

**VITARICH CORPORATION
MINUTES OF THE ANNUAL GENERAL MEETING
OF THE STOCKHOLDERS**

held on Friday, 30 June 2017 at 2:00 PM
at Marilao, Bulacan

PRESENT:

	Number of Shares	Percentage
Total Shares Present in Person or by Proxy	2,012,903,156	72.24%
Total Outstanding Shares	2,786,497,901	100.00%

ALSO PRESENT:

MR. JOSE VINCENTE C BENGZON, III	- Chairman of the Board
MR. ROGELIO M. SARMIENTO	- Director
MR. RICARDO MANUEL M. SARMIENTO	- Director/President/CEO
MR. JOSE M. SARMIENTO	- Director
MR. LEVI F. DIESTRO	- Director
DR. JUAN ARTURO ILUMINADO C. DE CASTRO	- Director
MR. MANUEL D. ESCUETA	- Independent Director
MR. VICENTE J. A. SARZA	- Independent Director
ATTY. TADEO F. HILADO	- Corporate Secretary
ATTY. MARY CHRISTINE DABU-PEPITO	- Ass't. Corporate Secretary and Compliance Officer

I. CALL TO ORDER

The Chairman of the Board, Mr. Jose Vicente C. Bengzon III, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Tadeo F. Hilado, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND EXISTENCE OF A QUORUM

The Corporate Secretary certified that written notices of the annual general meeting of the stockholders were sent to all stockholders of record as of 30 May 2017.

The Corporate Secretary certified that out of a total of 2,786,497,901 issued and outstanding shares, 2,012,903,156 shares or 72.24% were present in person or by proxy. Therefore, a quorum existed for the transaction of business.

III. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING OF THE STOCKHOLDERS HELD ON JUNE 24, 2016

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 24 June 2016 was dispensed with and the said minutes were approved.

IV. REPORT BY THE PRESIDENT/CEO

Mr. Ricardo Manuel M. Sarmiento, President and Chief Executive Officer, reported on the operations and financial statements of the Corporation for the year 2016.

He reported that Vitarich's consolidated revenues of P5.1 Billion for the year 2016 grew by 48% over 2015 due to increased sales volume and favorable selling prices. The operating profit in 2016 of P205 Million was 54% higher than that of 2015 because of higher sales, better efficiency of poultry and feed operations, improved inventory management, and lower raw material cost.

Mr. Sarmiento also reported that in 2016, with favorable market prices, the food segment increased its sales revenues. Food operation contributed an operating income worth P214 Million, a growth of 30% versus 2015. This was a result of the Food team's concerted effort to convince contract growers to invest in tunnel vent technology, and recruitment of partners, new distributors, hotel, restaurant, and supermarket accounts.

Total feed sales revenue in 2016 grew by 42% versus 2015. Mr. Sarmiento discussed that Vitarich expanded its sales volume as it was able to add several farm customers on the strength of its poultry feeds and the comprehensive technical back up support packaged with its partners. Feed segment contributed an operating profit of P208 Million, significantly higher than 2015.

Furthermore, Vitarich's farm sales in 2016 surpassed the 2015 levels. Sales revenues increased by 84% versus 2015 due to better supply of day old chick which resulted in operating profit higher by 86%.

Mr. Sarmiento noted that the Corporation's poultry operation was a significant factor behind the higher income for 2016. Vitarich's breeder and broiler operations were able to lower production cost by achieving very good efficiencies. The poultry group implemented the following programs that resulted in lower chicken live cost: (a) recruitment of growers; (b) provision of high quality inputs of day old chick and feeds; and (c) timely response through intensive and prompt technical support.

He also reported that key performance index for raw materials and finished feeds inventory was continuously enforced which resulted in quicker stock inventory turnaround. For 2016, Vitarich was able to hit 7 to 14 days inventory levels. Days receivables was one of the key focus points which started in 2015, with the enforcement of strict payment terms.

Price of raw materials was relatively low. Nevertheless, knowing how volatile commodity prices can be, the purchasing team armed itself strategically and enjoyed better negotiating position to continuously buy and pay the right materials and the right specifications that were needed for Vitarich's product ranges of feeds.

Mr. Sarmiento reported also that for the year 2016, Vitarich achieved a total comprehensive income of P106 Million, more than twelve (12) times higher than 2015 income of P8.6 Million.

In addition to this achievement, Mr. Sarmiento also reported another milestone in Vitarich's 66 years as the Corporation finally exited its corporate rehabilitation six (6) years ahead of schedule. Thus, Corporate Rehabilitation is a thing of the past for Vitarich.

Mr. Sarmiento also discussed that the origin of Vitarich could be traced back to the humble efforts of its forerunners to forge mutually beneficial partnerships with farmers. With the Lifetime Profitable Partnership program of Vitarich's new leadership now in full swing, Vitarich has endeavored to be not just a provider of solutions but a

trusted business partner as well. Customers have been able to enter into financial assistance agreements with banks that would enable them to grow significantly. Furthermore, a range of business solutions portfolio was likewise made available – one of which is the supplemental broiler growing program that provided small to medium-sized entrepreneurs with all the needed materials to start their own poultry farm.

He also reported that the posted gains of the Corporation for several years coupled with consumers' trust in Vitarich brand have made Vitarich's share prices rise, thus increasing confidence of investors and the market in general.

Practically debt-free, Mr. Sarmiento said that Vitarich is definitely back and will now be able to focus its sight in developing big ideas, open opportunities for expansion, and intensive manpower training to support expanded operations.

He likewise added that Vitarich will fortify its pioneering bid in the industry. Quality being the Corporation's trademark, the technical support team has been tasked to make sure that every bag that goes out to the customer contains the best possible nutrients for the animals and has undergone thorough quality measures. Management fully supports efforts to continuously improve quality and produce new and better products.

He also reported that feed mill and dressing plants, whether toll or company-owned, undergo regular monitoring for good manufacturing practices that would ensure consistent and good quality products. To augment production capacity and generate employment for local workers in Mindanao, the new Davao feed mill and dressing plants will soon be operational. Investments for feed mill plants in Luzon are in the drawing board. Bicol operations are expected to generate contract-growing capacities in that part of Luzon. A new sales office in Cebu is expected to increase Vitarich's visibility in the area. The Corporation has been granted Halal certification for its plants in Marilao, Bulacan and in Davao and is now able to cater to an important and growing market of Halal consumers. Poultry raised in local farms are cared for in accordance with Halal principles. He remarked that this Halal certificate is another milestone to Vitarich's adherence to pursued quality.

Mr. Sarmiento said that with hog and chicken production forecasted to grow and better raw material cost and contingency purchase plans for supply shortage and the like, several programs for next year have been lined up to achieve aggressive targets.

For poultry operations, Mr. Sarmiento said that good efficiency and productivity of poultry farms are expected. Existing breeders will be expanded and additional business partners with breeder farm facilities that will produce high quality day-old chicks will be recruited. In addition, the improvement of contract-to-buy partnership will be continually evaluated to ensure good quality day-old chicks production output. Technical service assistance to partners will be intensified by deploying only technically equipped field personnel. The Corporation will also continue to increase its contract growing base. Contract-to-buy broiler and feeds tie-up will be expanded to increase volume.

For food sales, Mr. Sarmiento said that the foods group will continuously respond to growing market needs. Market network will be expanded and new value-added products will likewise be developed to increase revenue. Dressing plant compliance with good manufacturing practices will continually be monitored to assure attainment of high recovery and good meat quality.

Meanwhile, feeds group will rely on its relationship with its customers, dealers, and distributors to increase volume and profit through superior technical assistance, after-sales services and aggressive product value promotions, direct farm selling, and extensive distribution coverage.

As regards Vitarich's Corporate Social Responsibility activities, in support of the food security program of the government, Vitarich entered into a Memorandum of Agreement with Laak Multi-Purpose Cooperative for the purchase of 200 metric tons of corn per month. This is seen as Vitarich's corporate social responsibility activity as it will increase productivity of farmers in the town of Laak, Compostela Valley. Furthermore, Vitarich is now a member of the Philippine Business for Social Progress or PBSP, whose programs in education, health, sustainable livelihood, micro, small and medium enterprise development, and the environment adheres to the country's firm commitment to social and economic development and its advocacy to apply business solutions to alleviate poverty.

Mr. Sarmiento also informed the stockholders that the management is highly optimistic about the Corporation's performance. This is because as of May 2017, compared to the same period in 2016, revenues and operating income significantly increased.

He also reported that the challenge for 2017 is to sustain the favorable performance, not forgetting its commitment to consistently supply customer requirements at the best price and at the right time. The combination of strategies lined up for 2017 in both the foods and the feeds group and the entire support team is expected to yield net sales of P6 Billion and a net income of P300 Million.

Mr. Sarmiento also reported that Vitarich has shown tremendous resilience with its financial rebound and best year-end performance in recent times this year.

On a final note, he expressed gratitude to Vitarich's shareholders, business partners, suppliers, and employees and remarked that with their continued support, 2017 will definitely be another banner year.

After Mr. Sarmiento's presentation, one of the long-time stockholders of the Corporation commended all the employees and officers of Vitarich for making possible the exit from corporate rehabilitation 6 years ahead of schedule.

On the question if after the quasi-reorganization, the par value of the shares will be reduced after quasi-reorganization, Mr. Sarmiento answered that the reduction of the par value is part of the plan for quasi-reorganization. In answer to a further question of whether the reduction of par value will result in dilution of shareholdings, Mr. Sarmineto said that there will be no dilution in the shareholdings of the stockholders, since the number of outstanding shares will not change.

As regards the query if the Corporation can reach a P1 Billion income by 2018 or 2019, Mr. Sarmiento answered that the management and employees will be working hard towards that goal in the near future but for 2017, the focus is to reach the target income of P300 Million.

There being no other questions and upon motion duly made and seconded, Mr. Sarmiento's report was noted.

V. APPROVAL OF THE AMENDMENT OF ARTICLE X, SECTION 39 OF THE BY-LAWS

The Chairman informed the body that during the regular meeting of the Board of Directors held on September 15, 2016, the proposed amendment of the Section 39, Article X of the By-Laws to reflect the change in the principal office of the corporation

was approved by at least a majority of the Board of Directors, and was being presented for the stockholders' approval.

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

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to amend Article X, Section 39 of the Amended By-Laws to read as follows:

ARTICLE X OFFICES

Section 39. The Office of the Corporation shall be located at Vitarich Compound, Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan and branch offices may be established at such place/s as the Board of Directors may, from time to time, determine and fix.”

VI. DELEGATION TO THE BOARD OF DIRECTORS OF THE CORPORATION OF THE POWER TO AMEND THE BY-LAWS

The Chairman informed the stockholders that under Article XI, Section 40 of the By-Laws, and as allowed under the Corporation Code, the stockholders holding at least 2/3 of the outstanding capital stock entitled to vote may delegate to the Board of Directors the power to amend or repeal the By-Laws. Accordingly, such delegation to the Board of Directors of the power to amend or repeal the By-Laws was presented for approval by the stockholders.

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders present at the meeting:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the power to amend or repeal the Amended By-Laws of the Corporation and any subsequent amendments thereto be, as it is hereby, delegated to the Board of Directors;

RESOLVED FURTHER, that the vote of a majority of the members of the Board of Directors in a meeting shall be sufficient to amend or repeal the Amended By-Laws and any subsequent amendments thereto.”

VII. CONFIRMATION AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING

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

“RESOLVED AS IT IS HEREBY RESOLVED, that each and every legal act, proceeding, contract, or deed performed, entered into or executed by the Corporation's Board of Directors and Officers, as appearing in the minutes of the meetings of the Board of Directors and other records of the Corporation be, as they are hereby, approved, confirmed, and ratified as if such acts were entered into or

executed with the specific and special authorization of the stockholders in a meeting duly convened and held.”

VIII. APPROVAL OF PLAN FOR QUASI-REORGANIZATION AND AMENDMENT OF ARTICLE VII OF THE AMENDED ARTICLES OF INCORPORATION

The Chairman informed the body that during the regular meeting of the Board of Directors held on May 25, 2017, the plan for quasi-reorganization and the amendment of Article VII of the Amended Articles of Incorporation to reduce the par value of the Corporation’s shares were approved by at least a majority of the members of the Board of Directors and were embodied in Resolution No. 2017-14. Accordingly, the plan for quasi-reorganization and amendment of the articles of incorporation was presented to the stockholders for approval. The plan involved the reduction of par value without increasing the number of shares. The main goal of the quasi-reorganization is to give the corporation a fresh start and allow for possible dividends sooner, rather than later. Note, however, that actual amount of reduction from PhP 1.00 shall be subject to the discretion of the Board of Directors as it may deem necessary and desirable in the interest of the corporation.

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

“RESOLVED AS IT IS HEREBY RESOLVED, that the plan for quasi-reorganization of the Corporation, including the reduction of the par value of the Corporation’s shares as shall be determined by the Board of Directors, but without increasing the number of shares of stock, be, as it is hereby, approved;

RESOLVED, LIKEWISE, that the amendment to Article VII of the Amended Articles of Incorporation to reflect the reduction in the par value of the shares of stock of the Corporation, as shall be determined by the Board of Directors be, as it is hereby, approved;

RESOLVED, FINALLY, that the Board of Directors of the Corporation be, as it is hereby, authorized to determine and finalize the details of, and to implement, the plan for quasi-reorganization.”

IX. ELECTION OF DIRECTORS

The Chairman informed the body of the mandatory requirement of electing independent directors. As a public company, the Corporation is required to have at least two (2) independent directors. Pursuant to SEC Regulations, a Nomination Committee was created to screen the qualifications and prepare a final list of all candidates for independent and regular directors. Such final list was made available to all stockholders through the distribution of the Definitive Information Statement, which stated that the candidates nominated by the Nomination Committee for independent directors of the Corporation are:

1. Mr. Vicente JA Sarza; and
2. Mr. Manuel D. Escueta.

Pursuant to SEC regulations, only the said nominees whose names appear on the said final list of candidates shall be eligible for election as independent directors of the Corporation.

Aside from the two independent directors, the following were nominated as members of the Board of Directors of the Corporation for the ensuing year:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Ricardo Manuel M. Sarmiento;
4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Benjamin I. Sarmiento, Jr.;
6. Mr. Jose M. Sarmiento;
7. Mr. Lorenzo Vito M. Sarmiento III;
8. Mr. Levi F. Diestro;
9. Dr. Juan Arturo Iluminado C. De Castro

Upon motion duly made and seconded, the nominations were declared closed and the Corporate Secretary cast the votes of all stockholders present in favor of the above nominees, allotting to each of them an equal number of votes cast. Thereafter, the following were declared elected as members of the Board of Directors of the Corporation to serve as such until their successors are duly elected and qualified:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Ricardo Manuel M. Sarmiento;
4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Benjamin I. Sarmiento, Jr.;
6. Mr. Jose M. Sarmiento;
7. Mr. Lorenzo Vito M. Sarmiento III;
8. Mr. Levi F. Diestro
9. Dr. Juan Arturo Iluminado C. de Castro
10. Mr. Manuel D. Escueta ; and
11. Mr. Vicente J A Sarza.

X. APPOINTMENT OF THE EXTERNAL AUDITOR

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

“RESOLVED AS IT IS HEREBY RESOLVED, that REYES TACANDONG AND COMPANY be as it is hereby appointed as the Corporation’s external auditor for the ensuing year and to serve as such until its successor shall have been appointed and qualified.”

XI. APPOINTMENT OF THE STOCK AND TRANSFER AGENT

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

“RESOLVED AS IT IS HEREBY RESOLVED, that STOCK TRANSFER SERVICES, INC. be as it is hereby appointed as the Corporation’s stock and transfer agent for the ensuing year and to serve as such until its successors shall have been appointed and qualified.”

XII. ADJOURNMENT

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

TADEO F. HILADO
Corporate Secretary

ATTESTED BY:

JOSE VICENTE C. BENGZON III
Chairman of the Board