



# CIRCULAR

## The Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/>	Disclosures	<input type="checkbox"/>	Stockholders' Meeting	Others: _____
<input type="checkbox"/>	Dividend Notice	<input type="checkbox"/>	SEC / Gov't Issuance	_____
<input type="checkbox"/>	Stock Rights Notice	<input type="checkbox"/>	Transfer Agent's Notice	_____

To : **THE INVESTING PUBLIC AND TRADING PARTICIPANTS**

Company : **PHOENIX PETROLEUM PHILIPPINES, INC.**

Date : **December 15, 2011**

We refer to Circular Nos. 0934-2011 dated February 1, 2011 and 1931-2011 dated March 14, 2011 regarding the approval by the Board of Directors and stockholders of Phoenix Petroleum Philippines, Inc. ("PNX" or the "Corporation") of the amendments to its By-Laws.

In a disclosure dated December 14, 2011, the Corporation stated among others that:

Pursuant to the approval made by the stockholders last March 11, 2011, we would like (*sic*) inform you that the Corporation's Bylaws has been amended particularly Article II Section 1 on Annual/Regular Meetings of the Stockholders from last Thursday of June to last Friday of March which our Company actually received sometime in the first week of December 2011.

The amendment likewise included and rectified previous provision under Article IV Section 3 which was inadvertently taken out specifically the duty of the Chairman during the annual meeting of the stockholders.

....

In relation thereto, the Corporation furnished the Exchange the attached copies of the following documents issued by the Securities and Exchange Commission on September 19, 2011:

1. Certificate of Filing of Amended By-Laws
2. Amended By-Laws

For the information and guidance of the investing public.

***(Original Signed)***  
**JANET A. ENCARNACION**  
Head, Disclosure Department

Noted by:

***(Original Signed)***  
**MARSHA M. RESURRECCION**  
Head, Issuer Regulation Division

FID/CSD	Market Regulation Division	Issuer Regulation Division	Information Technology Division	Capital Markets Dev't Division	Office of the General Counsel
Tel. No. 688-7561/688-7508	Tel. No. 688-7541	Tel. No. 688-7510	Tel. No. 688-7480	Tel. No. 688-7534	Tel. No. 688-7411



14 December 2011

**Ms. Janet A. Encarnacion**  
Head, Disclosure Department  
Philippine Stock Exchange  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Dear *Ms. Encarnacion*::

Pursuant to the approval made by the stockholders last March 11, 2011, we would like inform you that the Corporation's Bylaws has been amended particularly Article II Section 1 on Annual/Regular Meetings of the Stockholders from last Thursday of June to last Friday of March which our Company actually received sometime in the first week of December 2011.

The amendment likewise included and rectified previous provision under Article IV Section 3 which was inadvertently taken out specifically the duty of the Chairman during the annual meeting of the stockholders.

This disclosure is made pursuant to the Securities Regulations Code and the Revised Rules on Disclosure.

Thank you and best regards.

Very truly yours,

**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

**PHOENIX PETROLEUM PHILIPPINES, INC.**

Head Office: Phoenix Bulk Depot, Lanang, Davao City 8000, Philippines  
Davao Tel : 082-302-5998 Fax: 082- 235-8888

Manila Office: 25/F Fort Legend Towers, 3<sup>rd</sup> Ave. Corner 31<sup>st</sup> Street, Fort Bonifacio, Global City, 1634 Taguig City, Philippines  
Manila Telefax: 02-403-4013; 403-4025 to 27  
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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
SECURITIES AND EXCHANGE COMMISSION  
DAVAO EXTENSION OFFICE  
Univ. Ave., Juna Subd., Matina, Davao City

S.E.C. Reg. No **A200207283**

CERTIFICATE OF FILING OF **AMENDED BY - LAWS**

**TO ALL TO WHOM THESE PRESENTS MAY COME, GREETINGS:**

**THIS IS TO CERTIFY** that the Amended By-laws of

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

Copy annexed, adopted on **March 11, 2011,** by a majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two thirds (2/3) of the outstanding capital stock, and certified under oath by the Secretary and a majority of the Board of Directors of the Corporation, was approved by the Commission of this date, pursuant to the provisions of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68 approved on May 01, 1980, and copies thereof is filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Davao Extension Office, Juna Subdivision, Matina, Davao City, Philippines, this 19<sup>th</sup> day of **September,** Two Thousand and **Eleven.**

By Authority of the Commission:

**JAVEY PAUL D. FRANCISCO**  
Director, SEC-DEO



# COVER SHEET

A 2 0 0 2 0 7 2 8 3

S.E.C. Registration Number

P-H-O-E-N-I-X P E T R O L E U M  
P H I L I P P I N E S I N C.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

(Company's Full Name)

S T E L L A H I Z O N R E Y E S R D  
B O . P A M P A N G A L A N A N G  
D A V A O C I T Y

(Business Address: No. Street City / Town / Province)

Dennis A. Uy  
Contact Person

(082) 233-0168  
Company Telephone Number

1 2      3 1  
Month      Day  
Fiscal Year Ending

ABL  
FORM TYPE

March      Last Friday  
Month      Day  
Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc

Art. II, Sec. 1; Art. IV, Sec. 2 & 3  
Amended Articles Number/Section

42  
Total No. of Stockholders

Total Amount of Borrowings  
Domestic      Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

AMENDED BY-LAWS  
OF  
P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

ARTICLE I  
SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. **Subscription** - Subscribers to the capital stock of the Corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

Section 2. **Certificate** - The stockholder shall be entitled to one or more certificates for fully paid stock subscription in his name, in the books of the Corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

Section 3. **Transfer of Shares** - Subject to the restrictions, terms and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the Corporation only upon record thereof in the books of the Corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the Corporation holds unpaid claim shall be transferable in the books of the Corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

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Section 4. **Lost Certificates** - In case any stock certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

## ARTICLE II

### MEETINGS OF STOCKHOLDERS

Section 1. **Annual/Regular Meetings** - The annual/regular meetings of stockholders shall be held at the principal office on the **last Friday of March** of each year, if a legal holiday, then on the day following. *(As amended on March 11, 2011)*

Section 2. **Special Meeting** - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, or (b) the President.

Section 3. **Place of Meeting** - Stockholders meetings, whether regular or special, shall be held in the principal office of the Corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the Corporation is located.

Section 4. **Notice of Meeting** - Notices for regular or special meetings of stockholders may be given either:

- (a) by personal delivery, registered mail, facsimile transmission or electronic mail to each stockholder no less than two (2) weeks prior to the date set for each meeting, which notice shall state the day, hour and place of the meeting; or
- (b) by publication in newspapers of general circulation published in Metro Manila not less than two (2) weeks prior to the date set for the meeting, which notice shall state the day, hour and place of the meeting;

Provided that, in all cases where the address of the registered stockholder entitled to vote is outside the territorial limits of the Philippines, a written notice sent by air mail, by facsimile transmission or electronic mail not less two (2) weeks prior to the date of the meeting shall be sent to the said stockholder.

- (e) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the Corporation;
- (f) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the Corporation or its officer are either plaintiffs or defendants in connection with the business of the Corporation;
- (g) To delegate, from time to time, any of the powers of the Board of Directors which may lawfully be delegated in the course of the current business of the Corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the Corporation with such powers and upon such terms as may be deemed fit; and
- (h) To implement these By-Laws and to act on any matter not covered by these By-Laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.

Section 1(a). **Composition of the Board of Directors** - The Board of Directors shall be composed of nine (9) members.

As a corporation publicly listed in the Stock Exchange, the Corporation shall conform with the requirement to have such number of Independent Directors as may be required by law, possessed with such qualifications as may be prescribed by law. An "Independent Director" is a person who, apart from his fees and shareholdings, which shareholdings does not exceed two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial shareholders, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation, including, among other, any person who:

- (a) Is not a director or officer or substantial stockholder of the Corporation or of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (b) Is not a relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its

No failure or irregularity of notice of any regular or special meeting at which the stockholders concerned are present or represented and voting without protest shall invalidate such meeting or any proceedings thereat, provided that the matters taken up were within the powers of the Corporation.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

**Section 5. Quorum** - Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

**Section 6. Conduct of Meeting** - Meetings of the stockholders shall be presided over by the President, or in his absence, by a chairman to be chosen by the stockholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

**Section 7. Manner of Voting** - At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary no later than ten (10) days before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting, or by their personal presence at the meeting.

A forum for the validation of proxies chaired by the Secretary or Assistant Secretary and attended by the Stock Transfer Agent shall be convened at least five (5) days before any meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Secretary. The Secretary's decision shall be final and binding upon the shareholders. Any such question or issue decided upon by the Secretary shall be deemed settled and those not brought before said forum shall be deemed waived and may no longer be raised during the stockholders' meeting.

**Section 8. Closing of Transfer Books or Fixing of Record Date** - For the purpose of determining the stockholders entitled to notice of, or to vote at, any



meeting of stockholders or any adjournment thereof or to receive payment of any dividend, or for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, and during said period no registration of transfers of stock shall be made. In lieu of closing the stock and transfer book, the Board of Directors may fix in advance a certain date as the record date for any such determination of stockholders. *(As amended on June 16, 2008)*

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. **Powers of the Board** - Unless otherwise provided by law, the corporate powers of the Corporation shall be exercised, all business conducted and all property of the Corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers:

- (a) From time to time, to make and change rules and regulations not inconsistent with these By-Laws for the management of the Corporation's business and affairs;
- (b) To purchase, receive, take or otherwise acquire for and in the name of the Corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board of Directors may deem proper or convenient;
- (c) To invest the funds of the Corporation in other corporations or for purposes other than those for which the Corporation was organized, subject to such stockholders' approval as may be required by law;
- (d) To incur such indebtedness as the Board of Directors may deem necessary, to issue evidence of indebtedness, including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders' approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the Corporation;

substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

- (c) Is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;
- (d) Has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- (e) Is not retained as professional adviser by the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm; and
- (f) Has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

When used in relation to a company subject to the requirements above, "related company" shall mean another company which is (i) its holding company, (ii) its subsidiary, or (iii) a subsidiary of its holding company; and "substantial shareholder" shall mean any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

The Independent Director shall have the following qualifications:

- (a) He shall have at least one (1) share of stock of the Corporation;
- (b) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Corporation for at least five (5) years;
- (c) He shall possess integrity/probity; and
- (d) He shall be assiduous.

**Section 2. Election and Term** - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Secretary of the Corporation at the principal place of office of the Corporation not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and vote at the regular or special meeting of the stockholders for the election of the directors shall be qualified to be nominated and elected a director of the Corporation.

Any registered stockholder may be nominated and elected to the Board of Directors. The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board. It may also, in the exercise of its discretion and by majority vote of its members, disqualify a nominated shareholder who, in the Nomination Committee's judgment, represents an interest adverse to or in conflict with those of the Corporation.

**Section 2(a). Nomination and Procedure for Election of Independent Directors** - Nomination of Independent Director/s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of Independent Directors shall be made in writing and signed by the nominating stockholders, and shall include the acceptance and conformity by the would-be nominees.

The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director(s).

After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors (as required under Part IV [A] and [C] of Annex "C" of SRC Rule 12 of the Implementing Rules and Regulations of the Securities Regulation Code), including, but not limited to, the following information:

- (a) Name, age and citizenship;
- (b) List of the positions and offices that each such nominee held, or will hold, if known, with the Corporation;

- (c) Business experience during the past five (5) years;
- (d) Directorship held in other companies;
- (e) Involvement in legal proceedings; and
- (f) Security ownership.

The list shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing Independent Directors and to ensure that the Independent Directors are elected during the stockholders' meeting.

Specific slot/s for Independent Directors shall not be filled-up by unqualified nominees.

In case of failure of election for Independent Director/s, the chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Any controversy or issue arising from the selection, nomination or election of Independent Directors shall be resolved by the Securities and Exchange Commission by appointing Independent Directors from the list of nominees submitted by the stockholders.

**Section 3. Vacancies** - Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or

at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these By-Laws.

**Section 4. Meetings** - Regular meetings of the Board of Directors shall be held quarterly on such date and at places as may be designated by the Chairman of the Board, or upon the request of a majority of the members of the Board of Directors.

**Section 5. Notice** - Notice of the regular or special meeting of the Board of Directors, specifying the date, time and place of the meeting, shall be sent by the Secretary to each director by personal delivery, facsimile transmission, electronic mail, registered or ordinary mail or by publication in a newspaper of general circulation. A director may waive this requirement, either expressly or impliedly.

**Section 6. Quorum** - A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

The Independent Directors should always be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause fails to attend the meeting.

**Section 7. Conduct of the Meetings** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the chairman of the meeting, shall appoint a secretary of the meeting.

Members of the Board should attend regular and special meetings of the Board in person. In view of modern technology, however, conduct of Board meetings through videoconferencing or teleconferencing shall be allowed.

**Section 8. Compensation** - By resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board of Directors may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

**Section 9. Executive Committee** - There is hereby created an Executive Committee composed of at least three (3) members, at least three (3) of whom must be members of the Board of Directors.

The Executive Committee may act, by majority vote of all its members, on such specific matters within the competence of, and as may, be delegated by, the Board of Directors.

During every meeting of the Board of Directors, the Executive Committee shall report in summary form all matters acted upon by it, all of which matters shall be considered ratified unless otherwise expressly revoked.

**Section 10. Nomination Committee** - The Board shall form a nomination committee composed of at least three (3) members of the Board, one of whom must be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board. The decision of the Nomination Committee as to the nominees to the Board of Directors, once confirmed by the Board of Directors, shall be final and binding upon the shareholders and may no longer be raised during the stockholder's meeting.

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of nominations; provided, that any such promulgated guidelines or criteria governing the conduct of the nomination of Independent Directors shall be properly disclosed in the Corporation's information or proxy statement or such other reports required by the Securities and Exchange Commission.

Section 11. **Audit Committee** - The Audit Committee shall be composed of at least three (3) members of the Board, preferably with accounting and finance background, one of whom shall be an Independent Director and another should have related audit experience. The Chairman of this committee should be an Independent Director. He should be responsible for inculcating in the minds of the members of the Board the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit Committee shall have the following specific functions:

- (a) Provide oversight over the senior management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include receiving from senior management periodic information on risk exposures and risk management activities.
- (b) Provide oversight of the Corporation's internal and external auditors;
- (c) Review and approve audit scope and frequency, and the annual internal audit plan;
- (d) Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- (e) Be responsible for the setting-up of an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- (f) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;
- (g) Receive and review reports of internal and external auditors and regulatory agencies, where applicable. and ensure that management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- (h) Review the quarterly, half-year and annual financial statements before submission to the Board, focusing particularly on:

- i. Any change/s in accounting policies and practices;
  - ii. Major judgmental areas;
  - iii. Significant adjustments resulting from the audit;
  - iv. Going concern assumption;
  - v. Compliance with accounting standards; and
  - vi. Compliance with tax, legal, and stock exchange requirements;
- (i) Be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. It may also constitute a Compliance Unit for this purpose.
- (j) Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report.
- (k) Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities. The chief audit executive shall report directly to the Audit Committee functionally. The Audit Committee shall ensure that the internal auditors shall have free and full access to all the Corporation's records, properties and personnel relevant to the internal audit activity and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

**Section 12. Compensation Committee** - The Board may constitute a Compensation or Remuneration Committee which may be composed of at least three (3) members, one of whom should be an Independent Director. It may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.



## ARTICLE IV

### OFFICERS

Section 1. **Election/Appointment** - Immediately after their election, the Board of Directors shall formally organize by electing the President, the Vice-President, the Treasurer, and the Secretary at said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more compatible positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

Section 2. **President** - The President shall be the Chief Executive Officer of the Corporation and shall exercise the following functions:

- (a) To initiate and develop corporate objective and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- (b) To supervise and manage the business affairs of the Corporation upon the direction of the Board of Directors;
- (c) To implement the administrative and operational policies of the Corporation under his supervision and control;
- (d) To appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;
- (e) To oversee the preparation of the budgets and the statements of accounts of the Corporation;
- (f) To represent the Corporation at all functions and proceedings;
- (g) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors;
- (h) To make reports to the Board of Directors and stockholders;
- (i) To sign certificates of stock; and

- (j) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors. (as amended on March 11, 2011)

Section 3. Chairman - The Chairman shall preside at the meetings of the stockholders; (as amended on March 11, 2011)

Section 4. **The Vice-President** - He shall, if qualified, act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

Section 5. **The Secretary** - The Secretary must be a resident and a citizen of the Philippines. He shall have the following specific powers and duties:

- (a) To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
- (b) To keep record books showing the details required by law with respect to the stock certificates of the Corporation, including ledgers and transfer books showing all shares of the Corporation subscribed, issued and transferred;
- (c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
- (d) To attend to the giving and serving of all notices of the Corporation required by law or these By-Laws to be given;
- (e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;
- (f) To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election; and

- (g) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Section 6. **The Treasurer** - The Treasurer of the Corporation shall have the following duties:

- (a) To keep full and accurate accounts of receipts and disbursements in the books of the Corporation;
- (b) To have custody of, and be responsible for, all the funds, securities and bonds of the Corporation;
- (c) To deposit in the name and to the credit of the Corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the Corporation which may come under his control;
- (d) To render an annual statements showing the financial condition of the Corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;
- (e) To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies; and
- (f) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 7. **Term of Office** - The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.

Section 8. **Vacancies** - If any position of the officer becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.

Section 9. **Compensation** - The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

## ARTICLE V

### OFFICES

Section 1. The principal office of the Corporation shall be located at the place stated in Article III of the Articles of Incorporation. The Corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

## ARTICLE VI

### AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. **External Auditor** - At the regular stockholders' meeting, the external auditor of the Corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the Corporation.

Section 2. **Fiscal Year** - The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. **Dividends** - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

## ARTICLE VII

### AMENDMENTS

Section 1. These by-laws may be amended or repealed or new by-laws adopted by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

**ARTICLE VIII**

**SEAL**

Section 1. **Form and Inscriptions** - The corporate seal shall be determined by the Board of Directors.

**ARTICLE IX**

**ADOPTION CLAUSE**

The foregoing said by-laws were adopted by all the stockholders of the Corporation on January 15, 2007 at the principal office of the corporation.

IN WITNESS WHEREOF, we, the undersigned stockholders present at said meeting and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed our names this 15<sup>th</sup> day of January 2007 at Davao City amendment of said by-laws, have hereunto subscribed our names this 15<sup>th</sup> day of January 2007 at Davao City.

(Sgd.)

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**DENNIS A. UY**

Representing himself as stockholder, as Representative of Udenna Management & Resources Corp. and Udenna Corporation

(Sgd.)

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**CHERYLYN C. UY**

Stockholder

(Sgd.)

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**DOMINGO T. UY**

Representing himself as stockholder, as representative of Udenco Corporation and Phoenix Petroleum Holdings, Inc.

(Sgd.)

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**DORELAINÉ U. BOSQUIT**

Stockholder

(Sgd.)

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**DEBBIE A. UY**

Stockholder