

**DRAFT**  
FOR APPROVAL of STOCKHOLDERS

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF

**JOLLIVILLE HOLDINGS CORPORATION**

Held on 29 June 2016 at 3:00 p.m.  
20 Lansbergh Place  
Tomas Morato Avenue corner Scout Castor Street.

|  |             |
|--|-------------|
| TOTAL NUMBER OF SHARES OUTSTANDING                                 | 281,500,000 |
| TOTAL NUMBER OF SHARES PRESENT/REPRESENTED<br>AND ENTITLED TO VOTE | 218,029,495 |

Before the start of the meeting, the following members of the Board of Directors present were introduced:

JOLLY L. TING  
NANETTE T. ONGCARRANCEJA  
ORTRUD T. YAO  
SERGIO R. ORTIZ-LUIS  
DEXTER E. QUINTANA

**CALL TO ORDER**

The Chairman of the Board, Mr. Jolly Ting, called the meeting to order and presided over the same. The Corporate Secretary, Ms. Anna Francesca C. Respicio, recorded the minutes of the proceedings.

**CERTIFICATION OF NOTICE AND QUORUM**

The Secretary certified that, based on the certification provided by the Corporation's personnel, the courier service engaged by the Corporation, notices of the meeting were sent to all shareholders of record as of 6 June 2016 in accordance with the provisions of the By-Laws. The Chairman instructed the Secretary to append the Certificate attesting to the mailing of notices to the original Minutes of the Meeting.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of Two Hundred Eighty One Million Five Hundred Thousand (281,500,000) shares of the total outstanding capital stock of the Corporation, Two Hundred Fourteen Million Seven Hundred Eighty Eight Thousand Nine Hundred Ninety One (214,788,991) shares were represented by proxy and Three Million Two Hundred Forty Thousand Five Hundred Four (3,240,504) shares were present in person, or a total of Two Hundred Eighteen Million Twenty Nine Thousand Four Hundred Ninety Five (218,029,495) present in person or by proxy representing an attendance of 77.45% of the total outstanding capital stock of the Corporation. Accordingly, the Secretary certified that a quorum existed for the transaction of business at hand.

**APPROVAL OF THE MINUTES OF THE  
LAST STOCKHOLDERS' MEETING**

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 24 June 2015 was dispensed with and the same was approved as circulated. Meanwhile, the Chairman opened the floor for questions about the Minutes of the 2015 Annual Stockholders' Meeting but none were raised.

The Minutes of the said meeting was thereafter approved, as circulated:

| AGENDA ITEM  | VOTES IN FAVOR | VOTES AGAINST | ABSTAIN |
|--|----------------|---------------|---------|
| Approval of Minutes of the<br>Previous Meeting of Stockholders | 218,029,495    | 0             | 0       |

## FOR APPROVAL of STOCKHOLDERS

The following resolution was thereafter passed:

“**RESOLVED**, that the Minutes of the Annual Meeting of the Stockholders of **JOLLIVILLE HOLDINGS CORPORATION** held on June 24, 2015 is hereby approved.”

### **2015 REPORT ON OPERATIONS AND RESULTS**

#### *Chairman's Report*

The Chairman then gave a brief overview of the the Corporation's performance for the year 2015. He reported that 2015 was a year of mixed results for operations. Water and leasing segments remained strong while we encountered difficulties with the power generation business. Nevertheless, the Corporation posted a very strong year end result, with Net Income increasing by 204%, in large part due to our real estate properties reflecting a PhP176.7 million fair market value growth.

Water operations through Calapan Water remained stable, posting a 4% increase in revenues. MAWI, on the other hand, completed construction of the new water system in Agoo, La Union.

The first quarter of this year 2016, however, remains challenging.

The power generation business, ORMECO's off take from Ormin Power's Diesel plant fell by 9%, resulting in lower than projected power sales. This was further exacerbated by Typhoon Nona which toppled majority of the power lines and disconnected many households off the system. Moreover, the typhoon disrupted the ongoing construction at our Inabasan Mini Hydro power plant, pushing back our construction timeline for another 9 months.

In Tabuk as well, we have been experiencing some challenges with connections declining due to the unreliability of water supply starting last year. The local government unit, who owns the system that we maintain, has been reluctant to spend for necessary replacements of critical assets such as water pumps. As a result, Tabuk's water service has suffered.

Management is now concentrating our efforts to overcome these complications, and we also have some good news in other areas.

With respect to the water sector, MAWI is now fully operational and has garnered 1,386 applications for water service and has connected over 815 subscribers to date.

The Chairman thanked the Board of Directors for their valuable guidance and the shareholders for their continued trust and support in the management.

At the request of the Chairman, the Chief Financial Officer, Ms. Ortrud T. Yao, presented the following Report on the Corporation's Operations and Results for 2015.

#### *Financial Report*

##### ***Overall Performance***

2015 was a year of mixed results for Jolliville Holdings and subsidiaries. Traditional business of management and leasing performed to expectations while the power business fell short of the targets. Typhoon Nona, which struck Oriental Mindoro last December 2015 also affected and continue to affect our power operations and construction of our Inabasan mini hydro power plant.

The utility businesses, on the other hand, continue to grow and the construction of a new water system for the Municipality of Agoo has been completed. Last February 2, 2016, it had commenced commercial operations and residents of the town eagerly

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welcomed potable water flowing from their taps.

On the property and investment front, JOH acquired 51% of a newly incorporated company, Buyayao Island Resort Corporation which will be undertaking tourism projects. Various property assets in the Corporation's landbanking portfolio significantly appreciated in fair market value terms in 2015.

Each of business segment contribute significantly to the overall financial performance of JOH. For 2015, 54% of Revenues came from power generation, followed by 31% from our water business. BPO or Technical services contributed 6% and Leasing, 9%.

The utility businesses contribute bulk or 80% of net income, but BPO business and Leasing activities, despite their smaller percentage contribution in Revenues, contribute 20% to the overall profitability of JOH.

### ***Jollville Holdings Corporation***

Gross income for the year 2015 and the first quarter of 2016. Gross income dropped by 5.4% and closed at 264.8 million last year. The main reason behind this decline is the lower than expected energy offtake by ORMECO, leaving the power plant operating at less than ideal capacity. For the first quarter of 2016, gross income stayed relatively flat and closed at 65.7 million as improvement in water sales offset lower power sales.

Operating income for the year 2015 decreased by 15.5% to 143.7 million. While operating income from the water and leasing sectors improved, lower power sales exacerbated by higher operational expenses for the service segments offset these gains. For the first quarter of the year, operating income decreased by 9.4% to Php37.7M for the same reasons.

For year end 2015, appraisal for the Group's investment properties reflected a fair market value appreciation of P176.7 million. This led net income to close at 264.8 million, up 104.1%. For the quarter, however, net income posted 18.9% lower compared to the same period last year. The drop is due to lower power sales and higher operating costs.

As to consolidated financial ratios, current ratio fell to 0.64 compared to 1.06 due to increased short term borrowings for working capital purposes. Debt to Equity Ratio increased, but was kept at healthy levels at 1.52. Net Profit Margin stayed at 22% while our Return on Equity improved to 19%.

### ***Ormin Power, Inc. (OPI)***

The Corporation's Power Supply Agreement with ORMECO states that ORMECO must purchase 45,600,000 kwhrs of power from OPI. In 2014, ORMECO purchased more than expected and OPI supplied them with 47,581,968 kwhrs of power. In the year 2015, ORMECO only purchased 43,365,420 kwhrs, or 4.9% short of what was contracted. The main reason for this lower-than-expected energy offtake is a disagreement in dispatch protocol. ORMECO allotted proportional offtake among its power producers, which in our position, should not be the case. Management's stand is that power should be distributed according to priority dispatch. As a result, Power Revenues decreased to Php350.8 million in 2015, or a drop of 30.1%. Net Income for 2015 decreased by 26.6% to end at Php32.8 Million from 44.7 million the year prior.

For the 1<sup>st</sup> quarter of 2016, lower energy off take remains to be a continuing concern, this time due to after effects of Typhoon Nona. The typhoon, which devastated Oriental Mindoro last December 2015, disrupted power distribution in the province. Despite power supply being available, majority of the power lines were damaged leading to province-wide black outs. Power offtake has been 21.3% lower than expected. As a result, there was a 22.6% drop in power revenues, from 78.6 million for the first quarter of 2015 to only 60.8 million for the first quarter of 2016. Net

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income for the same period dropped by 44.5%, for the same reasons and as interest costs from short term and long term borrowings are incurred.

### ***Philippine H2O Ventures Corporation (H2O)***

To recall, Philippine H2O is the parent company while its operating subsidiary Calapan Waterworks operates the water system for both Calapan and Tabuk cities under two separate divisions. Metro Agoo Waterworks Inc. (MAWI), on the other hand, is a subsidiary of Calapan Water and operates the new water facility in the Municipality of Agoo.

In Calapan, new connections were realized during the 2<sup>nd</sup> half of the 2015, coinciding with the completion of system looping that connected 2 new barangays into the system. Connections in Tabuk, stayed relatively flat. We ended the year with a total 15,424 connections for both cities compared to 14,557 connections the year prior, up 6% year on year. For the first quarter of the year, total subscribers are at 15,745 with Calapan gaining 118 new subscribers and Tabuk losing some 174 subscribers. MAWI, on the other hand, is at a good start with 377 new subscribers since operating in February of this year.

In Tabuk, the declining subscriber base is due to the deteriorating state of the LGU owned water system. While we are responsible for operating and maintaining the water system in the city, the LGU has not been able to allocate a budget for capital improvements needed for their water system. Depreciated water pumps, for example, have not been replaced leading to unreliable water supply. This has left our Tabuk operations in a difficult situation where customers would rather disconnect from the water system. While this remains as a continuing concern, Management is closely monitoring with the Tabuk LGU and are hopeful that funds will be allocated for this purpose.

Non Revenue Water, or NRW for Calapan City for the year 2015 decreased by 3% from 2014 levels and is now at 24%. The improvement in NRW for Calapan City was due to the replacement of old pipes and effectiveness of our leak detection program. For Tabuk City, NRW also decreased by 3.5% to 28.5% for the year 2015. Revenues in 2015 increased by 4.3% due to additional service connections achieved in Calapan City. Revenues reached 196.8 million pesos compared to 188.6 million pesos in 2014. Net income was 33.2M for 2015, growing by 6.1% year on year. Net Income growth outpaced Revenue growth, as the company successfully controlled operating expenses and reduced financial costs. Water revenues increased from last year's first quarter figures, ending at 51.6 million pesos, up 15.1 percent. Net income significantly improved and is up 12% at 12M due to better results of our Calapan operations.

### ***Company's 2016 Outlook***

For the power business, Management expects operations to improve as the power distribution network of ORMECO is now fully restored. Power off take by ORMECO has improved since May. However, Management expects project completion delay for the Inabasan Mini Hydro Power Plant due to the effects of Typhoon Nona and now, La Nina.

For the Company's traditional business of leasing and management services, we can expect steady growth and development.

With regard to the water operations business, Management is very optimistic about its growth prospects. In Calapan City, efforts in continually building capacity to that the Company can connect a subdivision with 3,000 households. For MAWI, it is on track with its goal of attaining a critical mass of at least 3,000 subscribers within the first year of operations.

Overall, Management expects 2016 to be a challenging year for JOH and its subsidiaries but remain optimistic that the goals are within reach.

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Thereafter, the Chairman opened the floor for questions to be raised on the report on the Corporation's operations. No questions, however, were raised by the shareholders present on the reports on the Corporation's operations and its Audited Financial Statements. No questions having been raised, the President's Report for the year ended December 31, 2015 together with the Audited Financial Statements for the Fiscal Year ended December 31, 2015, upon motion duly made and seconded, were approved:

| <b>AGENDA ITEM</b>                      | <b>VOTES IN FAVOR</b> | <b>VOTES AGAINST</b> | <b>ABSTAIN</b> |
|---|-----------------------|----------------------|----------------|
| Approval of 2015 Operations and Results | 218,029,495           | 0                    | 0              |

The following resolution was likewise approved:

“RESOLVED, that the Reports by the Chairman and Chief Financial Officer on **JOLLIVILLE HOLDINGS CORPORATION**'s Operations and Results for 2015, together with the Audited Financial Statements for the year ended December 31, 2015, be approved.”

### **RATIFICATION OF CORPORATE ACTS**

The next item in the agenda was the ratification of the corporate acts.

After the motion to confirm, ratify, and approve all the acts of the Board of Directors and Officers of the Corporation from the date of the last meeting up to date of the present meeting was duly made and seconded; the Chairman opened the floor for issues to be taken up pertaining to the ratification of all corporate acts. No questions or issues, however, were raised about the corporate acts. Accordingly, motion was then approved as follows:

| <b>AGENDA ITEM</b>   | <b>VOTES IN FAVOR</b> | <b>VOTES AGAINST</b> | <b>ABSTAIN</b> |
|--|-----------------------|----------------------|----------------|
| Ratification of all acts of the Board of Directors and Officers from the date of the last meeting up to the date of the present meeting. | 218,029,495           | 0                    | 0              |

The following resolution was likewise approved:

“RESOLVED, that all acts of the Board of Directors and Officers of **JOLLIVILLE HOLDINGS CORPORATION** from the date of the last meeting of the shareholders on June 24, 2015 up to the date of this meeting, are hereby confirmed, ratified and approved.”

### **ELECTION OF DIRECTORS**

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year. He noted that the profiles of those nominated for election as members of the Board were included in the Company's Information Statement as well as in the Annual Report. The information included their age, nationality, qualifications, dates of first appointment and other directorships in publicly-listed companies.

After their nominations were duly made and seconded from the floor, and based on the results of voting, the following persons were elected as members of the Board of Directors of the Corporation for the year 2016-2017 after receiving the votes indicated opposite their names:

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| <b>ELECTION OF DIRECTORS</b> | <b>VOTES IN FAVOR</b> | <b>VOTES AGAINST</b> | <b>ABSTAIN</b> |
|------------------------------|-----------------------|----------------------|----------------|
| Jolly L. Ting                | 218,029,495           | 0                    | 0              |
| Nanette T. Ongcarranceja     | 218,029,495           | 0                    | 0              |
| Ortrud T. Yao                | 218,029,495           | 0                    | 0              |
| Melody T. Lancaster          | 218,029,495           | 0                    | 0              |
| Rodolfo L. See               | 218,029,495           | 0                    | 0              |
| Dexter E. Quintana           | 218,029,495           | 0                    | 0              |
| Sergio R. Ortiz-Luiz         | 218,029,495           | 0                    | 0              |

Messrs. Quintana and Ortiz-Luis were elected to serve as the Corporation's Independent Directors.

**APPOINTMENT OF EXTERNAL AUDITOR**

The Body next considered the appointment of the Corporation's external auditors for Year 2016-2017. The Chairman of the Audit Committee, Mr. Dexter E. Quintana, announced that the Corporation's Audit Committee has recommended, and the Board of Directors has endorsed for the consideration of the shareholders, the re-appointment of Constantino Guadalquivier & Co. as the Corporation's external auditor for Year 2016-2017.

No questions or objections having been raised by the shareholders present despite opportunity having been given by the Chairman, the proposal to re-appoint Constantino Guadalquivier & Co. as the Corporation's external auditor for Year 2016-2017 was approved by the shareholders as follows based on the results of voting:

| <b>AGENDA ITEM</b>   | <b>VOTES IN FAVOR</b> | <b>VOTES AGAINST</b> | <b>ABSTAIN</b> |
|--|-----------------------|----------------------|----------------|
| Appointment of Constantino Guadalquivier & Co. as External Auditor for 2016-2017 | 218,029,495           |                      | 0              |

The following resolution was likewise approved:

“RESOLVED, that Constantino Guadalquivier & Co. be re-appointed as the external auditor of **JOLLIVILLE HOLDINGS CORPORATION** for Year 2016-2017.”

**OTHER MATTERS**

There were no other matters taken up during the meeting.

**ADJOURNMENT**

There being no other business to transact, the meeting was thereupon adjourned.

Attested:

**JOLLY L. TING**  
Chairman

**ANNA FRANCESCA C. RESPICIO**  
Corporate Secretary