

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS  
OF  
TOP FRONTIER INVESTMENT HOLDINGS, INC.**

Held at 2<sup>nd</sup> Floor, Executive Dining Room, San Miguel Head Office Complex,  
No. 40 San Miguel Avenue, Mandaluyong City  
on July 14, 2016

**PRESENT:**

<u>Name</u>	No. of Shares	
	<u>Common</u>	<u>Preferred</u>
IÑIGO U. ZOBEL	199,601,417	
MASTER YEAR LIMITED (By Proxy)	49,799,800	
PRIVADO HOLDINGS, CORP. (By Proxy)	36,814,051	
SAN MIGUEL CORPORATION (By Proxy)	2,561,031	1,904,540
RAMON S. ANG	100	
FERDINAND K. CONSTANTINO	100	
AURORA T. CALDERON	2,360	
NELLY A. FAVIS-VILLAFUERTE	100	
CONSUELO M. YNARES-SANTIAGO	100	
MINITA V. CHICO-NAZARIO	100	
Others	8,173,640	

Total Number of Shares Present - Common - 296,952,799 (89.21%)  
 - Preferred - 1,904,540 (100%)  
 - Total - 298,857,339 (89.27%)

Total Number of Shares Issued and Outstanding - Common - 332,886,167  
 - Preferred - 1,904,540  
 - Total - 334,790,707

**1. CALL TO ORDER**

Mr. Iñigo U. Zobel, the Chairman of the Board, called the meeting to order and presided over the same. After the singing of the National Anthem, Mr. Ferdinand K. Constantino led the invocation.

**2. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, Atty. Virgilio S. Jacinto, certified that notices to the shareholders were duly sent. He certified that there are present in person or by proxy, stockholders owning and/or representing approximately 89.21% of the outstanding common shares, and 100% of the outstanding preferred shares, for a total of approximately 89.27% of the outstanding capital stock of the Company.

Atty. Jacinto stated, for the record, that proxies executed by stockholders owning and/or representing 88.68% of the outstanding common and preferred shares of the Company have been issued in favor of the Chairman of the meeting authorizing him to vote for the approval of all corporate actions to be submitted in the meeting pursuant to the agenda circulated to the stockholders.

### **3. APPROVAL OF PREVIOUS MEETING MINUTES**

Upon motion duly made and seconded, the stockholders approved the following resolution:

**Stockholders Resolution No. 2016-07-14-01**  
***Approval of the Minutes of the Annual Stockholders'***  
***Meeting held on 09 July 2015***

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“RESOLVED, as it is hereby resolved, that the stockholders approve the Minutes of the Annual Stockholders’ Meeting held on 09 July 2015.”

### **4. APPROVAL OF ANNUAL REPORT**

Mr. Zobel rendered the Chairman’s report. A copy of the report is attached hereto as Annex “A”.

Thereafter, Mr. Zobel opened the floor for questions from the stockholders.

A stockholder asked who the majority shareholders of the Company are. Mr. Zobel responded that the majority shareholders are himself, which holds 60%, Privado Holdings, Corp. and Master Year Limited, which hold 15% and 11% respectively. Mr. Zobel further added that the public holds 11.8% but the Company is open to increasing the public float in the future, subject to the prevailing market conditions.

Another stockholder inquired when they can expect regular dividends for common shareholders. Mr. Zobel replied that the Company will declare dividends when the unrestricted retained earnings and cash flows are sufficient.

In response to the query posted by a stockholder on what makes Clariden Holdings, Inc. (“Clariden”) attractive as a mining company, Mr. Zobel replied that there is a lot of growth potential in the mining business of Clariden considering its diverse portfolio of high quality mineral properties that are located in mineral producing districts in the Philippines.

As a follow-up question on Clariden, a stockholder asked how the mining operations of Clariden will be affected by the new administration which has been vocal about its strict mining policies and strict scrutiny of new applications. Mr. Ang, the President and Chief Executive Officer, responded that the mining companies under Clariden have existing and valid Mineral Production Sharing Agreements and other mineral rights thus, will not be affected by the directive of the new administration as the same pertains to new applications.

There being no questions from the stockholders, upon motion duly made and seconded, and there being no objections, the stockholders unanimously resolved to close the open forum and approve the following resolution:

**Stockholders Resolution No. 2016-07-14-02**  
**Approval of the Annual Report of the Company**

“RESOLVED, as it is hereby resolved, that the stockholders approve and ratify the Annual Report of the Company, as presented.”

**5. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS**

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolution:

**Stockholders Resolution No. 2016-07-14-03**  
**Ratification of All Acts of the Board of Directors and Corporate Officers**

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on 09 July 2015 until today, 14 July 2016, as set forth in the minutes of the meetings of the Board of Directors be, as they hereby are, approved, confirmed and ratified.”

**6. APPOINTMENT OF EXTERNAL AUDITORS**

The Chairman proceeded to the nomination for the position of external auditors of the Company for fiscal year 2016. The Chairperson of the Audit Committee, Justice Minita V. Chico-Nazario, reported to the stockholders that the Audit Committee, after evaluation, recommends the appointment of the accounting firm of R.G. Manabat & Co. as the external auditors of the Company for the fiscal year 2016.

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolution:

**Stockholders Resolution No. 2016-07-14-04**  
**Appointment of External Auditors**

“RESOLVED, as it is hereby resolved, that R. G. Manabat & Co. be, as they hereby are, appointed as the external auditors of the Company for the fiscal year 2016.”

**7. ELECTION OF DIRECTORS**

The Corporate Secretary, upon request of the Chairman, presented to the stockholders the names of the nominees for election to the Board of Directors:

1. Iñigo U. Zobel
2. Ramon S. Ang
3. Ferdinand K. Constantino

4. Aurora T. Calderon
5. Nelly A. Favis-Villafuerte
6. Consuelo M. Ynares-Santiago - Independent Director
7. Minita V. Chico-Nazario - Independent Director

The Chairman explained that the Information Statement circulated to the stockholders provided the names of the nominees for election as independent directors of the Board of Directors, in accordance with the mandatory requirements of the Securities and Exchange Commission. They are Directors Consuelo M. Ynares-Santiago and Minita V. Chico-Nazario.

A stockholder moved to dispense with the balloting for the election of directors considering that the number of directors to be elected is seven (7) and there are only seven (7) nominees. It was further moved that all the seven (7) nominees be unanimously elected as directors of the Company for the ensuing year, until their successors are elected and qualified, and that the votes of the stockholders present and represented by proxies be distributed and recorded accordingly.

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolution:

**Stockholders Resolution No. 2016-07-14-05**  
**Election of Directors**

“**RESOLVED**, that the following be, as they hereby are, elected as members of the Board of Directors of the Company, to serve as such for the ensuing year, until their successors are duly elected and qualified:

1. Iñigo U. Zobel
2. Ramon S. Ang
3. Ferdinand K. Constantino
4. Aurora T. Calderon
5. Nelly A. Favis-Villafuerte
6. Consuelo M. Ynares-Santiago - Independent Director
7. Minita V. Chico-Nazario - Independent Director”

The Chairman, on behalf of Management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

**8. ADJOURNMENT**

There being no other matters to be discussed, the meeting was adjourned upon motion duly made and seconded. The Chairman thanked all stockholders present for attending the 2016 Annual Stockholders Meeting of the Company.

**ATTEST:**

**IÑIGO U. ZOBEL**  
Chairman

**VIRGILIO S. JACINTO**  
Corporate Secretary

## **TOP FRONTIER INVESTMENT HOLDINGS, INC.**

**Annual Stockholders Meeting**

**Chairman's Report**

**14 July 2016**

Fellow stockholders, employees, ladies and gentlemen, good afternoon.

### **FINANCIAL PERFORMANCE**

Top Frontier delivered a strong financial performance in 2015 amid a challenging business environment. This is reflective of the performance of San Miguel Corporation, its major subsidiary. The volatility in world crude prices affected Petron's revenues while currency movements put pressure on profits. Scheduled maintenance shutdowns of critical power plants also dampened volumes and revenues of SMC Global Power. In aggregate, the above caused a 13% decline in revenues against last year, to P673.9 billion.

However, the advantage of San Miguel having a diversified and balanced business portfolio was clearly reflected in last year's performance.

Our food, beverage and packaging businesses continued to deliver stable revenues and income. This was complemented by the consolidation of SLEX and Skyway, the first fully commercially operating businesses from our infrastructure portfolio.

As a result, operating income for the year grew 43% to P75.6 billion. Consolidated net income, excluding the effects of foreign exchange translation reached P36.7 billion, up 27% from the previous year. Consolidated EBITDA also surged 24% to P109 billion.

### **UNIQUE BUSINESS MIX**

Investing in good companies and being in good industries is the framework of San Miguel's growth strategy which commenced about 8 years ago. Since then, San Miguel's transformation is short of phenomenal. For 2015, the new businesses---Petron, Power and Infrastructure--- already contributed 59% of consolidated operating income versus 52% in 2014. This trend of increasing contribution from the new businesses is expected to continue as Petron optimizes the benefits of its RMP2 project, new infrastructure businesses like TPLEX and NAIAX reaching commercial operation and new power plants coming on stream.

### **FUTURE GROWTH**

Investments will continue for both our core and new businesses to ensure a sustainable level of growth. Among the major projects in the pipeline are as follows;

- Expansion by the Food Group of around P50 billion in the next 5 years to put more focus on its higher-margin branded business. This includes flour and feed mills and poultry processing and processed meats facilities, among others.
- Skyway Stage 3 which is an elevated highway that will connect NLEX and SLEX. Construction is on-going and completion is targeted by end 2017
- New merchant power plants of 900MW capacity of which 600MW should be operational within 2016 and 300MW in 2017. Furthermore, we have recently signed a joint venture with Meralco for another 600MW to be built in Mariveles, Bataan.

- Preparation for the construction of SLEX TR4 project. This will extend SLEX all the way to Lucena City, an estimated 58 km expressway.
- Recently, MRT7 has broken ground. This is a 44-kilometer rail and road project from SM North EDSA to San Jose del Monte, Bulacan.

## **MINING PROJECTS**

The other primary business of Top Frontier is mining. Among the assets it now owns, thru its 100%-owned subsidiary, Clariden Holdings, Inc., are the Nonoc nickel mining project in Surigao and some gold and copper mines in Mt. Cadig, Bango and North Davao.

On-going activities are mainly exploration and rehabilitation of mine site facilities in preparation for future operations. In parallel, Clariden implements community development programs in support of environmental protection and management, safety and health, and other social development activities for its host communities.

Your company had a good start for 2016 with a first quarter net income of P14.6 billion, a 138% jump over last year. Operating income reached P22.1 billion, a 40% growth contributed across all businesses of San Miguel. With the strong recovery of Petron and the full consolidation of SLEX and Skyway under Infrastructure, the share of the new businesses to operating income reached 66%, from 59% in full year of 2015.

On behalf of our President and the management, we thank you, our fellow stockholders, for your continued support.