

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City

26 October 2023, 10:00 AM

*The meeting was conducted virtually via remote access communications through the link, <http://asm.phoenixfuels.ph/PNX2023>*

<b>Number of Shares Represented:</b>	<b>1,227,145,787</b>
<b>Number of Outstanding Common Shares:</b>	<b>1,442,216,332</b>
<b>Number of Outstanding Preferred Shares:</b>	<b>14,500,000</b>

**Directors Present were:** (1) MR. DENNIS A. UY, (2) MR. DOMINGO T. UY, (3) HENRY ALBERT R. FADULLON, (4) CHERYLYN C. UY, (5) ATTY. J.V. EMMANUEL A. DE DIOS, (6) ATTY. MONICO V. JACOB, (7) ROMEO B. DE GUZMAN, (8) NICASIO I. ALCANTARA, (9) RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO, (10) MINORU TAKEDA

**PROCEEDINGS OF THE MEETING**

**I. Call to Order**

The Chairman, Mr. Dennis A. Uy, called the meeting to order and presided over the proceedings. The Corporate Secretary, Atty. Socorro T. Ermac-Cabrerros, recorded the minutes of the meeting.

**II. Proof of Notice and Determination of Existence of Quorum**

The Corporate Secretary certified that: (i) notices of the meeting stating the date, time and manner or method of conduct together with the agenda were made known to all stockholders of record of the Company as of October 5, 2023 through the PSE Edge, and publication in the Company's website.

Publication of the Notice and the Agenda was duly disclosed with the edge system of the Exchange including publication in print and online with two (2) newspapers of general circulation; (ii) through an electronic system and protocols employed and used by the Company, based on the record of attendance, the stockholders attending this meeting in person and by proxy represent 1,277,167,682 common and preferred shares. This constitutes about 87.67% of the total outstanding capital stock of the Company as of Record Date of October 5, 2023 and (iii) there was, therefore, a quorum to transact business.

Thus, the Chairman declared the existence of a quorum and the meeting duly constituted for the transaction of business. The Chairman also acknowledged the incumbent directors:

- 1) MR. DENNIS A. UY, as Chairman
- 2) MR. DOMINGO T. UY
- 3) HENRY ALBERT R. FADULLON
- 4) CHERYLYN C. UY
- 5) ATTY. J.V. EMMANUEL A. DE DIOS
- 6) ATTY. MONICO V. JACOB
- 7) ROMEO B. DE GUZMAN
- 8) NICASIO I. ALCANTARA
- 9) RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO
- 10) MINORU TAKEDA

### **III. Approval of the Minutes of the Previous Annual Stockholders' Meeting Held on 17 June 2022.**

The next order of business was the approval of the minutes of the previous annual stockholders' meeting held on June 17, 2022, conducted virtually, which were made available to all stockholders of record as of Oct 5, 2023, through PSE Edge and publication on the company's website.

Based on the results of the company's electronic voting system and as certified by the Company's external auditor, as of October 26, 2023, at 9:00 o'clock in the morning, out of the outstanding shares representing, 1,277,167,682 shares, or about **87.67%** out of **1,456,716,332** common and preferred outstanding shares voted to approve the minutes of the stockholders meeting held on June 17, 2022. The summary of the results of the voting is as follows:

	<b>NO. OF SHARES</b>	<b>% OF SHARES</b>
1. YES	<b>1,277,167,682</b>	100%
2. NO	-	-
3. ABSTAIN	-	-

Total Number of Shares Present and Entitled to Vote: **1,277,167,682**

**“RESOLVED, as it is hereby resolved, to approve the minutes of the Annual Stockholders Meeting held on June 17, 2022”**

### **IV. Update on the Operational and Financial Highlights**

The Chairman then called upon the President, Mr. Henry Albert R. Fadullon, to give an update on the operation and financial highlights, respectively, for 2022.

The President, Mr. Henry Albert R. Fadullon, welcomed everyone to the 2023 Phoenix Petroleum Annual Stockholders' Meeting and shared the following highlights:

### **General 2022**

- *Last year, the fuel business industry, like any other, faced its fair share of disruptions, and Phoenix was not spared. The energy sector experienced significant setbacks—may it be involving prices, demand, and supply, among other concerns. Since the onset of the COVID-19 pandemic, our company has had to navigate through demand fluctuations as customers' purchasing habits shifted drastically. The light at the end of the tunnel emerged with sustained vaccination programs, promising a post-pandemic era of stability.*
- *But just as we thought we were on our way to a more stable period, the Russian attack on Ukraine last year caused a series of detrimental effects, impacting petroleum prices and supply, in addition to the lingering effects of the pandemic.*

### **2022 Challenges**

- *The geopolitical tensions in Europe triggered oil price volatility, resulting in a 60% increase in crude prices, which skyrocketed to 123.70 US dollars per barrel in the first quarter of 2022, and later fell to 87.22 US dollars in the last quarter. This directly drove up the value of foreign exchange, hitting a record-high of 59 pesos to 1 US dollar by late October. Consequently, pump rates surged by as much as 30%, the highest since 2008, causing the country's inflation rate to balloon to 8.1% in December, coming from only 3% in January 2021. Consumption also suffered, with demand for petroleum products in the Philippines setback 4 years and yet to fully recover to pre-pandemic levels.*
- *Despite eased COVID-19 restrictions, the undesirable economic conditions persisted, casting a cloud of uncertainty in businesses, including ours. These challenging circumstances caused supply limitations as we had to maximize our available resources, requiring us to deliberately trim our trade volumes by 42.3%, drastically reducing year-on-year revenues.*

### **Padayon**

- *However, despite these headwinds, Phoenix remained resilient. I am thankful that even in the face of adversities, we can rely on our workforce to adapt and perform, and lean on our partners and shareholders for support. In the midst of trying times, this team has kept going forward. Padayon is our battle cry this year.*

## **2022 Performance**

- *Our sustained commitment to cost efficiency and streamlined operations has been effective, with less OPEX and CAPEX (61% less) in 2022 from the year prior. The diversity in our portfolio also proved to be an advantage. Our Singapore-based trading arm, Phoenix Singapore, capitalized on market volatility, posting an EBITDA of over 800 million pesos—up by almost 160% versus the previous year.*
- *Phoenix Gas Vietnam, our LPG business in Vietnam, recorded a 2.6% year-on-year increase in NIAT, driven by branded volume - despite a difficult trading environment. The commercial and industrial segments achieved double-digit growth owing to the significant improvement in Vietnam's economy during the second half of last year, ultimately leading to positive year-on-year growth based on total revenues. Our Philippine LPG business, also thrived in the unpredictable market environment, improving trading margins, resulting in an 80% EBITDA growth year-on-year.*
- *Our Philippine Asphalt joint venture with Thailand-based TIPCO Asphalt, and PhilAsphalt Development Corporation, achieved double-digit volume growth, resulting in a 39% increase in NIAT against the previous year.*

## **1H 2023 Performance**

- *This 2023, we have been aggressively cutting costs, resulting in a reduction in our first-half OPEX by more than 60%, aligned with our efficiency goals.*
- *Our domestic LPG business continues to be the bright spot in the portfolio. Its volume grew by 7%, resulting in a 25% jump in EBITDA for the first half of 2023 compared to the same period last year, driven by a 10% improvement in margins. Domestic LPG continues to focus on canisters and branded cylinders, paving the way for more volume and margin growth.*
- *Phoenix Asphalt has also maintained consistent positive EBITDA for the year, expanding its partner network across the country.*
- *As for the non-fuel retail business sector, our lifestyle rewards app, LIMITLESS, continues to thrive with over 60 merchant partners. The app has processed more than 5.5 billion pesos worth of transactions, and still serves its purpose of being a consolidating platform for Phoenix and other brands.*
- *Meanwhile, the shift of our terminaling business to a profit center servicing third-party customers is in full swing. With a total storage capacity of 355 million liters, the aim for our terminals and depots, located in strategic locations in Luzon, Visayas, and Mindanao, is to deliver 44% of capacity leased out by the fourth quarter of this year to maximize these assets fully.*

- *On the other hand, our fuel business has been experiencing challenges due to working capital limitations. The sustained impacts of geopolitical tensions on the global market have derailed our intentions to restore the business. Fortunately, our new capital-light supply model has been essential in keeping operations sustainable.*
- *Generally, the downstream oil sector continues to be a fundamental component of the economy, and we believe that once we obtain the working capital support to revitalize this part of our portfolio, we will be in a better position to address the demand of consumers.*

### **Priorities**

- *As we navigate through the socioeconomic challenges of 2023, we have taken deliberate steps to repurpose the business to combat such hurdles, and to achieve long-term sustainability, which has been our desire ever since. Instead of waiting for the world to 'go back to normal', we have been creating ways to adapt according to evolving business landscapes and shifting customer demands.*
- *Charting our course forward, we have reorganized Phoenix into four major pillars—Fuels, LPG, Non-Fuels Retailing, and Terminating Service—to maintain a better perspective of our business, and identify vital points that need our attention.*
- *Our ongoing initiatives involve several moving parts, including our unwavering focus on efficiency. We now operate a leaner structure, more streamlined business to manage our funds more effectively by reducing OPEX. We plan to maintain this faithfulness to efficiency until we reach more ideal economic conditions.*
- *We are also actively on the lookout for assets whose value can be optimized or monetized. With this highlight on active portfolio management, we are able to generate additional resources to power up operations while keeping our focus on our core operations.*
- *To regain a stronger footing, we recognize the importance of managing our accountabilities while maintaining optimum levels of operations. Hence, one of our major priorities is the liability management exercise or LME, which maps out our way to addressing our obligations with our creditors and subsequently accessing more liquidity.*
- *This exercise entails renegotiating our obligations with our creditors by agreeing to sustainable payment schedules. The LME provides an opportunity to revitalize our business, ensuring that all stakeholders involved continue to get value from our company. With more flexibility in settling*

*liabilities, the company will have more liberty to ramp up the businesses, and achieve long-term sustainability. We have seen in the past how our diversified portfolio has benefited the company, which will remain the same in line with our vision of catering to a full consumer lifestyle. Although 2022 was one of our toughest years, there is always a silver lining.*

### **20th Anniversary**

- *We recently celebrated our 20th anniversary last year, and our 21st on May 8 of this year. We reminisced about our humble beginnings from two decades ago, and the journey we had along the way.*
- *The path to adulthood can be difficult at times, but like our company, we mature and improve as a result of the challenges we face. We learn from these difficulties, and develop more resiliency, strength, and a greater sense of independence.*
- *As we keep progressing forward, I maintain a sense of optimism and hope that like all challenges this too shall pass. Phoenix is no stranger to challenges, and those challenges have made us what we are today.*

After the reports were concluded by the presenters, based on the results of the company’s electronic voting system and as certified by the Company’s external auditor, stockholders representing 1,277,167,682 shares voted for the approval of the Annual Report of the President and the Audited Financial Report of the Company for 2022 (until December 31, 2022) by sending their ballots downloaded from the Phoenix website to [pnx.corpsec@phoenixfuels.ph](mailto:pnx.corpsec@phoenixfuels.ph). The results of the voting are summarized below:

	<b>NO. OF SHARES</b>	<b>% OF SHARES</b>
1. YES	<u>1,277,167,682</u>	100%
2. NO	-	-
3. ABSTAIN	-	-

Total Number of Shares Present and Entitled to Vote: 1,277,167,682

**“RESOLVED, as it is hereby resolved, to approve the Report of the President as presented in the Annual Stockholders Meeting and the Company’s Audited Financial Statements for the year ended December 31, 2022.”**

## V. Corporate Actions for Approval and Ratification

The meeting then proceeded to the next item in the agenda, the Corporate actions for Approval and Ratification.

The corporate matters were all contained in the Definitive Information Statement, or DIS, which is available and posted in the Corporation's website. Each matter was submitted for approval by the stockholders via online voting until 12:00 o'clock noon of the same day.

The first corporate action for approval was the "*Proposed Amendment of the Corporation's Articles of Incorporation Article II on Primary Purpose to include the manufacture, processing, sale, marketing and distribution of Coco Methyl Ester (CME).*"

The proposed amendment under Article II is intended to allow the Company to process, manufacture, sell, and distribute Coco Methyl Ester (CME) to other parties. CME is a necessary raw material for petroleum fuels sold within the country, and this amendment will allow the Company to tap another potential business, which is the manufacture and sale of CME. This will add another possible income stream for the Company. This will also allow the Company to avail of certain tax holidays, incentives, and/or exemptions upon approval of the appropriate government entities.

Based on the results of the company's electronic voting system and as certified by the Company's external auditor, stockholders representing **1,277,167,682** shares voted online for the approval of the proposed amendment to the Corporation's By-Laws, amending Article II Article II is intended to allow the Company to process, manufacture, sell, and distribute Coco Methyl Ester (CME) to other parties. Below are the results of the voting:

	NO. OF SHARES	% OF SHARES
1. YES	<u>1,277,167,682</u>	100%
2. NO	-	-
3. ABSTAIN	-	-

Total Number of Shares Present and Entitled to Vote: **1,277,167,682**

**"RESOLVED, as it is hereby resolved, to approve and authorize the proposed amendment to the Corporation's By-Laws, amending Article II on Primary Purpose to include the manufacture, processing, sale, marketing and distribution of Coco Methyl Ester (CME)."**

The second corporate action for approval was the "*Proposed authority for management to transfer, sell, dispose of certain corporate properties, assets,*

*and/or investments as may be necessary and required in relation and pursuant to the financial management program exercised by the Corporation as part of its debt management and funding activities.”*

*The Corporation is currently in the process of streamlining its operations, restructuring its debts, and identifying potential sources of liquidity in order to generate cash flows to settle its obligations or generate some liquidity for working capital. The key objective is to bring back the Company to a healthier financial position and regaining its strong market position that it enjoyed pre-pandemic. In this regard, a major focus is its Liability Management Exercise or LME, which involves negotiations with its creditor banks for mutually acceptable debt servicing agreements and on a case to case basis , divesting of certain assets which has the effect of either raising capital for operations or reducing debt.*

*Thus, one proposed step for the restructuring of its debts is to enter into a Sale and Lease-Back agreement with BDO Unibank, Inc. involving some of the Assets, such as its Terminals, Depots, and Retail Stations. The restructuring will allow the Company to receive over Php 9 Billion Pesos for the transfer of the assets, which will be applied to its current obligations and reduce its debt. BDO has at the same time agreed to leaseback to the Company, the same assets in the process ensuring that the Company is still able to use the terminals and depots through this lease agreement. The proposed sale and lease-back also grants the Company the exclusive right to repurchase the assets within 3 to 5 years from the time of sale, when the Company is in a better position to repurchase the said assets either fully or partially at the Company’s discretion.*

*For avoidance of doubt, while the Corporation is seeking authorization for such disposals of assets, these arrangements are subject to certain conditions, some of these are regulatory. Likewise, the timing or certainty of the disposal of assets, are subject to the different possible outcomes that could provide alternative sources of liquidity such as potential new credit facilities, or new capital by way of new equity, such alternatives currently in varying stages of assessment and discussions.*

## **VI. Approval, Confirmation and Ratification of All Acts and Resolutions of the Board of Directors, Management and Executive Committees during their term of office**

The stockholders then proceeded to the next item in the agenda which was the ratification, confirmation and approval of all acts and resolutions of the Board of Directors, Management and Executive Committees. The Chairman requested the Corporate Secretary to explain this item.

The Corporate Secretary explained that the acts and resolutions of the Board of Directors, Management and Executive Committee sought to be approved, confirmed and ratified at the meeting covering the period from January 1, 2022 until August 31, 2023.



The acts and resolutions consist of authorizations of the Company's representative to enter into Contracts or biddings or other corporate transactions such as but not limited to Lease, Dealership Agreements, Sale and Purchase of Service Vehicles and other real and personal properties, opening of bank accounts as well as bank credit facilities, acquisitions and investments and such other acts which are incidental and necessary to the purpose of the Corporation as well as advancement and protection of its interests. These acts and resolutions are duly identified, enumerated and attached as Annex A of the Definitive Information Statement made available to all stockholders as of October 5, 2023.

Based on the results of the company's electronic voting system and as certified by the Company's external auditor, stockholders representing **1,277,167,682** shares voted online for the approval of the ratification and confirmation of acts and resolutions covering January 1, 2022 to August 31, 2023. Below are the results of the voting:

	<b>NO. OF SHARES</b>	<b>% OF SHARES</b>
1. YES	<b><u>1,277,167,682</u></b>	100%
2. NO	-	-
3. ABSTAIN	-	-

Total Number of Shares Present and Entitled to Vote: **1,277,167,682**

**“RESOLVED, as it is hereby resolved, that all acts and resolutions passed and approved by the Board of Directors, Management and Executive Committee covering the period from January 1, 2022 to August 31, 2023 is hereby approved, confirmed and ratified.”**

## **VII. Election of Directors**

The Chairman moved to the next item of the agenda which was the election of directors for 2023-2024 and called the Corporation's Senior Vice President, Atty. Alan Raymond T. Zorrilla to state the list of nominees.

Atty. Zorrilla announced the following nominees for directorship for the ensuing term, 2023-2024:

- 1) MR. DENNIS A. UY,
- 2) DOMINGO T. UY,
- 3) HENRY ALBERT R. FADULLON,
- 4) CHERYLYN C. UY,
- 5) ATTY. J.V. EMMANUEL A. DE DIOS,
- 6) ATTY. MONICO V. JACOB,
- 7) ROMEO B. DE GUZMAN,
- 8) NICASIO I. ALCANTARA,

- 9) RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO, and
- 10) MINORU TAKEDA
- 11) RAOUF A. KIZILBASH

Mr. Raouf Kizilbash is a new nominee to the Board. Raouf is a seasoned executive with over 26 years of industry experience in the Oil & Gas and Consumer Goods sectors. He has a proven track record in driving growth, mergers and acquisitions, and managing marketing, sales, and planning organizations

Based on the results of the company's electronic voting system and as certified by the Company's external auditor, the following were the results of the voting for the members of the Company's Board of Directors, as submitted by the stockholders through pnx.corpsec@phoenixfuels.ph:

	NO. OF CUMULATIVE SHARES	% OF CUMULATIVE SHARES
1. Domingo T. Uy	1,277,145,787	9.09%
2. Dennis A. Uy	1,277,145,787	9.09%
3. Cherylyn C. Uy	1,277,145,787	9.09%
4. Romeo B. de Guzman	1,277,145,787	9.09%
5. Henry Albert R. Fadullon	1,277,145,787	9.09%
6. J.V. Emmanuel A. de Dios	1,277,145,787	9.09%
7. Monico V. Jacob	1,277,145,787	9.09%
8. Consuleo Ynares-Santiago (Ind. Director)	1,277,145,787	9.09%
9. Nicaso I. Alcantara (Ind. Director)	1,277,145,787	9.09%
10. Minoru Takeda (Ind. Director)	1,277,145,787	9.09%
11. Raouf A. Kizilbash	1,277,145,787	9.09%

Total Number of Cumulative Shares Present and Entitled to Vote: 14,048,603,657

## VIII. Other Matters

The Chairman then asked whether there are questions or any other matters which the stockholders would like to take up. Two questions were raised through the email specified in the Definitive Information Statement and the Notice and Agenda, and thereafter addressed during the meeting. The Stockholders were given a chance to submit their questions when they registered for the meeting, through email and when the stockholders' submitted their Proxies.

First question was, "What are the plans on the Company's preferred shares, PN4 and PN3B? Do you have plans to redeem them, and what about payment of dividends?"

*The original intention of the Company is to issue these perpetual as quasi-equity and therefore investors should look at a long term hold without necessarily pressing for redemption also because of the greater objective of preserving cash and prioritizing working capital. However the company acknowledges and expresses*

confidence that when it improves its financial position then it would be in a better position to pay the dividends and eventually redeem the shares.

*At the moment, the Company continues to prioritize its business operations to ensure that it will be able to comply with its commitment to all its shareholders, lenders, and suppliers. Since the Company is still managing its resources, it is unable to declare dividends to its shareholders for the time being. We recognise though that the feature of the Company's preferred shares is perpetual and cumulative. Thus, when the Company is able to declare dividends on its preferred shares, the Company will pay dividends on those missed periods (Henry Albert R. Fadullon, President).*

The second question was, "On the sale and leaseback of assets of the Company, how much of its assets are going to be sold to BDO, and what are its lease terms? How will it affect the operations of the Company?"

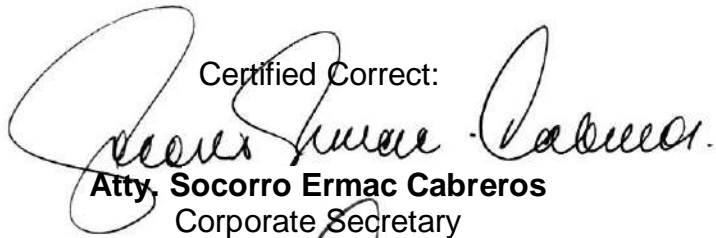
*The company is looking to utilize certain core and non-core assets such as real estate, terminals, and depots in order to settle its current obligations via a Sale and Lease-Back agreement. The said assets will be under an exclusive leaseback arrangement which also grants the company the right to repurchase them within 3 to 5 years from the time of the sale. This deal also ensures that there will be no effect on the company's operations and its ability to capture value from its businesses (Henry Albert R. Fadullon, President).*

The stockholders were encouraged further to email more of their questions to [investors@phoenixfuels.ph](mailto:investors@phoenixfuels.ph). Thereafter, the Chairman requested all the stockholders and the rest of the viewers to completely fill up the feedback forms by scanning the QR code flashed on the screen to help improve the Stockholders' Meetings. The same QR code was posted on the website, [www.phoenixfuels.ph](http://www.phoenixfuels.ph)

## **X. Adjournment**

There being no other matters to take up, the Chairman declared the meeting adjourned.

Certified Correct:

  
**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

Attested:

  
**Dennis A. Uy**  
Chairman

**List of Directors Present:**

1. MR. DENNIS A. UY, as Chairman
2. MR. DOMINGO T. UY
3. HENRY ALBERT R. FADULLON
4. CHERYLYN C. UY
5. ATTY. J.V. EMMANUEL A. DE DIOS
6. ATTY. MONICO V. JACOB
7. ROMEO B. DE GUZMAN
8. NICASIO I. ALCANTARA
9. RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO
10. MINORU TAKEDA
11. RAOUF A. KIZILBASH

**List of Officers Present:**

1. Atty. Socorro Ermac-Cabreros - Corporate Secretary and Vice President for Corporate Legal
2. Atty. Alan Raymond T. Zorrilla - Senior Vice President
3. Ignacia S. Braga IV – Chief Finance Officer
4. Paulo V. Bugia - Investor Relations Manager

The following were the Number of shares represented in the Meeting:

<b>All Shareholders</b>	
Total No. of Shares Outstanding	<b>1,456,716,332</b>
Total No. of Shares Present, Represented by Proxy, and Voting-in-Absentia	1,277,145,787
Percentage of Shares Present, Represented by Proxy, and Voting-in-Absentia	87.67%
Total Shares not Represented	179,570,545
Percentage of Shares Not Represented	12.33%