

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING  
OF PRYCE CORPORATION HELD AT VALLE VERDE COUNTRY CLUB  
PASIG CITY ON JULY 8, 2004 AT 4:00 P. M.

The Chairman and President, Mr. Salvador P. Escaño presided and called the meeting to order at 4:15 p.m. The undersigned as Corporate Secretary certified that notices of the meeting were sent to stockholders of record as of June 25, 2004, at their given address on June 24, 2005, and published in the Philippine Star on June 24, 2004. It was also certified that a quorum was present because 1,753,492,286 shares out of the issued and outstanding shares of 1,822,993,750 or 96.19% entitled to vote were present in person or by proxy.

The next item on the agenda was the reading and approval of the minutes of the previous annual stockholders meeting held on July 30, 2003. The stockholders present, after going over their copies furnished them before the meeting, on motion duly made and seconded, it was unanimously

“RESOLVED, that the reading of the minutes of the annual meeting held on July 30, 2003, be, dispensed with and the same be, as it is hereby, approved”.

The next order of the business was the report of the President. Likewise, copies of the President's message to the stockholders were furnished them before the meeting and on motion duly made and seconded, the reading of the same was dispensed with.

The next order of the business was the approval of the Annual Report and the Financial Statements of the Company for the year ended December 31, 2003. At this instance, the Chairman requested the Chief Financial Officer (CFO) of the Corporation to render and brief the stockholders about the results of the operations for the year then ended. The CFO reported the results of operations for the year ending December 31, 2003 in details with comparative figures with that of the previous year. After some questions, answers and clarifications thereon, on motion duly made and seconded, it was unanimously

“RESOLVED, that the report of the operations of the Corporation for the fiscal year ending December 31, 2003, as well as the audited financial statements for the same period be, as they are hereby, approved”.

The Chairman then stated that the next item on the agenda was the ratification of all acts and transactions entered into by the Board of Directors and its Officers. The stockholders present were informed that the copies of the management acts are available at the Head Office of the Corporation for verification during regular working hours of any working days. Major among these were: Authority to transfer, as co-owner a parcel of land at the Cebu Business Park unto CBP Property Holdings, Inc.; Authority to enter into transactions involving the acquisition of properties for future use; Authority to convey memorial lawn lots to creditors by way of dacion en pago in payment of the Corporation's long-term commercial papers; and Authority to exchange memorial lots for air time advertisement in Cagayan de Oro College Broadcasting Network. On motion duly made and seconded, it was unanimously

“RESOLVED, that the acts and transactions entered into by the Board of Directors and Officers of the Corporation on the latter's behalf, be, as it is hereby, ratified”.

The next item on the agenda was the election of the Board of Directors of the Corporation to hold office for one year until their successor are duly elected and qualified. On motion duly made and seconded, the following stockholders were unanimously elected for the ensuing year.

1. SALVADOR P. ESCAÑO
2. ANTONIO P. ESCAÑO
3. RAFAEL P. ESCAÑO
4. FERNANDO L. TRINIDAD
5. EFREN A. PALMA
6. ROLANDO JOEY R. DE LARA
7. SIMEON S. UMANDAL



The next item on the agenda was the appointment of the Corporation's external auditor. At this instance, Mr. Ezequiel reminded the body that there is a SEC Memorandum Circular No. 8, "Rotation of External Auditors" (series of 2003), that requires all corporations covered under the Code of Corporate Governance, who had engaged their respective external auditors for a consecutive period of five years are mandated to change said external auditors. So, on motion duly made and seconded, it was unanimously

"RESOLVED, that the appointment of the accounting firm to be the Corporation's external auditor, be, deferred and, as such the stockholders authorized the board to appoint one for the ensuing years".

The next item on the agenda was the discussion of corporate problems and possible solutions.

The Chairman discussed that the assets of the Corporation, which are mortgaged to the creditors, face an eminent danger of being foreclosed or attached to the prejudice of the other creditors of the Corporation, the shareholders of the Corporation and the Corporation itself. Furthermore, after the Asian financial crises, the Corporation found it difficult and unable to service or pay for its loans as they fall due.

With the aforementioned problems, the Corporation is left without any other recourse but to file a petition for corporate rehabilitation with prayer for suspension of payments in order to protect and preserve itself. For this purpose, the stockholders


"RESOLVED, to irrevocably authorize the Corporation to file a Petition for Corporate Rehabilitation with Prayer for Suspension of Payments in the proper courts of law, and to, in accordance with existing laws, take all actions or matters necessary and desirable to rehabilitate the Corporation, including, but not limited to the settlement of its obligations to creditors by way of dacion en pago of its properties; the restructuring of its obligations; the conversion of its obligations to equity; the alienation, transfer or encumbrance of its assets; the amendment of its Articles of Incorporation and By-Laws; the increase or decrease of its authorized capital stock; the issuance of bonded indebtedness; and the modification of shareholders' rights".

The next item on the agenda was the other matters. It was agreed that:

To comply with the regulatory requirements of the Commission and the Exchange, the stockholders approved the amendment of the Corporation's By-Laws so as to incorporate therein the process for the nomination and election of Independent Director/s.


Likewise, the stockholders approved the adoption as part of the Corporation's Code of Corporate Governance of Section 4.2 of the Revised Disclosure Rule of the Securities Regulation Code entitled "Selective Disclosure of Material Information.

There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned at 5:35 p.m.



SIMEON S. UMANDAL  
Corporate Secretary

ATTEST:



SALVADOR P. ESCANO  
Chairman