

# ATN HOLDINGS, INC.

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October 16, 2017

**DISCLOSURE DEPARTMENT  
PHILIPPINE STOCK EXCHANGE, INC.**

4/F PSE Center, Exchange Road  
Ortigas Center, Pasig City

Attention: **J.V. B. ZUNO III**  
Head, Disclosure Department

Subject: *Results of the Special Meeting of the Board of Directors  
held on October 16, 2017*

Gentlemen:

A Special Meeting of the Board of Directors of the Corporation held on October 16, 2017 was called to order for the purpose of raising additional funds to take advantage of the opportunity opened by the BUILD, BUILD, BUILD program under E.O. No. 5 of President Rodrigo Roa Duterte. The ATN Board of Directors unanimously approved the following resolutions, to wit:

***"RESOLVED***, that the Corporation, as it is hereby authorized to raise PHP 500 million, either in debt or quasi-equity, to establish an expanded rock crusher capacity, heavy equipment acquisitions, and working capital, in support of the BUILD, BUILD, BUILD program of the President of the Philippines;

***RESOLVED FURTHER***, that the Corporation's President, Arsenio T. Ng be authorized to sign any and all documents and resolutions in order to effect the foregoing resolution;

***RESOLVED FINALLY***, that the foregoing resolution remain valid and subsisting, unless otherwise revoked or amended in writing by the Corporation."

ATN supports the BUILD, BUILD, BUILD program of government of President Duterte, which is aimed at accelerating economic development and resolve the transport and logistics problems of the country. The ADB study in 2015 estimated that PHP 2.4 Billion of diesel fuel per day was being wasted due to traffic gridlock in Mega Manila.

In line with this BUILD, BUILD, BUILD momentum created by the budget approval of Congress of the Philippines, ATN is now positioning itself to en-cash the accreted value of its natural resources, particularly its large hi-quality basalt rock deposit in Rodriguez Rizal, which is essential to infrastructure construction.

ATN Management forecasts that President Duterte's BUILD, BUILD, BUILD is a major driver of large funds flow from foreign and local sources. NEDA budget is at PHP 8 Trillion of infrastructure spending with PHP 1.3 Trillion allocated for infrastructure costs for Mega Manila.

The BUILD, BUILD, BUILD program accelerated preparatory activities of ATN cooperation with mainland Chinese investors and engineers. To-date, ATN has accomplished multi-level cooperation with Chinese interests, culminating in two investment forums, and implemented the rock crusher project, expected to start commercial operation in early 2018:

1. Recently in March 2017, ATN Chairman and key Philippine Congressmen met with senior government officials of Nanjing, in China. Attended by 300 Chinese investors, the 7-day conference had China officials validating with Philippine Congressmen Karlo Nograles (Chairman, Committee on Appropriations) and Congressman Franz Alvarez (Chairman, Committee on Legislative Franchise) the seriousness and congressional budget allocation for BUILD, BUILD, BUILD. [Show pictures]
2. As a reciprocal act of business cooperation between Philippines and China, ATN Chairman hosted a conference with the Chinese Jiangsu province delegates in SMX on September 2017. Attended by 50 delegates from China and 50 Filipino participants, further cooperation and coordination was fostered between the two groups. Undersecretaries of NEDA, DTI, and DOF presented opportunities in infrastructure projects. [Show pictures]
3. To establish business cooperation with China, ATN has stepped up its preparation of its 256-hectare property in Montalban, Rizal. Equipment and steel assemblies needed for crushing and processing plants from China are being installed to make available in 2018 rock aggregates that are the cornerstone materials in any major mega Manila infrastructure projects.
4. Chinese investors interested in rock aggregates, demands **big armour rock boulders** produced from simple blasting of rock deposit (without further crushing process) for supply to reclamation projects in Manila Bay from Baseco offshore to Sangley Point, covering 1,500 hectares (150 million tons of armour rock boulders).
5. Chinese investors are uneasy about **processed rock supply constraint** due to massive increase of rock demand created by the government infrastructure projects. Chinese investors estimate that the PHP 1.3 Trillion infrastructure projects in Mega Manila will require a new 100 million tons

(2018-2022) on top of the balanced demand-supply situation of 12 million tons per year in Mega Manila, mainly from the Province of Rizal. The closure of mined out areas in Rizal is causing a major supply deficit even without the BUILD, BUILD, BUILD Program of 75 major infra projects as approved by NEDA. Domestic cement industry players, in discussions with ATN management, agree on the short supply scenario of rock aggregates in Mega Manila in 2018, as observed by potential Chinese investors of ATN.

ATN 256-hectare property in Rodriguez Rizal is estimated by geologist consultant to contain large deposits of basalt and andesite rocks, up to 200 meter elevation, with current market price of PHP 500 per ton. The rock crusher is an up-sized version of the site development plan of the ATN Solar project. The surge in rock demand due to BUILD, BUILD, BUILD prompted ATN to re-size the rock crusher of ATN Solar plant to 500 tons per hour or 3 million tons per year. The PHP 500 million funds raised for the rock crusher will be serviced easily by its revenues of at least PHP 1 Billion per year. The ATN rock deposit will last for **50 years** at a rate of 3 million tons annual extraction.

The solar project is essential to serve Manila economic growth, but urgent rock supply requirement of government infrastructure projects makes the rock crusher project high priority. The removal of rocks makes the land development area bigger and the terrain flatter for the ATN solar project. For better economics to ATN shareholders, the company is reengineering and prioritizing for own use the solar power output (displacing crusher diesel consumption of \$ 2 million per year), and the excess energy to be sold Meralco.

Given the large hi-quality rock deposit in ATN project site in Rodriguez Rizal, major cement industry players and Chinese investors involved in building bridges and reclamation projects in Manila indicated their interest to invest in ATN.

Updates will be provided in the Corporation's Annual Stockholders' Meeting on November 9, 2017 (1PM) at Summit One Tower, Shaw Blvd, Mandaluyong.

Thank you.

Very truly yours,



**Paul B. Saria**  
Corporate Information Officer

Philippine-China Investment Forum and Visit to Parliament of Nanjing (March 27-31, 2017)

Attended by Philippine Congress Representative Cong. Karlo Nograles Chairman of Committee on Budget and Congressman Franz Alvarez Chairman on Legislative Franchise, with Mr. Arsenio Ng of ATN Holdings



PHILIPPINE INVESTMENT AND DEVELOPMENT COOPERATION FORUM SEPTEMBER 15, 2017 SMX CONVENTION CENTER



6-HECTARE ATN DEVELOPMENT AS OF OCTOBER 16, 2017 : (A) 2.5-HECTARE CRUSHER PLANT FOR 3.5 MILLION TONS OF PROCESSED ROCKS PER YEAR;  
(B) 2-HECTARE BOULDERS RAW MATERIALS STOCKPILE AREA; (C) 5,000 SQM SEMI-PROCESSED ROCK STOCKPILE UNDERGROUND CHAMBER;  
(D) SILT TRAPS AND SETTLING PONDS OF 1-HECTARE IN MONTALBAN, RIZAL

