



VICTORIAS MILLING COMPANY, INC.

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

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

**Held on February 7, 2017, 8:00 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 2017 Annual Stockholders' Meeting ("Meeting") of Victorias Milling Company, Inc. ("VMC") to order at 8:00 o'clock in the morning and presided over the conduct of the same.

Atty. Brian Keith F. Hosaka, the Corporate 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 Corporate Secretary certified that written notices of the Meeting were sent to stockholders by mail at their respective addresses as indicated in the books of the corporation, at least two (2) weeks prior to the day of the Meeting.

The Corporate Secretary also stated that notice of the Meeting was published in the Philippine Daily Inquirer and Visayan Daily Star on January 8, 2017 and January 9, 2017 respectively as evidenced by the Affidavits of Publication dated January 13, 2017 and January 23, 2017.

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 Twenty Eight Million Four Hundred Fifteen Thousand Nine Hundred Twenty Seven (2,128,415,927) shares out of the total number of outstanding shares of the Corporation of Two Billion Six Hundred Thirteen Million Two Hundred Forty Thousand Three Hundred Twenty (2,613,240,320) shares, or equivalent to 81.45% of VMC's outstanding capital stock.

3. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD ON FEBRUARY 2, 2016

The Chairman announced that the first item on the agenda is the approval of the Minutes of the Stockholders' Meeting held last February 2, 2016.

As copies of the minutes of the previous Annual Stockholders' Meeting (ASH) held last February 2, 2016 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 81.45% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-07-2017-0001

"RESOLVED, that the Minutes of the Stockholders' Meeting held last February 2, 2016 is hereby approved as presented."

4. ANNUAL REPORT FOR CROP YEAR 2015-2016

The next item on the agenda is the presentation of the Annual Report for the period ending August 31, 2016.

Copies of the annual report for the period ending August 31, 2016 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 81.45% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-07-2017-0002

"RESOLVED, that the Annual Report of the Corporation for the period ending August 31, 2016 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 the company. 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 2, 2016 to February 7, 2017. There was no objection to the said motion, thus -

STOCKHOLDERS' RESOLUTION NO. 02-07-2017-0003

“RESOLVED, that all the acts, resolutions, and proceedings of the Board of Directors and Corporate Officers from February 2, 2016 up to February 7, 2017, are hereby approved, confirmed, and ratified by the stockholders of the Corporation.”

6. APPOINTMENT OF EXTERNAL AUDITORS

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

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 2016-2017. The said motion was seconded and approved by 81.45% of the stockholders in attendance voting in favor, with zero (0) against and zero (0) in abstention, thus -

STOCKHOLDERS' RESOLUTION NO. 02-07-2017-0004

“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 2016-2017 is hereby approved, confirmed, and ratified.”

7. ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

The Chairman then requested to proceed with the election of the new Board of Directors for 2017.

Copies of the profile of the candidates of the Board of Directors were provided earlier in the Definitive Information Statement for the examination of the stockholders.

The stockholders elected the directors who will serve for the term 2016-2017 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. Peter Y. Ong
6. Lucio K. Tan, Jr.
7. Martin C. Yu
8. Victor T. Yu

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

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

The Chairman congratulated the newly elected members of the Board of Directors of VMC and also thanked Dr. Alberto P. Fenix, Jr. for his services to the company as a member of the Board since 2012.

8. OTHER MATTERS

Stockholder Antonio Ferrolino queried about the Company's sugar production projection this crop year of 3.1 million metric tons which is lower than the 3.3 million TCM as shown in last year's annual report, or a decrease of 200 MT. The President & Chief Operating Officer, Mr. Eduardo V. Concepcion, explained that the projected tonnage this crop year is lower due to the adverse effects of last year's El Nino phenomenon. Mr. Ferrolino opined that the lower cane supply this year might be due to certain new policies of the Company. Mr. Ferrolino also shared about a column in the Philippine Daily Inquirer which mentioned that some corporations are very generous with their donations to the community which is why they are profitable. The Chairman thanked Mr. Ferrolino on his concerns and informed the body that last year, VMC formed a foundation called VMC Foundation, which aims to institutionalize VMC's community services in fulfillment of its corporate social responsibility. The numerous Company-sponsored activities, delving on VMC's corporate social responsibility and numerous charitable works, were mentioned and highlighted in the Company's annual report, such as tree

planting, river clean-up, educational and youth development and the continuing efforts to help the surrounding schools within the VMC community.

9. ADJOURNMENT

There being no further matter 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.

BRIAN KEITH F. HOSAKA
Corporate Secretary