

**DRAFT Minutes of the Annual Stockholders' Meeting of  
Cosco Capital, Inc. held on June 30, 2017**

Present:

Lucio L. Co, *Chairman*

Susan P. Co, *Vice-Chairman*

Leonardo B. Dayao, *President*

Eduardo F. Hernandez, *Director*

Levi Labra, *Director*

Oscar S. Reyes, *Independent Director*

Robert Y. Cokeng, *Independent Director*

Also Present:

Darwin Virocel, representative from R.G. Manabat & Company, External Auditor

Liza Sto. Tomas, representative from R.G. Manabat & Company, External Auditor

Roberto Juanchito T. Dispo, nominee as regular director

Bienvenido Laguesma, nominee as independent director

Joel Cruz, RCBC Representative, Stock Transfer Agent

**1. Call to Order**

The meeting started with the singing of the Philippine National Anthem followed by an invocation.

Mr. Lucio L. Co, Chairman of the meeting, called the 2017 Annual Stockholders' Meeting of Cosco Capital, Inc. to order at exactly 9:00 am and presided over the conduct of the same.

**2. Certification of Notice and Quorum**

Upon the inquiry of the Chairman, the Corporate Secretary certified that written notices of the annual stockholders' meeting were sent to all stockholders of the Company as of record date, June 7, 2017, at least two weeks prior to the day of the meeting.

The Corporate Secretary certified that out of 7,375,408,964 common shares issued and outstanding of the Company, there being present, in person and by proxy, stockholders representing a total of 6,614,958,513 common shares, or equivalent to 90% of the outstanding capital stock of the Company.

The Corporate Secretary certified the existence of proper notice and the required quorum for the meeting.

**3. Approval of Minutes of the Annual Stockholders' Meeting held on June 24, 2016 and Ratification of all acts and resolutions of the Board of Directors and Management from the date of the previous Stockholders' Meeting**

The Chairman announced the approval of the first item in the agenda which is the approval of the Minutes of the Stockholders' Meeting held on June 24, 2016 and ratification of all acts and resolutions of the Board of Directors and Management from the date of the said meeting.

It was moved that the readings of the minutes of the previous stockholders' meeting be dispensed with and the same, together with all acts, proceedings, contracts or deeds performed, entered into, or executed by the Company's Board of Directors and officers, be approved, confirmed and ratified as if such acts, proceedings, contracts, or deeds had been performed, entered into, or executed with specific and special authorization of the stockholders in a meeting duly convened and held.

The Chairman asked if there is any objection to the motion as presented and seconded. No objection, hence, the motion was declared carried by 90% of stockholders in attendance.

The resolution is as follows-

*“Resolved, that the Minutes of the Annual Stockholders' Meeting of Cosco Capital, Inc. held on June 24, 2016 and all acts and resolutions of the Board of Directors and Management from the date of the previous Stockholders' Meeting are hereby approved.”*

#### **4. Approval of the 2016 Annual Report and Audited Financial Statements**

The next item in the agenda is the presentation and approval of the Annual Report and the Audited Consolidated Financial Statements of the Company for the year 2016.

A video clips<sup>1</sup> of special events of the Company were presented to the stockholders. After the video presentation, the Comptroller of the Company, Mr. Teodoro Polinga, presented the 2016 Audited Consolidated Financial Statements. Copies of the Annual Report and the 2016 Audited Consolidated Financial Statements of the Company were sent to all stockholders through the dissemination of the Information Statement.

There was a motion to approve the Annual Report and the Audited Consolidated Financial Statements of the Company for the year 2016, as presented. The same was duly seconded.

However, at this point, stockholder Mr. Alfredo Palingao from Shareholders' Association of the Philippines (SharePhil) asked the Board on what are the business risks of the Company and how is the Company dealing with the apparent accumulation of retained earnings that already amounted to up to 33 billion pesos.

Mr. Dayao answered the three main business risks that the Company is currently facing: human resource, competition and technology. Mr. Dayao, however, added that the Company is managing these risks by putting up seminars and training for our own employees and by keeping abreast with the trends in the technology.

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<sup>1</sup> The video presentation will be posted in the Company website.

Mr. Polinga answered the second question that although Cosco has retained earnings, these earnings were already earmarked for the continued expansion of the subsidiaries, Puregold and S&R, in particular.

Another stockholder, Mr. Abueg from SharePhil, asked if the Company can issue stock dividends to address the issue of retained earnings. Mr. Dayao replied that the retained earnings were already appropriated for the expansion of the subsidiaries.

Mr. Abueg also mentioned that Cosco's share on listing date was P10.50, the book value is at P10 per share, and it is selling now at P7.90 to P8.00 per share in the market, so Cosco is selling shares in the market at a discount. Mr. Abueg's observation was noted by the President.

After Mr. Abueg, there was no more question from the floor.

The Chairman asked if there is any objection to the motion to approve the Annual Report and 2016 Audited Consolidated Financial Statements of the Company. No objection, hence, the motion was approved. The resolution is as follows-

*“Resolved, that the Annual Report and the 2016 Audited Consolidated Financial Statements of the Company are hereby approved.”*

## **5. Election of Regular and Independent Directors**

The Corporate Secretary informed the stockholders of the mandatory requirement of electing independent directors. In accordance with the new Manual on Corporate Governance, the Company is required to have at least three (3) independent directors. The Nominations Committee pre-screened the qualifications of all nominees and prepared a final list of all candidates for directors. Such final list of candidates for directors was made available to all stockholders through the distribution of the information statement.

The Corporate Secretary announced the nominees for the 2017 Board of Directors.

The stockholders representing 90% of the outstanding shares of the Company voted in favor of the election of the nominees. The Chairman announced the 2017 Directors of the Company, namely:

Mr. Lucio Co  
Ms. Susan Co  
Mr. Leonardo Dayao  
Atty. Eduardo Hernandez  
Mr. Levi Labra  
Mr. Robert Juanchito Dispo  
Mr. Oscar Reyes as Independent Director  
Ms. Robert Cokeng as Independent Director  
Atty. Bienvenido Laguesma as Independent Director

## **6. Appointment of External Auditor**

The motion to re-appoint R.G. Manabat & Company as external auditor of the Company for the year 2017 upon the recommendation of the Audit Committee and as approved by the Board of Directors was duly made and seconded.

The Chairman asked if there is any objection to the motion. Upon hearing none, the motion was declared approved. The resolution is as follows:

*“Resolved, that the re-appointment of R.G. Manabat & Company (KPMG) as External Auditor of the Company for the year 2017 is hereby approved.”*

## **7. Other Matters**

The Chairman asked if are there other matters which the stockholders wish to bring up or discuss during this meeting. No answer from the stockholders.

## **8. Adjournment**

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

**Candy H. Dacanay-Datuon**  
Assistant Corporate Secretary

**Lucio L. Co**  
Chairman