

**MINUTES OF THE 2017 SPECIAL MEETING OF STOCKHOLDERS
OF ALLIANCE SELECT FOODS INTERNATIONAL, INC.**

At the PSE Auditorium,
Ground Floor, Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center,
Pasig City, Metro Manila
On Thursday, September 7, 2017 at 2:30 p.m.

Directors Present:

1. **Mr. Antonio C. Pacis**, Chairman;
2. **Mr. George E. SyCip**, Vice-Chairman;
3. **Mr. Raymond K.H. See**, Director, President & CEO
4. **Ms. Marie Grace T. Vera Cruz**, Director
5. **Mr. Erwin M. Elechicon**, Independent Director;
6. **Mr. Joseph Peter Y. Roxas**, Director; and
7. **Mr. Dobbin A. Tan**, Independent Director

Also Present:

1. **Atty. Barbara Anne C. Migallos**, Corporate Secretary;
2. **Mr. Edgardo S. Cabalde**, Treasurer, Chief Finance Officer and Chief Information Officer;
3. **Ms. Lisa Angela Y. Dejadina**, Senior Vice President – Business Development and Operational Excellence;
4. **Atty. Ma. Kristina P. Ambrocio**, Vice President – Head of Legal, Compliance Officer and Assistant Corporate Secretary; and
5. **Ms. Ma. Cristina C. Villaruz**, Assistant Treasurer

I. CALL TO ORDER

At 2:30 p.m., the Chairman of the Board of Directors, Atty. Antonio C. Pacis, called the meeting to order and presided over the same. The Chairman introduced the Directors and Senior Officers present at the meeting. The shareholders were also informed of the presence of representatives of Reyes Tacandong & Co., the Company's independent external auditors for 2017.

II. PROOF OF NOTICE OF MEETING

The Corporate Secretary, Atty. Barbara Anne C. Migallos, certified that Notices of the special Meeting of Stockholders, together with the Agenda and the Information Statement, all duly approved by the Securities and Exchange

Commission (SEC), were sent to shareholders not later than August 10, 2017, within the periods prescribed under the applicable rules.

III. CERTIFICATION OF QUORUM

The Chairman then asked the Corporate Secretary if there was a quorum for the transaction of business for which the Meeting was called. The Corporate Secretary informed the body that, as of 2:30 p.m., there were present, in person or represented by proxy, shareholders holding **2,247,432,675 common shares** representing **89.91%** of the outstanding capital stock of the Company. Accordingly, there was a quorum for purposes of the Meeting.

VOTING PROCEDURE

The Corporate Secretary then announced the voting procedure for the Meeting.

The required quorum for a meeting of stockholders is the presence, in person or by proxy, of stockholders holding a majority of the outstanding capital stock. However, the main item on the agenda for this Special Meeting, i.e. the amendment of Article Seventh of the Company's Articles of Incorporation requires the affirmative vote of shareholders holding at least 66 2/3% of the Company's outstanding capital stock.

The record date for the Meeting is August 3, 2017. Only stockholders of record as of the said date, and their duly designated proxies were entitled to notice of, and are entitled to vote at, this Meeting.

Voting is by balloting. Ballots were provided to shareholders and designated proxies upon registration. Where a shareholder designated a proxy, the proxy must vote in accordance with the stockholders' instructions, which instructions are indicated in the proxy submitted to the Company. There are spaces in the proxy for YES, NO or ABSTAIN, and the shareholder indicates how he wants his shares to be voted.

The Corporate Secretary and the Compliance Officer will be responsible for the tabulation of votes. The votes cast will be announced after the item is taken up by the body. The voting results shall also be made available on the Company's website.

GENERAL PROTOCOL

For fair, orderly, and efficient proceedings, the Corporate Secretary also explained the general protocol that shall be observed for the Meeting.

Only stockholders and duly designated proxies are entitled to take the floor to make a comment or ask questions at the Meeting. A stockholder or proxy who wants to comment or ask a question is requested to give his name, and to state for the record that he is a stockholder or proxy, as the case may be. The stockholder or proxy must first be recognized by the Chairman before he can have the floor.

The comments and questions from the stockholders or their proxies must be relevant to the matter being discussed. Also, a stockholder or proxy recognized by the Chairman shall be given a maximum of two (2) minutes to make a comment or ask a question. After his comment or question has been responded to or addressed, he shall be given a maximum of one (1) minute to respond or make a follow up comment.

Stockholders and proxies must observe proper decorum and due courtesy during the meeting. Any person who fails to follow the general protocol as stated may be declared out of order and may be barred from further participation in the proceedings and/or be escorted out from the venue.

IV. AMENDMENT OF ARTICLE SEVENTH OF THE COMPANY'S ARTICLES OF INCORPORATION TO DECREASE AUTHORIZED CAPITAL STOCK

The Chairman proceeded to the main item on the agenda, which, as mentioned and as stated in the Information Statement for the Meeting, is the amendment of Article Seventh of the Company's Articles of Incorporation to reduce the par value of common shares of the Company from One Peso (Php 1.00) per share to Fifty Centavos (Php 0.50) per share, and to decrease the Company's authorized capital stock from Three Billion Pesos (P3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (P1.00) per share to One Billion Five Hundred Million Pesos (P1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (P0.50) per share.

The said amendment is in connection with the Company's equity restructuring program approved by the Board of Directors on July 20, 2017.

The Chairman requested Mr. Edgardo S. Cabalde, Treasurer and Chief Finance Officer of the Company, to explain the equity restructuring program to shareholders.

Report on the Company's Equity Restructuring Program

Mr. Cabalde began by explaining that equity restructuring is an accounting process commonly used to reduce the accumulated deficit of a corporation by re-organizing its authorized capital stock. He identified several local companies which have undergone equity restructuring in recent years.

Management recommended and the Board approved the equity restructuring program for the purpose of reducing or wiping out the Company's accumulated retained earnings deficit, which in turn will improve the Company's financial profile, and ability to declare dividends at the right time. Mr. Cabalde emphasized that the Company cannot declare dividends as long as it has an accumulated deficit.

The said equity restructuring program entails the reduction of the par value of the common shares of the Company from One Peso (Php 1.00) per share to Fifty Centavos (Php 0.50) per share, and the decrease the Company's authorized capital stock from Three Billion Pesos (Php 3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (Php 1.00) per share to One Billion Five Hundred Million Pesos (Php 1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (Php 0.50) per share. Mr. Cabalde emphasized that the number of issued and outstanding shares will remain the same. The ownership of shares will also remain unchanged.

As a result of the decrease in capital, new additional paid-in capital in the amount of US\$26,823,389.00 will be created from the reduction surplus. Accordingly, no return of capital to shareholders will result from the said capital decrease. The new additional paid-in capital, together with Company's existing additional paid-in capital as of May 31, 2017 in the amount of US\$6,662,001.00, or a total additional paid-in capital of US\$33,485,390.00 will then be applied against the Company's accumulated deficit as of May 31, 2017 in the amount of US\$31,998,844.00.

Mr. Cabalde said that the proposed equity restructuring is timely, in view of the Company's strong financial performance for the first half of 2017. He said that once effected, the deficit which accumulated due to the Company's losses prior to its recent profitability will be eliminated.

Highlights of First Half Financial Results

Mr. Cabalde then briefly reported on the Company's financial and operating results for the first half of 2017. Consolidated net sales was US\$ 35 Million, 10% higher compared to the previous year. Attributable net income was at US\$ 320,000, which was 126% higher than net income over the same reporting period last year. This healthy revenue increase is due to double-digit

growth in the Company's salmon segment, in addition to a strong recovery in the performance of the Company in its tuna segment. He added that export sales of the Company have also increased for the said period.

Open Forum

Question 1: Mr. Philip Turner, a stockholder, asked what the strategy of the Company was to ensure that the equity restructuring program is a success, noting that other companies that have undergone the same restructuring have been unsuccessful. He also asked how the equity restructuring program will affect the share price of the Company's shares of stock.

Answer: Mr. Raymond K.H. See, President and CEO, said that the equity restructuring program is part of the Company's overall turnaround strategy. He noted that the said strategy is already bearing fruit as shown in the Company's performance in the first half of 2017.

On the second question, Mr. See said that the share price is dependent on various market factors. It will thus be difficult to determine how the market will react to the equity restructuring program. In view of the purpose of the equity restructuring program, the hope is that this will be viewed positively by the market.

Question 2: Mr. Turner then asked whether the equity restructuring program would be a one-time event or it would be done again in the future.

Answer: Mr. See said that at the moment there are no plans to do this again in the future.

Question 3: Mr. Edgar Ngo, a stockholder, also asked regarding the effect of the equity restructuring program on the share price.

Answer: Again, Mr. See said that share price is dependent on various market factors. However, the hope is that the market will view this as a positive development because the equity restructuring program will give the Company a stronger balance sheet. Mr. See added that the Company is also working hard to sustain the positive momentum and further improve performance, which will hopefully have a positive effect on share price.

Question 4: Mr. Stephen G. Soliven, a stockholder, asked if the Company would consider selling its unprofitable lines of business.

Answer: Mr. See said that this is always an option for the Company.

Question 5: Ms. Adele O. Chan, a stockholder, asked how the Company's business compares with Century Pacific Food, Inc., owner of the "Century Tuna" business.

Answer: Mr. See said that there is a substantial difference with respect to the business models of the two companies. He said that the Company is mainly export-focused and the margins that it receives are primarily manufacturer's margins. The Company manufactures and delivers canned tuna to its clients overseas based on their specifications. It is the client that brands and markets the canned tuna. On the other hand, the bulk of Century Pacific's business is the domestic market. It has its own brand, and it has control over its margins. Century has established a very strong presence in the local market.

Question 6: Mr. Ngo asked why the Company does not have its own brand in the local market.

Answer: Mr. See said that having a local brand is one of the things that the Company is considering. However, this would need a lot of resources and preparation. Right now, the Company is prioritizing its export business first to position the company towards growth.

There being no other questions, the Chairman requested the Corporate Secretary to read the resolution to be considered by shareholders for the approval of the amendment of Article Seventh of the Company's Articles of Incorporation. The Corporate Secretary read the relevant resolution to be considered by shareholders, as approved by the Company's Board of Directors on July 20, 2017, as follows:

"NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved, that Article Seventh of the Articles of Incorporation of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") be amended to reduce the par value of the Company's common shares from One Peso (P1.00) per share to Fifty Centavos (P0.50) per share, and to decrease the Company's authorized capital stock from Three Billion Pesos (P3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (P1.00) per share, to One Billion Five Hundred Million Pesos (P1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par

value of Fifty Centavos (P0.50) per share, such that Article Seventh of the Company's Articles of Incorporation shall read as follows:

'SEVENTH: That the authorized capital stock of the corporation is ONE BILLION FIVE HUNDRED MILLION PESOS (Php 1,500,000,000.00) in lawful money of the Philippines, divided into Three Billion (3,000,000,000) shares, with par value of Fifty Centavos (Php 0.50) per share.'

The Corporate Secretary said that the amendment requires the approval of shareholders holding at least 66 2/3% of the Company's outstanding capital stock.

Ms. Liselle Angela I. Bascara, a proxy, moved that the resolution adopted by the Board of Directors, pursuant to the equity restructuring program explained at the Meeting, to amend Article Seventh of the Company's Articles of Incorporation to reduce the par value of common shares of the Company from One Peso (Php 1.00) per share to Fifty Centavos (Php 0.50) per share, and to decrease the Company's authorized capital stock from Three Billion Pesos (Php 3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (Php 1.00) per share to One Billion Five Hundred Million Pesos (Php 1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (Php 0.50) per share be approved, ratified, and confirmed. The motion was seconded.

The Chairman then requested the Corporate Secretary to inform the body of the results of the tabulation of votes on the said amendment of Article Seventh of the Articles of Incorporation. The Corporate Secretary reported that as of 2:30 p.m., shareholders holding **1,872,157,978 common shares** representing **74.89%**¹ voted YES to the approval of the said amendment to Article Seventh of the Company's Articles of Incorporation. The Corporate Secretary noted that votes cast after 2:30 p.m. will be counted and included in the final tally of votes that will be posted on the Company's website and duly disclosed.

There being sufficient votes for the approval, the Chairman thus declared the amendment of Article Seventh of the Company's Articles of Incorporation was approved.

¹ Total number of shareholders holding **1,872,469,276 common shares**, representing **74.91%** voted **YES** to the amendment of Article Seventh of the Company's Articles of Incorporation

V. ADJOURNMENT

There being no other matters to discuss, and upon motion duly made and seconded, the Chairman declared the meeting adjourned at 3:00 p.m.

Prepared by:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

Attest:

ANTONIO C. PACIS
Chairman of the Meeting

C2367 ASFII 2017 SSM Minutes final (14SEP17) spp78