

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF  
CONCEPCION INDUSTRIAL CORPORATION**

The Annual Meeting of the Stockholders of the Concepcion Industrial Corporation (the “Company”) was held on July 15, 2020, at 10:30 a.m., conducted virtually via Zoom.

Shareholder Attendance: 350,412,413 shares or 86.09% of the outstanding capital stock

Incumbent Directors Present:

Raul Joseph A. Concepcion	Chairman/President & CEO
Renna C. Hechanova-Angeles	Director
Raul Anthony A. Concepcion	Director
Raissa C. Hechanova-Posadas	Director
Ma. Victoria Hermina A. Concepcion	Director
Cesar A. Buenaventura	Independent Director
Alfredo E. Pascual	Independent Director

Others Present:

Jayson L. Fernandez	Corporate Secretary
Rafael C. Hechanova, Jr.	EVP for Business Development
Grace Z. Velasco	Head of Investor Relations
Omar C. Taccad	Chief Compliance Officer

**I. CALL TO ORDER**

After welcoming the stockholders to the meeting, the Chairman, Mr. Raul Joseph A. Concepcion, remarked that the Company was holding the meeting in virtual format for the first time in its history to enable it to meet the date set in the By-Laws in the manner consistent with global best practices while ensuring the safety and health of the participants. He thanked the stockholders who have joined the webcast of the proceedings and those who participated through the voting *in absentia* system or by proxy. Stockholders were also advised that they could submit questions via electronic mail at [investorrelations@cic.ph](mailto:investorrelations@cic.ph) and the Chairman will endeavor to answer questions received within the allotted time. The Chairman then called the meeting to order and introduced the members of the Board of Directors who were also present at the meeting.

The Corporate Secretary, Mr. Jayson L. Fernandez, recorded the minutes of the meeting.

## **II. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM**

Upon request of the Chairman, the Corporate Secretary informed the body that the notice and agenda of the meeting, together with the Definitive Information Statement which contains the procedures for attending the meeting via remote communication and for casting votes *in absentia* were posted on the website of the Company on June 23, 2020. The notice and agenda of the meeting were also published in both print format and digital print copy form in two newspapers of general circulation on June 23, 2020. The Corporate Secretary further stated that based on the online registration system established by the Company, there are present in person through remote communication, in absentia or duly represented by proxy at the meeting, stockholders who own or hold a total of 350,412,413 shares representing 86.09% of the total issued and outstanding capital stock of the Company. The Corporate Secretary then certified the existence of a quorum for the valid transaction of business.

On the basis of the certification of the Corporate Secretary on the existence of a quorum, the Chairman declared the meeting duly convened and open for transaction of business.

## **III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON JULY 10, 2019**

The Chairman of the meeting stated that the next item on the Agenda is the approval of the Minutes of the Annual Meeting of the Stockholders held on July 10, 2019, a copy of which was made available to the stockholders for their perusal at the Company's website.

The Corporate Secretary stated that based on the tabulation of votes, stockholders present or represented by proxy at the meeting, constituting 86.09% of the outstanding capital stock voted in favor of the approval of the Minutes of the Annual Meeting of the Stockholders held on July 10, 2019.

## **IV. REPORT OF THE CHAIRMAN**

The Chairman proceeded to the next item on the Agenda and delivered his Report. The Chairman's Report is quoted below:

*"To our fellow shareholders, colleagues in the board, employees and management of Concepcion Industrial Corporation or CIC, good morning.*

*Welcome to the Annual Shareholders meeting of Concepcion Industrial Corporation.*

*Before we start, I'd like to honor Eumelia Concepcion Hechanova, one of our key founders who passed away late last year. For all her*

*contributions, she will forever remain in the hearts of the people she touched.*

*I greet all of you under the most unusual and challenging of circumstances. What was supposed to be a new year, a new decade full of promises and excitement - seems so far away with everything that has happened so far this year. 2019, which was only 6 months ago seems so old and irrelevant from today's perspective.*

*And so, we welcomed the year 2019 with optimism and a strong resolve to resume our growth trajectory, steadfast in implementing our long-term strategy and vision.*

*2019 was a milestone year for our Company. It paved many opportunities for us to grow the business and transform the organization. Let me expound on a few of them.*

*It was the first year that we organized into Divisions consistent with our Go-To-Market strategies, a key strategy aimed at establishing agility and responsiveness within the organization as we acknowledge that volatility, challenges and opportunities will become a way of life for us.*

*CIC also made significant strides across multiple fronts in line with our key strategy:*

- CIC successfully introduced the Toshiba brand and its range of Toshiba consumer appliances, which has reached over P 200 million for its first year sales;*
- Midea brand grew 71% this year and finally recorded a breakeven;*
- Overall, CMIP reached just under P 2 billion sales, a 93% growth for 2019. Midea also introduced many new categories – water dispenser, vacuum cleaner, blenders, dishwashers in addition to the current product line – these products also had a good traction online.*
- In 2019, we revitalized the CONDURA brand with a reinforced team and introduction of 16 additional SKU's of refrigerators, launched multiple campaigns and implemented dealer and trade engagement events. Condura achieved 15% growth of Sales for 2019 and gained 5 pts in market share. Moreover, Condura introduced 46 new SKU's and gained 2 pts of share.*
- 2019 gave us an opportunity to strengthen our aftersales business through Totaline online store.*

- *Last year, we launched our very first eCommerce platform called MangKosme.*
- *We also made small acquisitions in promising businesses such as Tenex, Teko and All Care to boost both our end-to-end solution proposition, as well as to provide an avenue for learning, familiarization and introduced new business practices into our organization.*

*There were bumps along the year particularly in Q2, our peak period, which turned out to be unexpectedly tough on both commercial and residential air-conditioning segments. As a response, we adopted expense control and prudent working capital management measures in order to end the year with decent returns and a strong cash position.*

*I am happy to report that CIC had a strong performance in 2019. We were able to bounce back in Q4 with a double-digit growth both sales and earnings, capping off the year with a record-breaking sale of 17 billion pesos, 12% growth.*

*In terms of units, it's the first time that we have sold over 1 million units in one year.*

*Earnings was the most challenged because of the higher operating cost and some one-timers that we had to deal with. In terms of operating income, we recovered nicely to end slightly lower than last year however Earnings after tax and minority interest were up 4%.*

*All our efforts to improve our working capital paid off. In terms of cash flow, we collected 130% of our Net Income, driven by a 500-million peso reduction in inventory. We ended up the year with a healthy cash position and almost no debt.*

*One key strategy to future-proof our company is through Concepcion Learning Center, an initiative that would be fundamental to our future growth. The building was completed last third quarter of the year.*

*In summary, we have set in motion activities to pave the way for more aggressive growth in 2020 and more importantly, we were moving towards where we should inevitably be: A company with strong financial fundamentals, strengthened brands and a collaborative, responsive and agile organization that continuously learn how to do business differently in a more digital and connected world.*

*We were all excited about the year 2020, the year was envisioned with vast opportunities; a year when CIC was set to evolve and ready to embrace change.*

*Little did we know the about what was facing us in the near future, highlighting the need for us to further accelerate the direction we were taking.*

*When the pandemic broke loose in the middle of March, we needed to pivot quickly. Our immediate concerns are now focused on the following:*

- The health and financial well-being of our employees and as well as our strategic partners.*
- For the business to preserve its cash flow and ensure funding of our key operating expenses, obligations as well as taking the needed actions to secure the survival plan of the business.*
- Lastly, developing a contingency and recovery plan given the new realities of the business.*

*Ensuring the health & safety of our employees and business partners is a key priority and necessary step for us to start recovering.*

*A crisis management team was formed to guard everyone's health and a set of protocols was put in place to keep our workforce healthy, productive, and engaged at the same time keeping our workplace safe.*

*Part of our protocols is ensuring that all 100% of employees reporting to work for the first time go through a rapid testing. To date, we have tested over 2,600 people and I am happy to say that only 2 individuals have tested positive.*

*COVID 19 is the perfect storm, it isn't just a national health crisis but likewise, an economic catastrophe, so vast and devastating with consequences on lives and businesses that have yet to be fully felt.*

*No one knows what the future holds. All we can do is to plan and prepare and be ready to pivot wherever the virus and events take us.*

*The only way that we can overcome this adversity is by staying focused on our vision while keeping in mind the need to be healthy and safe in the new environment we live in.*

*And as we navigate this storm, CIC has taken comprehensive actions that aims to keep the ship afloat and ensure the survival of the business.*

*Part of those comprehensive action plans that we have taken is to very engage with our channel partners, and customers in helping them restart their businesses.*

*Since the start of the crisis, we have been keeping them abreast of the situation to the extent of lobbying with the government for inclusion into the approved list of businesses that will be allowed to operate and helping restart or accelerate their e-Commerce or delivery platforms.*

*I am happy to say that revenues have steadily increased since the partial opening up on May 15 and we hope that this recovery continues into the 2<sup>nd</sup> half of the year.*

*COVID 19 is the biggest disruptor of all time.*

*As we prepare for the realities of the new normal, we continue to quickly adapt to the changing market demands and behaviors.*

*We are accelerating digitization and digitalization, initiatives and matching this using Technology enablement focus on optimizing our ERP, and creating and enabling an end to end platform/solution encompassing the entire customer journey from purchase, installation, service & maintenance, parts, payment and logistics.*

*And while in the last few months, we devoted our efforts strategizing to keep our company relevant, we did not forget the core reason of why we exist as a company.*

*Our promise to always be one with the Filipino especially in this time of crisis. As a Filipino company built on compassion and Bayanihan, we continue to say true to our spirit of service and commit to protect the welfare not only of our employees and partners, but also the community.*

*We launched WeCARE, a nonprofit web platform that connects hospitals and medical institutions to pledgers and donors. To date, have onboarded over 150+ hospitals and fulfilled over 30 thousand items (mainly essential PPE's) to the front liners nurses and doctors fight. The initiative's efforts has taken the next through a strategic partnership with ABS-CBN Foundation's Pantawid ng Pag Ibig. With this partnership, we grew our base, tapping OFWs and reaching donors outside the country.*

*CIC also had several COVID-Facility building initiatives in partnership with the Government and some private organizations. A number*

*of air conditioners, refrigerators and washing machines were deployed to different COVID tent facilities.*

*And lastly, CIC extended support to affected Filipino families through PDRF's "Project Ugnayan", a collaboration among our country's top business firms to provide the necessary support to families affected by the COVID-19 crisis. This effort is in cooperation with the Philippine Disaster Resilience Foundation (PDRF), to raise funds in support of the ongoing initiatives to help poor families that were economically displaced by the ongoing Enhanced Community Quarantine.*

*No one knows what the future holds and how the perfect storm – Covid 19 will totally unfold, its full impact and when will it end. All we know is that 2020 will be a very challenging year.*

*As we shift to the new normal, we continue to uphold our strong corporate culture, remembering our purpose as a company – building better lives and businesses.*

*Guided by our core values and guiding principles of learning, collaboration and innovation, as key drivers of our competitiveness and ability to prevail in this extra ordinary time.*

*CIC is well positioned to get through this crisis. For nearly 60 years since the inception of Concepcion Industries we have witnessed and experienced many challenges. We have grown stronger and more resilient through each of this crisis and rest assured that we will get through this one.*

*I would like to sincerely express my gratitude to our Board of Directors, the leadership team, and all our employees for their commitment and dedicated service. We are also extending our gratitude to all our business partners for their continued support, and our dear customers for their unwavering loyalty. Lastly, we express our deepest appreciation to our shareholders, for their trust and confidence in CIC.*

*Thank you."*

After being advised by the Head of Investor Relations that there were no questions sent by stockholders, the Chairman proceeded to the next item on the Agenda.

**V. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

The next item on the Agenda was the approval of the audited financial statements for the year ended 31 December 2019 which had been earlier sent to the stockholders together with the Notice of the Meeting in accordance with the pertinent SEC Rules.

The Chairman asked if there were any questions on the financial statements.

There being no questions, a motion was duly made and seconded for the approval of the audited financial statements for the year ended December 31, 2019 and that the votes be cast in accordance with the stockholders' voting instructions.

There being no objection to the motion, the Corporate Secretary cast the votes, and with 350,412,413 shares representing 86.09% of the outstanding capital stock cast in favor of the approval of the audited financial statements for the year ended December 31, 2019, the same were approved.

## **VI. ELECTION OF DIRECTORS**

The next item on the Agenda was the election of directors of the Company for the ensuing corporate year.

The Chairman read the names of the nominees for election as directors (including independent directors), as follows:

Raul Joseph A. Concepcion  
Raul Anthony A. Concepcion  
Renna C. Hechanova-Angeles  
Raissa C. Hechanova-Posadas  
Jose Ma. A. Concepcion III  
Ma. Victoria Herminia A. Concepcion-Young  
Cesar A. Buenaventura  
Alfredo E. Pascual

and stated that Mr. Buenaventura and Mr. Pascual have been nominated as independent directors.

The Chairman informed the body that the Corporate Governance and Nomination Committee of the Board, composed of Mr. Cesar A. Buenaventura as Chairman, Mr. Alfredo E. Pascual and himself as members, has reviewed and evaluated the background information of the nominees for election as directors/independent directors. Based on the standards specified in the Company's Manual on Corporate Governance and Amended By-Laws, the Corporate Governance and Nomination Committee has determined that each of the nominees possesses all of the qualifications and has none of the disqualifications for directorship. Also, the Corporate Governance and Nomination Committee evaluated whether any of the nominees for election as independent directors has any involvement in the Company's management or any business or other relationships with the Company which



could, or could be reasonably perceived to, materially interfere with the exercise of independent judgment in carrying out their responsibilities as independent directors. The Corporate Governance and Nomination Committee has determined that Messrs. Cesar A. Buenaventura and Alfredo E. Pascual meet all the independence criteria and are qualified for election as independent directors. As recommended by the Corporate Governance and Nomination Committee, the Board confirmed the final nominees for election as directors/independent directors whose names have earlier been announced by the Chairman.

Thereafter, a motion was duly made and seconded that the Corporate Secretary be directed to cast the votes of the outstanding shares in accordance with the voting instructions of the stockholders, for the election of all the nominees and that all the nominees be declared elected as directors, considering that there are only seven board seats and all of the seven nominees are qualified for directorship, including Messrs. Buenaventura and Pascual who are qualified to be elected as independent directors.

There being no objection to the motion, the Corporate Secretary casted the votes, and with 350,412,413 votes cast in favor of each of the above-named nominees, the eight nominees were declared elected as directors of the Company, with Messrs. Cesar A. Buenaventura and Alfredo E. Pascual as independent directors.

The Chairman introduced the newly elected members of the Board.

## **VII. APPOINTMENT OF EXTERNAL AUDITORS**

The Chairman stated that the next item on the Agenda is the appointment of external auditors.

The auditing firm of Isla Lipana & Co. was nominated.

The Corporate Secretary stated that based on the tabulation of votes, all the shares of the stockholders present or represented by proxy at the meeting, constituting 86.09% of the outstanding capital stock, were voted in favor of the appointment of Isla Lipana & Co. as independent auditors as well as the corresponding scope of services and proposed audit fees, and the Chairman declared the appointment of Isla Lipana & Co. as independent auditors to audit the financial statements of the Company for the fiscal year 2020.

## **VIII. RATIFICATION OF THE ACTIONS TAKEN BY THE BOARD AND MANAGEMENT**

The Chairman stated that the next item on the Agenda is the ratification of all actions taken by the Board of Directors and Management of the Company since the last Annual Meeting of the Stockholders on July 10, 2019. The acts and resolutions of the Board and Management are reflected in the Minutes of the Meetings, the material aspects of which are disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange, and posted on the Company's website.

Upon a motion made and seconded, the Corporate Secretary informed the stockholders present that based on the tabulation of votes, all the shares of the stockholders present or represented by proxy at the meeting, constituting 86.09% of the outstanding capital stock, were voted in favor of the ratification of all actions taken by the Board of Directors and Management of the Company during the period from July 10, 2019 up to the date of this meeting. The Chairman then declared the motion carried.

## **IX. ADJOURNMENT**

There being no further business to discuss, and no additional questions raised by the stockholders, upon motion duly made, seconded and carried, the meeting was adjourned.

The Chairman thanked the stockholders for their attendance.

CERTIFIED CORRECT:

JAYSON FERNANDEZ  
Corporate Secretary

A T T E S T:

RAUL JOSEPH A. CONCEPCION  
Chairman of the Board