the revaluation of the Corporation's US Dollar deposits with a local bank. In addition, a substantial portion of the US Dollar deposits were converted to Philippine Peso on various dates when the exchange rate of the Philippine Peso to a US Dollar was higher than the exchange rate on February 13, 2023, the date when the additional fund (in US Dollars) from the Corporation's parent company was received. This resulted to the recognition of a higher realized foreign exchange gain in 2023. The increase in the peso exchange rate resulted to an approximately 73% increase in the said foreign exchange gain account. However, interest income contracted by 17% because the bank interest rates for the short-term placement were lower this year, which ranged from 0.10 % to 0.20% as compared to last year's interest rates range of 0.30% to 0.40% per annum.

Total expenses increased slightly by 3% compared to the previous year's figure. During the year under review, expenses comprised mainly of salaries and employee benefits (55%), professional and management fees (11%), membership fees and dues (6%), occupancy (5%), transportation (4%), representation (3%) and other expenses (16%).

The increase in the 2023 expenses was mainly due to the increase in membership fees and dues. Higher fees and dues were paid to the Philippine Stock Exchange, Inc. (PSE) in 2023 due to the subscription renewal of RSA security tokens and other PSE dues. Furthermore, impairment loss in Input VAT recognized in 2023 was higher than in 2022.

Other components of expenses such as professional and management fees, transportation, and other expenses also posted an increase in the year under review. However, representation expenses, taxes and licenses posted a decrease in 2023. This was the result of the Corporation's continuing cost-cutting measures.

2022

Total revenues for the year ended 2022 increased by 124% compared to the previous year's figure. The Corporation's revenues for this year consisted mainly of foreign exchange gain (91%) and interest income from short-term placements and bank deposits (9%).

The bulk of the increase in revenues was mainly due to the foreign exchange gain realized during the year under review. The exchange rates of a peso to a US dollar at various conversion dates were higher than the exchange rate when the dollar remittance was received from the parent company. The significant depreciation in the peso exchange rate resulted in a substantial increase of approximately 2,284% in the said foreign exchange gain account. However, interest income contracted because of the decrease in the deposit placements due to withdrawals for the Corporation's working capital requirement.

During the year under review, expenses comprised mainly of employee benefits (56%), professional fees (11%), occupancy (6%), membership fees and dues (5%), transportation (4%), representation (4%) and other expenses (14%). Total expenses decreased by 12% compared to the prior year. This was mainly attributable to the non-recurrence of the mutually-agreed interest charge paid to Manila Exposition Complex, Inc. (MEC) which was booked in the second quarter of 2021. Aside from this, the professional fee decreased by 35% due to the non-engagement of the services of a law firm that previously rendered services to the Corporation in 2021. Impairment losses also decreased by 26% as compared to last year.

Other components of expenses such as membership fees and dues, taxes and licenses, representation, as well other expenses, also posted a decrease in 2022. This was the result of the Corporation's continuing cost-cutting measures.

2021

Total revenues for the year ended 2021 decreased by 81% compared to the previous year's figure. The Corporation's revenues for this year consisted mainly of interest income from short-term placements and bank deposits (91%), and foreign exchange gain (9%).

The significant decline in revenues was mainly due to the reduction of interest income. This was the result of the substantial reduction in the short-term placements due to the withdrawals for the Corporation's working capital requirement. In addition, the bank interest rates for said short-term placements this year were lower, ranging from 0.40% to 0.55% per annum as compared to last year's interest rates of 0.50% to 2.50% per annum.

On the other hand, total expenses increased by approximately 15% compared to the prior year. During the year under review, expenses comprised mainly of employee benefits (46%), professional fees (14%), interest expense (10%), occupancy (5%), membership fees and dues (4%), and other expenses (21%).

The increase in the 2021 expenses was mainly due to the mutually-agreed interest charge paid to Manila Exposition Complex, Inc. (MEC) on the unremitted first (1st) tranche of the capital call. Professional fees also increased by 19% this year as compared to last year's figure, due to the payment of professional fee for the engagement of the services of a law firm. Employee benefits also increased due to the payment of prior years' health card renewal premiums which were only billed this year.

Other components of expenses such as transportation, membership fees and dues, communication, as well other expenses, declined in 2021. This was the result of the Corporation's continuing cost-cutting measures.

Financial Condition and Changes in Financial Condition as of December 31, 2023, 2022 and 2021

2023

With reference to the statement of financial position, total assets increased by 26% compared to last year's figure. Total assets were composed of financial assets at fair value through other comprehensive income (78%), cash and cash equivalents (10%), due from related parties (10%), and receivables (2%).

Significant movements were noted in most components thereof, specifically in the financial assets at fair value through other comprehensive income (FVOCI), cash and cash equivalents, and due from related parties accounts. The increase in total assets was mainly due to the 17% increase in the fair value of the Corporation's investment in Manila Exposition Complex, Inc. (MEC). In 2023, the fair value of said investment amounted to P44,660,048 which was determined by using the price-to-earnings approach as compared to last year's fair value of P38,142,260 wherein the price-to-book value approach was used. Furthermore, cash and cash equivalents increased by 80% due to the additional fund sent by the Corporation's parent company via dollar remittance for the Corporation's working capital requirements. Due from related parties account also posted an increase due to the advances granted to Capital Place International Limited, a related party.

As a consequence of the aforementioned additional fund from the Corporation's parent company, the total liabilities account significantly increased by 99%. This also caused a corresponding increase in the due to related parties account 128%. Likewise, post-employment benefit obligation also posted an increase during the year under review. However, accrued expenses and other liabilities account decreased by 12% due to the payment of other tender offer expenses for the parent company.

As at December 31, 2023, the total shareholders' fund of the Corporation amounted to P35 million.

2022

With respect to the balance sheet as at the end of 2022, total assets increased by 12% as compared to the end of last year. Total assets were composed of financial assets at fair value through other

comprehensive income (85%), cash and cash equivalents (7%), due from related parties (7%), and receivables (1%).

There was a 10% increase in the Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) account due to the higher fair value of the Corporation's investment in Manila Exposition Complex, Inc. (MEC). The fair value of said investment for 2022 amounted to P38,142,260 as compared to last year's figure of P34,531,079, which was determined by the auditors using the market approach – price/book value. Furthermore, the due from related parties account increased by 100% as a result of the advances granted to a related party in 2022.

However, a decline in the cash and cash equivalent account was noted during the year under review. As mentioned in the foregoing results of operations for 2022, there was a reduction in the deposit placements of the Corporation due to the withdrawals for its working capital requirement.

On the liabilities side, a significant increase of 92% was noted. The Corporation obtained advances from its parent company to further meet its working capital requirements. Moreover, the parent company transferred funds to the Corporation in relation to the parent company's tender offer thereby increasing the accounts payable and accrued expenses account by 555%. On the other hand, the post-employment benefit obligation account went down by 47% as compared to the previous year.

As at December 31, 2022 the total shareholders' fund of the Corporation amounted to P34 million.

2021

As to the balance sheet as at the end of 2021, total assets decreased by 9% compared to the previous year. Total assets were composed of financial assets at fair value through other comprehensive income (86%), cash and cash equivalents (13%), and receivables (2%).

The decrease was mainly due to the 55% drop in cash and cash equivalents which was used to meet the Corporation's working capital requirement. However, there was a 7% increase in the Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) account due to the higher fair value of the Corporation's investment in Manila Exposition Complex, Inc. (MEC). As determined by the Corporation's auditors, the fair value of said investment for this year amounted to P34,531,079 as compared to last year's figure of P32,273,202. The receivables account also increased by 12% due to the advances granted to related parties.

On the other hand, there was a 7% increase on the liabilities side this year compared to the prior year. This increase was due to the recognition of a higher amount of post-employment benefit obligation this year.

As at December 31, 2021, the total shareholders' fund of the Corporation amounted to P34.5 million.

Prospects for 2024

The Philippines finished strong in 2023 with a full-year GDP growth of 5.6%, thereby outpacing other major Asian economies. The country's outstanding economic performance during this period was brought about by the resumption then of the operations of most business sectors due to the lifting of all community quarantine restrictions as the number of daily Covid infections had become minimal. The Corporation's affiliate MEC likewise resumed the full operation of its exhibition business and had become quite profitable.

Thus, we are now more optimistic than before about the Corporation's income prospects for 2024. As MEC's financial performance is expected to regain its pre-pandemic vigor, we are now reasonably confident that MEC can resume paying dividends this year.

Key Variable and Other Qualitative and Quantitative Factors

The Corporation is not aware of any trends, events or uncertainties that would materially affect its liquidity and its operations as a whole. There are also no material commitments for capital expenditure or any significant elements of income or loss from continuing operations. The Corporation does not also anticipate any liquidity problem within the next twelve (12) months. The Corporation has no default or breach

of any note, loan, lease or other indebtedness or financing arrangement. There are also no past due trade payables.

The Corporation's internal sources of short-term and long-term liquidity are its liquid assets which as at December 31, 2023 consisted of P5.8 million of cash and cash equivalents. Its external sources of liquidity would consist of advances from its affiliate companies and/or major shareholders.

There are no events that will trigger direct or contingent obligation that is material to the Corporation, including any default or acceleration of an obligation.

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

Furthermore, there were no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. Aside from those already mentioned above, the Corporation is also not aware of any events that will cause a material change in the relationship between the costs and revenues. There are no seasonal aspects that have a material effect on the financial statements.

The top five (5) performance indicators of the Corporation for the past three (3) fiscal years are presented below:

- a. Revenue Growth- This measures how fast the Corporation's business is expanding. The ratio shows the annualized rate of increase (or decrease) of the Corporation's revenues.
- b. Net Income Growth- Similar to revenue growth, this ratio is an indicator of the rate of growth of the Corporation's bottom line figure.
- c. Return on Equity- For an investor who wants to have an indication of his investment returns, this ratio provides such a measure.
- d. Current Ratio- This ratio measures the Corporation's ability to pay its currently maturing obligations.
- e. Debt-to-Equity Ratio- This ratio offers a method of assessing the Corporation's financial health and gauging the balance sheet durability

Medco Holdings, Inc.
Top Five (5) Performance Indicators
December 31, 2023, 2022 and 2021

		2023	2022	2021
1. Revenue Growth	$\frac{\text{Revenue Y1-Y0}}{\text{Revenue Y0}}$	65.13%	124.34%	-81.09%
2. Net Income Growth*	$\frac{\text{Net Income Y1-Y0}}{\text{Net Income Y0}}$	1.96%	-12.88%	17.77%
3. Return on Equity	$\frac{\text{Net Income}}{\text{Stockholders' Equity}}$	-15.92%	-16.09%	-18.23%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.60x	0.71x	1.70x
5. Debt-to-Equity-Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	0.62x	0.32x	0.17x

*Net Loss in 2023, 2022, and 2021

Note:

Y1= Current year

Y0= Previous year

**BRIEF DESCRIPTION OF THE GENERAL NATURE AND
SCOPE OF BUSINESS OF MEDCO HOLDINGS, INC.**

Medco Holdings, Inc. (“MHI” or “MED” or the “Corporation”)

Medco Holdings, Inc. (“MHI” or “MED” or the “Corporation”) is an investment holding company listed on the Philippine Stock Exchange (“PSE”). It was incorporated in the Philippines on October 23, 1969 as the Mindanao Exploration & Development Corporation and adopted its current name in 1995.

In 1995, Citivest Asia Limited (“Citivest”), a corporation organized under the laws of the British Virgin Islands, acquired approximately 67% of the outstanding capital stock of the Corporation. In 1997, Citivest purchased additional MED shares which increased its equity stake to 70.67%.

Prior to Citivest’s acquisition of a majority interest in the Corporation, MHI was engaged in mineral exploration and development. With the entry of Citivest, the Corporation embarked on a major corporate shift that resulted in its transformation into an investment holding company. In line with the change in its primary business purpose, the Corporation had previously sold all its rights, titles, interests including all liabilities and obligations in its mining lease contracts and operating agreements to South Seas Oil & Mineral Exploration Development Co., Inc.

Thereafter, the Corporation has been engaged in investment holding activities. It does not produce or sell any product, or render any service. At present, its investment portfolio is comprised of holdings in

companies involved in financial services and the operation of exhibition halls and conference facilities for trade development.

In 2005, Citivest divested a portion of its shareholdings in the Corporation thereby reducing its equity stake to approximately 46%.

In 2018, following the equity restructuring and recapitalization plan implemented during the year and the issuance of new shares, Bonham Strand Investments Ltd. (BSIL) acquired 69.67% ownership over the Corporation. BSIL is an entity engaged in investment holding and registered in the British Virgin Islands. As a result of dilution, the equity stake of Citivest declined to 10.20%.

In May 2022, in view of the change of control resulting from BSIL's acquisition of 69.67% ownership of the Corporation in 2018, the Securities and Exchange Commission (SEC) directed BSIL to conduct a Mandatory Tender Offer to minority shareholders in accordance with the provisions of Rule 19 of the Securities Regulation Code.

BSIL dutifully complied with the said SEC directive and, on December 21, 2022, the Company filed its Final Tender Offer Report with the SEC and the Philippine Stock Exchange. As a result of BSIL's acquisition thereunder of 242,000 MED shares tendered by a minority shareholder, BSIL's ownership in the Corporation increased to 69.68%.

Details of the affiliated companies and their activities as at December 31, 2023 are as follows:

<u>Name</u>	<u>Place of incorporation</u>	<u>Fully paid-up common share capital</u>	<u>Percentage of direct equity ownership of MHI</u>	<u>Principal Activities</u>
Export & Industry Bank, Inc (In receivership)	Philippines	₱4,734,452,540	2.45%	Commercial banking
Manila Exposition Complex, Inc.	Philippines	₱165,000,000	18.18%	Exhibition hall operation

Export & Industry Bank, Inc. ("Exportbank") (In receivership)

Exportbank was engaged in the business of commercial banking and of trust and funds management, and exercised all the powers of a commercial bank, trust company, and a corporation in general, as provided for under the General Banking Act, as amended, the rules and regulations of the Bangko Sentral ng Pilipinas, the Corporation Code of the Philippines and other applicable laws.

On April 26, 2012, the Monetary Board in its Resolution No. 686 decided to prohibit Export and Industry Bank, Inc. from doing business in the Philippines and to place its assets and affairs under receivership pursuant to Section 30 of the Republic Act (R.A) No. 7653 (the New Central Bank Act). The Philippine Deposit Insurance Corporation was designated as Receiver of the said commercial bank.

Other Affiliate

Manila Exposition Complex, Inc. (MEC) is not a significant affiliate of the Corporation.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

1. External Audit Fees and Services

Please refer to the discussion in Item 7 of the 20-IS.

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Please refer to the discussion in Item 7 of the 20-IS.

COMPLIANCE ON THE CORPORATE GOVERNANCE

- a. Evaluation System established by the Corporation to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

The Corporation has accomplished and submitted its Integrated Annual Corporate Governance Report ("I-ACGR") to the SEC. The Corporation reviews the specific policies and regulations on the I-ACGR and determines whether it fully complies with it. Any deviation is immediately discussed among the members of the management. As of this date, the Corporation has sufficiently complied with its Manual on Corporate Governance. There has been no deviation from the Manual on Corporate Governance. At the end of each fiscal year, the Corporation submits a certification of the attendance of its directors in meetings of the Board of Directors with such attendance having consistently complied with regulatory requirements.

- b. Measures being undertaken by the Corporation to fully comply with the adopted leading practices on good corporate governance.

To strictly observe and implement the provisions of its Manual of Corporate Governance, the following penalties are imposed, after notice and hearing, on the Corporation's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the Manual of Corporate Governance:

- In case of first violation, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of second violation.
- The duration of the suspension shall depend on the gravity of the violation.
- For third violation, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of the Manual of Corporate Governance by any member of the board of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

- c. Any deviation from the Corporation's Manual of Corporate Governance. Including a disclosure of the name and position of the persons involved and sanctions imposed on said individual.

As of this date, the Corporation has sufficiently complied with its Manual on Corporate Governance. There has been no deviation from the Manual on Corporate Governance.

- d. Any plan to improve corporate governance of the Corporation.

The Corporation accomplishes and submits its I-ACGR to the SEC annually. The Corporation reviews the specific policies and regulations on the I-ACGR and determines whether it fully complies with it. Any deviation is immediately discussed among the members of the management.

**MARKET PRICE AND DIVIDENDS ON THE
CORPORATION'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS**

(1) Market Information

The Corporation's common shares are listed and traded on the PSE.

The high and low price of such common shares for the first quarter of 2024 were as follows:

1st Quarter
High Low
P0.16 P0.09

The high and low prices for each quarter of 2023 were as follows:

<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
P0.22	P0.14	P0.16	P0.11	P0.13	P0.08	P0.12	P0.09

The high and low prices for each quarter of 2022 were as follows:

<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
P0.34	P0.28	P0.34	P0.25	P0.29	P0.20	P0.26	P0.15

The closing price of the Corporation's shares as of 12 April 2024, the latest practicable trading date, is 0.107.

(2) Holders

Based on the records of the Corporation's stock transfer office, Philippine Stock Transfer, Inc., as at 29 February 2024 there were 671 holders of the common stock of the Corporation. Below are the names of the top 20 shareholders and the number of shares and the percentage of total shares outstanding held by each stockholder.

	Name	No. of Shares Held	% of Total
1.	Bonham Strand Investment Ltd.	2,201,421,241	69.68%
2.	PCD Nominee Corp. - Filipino	323,429,966	10.24%
3.	Citivist Asia Limited	322,314,874	10.20%
4.	Xu Hanjiang	258,113,200	8.17%
5.	Suncentury Asia Limited	34,500,000	1.09%
6.	PCD Nominee Corp. - Foreign	16,889,190	0.53%
7.	Gatchalian, Rexlon	1,000,000	0.03%
8.	Lo, Eduardo	394,000	0.01%
9.	Solar Securities, Inc.	285,000	negligible
10.	Ibardolaza, Marita	100,000	negligible
11.	Chong, Lilian	50,000	negligible
12.	Bautista, Emmanuel T. &/or Bernardita P. Bautista	40,000	negligible
13.	Uy, Arturo &/or Arnel Uy	40,000	negligible
14.	Cua, Henry	20,000	negligible
15.	Libertad Development Corp.	20,000	negligible
16.	Ong, Lyn	20,000	negligible
17.	Ramos, Angela	20,000	negligible
18.	Avis, Jose T.	19,000	negligible
19.	Cua, Bernice Yang	10,011	negligible
20.	Banda, Jovita L.	10,000	negligible
	Dy, Aurora	10,000	negligible

	Gili, Guillermo Jr.	10,000	negligible
	Guevarra, Anna Giorgina Arroyo	10,000	negligible
	Jacinto, Robert	10,000	negligible
	Marquez, Mary Joan G.	10,000	negligible
	Ng Siok Go	10,000	negligible
	Osi, Avelino	10,000	negligible
	Reambillo, Ma. Leonora	10,000	negligible
	Tan Cheng Leng	10,000	negligible

As at 29 February 2024, the number of shares held by the public was 635,535,315 shares and the public ownership level of the Corporation is at 20.12%.

(3) Dividends

No cash dividends have been declared by the Corporation on its common stock for the last 10 years. The Corporation Code of the Philippines provides that dividends may only be declared out of unrestricted retained earnings. As of December 31, 2023, the Corporation has a Retained Earnings Deficit of (P303,552,866) which restricts the Corporation from declaring dividends.

The directors will consider dividend payments after taking into account such factors as the Corporation's cash flow, future expansion plans and prevailing bank interest rates.

(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There were no sales of any unregistered securities of the Corporation within the past three years.