

MINUTES OF THE ANNUAL MEETING
OF STOCKHOLDERS

SSI GROUP, INC.

Held on 15 June 2017, 9:00 a.m.
at the Main Lounge
Manila Polo Club
Makati City

PRESENT:

ZENAIDA R. TANTOCO
ANTHONY T. HUANG
MA. TERESA R. TANTOCO
MA. ELENA T. VALBUENA
BIENVENIDO V. TANTOCO III
EDUARDO T. LOPEZ III
EDGARDO LUIS PEDRO T. PINEDA
JOSE TEODORO K. LIMCAOCO (INDEPENDENT DIRECTOR)
CARLO L. KATIGBAK (INDEPENDENT DIRECTOR)

ALSO PRESENT:

ELIZABETH T. QUIAMBAO
ROSSELLINA J. ESCOTO
MA. MARGARITA A. ATIENZA
CHERYL ANNE M. BERIOSO
GEMMA M. SANTOS
PATRICIA JANELLI A. DAVIDE

SHARE INFORMATION:

Total Number of Issued and Outstanding Shares	3,312,864,430
Total Number of Shares Represented at the Meeting	2,443,344,259
Percentage of Shares Represented	73.75%

I. CALL TO ORDER

Mrs. Zenaida R. Tantoco, Chairperson of the Meeting, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Gemma M. Santos, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

Upon request of the Chairperson, the Corporate Secretary confirmed (i) that notices were duly sent by mail or special messengerial service to all stockholders of record of the Company as of 16 May 2017, the record date of the meeting, (ii) that based on the records, there were represented at the meeting, in person or by proxy, stockholders owning 2,443,344,259 shares, representing 73.75% of the total issued and outstanding capital stock of the Company, and (iii) that there was a quorum to transact business therein.

III. APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the stockholders resolved to approve the minutes of the Annual Stockholders' Meeting held on 15 June 2016 in its entirety.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	-	2,443,344,259 (100% of votes cast)
Votes against	-	Nil
Abstentions	-	Nil

IV. APPROVAL OF THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2016

The President reported on the financial condition and results of operations of the Company for the year 2016 and for the first quarter of 2017. The Corporate Secretary noted that copies of the Annual Report for the year ended 31 December 2016 were furnished and sent to all stockholders of record. The Audited Financial Statements were incorporated in the Annual Report of the Company. These were likewise summarized in the Definitive Information Statement, copies of which were distributed to the stockholders of record together with the Notice of the Meeting.

Mr. Huang began his report by describing the key driving factors for the business amidst a highly competitive environment, namely, (1) further strengthening the Group's brand portfolio and store network, (2) optimizing costs and expenses and (3) expanding the Group's growing e-commerce presence. Mr. Huang said that the Group ended the year with a portfolio of 114 brands, spread across a wide range of categories, including luxury, bridge, casual wear, fast fashion, footwear and accessories, personal care, home and food. This diverse portfolio of brands allows the Group to serve a wide range of customers.

Mr. Huang also talked about the Group's strategic store network with 708 stores covering 139,000 square meters as of the end of 2016. He also discussed the Store Optimization Program, which involved, among others, consolidating underperforming stores. This optimization program allowed the company to manage costs, which contributed to the healthy revenue growth of 6% in 2016 as compared to the previous year.

Mr. Huang then reported on the strong financial performance of the Company for the fourth quarter of 2016, with a sales growth of 3% despite the reduction in the number of stores. More significantly, the Company saw an increase of 66% in core recurring income for the quarter, reflecting the impact of the cost and expense rationalization initiatives of the Company, as well as the store consolidation program. The fourth quarter of 2016 saw a 22% increase in operating cash flows.

For the year 2016, the Group saw a healthy top line growth of 6% but there was a reduction in gross profit margins which resulted in declines in EBITDA and recurring net income. Mr. Huang noted, however, that the Group was free cash flow positive as of 2016, for the first time since the Company's IPO. The Group generated an operating cashflow of Php1.9 Billion and free cashflow of Php1.2 Billion. Because the Group is free cashflow positive, it is in a better position to reduce its debts as well as take advantage of new brand opportunities, as well as continue to expand its e-commerce properties.

Mr. Huang then discussed the Group's performance for the first quarter of 2017. He reported that there were significant improvements in the quarter's performance, reflecting the strategies and initiatives put in place in 2016. The store consolidation program and efforts to rationalize costs and expenses also resulted in improved operating margins during the first quarter of 2017. Operating margins were at 7.8% as of the end of the first quarter of 2017, representing an increase of 1% over the full year of 2016. Gross profit margins also stabilized at 48.3%. As a result of higher operating margins, the core recurring income for the quarter was at Php157 Million, a 21% increase as compared to the same period last year and Net Income was at P135m an 11% increase from the previous year.

After the presentation of the report, and upon motion duly made and seconded, the stockholders approved the Annual Report and Audited Financial Statements of the Company for the fiscal year ended 31 December 2016.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	-	2,443,344,259 (100% of votes cast)
Votes against	-	Nil
Abstentions	-	Nil

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OF MANAGEMENT SINCE THE LAST STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the stockholders resolved to ratify and confirm all acts done or caused to be done by the Board of Directors and Management of the Company since the last stockholders' meeting held on 15 June 2016, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures made and duly filed with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The breakdown of the votes cast on this matter was as follows:

Votes in favor	-	2,442,874,259
Votes against	-	470,000
Abstentions	-	Nil

VI. ELECTION OF DIRECTORS

At the request of the Chairperson, the Corporate Secretary reported that the following qualified individuals were duly nominated for election as directors of the Company for the year 2017 to 2018 and until their successors-in-interest have been duly elected and qualified:

1. Zenaida R. Tantoco
2. Anthony T. Huang
3. Ma. Elena T. Valbuena
4. Ma. Teresa R. Tantoco
5. Bienvenido V. Tantoco III
6. Eduardo T. Lopez III
7. Edgardo Luis Pedro T. Pineda
8. Jose Teodoro K. Limcaoco
9. Carlo L. Katigbak

The Corporate Secretary identified Messrs. Limcaoco and Katigbak as nominees for independent directors. There being no other nominations, and upon motion made and duly seconded, the nominations were declared closed.

A stockholder moved that all nine (9) individuals nominated to the Board of Directors of the Company for the year 2017 be elected as members of the Board of Directors. The Corporate Secretary informed the stockholders that based on the votes cast in favor of all of the above-named nominees, which were tabulated with the assistance of the Company's stock transfer agent, Rizal Commercial Banking Corporation – Stock Transfer Department, the foregoing persons were elected as members of the Board of Directors.

Votes were cast in respect of the election of the directors as follows:

Nominee	Votes In Favor	Votes Against	Abstentions
Zenaida R. Tantoco	2,381,444,292	61,899,967	0
Anthony T. Huang	2,373,034,292	70,309,967	0
Ma. Teresa R. Tantoco	2,434,464,259	8,880,000	0
Ma. Elena T. Valbuena	2,434,464,259	8,880,000	0
Bienvenido V. Tantoco III	2,373,034,292	70,309,967	0
Eduardo T. Lopez III	2,434,934,259	8,410,000	0
Edgardo Luis Pedro T. Pineda	2,434,421,259	8,923,000	0
Jose Teodoro K. Limcaoco (Independent Director)	2,443,344,259	0	0
Carlo L. Katigbak (Independent Director)	2,443,344,259	0	0

The Chairperson accordingly declared the nine (9) nominees duly elected as directors of the Company for the year 2017 and until their successors-in-interest have been duly elected and qualified.

VII. APPOINTMENT OF EXTERNAL AUDITORS FOR FISCAL YEAR 2017

Mr. Huang stated that the Company submits for approval of the stockholders the reappointment of the Company's external auditors, SGV & Co., upon the recommendation of the Audit Committee.

Upon motion duly made and seconded, the stockholders approved the reappointment of SGV & Co. as the Company's external auditors for fiscal year 2017.

The breakdown of the votes cast on this matter was as follows:

- Votes in favor - 2,443,344,259 (100% of votes cast)
- Votes against - Nil
- Abstentions - Nil

The Chairperson accordingly declared SGV & Co. reappointed as external auditors of the Company for the year 2017.

VIII. OTHER MATTERS

The Chairperson then opened the floor for questions from the stockholders.

A shareholder, Mr. Leon Miguel Sagayadan, asked how Management sees the Company growing or developing in the next two to three years. Mr. Huang replied that the Company's superior brand portfolio and strategic location are its key assets and with these in place, the Company's momentum for growth continues. He said that he is confident that with the implementation of the store rationalization program, the Group will be more efficient in the years ahead. Mr. Huang added that the Group continues to look out for new brand opportunities as it has been doing in the past 10 years. The Group is eyeing new brands to add to its current portfolio and is actively pursuing these. The Group is also diversifying its portfolio – with its home, food and beverage stores. He said that the food and beverage business, with TWG and Salad Stop, have proven to be quite successful for the Group. Management is focusing on finding new food and beverage opportunities that are appropriate for the Philippine market. Mr. Huang also discussed e-commerce opportunities through its on-line stores/retailers.

Another shareholder, Mr. Jed Velasquez, asked about the impact of the growth of the gaming industry on the SSI Group business. Mr. Huang said the Group's current customers are primarily domestic shoppers, however, the growth of the gaming industry is bringing in more tourists into the country. This gives the Company opportunities to tap the tourists market, who will hopefully further boost sales in the Company's stores.

Shareholder, Ms. Joliza Salgado, inquired about the Group's plans to expand its food and beverage business. Mr. Huang said that the Company is happy with the performance of Salad Stop, and there are plans to open new stores. As part of its medium-term strategy, the Company is looking at expanding this business. It is actively looking into and pursuing new opportunities.

A shareholder asked whether the Company has plans to develop mobile apps. Mr. Huang explained that the development of mobile apps is part of the overall e-commerce strategy of the Company. The Group actually has a mobile app, which was launched 3 years ago, covering the SSI stores, where promotions and announcements were made. The same shareholder inquired about striking a balance between e-commerce and traditional retail. Mr. Huang said that most of the successful retailers have adopted an Omni-channel approach to retailing and the Company is moving towards this approach to retailing.

A shareholder inquired about stores that are being closed. Mr. Huang explained that store closures are part of the store optimization program, to rationalize the Group's costs and expenses by consolidating underperforming stores. The aim is to maximize profit margins by streamlining operations and become more cost efficient.

Shareholders also gave suggestions about the presentation of the financial performance of the Company, particularly pointing out positive performance indicators that were not sufficiently highlighted. These were noted by Mr. Huang.

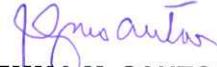
In response to comments of a stockholder, Mr. Huang said that the Company has been successful in attracting foreign funds to invest in the Company. Stock prices have grown in the past few weeks. This is the result of meetings and briefings on the Company's performance with various foreign investors.

A few stockholders also gave comments and suggestions about the registration process for the annual stockholders' meeting.

IX. ADJOURNMENT

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

CERTIFIED CORRECT:



GEMMA M. SANTOS
Corporate Secretary

ATTESTED BY:



ZENAIDA R. TANTOCO
Chairperson