

**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS  
OF EMPERADOR INC.**

held on 23 June 2014

at the Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City  
Bagumbayan, Quezon City, Metro Manila, Philippines

**I. CALL TO ORDER**

The Presiding Officer, Mr. Winston S. Co, called the meeting to order at 09:15 a.m.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, Atty. Dominic V. Isberto, informed the body that, based on the certification of the Corporation's stock transfer agent, all notices of the Annual Meeting had been sent to all stockholders of the Corporation as of 16 May 2014, the record date of the Annual Meeting. The Corporate Secretary likewise certified that there exists a quorum for the transaction of business for the Annual Meeting, there being present in person or represented by proxy, stockholders holding 13,826,189,651 shares of common stock of the Corporation representing 92.17% of the subscribed and outstanding capital stock of the Corporation.

**III. APPROVAL OF MINUTES OF SPECIAL STOCKHOLDERS' MEETING HELD ON  
AUGUST 27, 2013**

The Presiding Officer informed the stockholders that the next item on the agenda is the reading and approval of the Minutes of the Special Meeting of the Stockholders on August 27, 2013.

Mr. Joseph Sy moved for the disapproval and nullification of the minutes of the Special Stockholders' Meeting held on August 27, 2013 while the Corporation was still called Touch Solutions, Inc. (TSI) on the following grounds:

1. According to the PSE New Listing Rules under Article 5, Par. 4 in case of Private Placements on related parties, management should seek a waiver of the majority of the minority stockholders which is required in order to proceed with Private Placement, otherwise, a rights or public offering should be granted to present minority shareholders or public. In the case of TSI, the majority shareholder, Shiok Success Ltd., has granted a 90% (Php13.5 billion) private placement control to Alliance Global Group, Inc. ("AGI"). Thereafter, AGI has granted to Shiok Success Ltd. and Dew Dreams Intl. and other privileged stockholders a Private Placement of 1.5 billion shares when market prices were trading for more than Php10.00 per share. The said 1.5 billion shares private placement to Shiok Success/Dew Dreams/other related parties is a violation of free public float imposed by the SEC and PSE rules that states that there should be a minimum of 10% free public float. In this case, due to the 1.5 billion shares given to Shiok Success, the holdings of the majority stockholders is 99.9% so there was the absent of the free public float. The 1.5 billion private placement was disapproved by the PSE listing committee in September 2013 when they applied for listing. An attempt by the Shiok Success/Dew Dreams Group to sell back to AGI at the price of Php2.00 was also disapproved.

2. There is no existing document that Ms. Chia Siew Man was elected by the Board of Directors as Treasurer but she was functioning as if she is the duly nominated and elected Treasurer of TSI. On the contrary, it was Sue Chia who was duly elected as Treasurer and Director. TSI on June 13, 2013 submitted to the PSE and SEC the reorganization of the TSI Board of Directors and officers composed of Peter B. Tay, Sue Chia, Yasuteru Kawahara, Jerhameel B. Chen, Gabriel B. Huang, Cherylyn G. Prado Caoile, Gabriel A. Dee and Peter B. Tay as President, Sue Chia as Treasurer, and Gabriel A. Dee as Corporate Secretary. Ms. Chia Siew Man, a Malaysian citizen and Singapore resident, came on a tourist visa to the Philippines on June 07, 2012 and left June 09, 2012 as confirmed by the Bureau of Immigration. Ms. Chia Siew Man and



Sue Chia are Malaysian citizens and are non-residents of the Philippines. They are not qualified to hold the position of a Treasurer in accordance to SEC rule from 1991-2013. SEC Rule 1991 SEC Chairperson Rosario Lopez in an en banc resolution in 1991 resolved that a Treasurer of a listed company should be a resident of the Philippines. The SEC has been implementing the rule until first quarter of 2014. Sue Chia was elected on June 13, 2013.

3. Ms. Chia Siew Man on July 25, 2013 acted as Treasurer in receiving the amount of Php3.750 billion from AGI for 25% down payment of subscription worth Php13.5 billion or 90% of TSI shares at php1.00 par value, contrary to the statement of the AGI Corporate Secretary in the AGI ASM held on the same place last September 17, 2013 that AGI started to invest only in TSI on August 28, 2013. The July 25, 2013 affidavit confirming the Php3.750 billion paid by AGI was executed by Acting Treasurer Ms. Chia Siew Man and was notarized by Mr. Kang Gim Swee on August 21, 2013 and authenticated by Philippine Consul Catherine Ruth Torres in Singapore before AGI announced a takeover on August 28, 2013. The information of a 90% buyout by AGI could most certainly affect the trading of TSI shares and possibly more than quadruple the prices if it were fully disclosed properly on June 25, 2013. Under PSE and SEC rules, if there were any changes in the capital structure (a 90% buyout of TSI may result in the change of management), a listed company is duty bound to disclose such material information for the consumption of the stockholder and the investing public. TSI is a Philippine listed company and the payment was transacted in Singapore in Philippine pesos. AGI and TSI failed to disclose material information for the takeover to the detriment of the investing public.

4. On August 27, 2013, Special Stockholders' Meeting, the meeting was held on an unholy hour of 7 AM at an exclusive subdivision in Greenhills Roosevelt Park, an exclusive zone which is not accessible to stockholders, investing public and the media. This inconvenient time and venue was inexplicably chosen to replace a previously arranged SSM at the Club Filipino at 9 AM. Furthermore, it was announced by then Corporate Secretary Mr. Gabriel A. Dee that the quorum was only 72% instead of the 92%. The difference of the minority 20% proxies was invalidated for his reason that due to the days of rains and floods, he could not contact the brokers who executed the proxies for validation and determination of the beneficial owners. Also, the minutes of the meeting was not duly notarized. The many defects around the circumstances of the August 27 SSM must be explained by Emperador management and board.

5. On August 30, 2013, Ms. Jennifer B. Austria came out with an article titled "Emperador sets backdoor listing" and that Mr. Andrew L. Tan was behind the recent acquisition of 43.2 million shares of TSI for Php280 million by Shiok Success Ltd., a company based in British Islands and a wholly-owned unit of Capillion Corp. PTE. Ltd., and she said that Mr. Andrew Tan opted to use Shiok Success Ltd. to avoid propping the company's share prices.

Thereafter, Mr. Joseph Sy declared that he wanted all these in record.

The Corporate Secretary clarified that TSI under the old management performed a tender offer of its shares. He likewise informed the stockholders that the Securities and Exchange Commission already replied to Mr. Joseph Sy's allegations and declared that the same have no merit. He then quoted from the pertinent portions of the SEC's reply to Mr. Joseph Sy as follows: "Verification of record shows that there were no false disclosures made by the corporation prior to the increase in its authorized capital stock. The corporation appeared to be compliant and submitted all the related required disclosures prior to the increase of its capital stock." and further, "it is clear from the foregoing provision that the existing stockholders of the corporation have no pre-emptive right to subscribe to the increase of the authorized capital stock. Thus, the management of the corporation has the sole prerogative to choose to whom it will issue the additional share issuances out of increase of its authorized capital stock."

Thereafter, the Corporate Secretary noted Mr. Joseph Sy's motion, which was not seconded, and objections.

A motion was then made to dispense with the reading of the Minutes of the Special Stockholders' Meeting held on August 27, 2013 as copies thereof had earlier been furnished to all stockholders of record of the Company. Thereafter, upon motion made and duly seconded, the reading of the Minutes of the Special Stockholders' Meeting held last August 27, 2013 as dispensed with and the Minutes were approved.

#### IV. REPORT OF MANAGEMENT

The Chairman of the Board, Dr. Andrew L. Tan, delivered the annual report of management:

Thirty-five years of passion have brought Emperador Brandy to where it is today – being the world's largest brandy producer. With 33 million cases sold last year, our company corners close to 20% of the global brandy market. It is also the second best-selling liquor category in the world.

My fellow shareholders, it is with great pride that I share with you the record-breaking performance of our company in 2013.

From 23.6 Billion Pesos in 2012, consolidated revenues rose by 27% to almost 29.9 Billion Pesos. Net profit went up by 17% to 5.8 Billion Pesos, making Emperador Inc. the most profitable liquor company in the Philippines.

Despite the implementation of higher taxes on liquor at the beginning of 2013, Emperador Brandy leads its competitors with an impressive 7% volume growth. In Manila, seven out of ten liquor bottles sold were Emperador Brandy. We ended the year with close to 50% of the liquor market nationwide.

Another milestone was the investment made in Spain. We committed a 5.8 Billion Peso budget to purchase vineyards and brandy production facilities. In line with our premiumization strategy, this enabled our company to produce Emperador Deluxe, an imported spirit crafted in Jerez, the brandy capital of Spain.

In September of last year, we also saw the listing of Emperador Distillers, Inc. From an offer price of 8.98 Pesos, our stock price finished the year at 10.70 Pesos. This stands as a remarkable 19% gain.

Without doubt, our company is unrivaled in the local liquor industry. Moving forward, I believe that the passion and the continued support of my fellow shareholders will further drive our company to unprecedented heights.

#### V. OPEN FORUM

Question 1: Regarding to the net income of 5.8 billion, how much is the percentage due to local sales and how much is due to international sales? And with the acquisitions of, several worldwide, how does this change the bottomline? And another question is, will we be receiving any cash dividends this year?

Mr. Co: For the income last year, 2013, the 5.8 billion is predominantly sales or income generated from the Philippines. We believe that, moving forward, in the next couple of years, the contribution coming from the international operation particularly that from the Whyte and Mackay, the Scotland operation and its established operations will contribute significantly. We hope it will be an immediate term and maybe eventually the international operations will contribute around 30% to our revenue. With regards to the cash dividend, we have deployed basically our cash for the acquisition of Whyte and Mackay and we believe that this cash that is put to work will increase our company earnings so we will soon expect the EPS or earning per share to significantly increase over time.

Question 2: Good morning, Dr. Tan, Winston, Kingson, Ms. Katherine Tan, Mike, and the rest of the members of the Board, ladies and gentlemen. I am Jeremy Chan. It is difficult to ask questions if the company is doing well. But apparently the issues raised by Mr. Joseph Sy here, is not a good thing, you know. Some issues were raised questioning the excellent performance of Emperador. Dr. Tan, I've been reading all the business reports on the acquisitions, and what the first gentlemen (who)

asked (the questions) is basically a good and true question but the thing is, the cash flows will come through investments. Let me go through the experience that I had. I've been a drinker for many years, good whiskeys, good single malts by Macallan, Glenfiddich, and others. I've been in vineyards in upstate New York and California, Martha's Vineyard there, one vineyard there. I've been to Scotland, and we have tried all this once. I never drink a bottle worth less than 200 pesos, but last year when I read this, June, I invited my friends, one of our common friends with Dr. Tan is Johnny Lim. I invited them at a restaurant, an old house that was made into a restaurant owned by the former Chairman of Comelec, Victorino Savellano. The former governor of Ilocos Sur, Davis Arellano put up the restaurant. A year later, in Sindangan, Zamboanga del Norte last Friday, I was with General Yano and the Special Forces in the place. They bought a bottle of wine, Emperador, the first time they tasted it. Very cheap. Quality. That's what my old company do. Quality and value in the Philippines. As I said last Friday, in response to the article of Wilson Lee Flores where he mentioned that Dr. Tan believes that even in the age-old tips for good restaurants, even the non-restaurateurs and entrepreneurs should follow the rule in the restaurant business. And I commend it. Dr. Tan, is to me, first and foremost, an MM which means a marketing man. I've been following up the growth of the company because I know Dr. Tan. We were in the same office building, PBCOM Building in the late 80's onwards, until they moved here in Eastwood City, a big location owned before by GenTex. So I never ask questions most of the time. If I ask questions, it may be difficult to answer. I don't want to embarrass anybody. I'm here to share my experience with you guys. Believe in Emperador. Believe in all the businesses of Dr. Andrew Tan because if there is one glitch that you will notice it will be the downfall of the holding company. He will not let grievous things happen. I always share my own experience in relation to this company of Dr. Tan. Thank you so much.

Mr. Co: Thank you, Sir.

Question 3: I have another question. I'm Mr. Stephen Soliven, a minority stockholder. I was impressed by the financial report made by Punongbayan and Araullo and I should have commended the management because there is a surplus of more than 25 billion under our working capital. Twenty five billion pesos, imagine that. But when I looked at the cash and cash equivalent, and there is a note there, Note 5, I saw a short-term placement and I'm thinking if whether it will pass the acid test ratio. When I look at it, it seems that short-term placement were made to financial institutions, banks, all other entity. May I know whether these institutions are stable? And probably you can mention some. Thank you.

Mr. Co: Yes, these are money-market placements and usually they are placed in big banks, and as you have mentioned, we have significant cash in our balance sheet so we are deploying the significant amount of that for the acquisition of Whyte and Mackay company very shortly. So these money will be put to use and will generate additional income for the company. So with the synergies and integration, we expect your company Emperador Incorporated to double our income by 2017. So with all of these synergies and the integration with the Spanish and the UK operation, we believe that we can fast track our company growth and continue to be dominant in the Philippines and become a global player as well. Thank you, Sir. May we have one last question? Is there any other question out there?

Question 4: Good morning. I'm Charmaine Garcia. It truly shows that our company, Emperador, has experienced strong growth in recent years. My questions are what is the next growth area and where do you see Emperador in the next 3-5 years?

Mr. Co: Thank you for the question. As presented earlier by Kenneth, as of recent market research, Emperador Brandy commands 50% of the local liquor spirit market and he mentioned that we are not only the market leader but we are the dominant market leader. And it is our hope and our vision to continue to become a dominant liquor company in the Philippines. And the brandy segment continues to grow and we believe that we can grow the brandy business and further increase our market share in the intermediate term. And we also believe that the integration of our Spanish acquisition will improve our product portfolio. It will also improve our costs and further increase our GPM, or gross profit margin. At the same time, we will have a new segment that we will be covering which is the Whyte and Mackay company. It is one of the largest Scotch Whisky company in the world so we will promote whisky alongside the brandy category in the Philippines and to strengthen the global position of the company. And as mentioned earlier by Kenneth as well, this company they have

a market reach to 50 countries around the world and this can be our distribution platform for us to bring Emperador brandy to the best of the world particularly in the western hemisphere. Yes Sir?

Question 5: Could that be the reason why you elected to appoint a Domecq who is part of the Fundador family in Jerez head your marketing to be able to attain that 33% global share which blew my mind when I read about it. If only I don't know Dr. Andrew Tan I would have a lot of questions. Could that be the reason? The former ambassador of the Philippines is also a Domecq.

Mr. Co: Yes, actually they are related. And the Domecq family for so many generations they have been in the brandy business. In fact, at one time, they owned the Fundador Brand. The family owns the Fundador brand. And Mr. Domecq who is our key officer in our Spanish operation and he is in-charge of overseeing our facility there and he is an astute marketing person as well. So he is more than able to bring our brands into more countries. And with new look at the Whyte and Mackay, you instinctively know that they are savvy marketers, especially how they market Dalmore. And Dalmore is, I would say, a jewel, you know in the portfolio of business. And they have these Constellation Collection series, 21 bottles that is worth a hundred and fifty eight thousand pounds. That is a staggering amount, right? And that is not the most expensive in the company line-up. There is a line that is even far more expensive than that. So if we calculate 158 thousand pounds, that would be close to one million pesos for twenty one bottles of Dalmore. So basically they are marketing savvy and as our Chairman he always believes in getting the best of the professional managers not only here in the Philippines but abroad, you know, so that we can continue our growth trend, our growth path, and I think we have a deep and very dedicated capable management team both in Spain and eventually in Scotland as well.

#### **VI. AMENDMENT OF THE ARTICLES OF INCORPORATION TO CHANGE THE PRINCIPAL OFFICE ADDRESS OF THE CORPORATION**

The Presiding Officer informed the stockholders that the Board of Directors approved the amendment of the Third Articles of the Articles of Incorporation to align the Corporation's principal office address with its parent company, AGI, and its principal subsidiary, Emperador Distillers, Inc. Thus, the Board approved the amendment of the principal office of the Corporation to "7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines" and submitted to the body, for its approval, said amendment.

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

"RESOLVED, that the Corporation amend the Third Article of the Articles of Incorporation of the Corporation to read as follows:

"THIRD: That the place where the principal office of the Corporation is to be established or located is at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines;"

"RESOLVED, FURTHER, that any one of the officers of the Corporation be, as each of them is hereby, authorized and directed to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies and perform all actions as may be necessary to fully implement the foregoing resolution."

#### **VII. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MANAGEMENT**

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation up to the date of this meeting. These include, among others,

the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, subscription to new shares and sale of shares, appointment of proxies and nominees, designation of authorized contract signatories and representatives, corporate contracts, acquisition by the Corporation's wholly owned subsidiary, Emperador UK Limited, of Whyte & Mackay Group Limited and its subsidiaries from United Spirits (Great Britain) Limited, and other similar activities of the Company.

Upon motion made and duly seconded, the stockholders ratified all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation, including the acquisition of Whyte & Mackay Group Limited and its subsidiaries, during the period up to the date of this meeting.

#### **VIII. APPOINTMENT OF EXTERNAL AUDITORS**

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to re-appoint Punongbayan and Araullo as external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2014, and now submits for approval the re-appointment of Punongbayan & Araullo as external auditors.

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

"RESOLVED, that the Punongbayan and Araullo be appointed as the external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2014."

#### **IX. ELECTION OF DIRECTORS**

The Presiding Officer informed the stockholders that, for the current year 2014, the Corporation will be electing seven directors at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance.

Ms. Gina Reyes, on behalf of the Nomination Committee, presented the Final List of Nominees for election as members of the Board of Directors, as follows: Andrew L. Tan, Winston S. Co, Katherine L. Tan, Kendrick Andrew L. Tan, Kingson U. Sian, and Alejo L. Villanueva, Jr. and Miguel B. Varela as the independent directors.

Ms. Reyes likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the required qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

Thereafter, it was moved and seconded that since there were only seven nominees and there are only seven seats in the Board, all seven nominees were considered elected by acclamation to the Board of Directors for the current year 2014.

#### **X. OTHER MATTERS**

Mr. Joseph Sy presented the time line of events of the backdoor listing of Emperador Inc. with Touch Solutions:

"From December 2012 to January 2013, rumors in the stock market of the backdoor listing of TSI. In February 2013, Touch Solutions called for a Special Stockholders' Meeting to amend the Articles of Incorporation to change the current

purpose to a holding company from IT. On April 2013, Shiock Success bought 43.2 million shares or 70% of TSI at the price of 280 million pesos, or 6 pesos plus per share. On June 13, 2013, the reorganization of the Board of Directors composed of Mr. Peter B. Tay, Sue Chia, and Atty. Gabriel Dee, without the presence of Chia Siew Man, the Treasurer who received the 3.750 billion pesos. On July 25, it was discovered in the SEC file that the transaction between AGI happened in Singapore on July 25, 2013. A certain Chia Siew Man received the amount of 3.750 billion pesos in Singapore, and she's not even the Treasurer. On August 27, 2013, TSI called for a Special Stockholders' Meeting in an unholy hour of 7 AM in the morning in an exclusive subdivision where no one - there is only one guy who attended the Stockholders' Meeting, Mr. Stephen Soliven. We were the only two. And Mr. P. Tay and Gabriel Dee were shocked when they saw me there. And there was no mention to the stockholders that AGI had already paid 25% of 3.750 billion, so that's a part of misrepresentation. On August 28, 2013, AGI announced officially that it controlled 90% of TSI and they called for a trading suspension, which should have been done last July 25, 2013, at the expense of the stockholders. On August 30, 2013, Ms. Jennifer Austria came out with an article at the Manila Standard that Mr. Andrew Tan was behind Shiock Success. This is a message to Mr. Andrew Tan and the independent directors. Let me share to you a Bible verse James 4:17, 'If you know of something and the truth and you did not do anything about it, you sin to God'. Once in your life time, someone had to do something righteously without any condition. Days before the Special Stockholders' Meeting on August 27, 2013, there were two adjacent booth of the stockbroker related to the Management who sold heavily TSI from 10 pesos to 12 pesos and they made fun of the selling quotation by posting several 4444 - 444,400 shares selling in several quotation. In Chinese, 4444 is Sy Sy Sy Sy. Mr. Henry Sy, when I talked to him before when he was still younger, he hates the word Sy Sy Sy Sy. In English, "death death death death". In Filipino, 'patay, patay, patay, patay'. Almost similar in namesake of the former President Mr. Peter B. Tay whose name is B. Tay, 'bitay, bitay, bitay, bitay.' Thank you."

The Presiding Officer replied that the Corporation is familiar with the issues raised by Mr. Sy and reminded him that the Securities and Exchange Commission has already responded to Mr. Sy stating that the Company is compliant.

The Corporate Secretary confirmed that there are no other matters in the agenda.

**XI. ADJOURNMENT**

The meeting was adjourned at 10:30 a.m.

CERTIFIED CORRECT:



**DOMINIC V. ISBERTO**  
Corporate Secretary

ATTESTED BY :

**ANDREW L. TAN**  
Chairman