

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

**ROXAS HOLDINGS, INC.**

*Held via Remote Communication and Electronic Voting in Absentia*

March 17, 2021 at 10:00 o'clock a.m.

**ATTENDANCE**

*(Via Remote Participation or Proxy)*

Total Shares Issued and Outstanding	:	1,547,935, 799
Total Shares Present	:	<b>1,359,236,848</b>
Percentage Present	:	<b>87.81%</b>
* Shares present owned by Majority Shareholders (as a Group)	:	1,357,285,224
* Other shareholders	:	1,951,624

**DIRECTORS PRESENT:**

*(via teleconference)*

Mr. PEDRO E. ROXAS

Mr. MANUEL V. PANGILINAN

Mr. CELSO T. DIMARUCUT

Atty. RAY C. ESPINOSA (via teleconference)

Mr. CHRISTOPHER H. YOUNG (via teleconference)

Atty. ALEX ERLITO S. FIDER (via teleconference)

Mr. OSCAR J. HILADO (Independent Director) (via teleconference)

Ms. ARLYN S. VILLANUEVA (Independent Director) (via teleconference)

Atty. SANTIAGO T. GABIONZA (Independent Director) (via teleconference)

Also Present:

*(via teleconference)*

Atty. Cynthia L. Dela Paz

Atty. Ma. Hazel L. Rabara-Retardo

Mr. Jaynel Sulangi

Mr. George T. Cheung

Mr. Pilipino T. Cayetano

Mr. Julius G. Rugas

Mr. Frederick E. Reyes

Mr. Jose Manuel L. Mapa

Ms. Veronica C. Cortez

Mr. Jaypee V. Jimenez

Ms. Josephine M. Logrono

Ms. Roulee Jane F. Calayag

Atty. Aimee E. Pedayo

Mr. Aristeo Dela Rea

Ms. Rose Ann Robin

## I. CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting to Order while the Assistant Corporate Secretary, Atty. Aimee E. Pedayo (Atty. Pedayo), recorded the minutes of the proceedings. Atty. Ma. Hazel L. Rabara-Retardo (Atty. Rabara-Retardo) facilitated the meeting held through remote communication.

## II. CERTIFICATION OF QUORUM

The Corporate Secretary, Atty. Cynthia L. Dela Paz (Atty. Dela Paz), certified that the Notice of Meeting, Agenda and the Information Statement on SEC Form 20-IS were sent to all stockholders in accordance with the By-Laws of the Corporation and the Securities Regulation Code. She then certified that there are present in person or by proxy, stockholders representing approximately eighty-seven percent (87.81%) of the outstanding capital stock of the Corporation and, therefore, a quorum exists for the valid transaction of any business that may come before the meeting.

## III. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

On motion of the Management, the reading of the minutes of the annual meeting of stockholders of the Corporation held on June 4, 2020 was dispensed with and based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented, voted in favor of the approval of the Minutes of the annual meeting of the stockholders held on June 4, 2020.

## IV. PRESENTATION AND APPROVAL OF THE ANNUAL REPORT

### The Chairman's Report

The Chairman, Mr. Pedro E. Roxas, (Mr. Roxas) presented the highlights of the annual report to the stockholders.

*"Dear Fellow Shareholders,*

*The past financial year 2019 to 2020 would be described aptly as a period fraught with uncertainties and nerve-wracking events.*

*We witnessed the Taal Volcano eruption in January 2020, followed by the months-long Corona Virus 2019 (COVID-19) pandemic that started in March 2020 and which later resulted to a punctuated slowdown in economy.*

*Against this backdrop, the Asian Development Bank (ADB) forecast in September 2020 that the Philippine economy would contract by 7.3% in 2020 amid the pandemic.*

*The year 2020 was indeed a tough, if not dark, period that tested every organization's mettle and ability to rebound in the face of stark and wide-ranging challenges especially with community quarantines that limited movements of people and closed establishments.*

*While it was a gloomy period, our company, Roxas Holdings, Inc. (RHI), took that time to reinvent its business model and build on its resources – pressing on as a bold mover despite the limiting constraints in line with efforts to contain the spread of the virus.*

*As FY1920 wended to an end, RHI announced the closing of its asset sale transaction with Universal Robina Corporation (URC) which involved the sale of sugar mill Central Azucarera de la Carlota, Inc. (CACI) and ethanol plant Roxol Bioenergy Corporation (RBC) as well as investment properties, consisting of shares in Najalin Agri-Ventures, Inc. (NAVI) – all located in La Carlota City, Negros Occidental.*

*The asset sale transaction was a decisive business move necessitated by the rapidly changing times and is a crucial part of the Group's ongoing reinvention strategy.*

*With the closing of the asset sale transaction, RHI can now focus its resources on Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas to meet the discerning sugar requirements of our clients and boost the operations of our ethanol facility, San Carlos Bioenergy, Inc. (SCBI) in San Carlos City, Negros Occidental.*

*We aspire to shape CADPI's Refinery, strategically situated in Batangas, into world class operations that can cater to a larger market.*

*Aligned with this vision, we also hope to make CADPI ready and poised to seize opportunities with the expected increase in refined sugar consumption while helping the government minimize the importation of refined sugar.*

*As we retrain our sights, our vision for the entire Group is clear. Anchored on this solid vision, and supported by firm objectives that drive us to move beyond the challenges and bring out meaningful changes from our continuously evolving reinvention strategy, RHI is resolute in changing the current economic landscape for the sugar, ethanol and agribusiness sectors.*

*There is so much to do as we get down to the intricacies of reinventing our business model. We assure you that we will not waste this precious opportunity to build on our resources and expand our reach with enhanced quality of product and service offerings.*

*We ask for your continuing trust and support as we venture further in strengthening our operations which run the gamut of sugar mill, refinery, ethanol facility and agribusiness.*

*On this note, we gladly announce and welcome the new leadership at our Group with our President and CEO Celso T. Dimarucut at the helm of RHI's operations. Mr. Dimarucut has served the company as Executive Vice President and Chief Financial Officer for five years until his appointment as PCEO last December 16, 2020.*

*With his astute leadership, we envision our Group to expand its reach and solidify further its standing as a trusted and leading sugar mill and refinery not only in Luzon but in the entire country; as one of the few and dependable Philippine ethanol producers; and to remain as the first mover in agribusiness in Luzon and Visayas.*

*Let us all look forward as RHI evolves in the coming years.*

*At this juncture, we thank you, our dear stakeholders and esteemed stockholders, for your continuing support. We extend our gratitude, in the same breadth, to our directors and advisors who share their wisdom and expertise for RHI's growth.*

*The steadfast commitment of our Management and Staff is also deeply appreciated. You stayed with us as we navigated the dark moments of the past year as COVID-19 pressed hard against us and almost threatened the sustainability of our operations.*

*As we set out on the road to recovery, albeit slow, let us keep a positive and open attitude to go beyond what is expected and deliver par excellence results with the resources we have.*

*Now, more than ever, is the time to reinvent. RHI, reset!*

*Thank you.”*

### **The PCEO’s Report**

Mr. Celso T. Dimarucut (Mr. Dimarucut) proceeded to present his report and provided the highlights for Fiscal Year 2020.

*“Dear Fellow Shareholders,*

*The Philippine sugar industry and the local ethanol industry are both in a crucible.*

*Roxas Holdings, Inc. (RHI) was faced last year with formidable challenges that encompassed the facets of its business: sugar, ethanol and agri-business.*

*As a leading sugar producer in the country, it was beset with the uncontrollable impact of changing weather conditions vis-à-vis the decreasing number of laborers at the farms. The stiff competition arising from the deluge of low-priced imported sugar further exacerbated the situation, where the sugar industry had to surmount a pronounced and prolonged shortage in the supply of sugarcane. Combined, these conditions painted an impregnable scenario that had a domino effect rippling over to the Group’s alcohol and agri-business ventures.*

*The challenges were made more severe by conditions arising from natural disasters that ranged from the eruption of Taal Volcano early in 2020 to a number of earthquakes and strong typhoons that were further aggravated by the Corona Virus 2019 (COVID-19) pandemic.*

*RHI was just starting to cope with the volcanic activity that gravely affected the operations of Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas when the pandemic began.*

*Aside from the limited movement of sugar from CADPI due to the Taal Volcano eruption that blocked major roads leading to Metro Manila, the significant decline in available canes in the Batangas area also hampered the production of refined sugar as the supply of bagasse was limited.*

*Our ethanol operations were not spared either. The pandemic had caused major delays in the lifting of ethanol by oil companies, forcing RHI to shut down operations of one of its two ethanol plants earlier than scheduled. Added to this situation was the steep hike in the cost of feedstock, which tempered gains – translating to slim margins for the Group’s ethanol unit.*

*These and other concomitant instances painted a bleak picture for most companies, such as RHI. But our Group saw beyond the challenges and moved quickly to reinvent its business model, seizing fundamental resources and turning these into a strategic advantage that allowed for flexibility of movement, and strength to maximize and secure its position.*

*A thorough and introspective evaluation of our situation empowered us to make tough but meaningful decisions, which inevitably boiled down to a simple realization of how crucial it is for us to enrich the fundamental resources that we have.*

*This led the Group to the decision to enter into an asset sale transaction with Universal Robina Corporation (URC) for our sugar mill and ethanol plant as well as shares in Najalin Agri-Ventures, Inc. in La Carlota City, Negros Occidental.*

*The transaction was completed on September 30, 2020 – which coincided with the end of fiscal year 2019-2020.*

*We used the proceeds of the asset sale transaction to pay off all of the Group’s long-term loans, bringing Net Debt down 54% to PhP4.4 billion from PhP9.8 billion in the previous year.*

*However, the move to recalibrate our priorities and retrain our sights resulted to the recognition of non-recurring losses of about PhP2.6 billion – mainly from asset sale and goodwill impairment – at the end of the year.*

*This resulted to RHI’s Net Loss of PhP3.8 billion for the year ended September 30, 2020 from the PhP1.9 billion in the previous year – a stark reminder of how crucial the exercise of reinvention is in realigning our priorities and building on our strategic strengths.*

*At the forefront of sugar are our mill and refinery, which are currently undergoing massive refinements in order to meet and satisfy the demands of our sophisticated clients.*

*As for our alcohol business, we are continuously studying enhancements that will open new growth markets for us.*

*And for our agribusiness, RHI Agri-business Development Corporation is forging ahead with new partners and cultivates present relationships as it blazes the trail for advanced technology in the farms.*

*We are doing all these simultaneously with the focus on satisfying our customers and widening our market reach. RHI is driven to go the extra mile to gain a bigger share of the market and to sharpen its edge.*

*Demands in these rapidly changing times shift continuously but as a bold mover, RHI will press on with its reinvention – unfazed by difficulties.*

*More than any other time, we seek your continued trust as we usher in a new era.*

*To our stockholders and stakeholders, your support will keep us going.*

*To our Board of Directors and Board of Advisors, your unfailing guidance will steer us as we continue to reinvent.*

*To our Management and Staff, thank you. You are our partners as we roll out our vision in line with the ongoing reinvention of RHI’s business model. Let us join together as we “reset” and do all that we can to make our vision for RHI a reality.*

*Let us work together to rewrite RHI’s future because despite the prevailing uncertainties due to the pandemic, you can rest assured that our Group is doing its best to fast track recovery and implement a wide-ranging reinvention that will rebuild our sugar mill and refinery, boost our alcohol business, and strengthen our agribusiness with more targeted programs to help farmers increase their yields.*

*Thank you.”*

The Chairman opened the floor for questions electronically submitted by the stockholders prior and during the meeting.

An inquiry was submitted by Mr. Antonio G. Nieto, a stockholder:

*“Why did RHI sell CAC & Roxol? Were there no other ways to raise funds? RHI recently increased its authorized capital stock from P1.5b to P2b. Were there no subscribers? Not even First Pacific? Why did RHI incur a big loss on this sale? Did they sell these 2 entities below book values? Is it true that RHI bought San Carlos over & above its fair market value to the tune of P1b? This amount which was classified as goodwill in its b/s was wholly written off last year even ballooning its last year losses to unbelievable level. What is the projected bottomline this year? Are we going to have a loss again?”*

The Corporation’s President, Mr. Dimarucut, answered the question submitted by Mr. Nieto, as follows:

*“Dear Shareholders, as I have earlier indicated, RHI was beset with uncontrollable events that affected every facet of its business.*

*During the period 2016 and 2017, RHI managed to grow the Core EBITDA to P1.3 billion and P1.5 billion, respectively, from a little less than P1 billion in 2015 with higher production of refined sugar.*

*The sale of La Carlota assets to URC is a necessary step to de-risk the business. This sale resulted in 54% reduction in debt level from P9.8 billion to P4.4 billion. The expected reduction in the interest and operating expenses more than offset the expected income to be generated from these business units. More importantly, the reduction of debt levels is necessary for the Group to meet the agreements with our debtors, and conserve needed resources to grow the remaining business units.*

*Please recall that RHI underwent capital raising activities through a Stock Rights Offering in 2016 and Conversion of Convertible Notes in 2017. From these, RHI was able to generate Php1.1 Billion and PhP 525 Million, wherein a substantial portion came from the First Pacific group. However, since RHI has not been able to distribute dividends since 2015, it will be very difficult for RHI’s principal shareholders, who are likewise publicly-listed companies, to get approval for further investments in RHI at this point in time.*

*The consideration on the La Carlota asset sale had been determined after arm’s length negotiations with URC, and represents the fair market value of the assets, having regard to comparable market prices of similar assets located in the vicinity, and the potential earnings of the business sold. The recorded book value is no longer representative of the market value and thus we need to record an accounting loss.*

*At the time RHI invested in SCBI in 2015, the ethanol industry is enjoying competitive margins. However, with the recent changes in the industry, particularly the erosion of margin arising from increasing cost of feedstock, RHI has taken a more conservative view on the recoverability of the value of the goodwill and has recognized a non-cash and non-recurring impairment provision in the profit and loss.*

*RHI is focused in restoring its ability to maximize the 5 million Lkg bags refinery capacity of CADPI. CADPI is strategically located to better service the growing need for refined sugar of food and manufacturing companies. RHI has initiated and started work to accomplish this*

*objective and expect to complete this work before the end of this calendar year in time for the start of next year's crop season. To this end, RHI expect to transition the Group this year and hopefully see the complete turnaround in fiscal year 2022."*

There being no other questions submitted and upon motion of the Management, the Annual Report of the Corporation for the Fiscal Year ending September 30, 2020 was approved based the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of the Annual Report of the Company for Fiscal Year ending September 30, 2020.

## **V. APPROVAL AND RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Management moved for the approval of the all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders held on June 4, 2020.

Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders meeting held on June 4, 2020.

## **VI. ELECTION OF THE BOARD OF DIRECTORS**

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that pursuant to Article 14, Section 1 of the By-laws, election to the Board of Directors should be submitted to the Chairman of the Board of Directors at least fifteen (15) working days prior to any meeting called for the election of the Board of Directors. He likewise advised that nominations were made for the election of the following persons to the Board of Directors of RHI:

1. MR. PEDRO E. ROXAS
2. MR. MANUEL V. PANGILINAN
3. MR. CELSO T. DIMARUCUT
4. ATTY. RAY C. ESPINOSA
5. MR. CHRISTOPHER H. YOUNG
6. ATTY. ALEX ERLITO S. FIDER
7. MS. ARLYN S. VILLANUEVA
8. MR. OSCAR J. HILADO
9. MR. SANTIAGO T. GABIONZA

Atty. Dela Paz stated that Mr. Santiago T. Gabionza, Mr. Oscar J. Hilado and Ms. Arlyn S. Villanueva are being nominated as Independent Directors of the Corporation.

Since there are only nine (9) seats in the Board of Directors, the Management moved that all votes be cast in favor of all nine (9) nominees. Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the nine (9) nominees. Thus, all votes were cast in favor of the above-named nine (9) nominees.

**VII. ELECTION OF THE EXTERNAL AUDITOR**

In accordance with the Manual on Corporate Governance, the Audit and Risk Committee recommended the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for Fiscal Year 2020-2021.

The Management moved for the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for Fiscal Year 2020-2021. Based on the votes casted by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for Fiscal Year 2020-2021.

**IX. OTHER MATTERS/ADJOURNMENT**

There being no other matter to discuss, on motion duly made and seconded, the meeting was thereupon adjourned.

Attest:

**PEDRO E. ROXAS**  
Chairman of the Board

**AIMEE E. PEDAYO**  
Asst. Corporate Secretary

TALLIES OF THE VOTES:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 04 June 2020	<b>1,358,869,398</b> shares or <b>99.97%</b> of the total outstanding shares of stock present in the meeting.	NONE	<b>367,450</b> shares or <b>0.00%</b> of the total issued and outstanding shares of stock present in the meeting.
Approval of the Annual Report to the Stockholders for the fiscal year ending 30 September 2020	<b>1,358,869,398</b> shares or <b>99.97%</b> of the total outstanding shares of stock present in the meeting.	NONE	<b>367,450</b> shares or <b>0.00%</b> of the total issued and outstanding shares of stock present in the meeting.
Approval of all acts and resolutions of the Board of Directors and Management	<b>1,358,869,398</b> shares or <b>99.97%</b> of the total outstanding shares of stock present in the meeting.	NONE	<b>367,450</b> shares or <b>0.00%</b> of the total issued and outstanding shares of stock present in the meeting.
Election of the Board of Directors	<b>1,359,236,848</b> shares or <b>100%</b> of the total outstanding shares of stock present in the meeting.	NONE	NONE
Election of the external auditors	<b>1,359,236,848</b> shares or <b>100%</b> of the total outstanding shares of stock present in the meeting.	NONE	NONE