

**MINUTES OF THE ANNUAL STOCKHOLDERS’ MEETING OF LT GROUP, INC. HELD
ON MAY 7, 2019 AT THE KACHINA ROOM, CENTURY PARK HOTEL AT 10:00 A.M.**

STOCKHOLDERS:

In Person	41,809 shares	0.000%
By Proxy	8,365,125,489 shares	77.77%
	8,365,167,298 shares	77.77%

PRESENT:

LUCIO C. TAN	-	CHAIRMAN
CARMEN K. TAN	-	DIRECTOR
HARRY C. TAN	-	DIRECTOR
LUCIO K. TAN, JR.	-	DIRECTOR
MICHAEL G. TAN	-	DIRECTOR/PRESIDENT
VIVIENNE K. TAN	-	DIRECTOR
JUANITA T. TAN LEE	-	DIRECTOR/TREASURER
JOHNIP G. CUA	-	INDEPENDENT DIRECTOR
WILFRIDO E. SANCHEZ	-	INDEPENDENT DIRECTOR
FLORENCIA G. TARRIELA	-	INDEPENDENT DIRECTOR

ABSENT:

MARY G. NG	-	INDEPENDENT DIRECTOR
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I. CALL TO ORDER

The Chairman, Dr. Lucio C. Tan, called the meeting to order and requested the President, Mr. Michael G. Tan to preside over the rest of the meeting.

II. PROOF OF THE REQUIRED NOTICE OF THE MEETING

Mr. Michael G. Tan inquired if the required notices of the meeting had been sent to the stockholders. The Corporate Secretary, Ms. Ma. Cecilia L. Pesayco, certified that proper notices of the meeting had been sent to all stockholders of record as early as April 2, 2019 or more than thirty-five (35) days, in full compliance with Rule 20 of the Securities Regulation Code that requires written notice of the meeting be sent to all stockholders of record at least twenty-eight (28) days prior to the date of the meeting. The Corporate Secretary therefore certify that notices for this meeting were duly sent.

III. PROOF OF PRESENCE OF QUORUM

The Corporate Secretary certified that there were present in person or by proxy, a total of 8,365,167,298 shares, or 77.77% of the Company’s 10,821,388,889 total issued and outstanding shares, thus a quorum existed for the valid transaction of business that may properly come before the body.

CHAIRMAN’S MESSAGE

Before going further with the item in the Agenda, the President requested the Chairman to say a few words.

IV. APPROVAL OF THE MINUTES OF THE 2018 ANNUAL STOCKHOLDERS' MEETING HELD ON MAY 8, 2018

The next item in the agenda was the reading and approval of the minutes of the previous Annual Stockholders' Meeting held on May 8, 2018. The matters discussed in the previous meeting were summarized in the Information Statement distributed to all stockholders.

Upon motion duly made and seconded, the reading of the Minutes of the Annual Stockholders' Meeting held on May 8, 2018 was dispensed with and the Minutes of the said meeting, as appearing in the minutes book of the Company, was approved.

As reported by the Corporate Secretary, the votes on the motion for the approval of the Minutes are as follows:

	For	Against	Abstain
No. of Voted Shares	8,365,167,298	None	None
% of Shares Voted	100.00%	0.00%	0.00%

V. MANAGEMENT REPORT

The President, Mr. Michael G. Tan opened the floor for questions on the Management Report which was included in the Information Statement that was distributed to all stockholders. There being no questions, the Chairman Mr. Lucio C. Tan delivered a short message to the stockholders. Thereafter, the President presented his report.

The President started his report with the 2018 Philippines' GDP growth, expanding by 6.2%, although slower than 2017's 6.7% growth. In 2018, the consumers had to cope with higher prices as inflation averaged 5.2% compared to 2017's 2.9%. Inflation reached a peak of 6.7% in September and October before it started decelerating in November. The higher inflation was primarily brought about by higher food prices specifically rice, and higher oil prices. The Philippines' strong economy continued to support the demand for our different products and services. Consumer spending remained healthy with Household Consumption Expenditure rising by 5.6%, supported by the 3.1% growth in OFW remittances and the over 1.2 million employees of the IT-BPO industry.

For LT Group, Inc., 2018 was a milestone with earnings reaching an all-time high of Php16.2Billion. The record earnings were primarily due to the Company's share from the tobacco business which has gone back to historical levels as the current Government's actions versus the illicit trade has enabled us to operate in a level playing field again. It has been a journey since 2013 when the Company had the public offering early in the year and started grappling with unfair competition from the illicit trade in tobacco as the implementation of Republic Act No. 10351 significantly raised excise taxes. From a share of close to Php7Billion from the tobacco business in 2012, the Company struggled with the unfavorable environment, exacerbated by government inaction. Illicit products were sold at prices that were even below tax and as the Company matched the prices, it booked losses in the second half of 2014. It was finally able to get relief with the current administration's clampdown on the illicit trade in 2017.

The Company reported an improved performance over all its segments which boosted earnings for 2018. The tobacco business (PMFTC) contributed Php8.72Billion

or 54% of total attributable income, followed by Philippine National Bank (PNB) with PhP5.47Billion or 33%. Tanduay (TDI) accounted for PhP890Million or 5%, Eton Properties Philippines, Inc. (EPPI) added PhP479Million while Asia Brewery (ABI) provided PhP421Million, each accounting for 3% of total. The 30.9% stake in Victorias Milling Company, Inc. (VMC) added PhP247Million, or 2% of total income.

Mr. Tan also reported that the record profits enabled the Company to pay record dividends. The Board approved a regular cash dividend of PhP0.15 per share and a special cash dividend of PhP0.15 per share, for a total of PhP0.30 per share. The total dividend of PhP3.2Billion is equivalent to a 20% pay-out, which will be payable on May 9, 2019.

He then presented a video discussing each of the Operating Highlights of the Company's subsidiaries.

For Beverage, Cobra energy drink maintained dominant position with 75% market share. Vitamilk, the soymilk brand under an exclusive distributorship agreement with Green Spot had a market share of 76%. Absolute and Summit, the bottled water brands are expanding its bottled water facilities as strong demand continues. The brands have the second largest market share in the bottled water segment at 26% as of 2018. Creamy Delight now enjoys 35% market share. The beer and alcopop business is now handled by the joint venture with Heineken, the AB Heineken Philippines, Inc., which launched Tiger Beer, Tiger Crystal, and Tanduay Ice Vodka Apple. For Property and Development, the 5th BPO office-buildings in Eton Centris and Eton Square Ortigas are in full occupancy. Furthermore, ALI-Eton's Parklinks broke ground in January and launched its first condo in November. For Tobacco, its income is back to previous profitability level. Marlboro accounting for 48% of sales volume, likewise sales of Fortune increased as customers switched to Fortune from Jackpot. For Banking, PNB opened 19 branches in 2018, 4 of which are in BGC, 3 branch lite and 10 branches for PNB Savings. In total, PNB now has 711 branches nationwide. For Distilled Spirits, TDI began selling Embassy Whiskey.

2019 PROSPECTS

LT Group, Inc. (LTG) is gaining momentum as it looks toward the future. The Company is reaping the benefits of its hard work in the past and it expects the same from the investments that the Company is currently nurturing. In 2016, LTG forged new partnerships for a township development as well as for the beer and life insurance businesses. The Company continues to expand its partnership in the dairy business, while increasing the capacities of its other businesses and introducing new products. However, it will not be easy for the Company since it is operating in an even more competitive environment. The Government wants to increase further the excise tax for both tobacco products and alcoholic beverages. If passed into law, higher taxes would adversely affect volumes as these would translate to higher selling prices. The delay in the passing of the 2019 National Budget may slow down infrastructure spending which is helping provide jobs and more disposable income to consumers.

The tobacco business will remain as the main source of LTG's earnings. PMFTC will stay vigilant in its fight against illicit trading and will continue to work with Government. The Company is not against tax increases, however it believes that the hikes should be

in moderation as the continual price increases to pass on higher excise taxes may result in a further drop in industry volumes.

For PNB, the Company looks forward to the Bank growing its core income as a new era starts with the new President. In the past three years, substantial gains from the sale of foreclosed assets propped up earnings but before that, it was attributable to trading income. Going forward, the Company expects PNB to realize higher returns, create value for LTG, as well as contribute a bigger share to LTG's earnings

Liquor sales of TDI will be affected if excise taxes are substantially increased. The earnings of the Company will be augmented with bioethanol sales as it continues to take advantage of the Biofuels Law and as the prices of molasses remain competitive.

EPPI should be able to continue its growth momentum as more space is added to its leasing portfolio with the completion of its pipeline of projects. Its office buildings should continue to enjoy high occupancy rates as the Philippine IT-BPO industry grows. The country's IT-BPO employees likewise continued to move up the value chain despite the uncertainties from a possible change in tax incentives and the threat of artificial intelligence.

For ABI, the Company expects the demand for Cobra to stabilize as there is no further increase in the tax on sugary drinks. Also, the expansion of the Bottled water facilities will come on stream and support the healthy growth of this segment. The Company hopes for a positive contribution from the soymilk plant as most of the imported supply will now be produced locally.

After the President's report, and upon motion duly made and seconded, the Management Report, as reflected in the Annual Report, together with the financial statements for the period ending December 31, 2018, were noted and approved.

As reported by the Corporate Secretary, the votes on the motion for the approval of the Management Report are as follows:

	For	Against	Abstain
No. of Voted Shares	8,365,167,298	6,311,000	None
% of Shares Voted	99.93%	0.07%	0.00%

VI. **RATIFICATION OF ALL ACTS, DECISIONS, AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND OF THE MANAGEMENT**

The President then requested for the Stockholders' confirmation and ratification of all acts, resolutions, and investments of the Board of Directors and Management for the year 2018. A summary of the actions of the Board of Directors and Management for the year was contained in the Information Statement distributed to all stockholders. Upon motion duly made and seconded, the stockholders approved as follows:

STOCKHOLDERS RESOLUTION NO. 01 – 2019

“**RESOLVED**, that all resolutions approved by the Board of Directors and Acts of Management For The Year 2018 up to the present, be as they are hereby approved, confirmed and ratified, as if each of the resolutions

had been adopted with specific and special authorization by the stockholders' in a meeting duly convened and held. “

As reported by the Corporate Secretary, the votes on the motion for the approval of the Acts of Management For The Year 2018 and the adoption of Stockholders Resolution No. 01-2019 are as follows:

	For	Against	Abstain
No. of Voted Shares	8,365,167,298	6,311,000	None
% of Shares Voted	99.93%	0.07%	0.00%

VII. ELECTION OF DIRECTORS

The President then declared that the floor is open for the nomination of the Directors for the ensuing year. The Corporate Secretary reported that, the Nomination and Compensation Committee has approved the nomination of eleven (11) individuals as Directors of the Company for the year 2019-2020:

Lucio C. Tan
Carmen K. Tan
Harry C. Tan
Lucio K. Tan, Jr.
Michael G. Tan
Vivienne K. Tan
Juanita T. Tan Lee
Johnip G. Cua – Independent Director
Mary G. Ng – Independent Director
Wilfrido E. Sanchez – Independent Director
Florencia G. Tarriela – Independent Director

Mr. Johnip G. Cua, Ms. Mary G. Ng, Mr. Wilfrido E. Sanchez, and Ms. Florencia G. Tarriela were nominated as Independent Directors.

Thereafter, upon motion duly made and seconded, taking into consideration the voting instructions received through proxies submitted to the Office of the Corporate Secretary, the latter declared the eleven (11) nominees with the highest number of votes as follows:

Lucio C. Tan
Carmen K. Tan
Harry C. Tan
Lucio K. Tan, Jr.
Michael G. Tan
Vivienne K. Tan
Juanita T. Tan Lee
Johnip G. Cua – Independent Director
Mary G. Ng – Independent Director
Wilfrido E. Sanchez – Independent Director
Florencia G. Tarriela – Independent Director

As reported by the Corporate Secretary, the final votes received by the Nominees are as follows:

Nominees	For	Against	Abstain
Lucio C. Tan	8,306,641,849	58,525,449	None
% of Shares Voted	99.31%	0.69%	0.00%
Carmen K. Tan	8,350,032,611	15,134,687	None
% of Shares Voted	99.82%	0.18%	0.00%
Harry C. Tan	8,340,200,561	24,966,737	None
% of Shares Voted	99.71%	0.29%	0.00%
Lucio K. Tan, Jr.	8,318,972,122	46,195,176	None
% of Shares Voted	99.45%	0.55%	0.00%
Michael G. Tan	8,340,502,225	24,665,073	None
% of Shares Voted	99.71%	0.29%	0.00%
Vivienne K. Tan	8,337,715,012	27,452,286	None
% of Shares Voted	99.71%	0.29%	0.00%
Juanita T. Tan Lee	8,329,466,122	35,701,176	None
% of Shares Voted	99.58%	0.42%	0.00%
Johnip G. Cua	8,340,838,672	24,328,626	None
% of Shares Voted	99.71%	0.29%	0.00%
Mary G. Ng	8,337,715,012	27,452,286	None
% of Shares Voted	99.71%	0.29%	0.00%
Wilfrido E. Sanchez	8,365,167,298	None	None
% of Shares Voted	100.00%	0.00%	0.00%
Florencia G. Tarriela	8,365,167,298	None	None
% of Shares Voted	100.00%	0.00%	0.00%

VIII. REAPPOINTMENT OF EXTERNAL AUDITOR

The Audit and Risk Management Committee recommended the reappointment of the External Auditor, which is thereafter endorsed to the Board of Directors and presented to the stockholders for approval. The Committee evaluated several auditing firms taking into account the following criteria and the corresponding percentage allotment:

- 1) 30% is allotted for the audit plan, methodology and independence;
- 2) 10% for Industry / Sector expertise/ Global reach and integration;
- 3) 25% for Staffing/competencies of the Senior Partner and team members;
- 4) 15% for Effectiveness of the consultation process; and
- 5) 20% is allotted for Proposed audit fee for 2019

The Chairman of the Committee, Mr. Johnip G. Cua reported that, after careful deliberation, the Audit and Risk Management Committee has recommended and

endorsed the reappointment of SGV & Co. as External Auditor of the Company. The partner-in-charge of the Company's account is Mr. Martin C. Guantes who was appointed in 2016. There is therefore no need at this time to change the partner-in-charge of the Company's account. Upon motion duly made and seconded, the stockholders approved as follows:

STOCKHOLDERS RESOLUTION NO. 02 – 2019

“RESOLVED, That the Company be, as it is hereby, authorized to appoint SGV & Co. as the External Auditor for the year 2019-2020.”

As reported by the Corporate Secretary, the votes on the motion for the approval of the reappointment of SGV & Co. as External Auditor of the Company and the adoption of Stockholders Resolution No. 02-2019 are as follows:

	For	Against	Abstain
No. of Voted Shares	8,365,167,298	None	None
% of Shares Voted	100%	0.00%	0.00%

IX. OTHER MATTERS

Mr. Tan then opened the floor for any question, clarification, or comment that a stockholder may wish to ask. Mr. Steven Soliven, a stockholder, then raised the matter regarding the negative working capital of the Company which is close to almost double the number of its current liabilities. Mr. Soliven asked for an explanation or clarification as to why this is the case and suggested that the Deposit Liabilities, being the main reason for the negative working capital, be reclassified as Non-Current Liabilities.

Mr. Tan addressed the concerns of Mr. Soliven and explained to him that the Company's Financial Statements likewise include the results from the Bank hence, the variation in numbers. To clarify further and ensure that Mr. Soliven understood his explanation, Mr. Tan offered to discuss the matter with him after the meeting.

Thereafter, a stockholder, Mr. Sam Panoa, then asked about the NAIA consortium. He mentioned that he learned of the Company's acquisition of shares from Asia's Emerging Dragon Corporation (AEDC) and is concerned that AEDC may not once again be awarded of the project since in the early '90s, even while AEDC had submitted an unsolicited proposal to the government, the project was awarded to Piatco which gave the best offer. Mr. Panoa sought for an assurance that the same thing would not happen again.

Mr. Tan then explained the events that occurred in the early '90s and said that, after AEDC's submission of its unsolicited proposal, the same was transmitted to the NEDA ICC for its approval. Once approved, a swiss challenge portion was had which lasted for 60 days. During said period, the original proponent has a right to match. In other words, in unsolicited proposals, the original proponent may be outbid by other bidders, should the latter make better offers. Hence, with regard the assurance sought for by Mr. Panoa, Mr. Tan stated that the same would be dependent on whether the Company's bid is challenged or not and whether the terms and conditions presented by the contenders are better or not.

Subsequently, Mr. Panoa asked whether PNB will be providing financial support for the consortium, given that PNB is a subsidiary of the Company. He likewise asked for the status of the proposal.

According to Mr. Tan, there are still no discussions pertaining to the financial side of the consortium. However, the consortium would be tapping consortium banks and other external banks that are not part of the consortium. As an update, he mentioned that the proposal was already submitted to the DoTr and is with the office of Sec. Tugade.

After Mr. Panoa's question, there were no other questions from the floor.

X. ADJOURNMENT

There being no other business to discuss, upon motion duly made and seconded, the meeting was adjourned.

ATTESTED BY:


LUCIO C. TAN
Chairman

CERTIFIED CORRECT:


MA. CECILIA L. PESAYCO
Corporate Secretary