



VICTORIAS MILLING COMPANY, INC.

**DRAFT MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF VICTORIAS MILLING COMPANY, INC.**

(subject to approval by the Stockholders in the next ASM)

**Held on February 6, 2018, 8:30 a.m., at the Victorias Golf & Country Club
Victorias City, Negros Occidental**

1. CALL TO ORDER

Mr. Wilson T. Young, Chairman of the meeting, called the 2018 Annual Stockholders' Meeting ("Meeting") of Victorias Milling Company, Inc. ("VMC") to order at 8:30 o'clock in the morning and presided over the conduct of the same.

Atty. Brian Keith F. Hosaka, the Secretary of the Meeting, took the minutes.

Before proceeding with the Meeting, an invocation was done followed by the singing of the National Anthem.

2. CERTIFICATION OF NOTICE TO STOCKHOLDERS AND PRESENCE OF QUORUM

Upon inquiry by the Chairman, the Secretary certified that written notices of the Meeting were sent to stockholders by mail at their respective addresses as indicated in the books of VMC at least two (2) weeks prior to the day of the Meeting.

The Corporate Secretary stated that notice of the Meeting was published in the Philippine Daily Inquirer on November 24, 2017 and January 9, 2018; and Visayan Daily Star on November 24, 2017 and January 9, 2018, respectively as evidenced by the Affidavits of Publication dated January 10, 2018 (Visayan Daily Star), December 5, 2017 & January 11, 2018 (Philippine Daily Inquirer).

The Corporate Secretary then certified that based on the tabulations, the required quorum existed for the Meeting, there being present or represented by proxy shareholders holding at least Two Billion One Hundred Eighty Seven Million Four Hundred Forty Thousand Eight Hundred Eighty Seven (2,187,440,887) shares out of the total number of outstanding shares of the Corporation of Two Billion Seven Hundred Forty Two Million Fifty Thousand Five Hundred Sixty Four (2,742,050,564) shares, or equivalent to 79.78% of VMC's outstanding capital stock.

3. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD ON FEBRUARY 7, 2017

The Chairman announced that the first item on the agenda is the approval of the Minutes of the Stockholders' Meeting held last February 7, 2017.

As copies of the minutes of the previous Annual Stockholders' Meeting (ASH) held last February 7, 2017 were earlier distributed to the stockholders of record, there was a motion that the reading of the said minutes be dispensed with, and the said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-06-2018-0001

"RESOLVED, that the Minutes of the Stockholders' Meeting held last February 7, 2017 is hereby approved as presented."

4. ANNUAL REPORT FOR CROP YEAR 2016-2017

The next item on the agenda is the presentation of the Annual Report for the period ending August 31, 2017.

Copies of the annual report for the period ending August 31, 2017 were provided to the stockholders prior to the scheduled ASM. There was a motion that the presentation of the same be dispensed with and the said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-06-2018-0002

"RESOLVED, that the Annual Report of the Corporation for the period ending August 31, 2017 is hereby approved as presented."

A stockholder then noticed that the financial statements of the Company has shown that the board of directors as well as the corporate officers have been doing an impressive job in ensuring the continuous operations of the Company and keeping it in good financial condition in accordance with the approved rehabilitation plan. He then commended the board and the officers for their good work and urged the next board to discuss and decide for themselves the possible grant of incentives to the outgoing board and officers of VMC. There was no objection to the said recommendation.

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

The Chairman moved to the next item of the agenda, which is the approval, confirmation, and ratification of all acts, resolutions, and proceedings of the Board of Directors and Corporate Officers.

There was a motion duly seconded to ratify all acts, resolutions and proceedings of the Board of Directors and Corporate Officers from February 7, 2017 to February 6, 2018 and the said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-06-2018-0003

"RESOLVED, that all the acts, resolutions, and proceedings of the Board of Directors and Corporate Officers from February 7, 2017 up to February 6, 2018, are hereby approved, confirmed, and ratified by the stockholders of the Corporation."

**6. AMENDMENT OF ARTICLES OF INCORPORATION OF VMC
EXTENDING THE CORPORATE TERM OF VMC**

The Chairman stated that last May 29, 2017, the Board unanimously approved the extension of the corporate term of VMC for another fifty (50) years effective April 25, 2019. The Board also approved the amendment of the 4th Article of the Amended Articles of Incorporation of VMC, to read as follows:

"FOURTH - The corporate term according to the Corporation's Amended Articles of Incorporation is for fifty (50) years starting 07 May 1969. Thus, the corporate term of the Corporation is hereby extended for an additional period of fifty (50) years effective 25 April 2019."

Pursuant to Section 16 of The Corporation Code of the Philippines, the amendment of the Fourth Article of the Amended Articles of Incorporation of VMC extending its corporate term for another 50 years effective April 25, 2019 will now have to be approved by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

A stockholder then moved to approve the amendment of the fourth article of Articles of Incorporation extending the corporate term of VMC for an additional period of fifty (50) years effective April 25, 2019 as previously approved by the Board on May 29, 2017. The said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-06-2018-0004

“RESOLVED, as it is hereby resolved, that the corporate term of the Corporation is hereby extended for an additional period of fifty (50) years effective 25 April 2019.

RESOLVED FURTHER, that the stockholders representing at least 2/3 of the outstanding capital stock of the Corporation, approve the amendment of the Fourth Article of the Amended Articles of Incorporation of the Corporation, to read as follows:

“FOURTH – The corporate term according to the Corporation’s Amended Articles of Incorporation is for fifty (50) years starting 07 May 1969. Thus, the corporate term of the Corporation is hereby extended for an additional period of fifty (50) years effective 25 April 2019.”

RESOLVED FURTHERMORE, that the Articles of Incorporation be, as it is hereby, amended to reflect the foregoing and that the President and/or the Corporate Secretary be authorized to sign, execute and deliver all documents necessary to effect the same.”

7. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman then discussed the appointment of VMC’s external auditors.

The Chairman of the Audit Committee confirmed that after extensive discussion and evaluation, the committee has endorsed to the Board of Directors the re-nomination of Isla Lipana & Co. taking into account its performance in the previous year. There was a motion to approve the appointment of the auditing firm of Isla Lipana & Co., a Philippine member of PricewaterhouseCoopers (PwC), to be the external auditor of VMC for the crop year 2017-2018. The said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-06-2018-0005

“RESOLVED, that the engagement of the auditing firm of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers (PwC) to act as the external auditor of VMC for the crop year 2017-2018 is hereby approved.”

8. ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

The Chairman then requested to proceed with the election of the new Board of Directors for 2018.

Copies of the profile of the nominees for Directors were provided earlier in the Definitive Information Statement for the examination of the stockholders. The Chairman of the Nomination Committee confirmed that the nominees were vetted vis-à-vis the standards set out in VMC's Code of Corporate Governance as well as the requirements of law.

The stockholders then elected the directors who will serve for the term 2017-2018 by way of individual voting and proxy.

For this year, the stockholders elected the following to the Company's 11-seat Board, pursuant to the Alternative Rehabilitation Plan (ARP) and the Debt Restructuring Agreement (DRA), with at least one (1) vote each, considering that there was exactly the same number of nominees for each board seat and classification:

Representing the Secured Creditors with one (1) seat allocated:

1. Terence D. Son Keng Po

Representing the Creditors with Debt Conversion with seven (7) seats allocated:

2. William Y. Chua
3. Eduardo V. Concepcion
4. Brian Keith F. Hosaka
5. Alvin C. Yu
6. Lucio K. Tan, Jr.
7. Victor T. Yu
8. Peter Y. Ong

Representing the Existing Stockholders with three (3) seats allocated:

9. Wilson T. Young
10. Martin C. Yu
11. Michael G. Tan

The Chairman congratulated the newly elected members of the Board of Directors of VMC.

9. OTHER MATTERS

A stockholder Anna Rosario V. Paner, pointing out that the rehabilitation plan of VMC will conclude on August 31, 2018, moved that the board of directors be directed and authorized to study and analyze the present condition of the Company, vis-à-vis the current market and economic situations of the sugarcane industry and based on such study, to determine a course of action to either exit from the rehabilitation, pursue an extension of the rehabilitation plan or the modification, alteration, and/or amendment of the rehabilitation documents of VMC, should it be necessary for the best interest of the Company. The said motion was seconded and approved by 79.78% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) abstention.

A stockholder, Mr. Paquito V. Ando, also expressed that he is in favor to extend the rehabilitation of the Company because of the prevailing unfavorable circumstances in the sugarcane industry.

In response to the stockholders' suggestions and comments, the stockholders approved in the same meeting, the creation of an ad hoc committee to study and evaluate the compliances of VMC with respect to the rehabilitation documents, in light of the impending expiration of the rehabilitation period and the current market and economic conditions of the sugar industry. The said committee has been tasked to make the necessary recommendations with respect to the directions that the company should take.

Stockholder Antonio Ferrolino mentioned the statement published in the January 11, 2018 issue of the Philippine Star regarding the net income of VMC. In reply to his inquiry, Ms. Kristine Cabugason, Accounting Department Manager, reported that the Company's unaudited net income for the four-month period, from September 1, 2017 to December 31, 2017, was approximately Php160MM.

Mr. Ferrolino also inquired on the news item published in the Visayan Daily Star on the second week of October 2017, to which the President, Mr. Eduardo V. Concepcion, reported that there are some technical problems on the Cogen project of the Company but the plant is fully insured and repairs are already in progress.

Upon further inquiry of Mr. Ferrolino, the Chairman, Mr. Wilson T. Young, explained that VMC has never declared any dividends since the start of the rehabilitation period.

On the inquiry regarding the market share from the district in terms of tons cane milled, the President reported that the Company is now ahead compared to last year's

volume of canes for the same period. He assured Mr. Ferrolino that the Company is doing its best to give the planters the best returns and services.

The Chairman then thanked Mr. Ferrolino and noted all his concerns.

10. ADJOURNMENT

There being no further matters to be discussed, upon motion duly made, the meeting was adjourned.

The Chairman announced that an organizational meeting of the newly elected members of the Board will be held immediately after the adjournment.

Prepared By:

BRIAN KEITH F. HOSAKA
Corporate Secretary

Attested By:

WILSON T. YOUNG
Chairman of the Board