PHOENIX

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
(a company incorporated under the laws of the Republic of the Philippines)

Primary Offer in the Philippines of
[5,000,000] Preferred Shares
consisting of
[•] [Series 4] Preferred Shares [(PNX4)]: [•]% p.a.
at an Offer Price of ₱1,000.00 per Preferred Share
with an Oversubscription Option of
up to [2,000,000] Preferred Shares
to be listed and traded on the
Main Board of The Philippine Stock Exchange, Inc.

SOLE ISSUE MANAGERAND SOLE BOOKRUNNER

CHINABANK CAPITAL

JOINT LEAD UNDERWRITERS

CHINABANK CAPITAL

PNB Capital

SUB-UNDERWRITERS
[•]

SELLING AGENTS
Trading Participants of The Philippine Stock Exchange, Inc.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Preliminary Prospectus is dated [•] August 2019.

This Preliminary Prospectus and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
Stella Hizon Reyes Road
Bo. Pampanga, Davao City, Philippines
Telephone number: +6382-235-8888
Corporate website: https://www.phoenixfuels.ph

This Preliminary Prospectus (the "**Prospectus**") relates to the offer and sale by **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.** ("**PNX**", the "**Company**" or the "**Issuer**"), a corporation duly organized and existing under Philippine law, of the fourth series of the cumulative, non-voting, non-participating, non-convertible peso-denominated redeemable preferred shares with a par value of ₱1.00 per share (the "**Preferred Shares**"), comprised of up to [7,000,000] Preferred Shares. The offer and sale of the Preferred Shares will be by way of a primary offering of up to [7,000,000] Preferred Shares (the "**Offer Shares**" and, the primary offer of the Offer Shares, the "**Offer**") at an issue price of ₱1,000.00 per share (the "**Offer Price**"), subject to the registration requirements of the Securities and Exchange Commission (the "**SEC**") and listing requirements of The Philippine Stock Exchange, Inc. (the "**PSE**"). The Offer Shares shall be issued out of the authorized and unissued capital stock of the Company.

The Offer shall be comprised of a base offer of [5,000,000] Preferred Shares and an oversubscription option of up to [2,000,000] Preferred Shares. In the event of an oversubscription, China Bank Capital Corporation (the "**Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner**") and PNB Capital and Investment Corporation (the "**Joint Lead Underwriter**", and together with China Bank Capital Corporation, the "**Joint Lead Underwriters**"), in consultation with the Company, has the right (but not the obligation) to increase the size of the Offer by up to [2,000,000] Preferred Shares (the "**Oversubscription Option**").

THE OFFER SHARES ARE BEING OFFERED FOR SALE SOLELY IN THE PHILIPPINES THROUGH THE JOINT LEAD UNDERWRITERS AND THE SELLING AGENTS NAMED HEREIN.

The Company filed an application with the SEC to register the Offer Shares (the "**Registration Statement**") under the provisions of Republic Act No. 8799 (the "**Securities Regulation Code**") and its implementing regulations (the "**SRC Rules**"). [The SEC is expected to issue an order rendering the Registration Statement effective and a corresponding permit to offer securities for sale covering the Offer Shares.]

An application to list the Offer Shares has been filed with the PSE and has been approved by the board of directors of the PSE on [●]. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this Prospectus. The listing of the Offer Shares is subject to the approval of the board of directors of the PSE. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Preferred Shares by the PSE. The Offer Shares are expected to be listed on the Main Board of PSE on [●] (the "**Issue Date**" or "**Listing Date**") under the trading symbol "[PNX4]".

The Company has an authorized capital stock of ₱2,550,000,000.00 divided into 2,500,000,000 common shares with a par value of ₱1.00 per share and 50,000,000 preferred shares with a par value of ₱1.00 per share. Out of the Company's authorized capital stock, 1,403,304,232 common shares and 21,500,000 preferred shares are issued and outstanding as of 30 June 2019. Following the Offer, the shareholding structure of the Company shall be as follows:

(a) if the Oversubscription Option is fully exercised, the Company will have 1,403,304,232 issued and outstanding common shares and 28,500,000 issued and outstanding preferred shares; and

(b) if the Oversubscription Option is not exercised, the Company will have 1,403,304,232 issued and outstanding common shares and 26,500,000 issued and outstanding preferred shares.

The holders of the Offer Shares do not have identical rights and privileges with holders of the existing common shares and existing preferred shares of the Company. Any and all preferred shares of the Company shall have preference over common shares in dividend distribution and in the event of liquidation or dissolution. For a further discussion on the rights and privileges of the Offer Shares, please refer to the section entitled "*Description of the Offer Shares*" starting on page [●] of this Prospectus.

The Company is allowed under Philippine laws to declare dividends, subject to certain requirements. The Board of the Company is authorized to declare dividends only from its unrestricted retained earnings.

Dividends may be payable in cash, shares or property, or a combination thereof, as the Board shall determine.

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Company's Board of Directors (the "**Board**") to the extent permitted by applicable laws and regulations, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders of the Company. Some of the Company's existing loan agreements contain covenants that restrict the declaration or payments of dividends under certain circumstances, such as the occurrence of an event of default under such loan agreements or if such payment would cause an event of default, if certain financial ratios are not met or would cause them not to be met.

The Company currently does not have a minimum dividend policy; the payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. For a further discussion on the Company's dividend policy, please refer to the subsection entitled "Dividend Policy" starting on page [●] of this Prospectus.

As and if declared by the Board, dividends on the Offer Shares shall be fixed at a rate (the "**Dividend Rate**") of [●%][1] per annum (the "**Initial Dividend Rate**"), calculated in respect of each share by reference to the Offer Price for each three-month period following the Issue Date (a "**Dividend Period**"). Subject to the limitations described in this Prospectus, cash dividends on the Offer Shares will be payable quarterly in arrears on the last day of each Dividend Period, that is, [●], [●], [●], and [●] (each a "**Dividend Payment Date**") provided, that if the relevant Dividend Payment Date falls on a day that is not a Business Day, then the cash dividends shall be paid on the immediately succeeding Business Day without adjustment as to the amount of cash dividends to be paid.

Unless the Offer Shares are redeemed by the Company on the 3rd anniversary of the Issue Date, or on the immediately succeeding Business Day in case such date falls on a day that is not a Business Day, the applicable Dividend Rate shall be adjusted to the higher of:

(a) the Initial Dividend Rate; and

(b) the simple average of the yield designated as "Final BVAL YTM" (or its successor designation) for the 7-year Republic of the Philippines Peso-denominated domestic government bonds, as published in the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for three Banking Days immediately preceding (and including) the 3rd anniversary of the Issue Date *plus* [5%] per annum (the "**Step-up Rate**"), provided that in the event that the Optional Redemption Date (as defined below) falls on a day that is not a Business Day, then:

    (i) the rate setting will be determined on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three consecutive Business Days preceding and inclusive of the said rate setting date; and

    (ii) the higher of the Initial Dividend Rate and the Step-up Rate will be applied commencing on the 3rd anniversary of the Issue Date (the "**Step-Up Date**").

If the Offer Shares are not redeemed within [●] calendar days after the occurrence of a Change of Control Event (as defined in the section "Summary of the Offering"), the applicable Dividend Rate will be increased by [2.50%] per annum with effect from the next Dividend Payment Date In addition, upon the occurrence of an Indebtedness Default Event (as defined in the section "Summary of the Offering"), the applicable Dividend Rate will be increased by [2.50%] per annum with effect from the next Dividend Payment Date.

Dividends on the Offer Shares will be cumulative. If, for any reason the Board of the Company does not declare dividends on the Offer Shares for a Dividend Period, the Company will not pay dividends on any class of the shares of stock of the Company on the Dividend Payment Date for the Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all Arrears of

[1] The Initial Dividend Rate shall be the sum of the simple average yield designated as "Final BVAL YTM" for the 3-year Republic of the Philippines Peso-denominated domestic government bonds, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for the three Banking Days immediately preceding and inclusive of the pricing date, and a spread of [● to ● basis points] .

Dividends (as defined in the section "Summary of the Offering"). Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares. For a further discussion on the dividends payable on the Offer Shares, please refer to the section entitled "Summary of the Offering" starting on page [●] of this Prospectus.

The Company may redeem the Offer Shares in whole (and not in part) on the 3rd anniversary of the Issue Date or on any Dividend Payment Date thereafter (each an "**Optional Redemption Date**"), after giving each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption, which notice shall be irrevocable and binding upon the Company to effect such optional redemption. The Company shall redeem the Offer Shares at a redemption price equal to the Offer Price plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends (the "**Redemption Price**"). In the event that the Optional Redemption Date falls on a day that is not a Business Day, then the redemption shall be made on the immediately succeeding day that is a Business Day without adjustment as to the Redemption Price to be paid.

In addition, the Company may redeem the Offer Shares in whole (and not in part) at any time prior to any Optional Redemption Date upon the occurrence of an Accounting Event (as defined in the section "Summary of the Offering"), a Tax Event (as defined in the section "Summary of the Offering") or a Change of Control Event (as defined in the section "Summary of the Offering"), provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice.

Upon listing on the PSE, the Company may purchase the Offer Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Offer Shares. The Offer Shares so purchased may either be redeemed and cancelled (pursuant to the terms and conditions of the Offer Shares) or kept as treasury shares, as applicable.

In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of the Company available for distribution to shareholders, together with the holders of any other securities of the Company ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of the Company's shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Offer Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period up to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in respect of the winding up of the Company, the amount payable with respect to the Offer Shares and any other securities of the Company ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other securities will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any other or further participation or return of capital in a winding up.

All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**") including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that the holders of Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Company shall not be liable for (a) any withholding tax applicable on dividends payable or earned by, or on any amounts other payable, to the holders of the Offer Shares; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares; (c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Company under the terms and conditions of the Offer Shares; and (d) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer

Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes). Documentary stamp tax due on the issuance the Offer Shares and the documentation relating to the offer and issue of the Offer Shares, if any, shall be for the account of the Company.

The Offer Shares shall constitute direct and unsecured obligations of the Company, ranking at least *pari passu* in all respects and ratably without preference or priority among themselves, and subordinated to all other indebtedness of the Company (other than Parity Securities (as defined in the section "Description of the Offer Shares"). For a further discussion on the status of the Offer Shares, please refer to the sections entitled "*Summary of the Offering*" and "*Description of the Offer Shares*" starting on pages [●] and [●], respectively, of this Prospectus.

The Offer Shares will be issued in scripless form. Title to the Offer Shares shall pass by endorsement and delivery to the transferee and registration in the registry of shareholders to be maintained by [BDO Unibank, Inc. – Trust Banking Group (the "**BDO-Trust**")], the registrar of the Offer Shares (the "**Registrar**") and, BDO-Trust, the stock transfer agent of the Company (the "**Stock Transfer Agent**"). Settlement of the Offer Shares in respect of such transfer or change of title of the Offer Shares, including the settlement of documentary stamp tax, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE. Please see the section entitled "*Summary of the Offering*" starting on page [●] of this Prospectus.

The gross proceeds from the Offer shall be ₱5,000,000,000 or, should the Joint Lead Underwriters, in consultation with the Company, exercise the Oversubscription Option in full, ₱7,000,000,000. The net proceeds from the Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is, estimated to amount to ₱[4,918,169,112] or, should the Joint Lead Underwriters, in consultation with the Company, exercise the Oversubscription Option in full, ₱[6,889,099,112], and will be used by the Company primarily for permanent working capital, and/or general corporate purposes.

The Joint Lead Underwriters shall receive an estimated fee of [●]% of the gross proceeds from the Offer, inclusive of amounts to be paid to the [underwriters and] selling agents.

The Company owns parcels of land as identified in the section entitled "Description of Property" starting on page [●] of this Prospectus. In this connection, the 1987 Philippine Constitution provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Pursuant to prevailing regulations, for as long as the percentage of Filipino ownership of the Company's capital stock is at least 60% of (a) total outstanding and voting shares and (b) the total number of outstanding shares, whether or not entitled to vote, the Company shall be considered a Filipino-owned corporation qualified to own land.

All information contained in this Prospectus are deemed qualified by, and should be read together with, all disclosures, reports and filings of the Company as filed with the SEC, the PSE and/or the Philippine Dealing & Exchange Corp. (collectively, the "Company Disclosures") pursuant to the Revised Corporation Code, the Securities Regulation Code, and the disclosure rules of the PSE. All Company Disclosures are incorporated or deemed incorporated by reference in this Prospectus. Copies of the Company Disclosures may be viewed at the website of the Company at www.phoenixfuels.ph. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus and the Company Disclosures incorporated or deemed incorporated herein by reference.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company. The Company, having made all reasonable enquiries, confirms that: (a) this Prospectus contains all information with respect to the Company and the Offer Shares, which is material in the context of the issue and offering of the Offer Shares; (b) the statements contained in it relating to the Company are in every material respect true and accurate and not misleading; (c) the opinions and intentions expressed in this Prospectus with regard to the Company are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (d) there are no other facts in relation to the Company or the Offer Shares, the omission of which would, in the context of the issue and offering of the Offer Shares, make any statement in this Prospectus misleading in any material respect; and (v) all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Company accepts full responsibility for the accuracy of the information contained in this Prospectus and in the listing application and all documents submitted to the PSE. The Joint Lead Underwriters have exercised due diligence required by law in ascertaining that all material representations contained in this Prospectus are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. No representation, warranty, or undertaking, express or implied, is made by the Joint Lead Underwriters (and any person who controls it, or any director, officer, employee, representative, agent, affiliate or adviser of any such person), and no responsibility or liability is accepted by the Joint Lead Underwriters (or any person who controls it, or any director, officer, employee, representative, agent, affiliate or adviser of any such person) as to the accuracy, adequacy, reasonableness, or completeness of the information and materials contained or incorporated herein (excluding any and all information pertaining to the Joint Lead Underwriters) or any other information provided by the Company in connection with the Offer Shares, their distribution, or their future performance. The Joint Lead Underwriters (and any person who controls it, or any director, officer, employee, representative, agent, affiliate or adviser of any such person) accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of Joint Lead Underwriters or any person who controls it, or any director, officer, employee, representative, agent, affiliate or adviser of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

This Prospectus has been prepared by the Company solely for use in connection with the proposed offering of the Offer Shares described in this Prospectus. The distribution of this Prospectus and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. The Company and the Joint Lead Underwriters require persons into whose possession this Prospectus comes, to inform themselves of and observe all such restrictions. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Company, the Joint Lead Underwriters, or any affiliate or representative of any of the Company or the Joint Lead Underwriters to subscribe for or purchase, any Offer Shares in any jurisdiction or in any circumstances in which such offer, invitation, or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation, or solicitation.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, the Joint Lead Underwriters, the [underwriters and selling agents], or any director, officer, employee, representative, agent, affiliate or adviser of any such person.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and its subsidiaries since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Company since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Offer is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Prospectus nor any other information supplied in connection with the issue of the Offer Shares (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Company, the Joint Lead Underwriters, or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person, that any recipient of this Prospectus or any other information supplied in connection with the issue of the Offer Shares should purchase any Offer Shares. Each investor contemplating purchasing any Offer Shares should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company. Furthermore, no comment is made or advice is given by the Company, the Joint Lead Underwriters, or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person, in respect of taxation matters relating to the Offer Shares or the legality of the purchase of the Offer Shares by an investor under applicable or similar laws. The Joint Lead Underwriters do not undertake to review the financial condition or affairs of the Company during the life of the arrangements contemplated by this Prospectus nor advise any investor or potential investor in the Offer Shares of any information coming to the attention of the Joint Lead Underwriters.

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In making an investment decision, a prospective purchaser must rely on their own investigation, examination and analysis of the Company and the terms of the Offer Shares, including, without limitation, the merits and risks involved, an assessment of the Company's creditworthiness, such prospective purchaser's own determination of the suitability of any such investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. Each person should be aware that it may be required to bear the financial risks of any participation in the Offer Shares for an indefinite period of time. Each prospective investor is advised to consult its own tax adviser, legal adviser and business adviser as to tax, legal, business and related matters concerning the purchase of the Offer Shares. Investing in the Offer Shares involves certain risks. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Shares, please refer to the section entitled "Risk Factors" starting on page [●] of this Prospectus.

THE SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

Each person receiving this Prospectus acknowledges that such person has not relied on the Joint Lead Underwriters or any person who controls it, or any director, officer, employee, agent, affiliate or adviser of any such person, in connection with its investigation of the accuracy of such information or its investment decision.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

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

By:

DENNIS A. UY
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me on AUG 2 2 2019 in MAKATI CITY, affiant exhibiting to me his Passport with No. P5257129A issued on 6 Dec. 2017 as competent evidence of identity.

Doc. No. 387;
Page No. 79;
Book No. V;
Series of 2019.

VIKTOR IVAN NICOLO T. MORALES
NOTARY PUBLIC ROLL NO. 70215
MAKATI CITY, PHILIPPINES

VIKTOR IVAN NICOLO T. MORALES
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M- 280
Commission Expires on December 31, 2019
Roll No. 70215
IBP No. 063545/01-04-2019/RSM
PTR No. 7341637/01-07-2019/Makati City
MCLE Compliance No. VI-0011868/08-29-2018
10F 8 Rockwell, Hidalgo corner Plaza Drive
Rockwell Center, Makati City

INDUSTRY AND MARKET DATA

Certain statistical data and other information appearing in this Prospectus, including the section "Industry Overview", have been extracted from public sources identified in this Prospectus. In addition, certain information in this Prospectus relating to the Philippines and the industry in which the Company's business operates, including statistics relating to market size and market share, is derived from various internal surveys, market research, government data, private publications and/or the Company's internal assumptions and estimates. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate, complete, up-to-date or consistent with information compiled within or outside the Philippines. None of the Company, the Joint Lead Underwriters or any person who controls any of them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person accepts responsibility for the factual correctness of any such statistics or information but the Company accepts responsibility for accurately extracting and transcribing such statistics and information and believes, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. The Company confirms that all such third party information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CERTAIN DEFINED TERMS AND CURRENCY PRESENTATION

In this Prospectus, unless the context otherwise requires, references to the “Company”, the “Issuer” and “Phoenix” refer to P-H-O-E-N-I-X Petroleum Philippines, Inc. and its subsidiaries, as the context requires. All references in this Prospectus to the “Philippines” are to the Republic of the Philippines.

The Company publishes its financial statements in Philippine Peso. In this Prospectus, references to “P”, “₱”, “Philippine Peso”, “Peso” and “Php” are to the lawful currency of the Philippines and references to “United States dollars”, “U.S. dollar” or “U.S.$” are to the lawful currency of the United States.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

The Company's financial year ends on 31 December and references in this document to a "financial year" are to the twelve-month period ended on 31 December of the year referred to.

The financial statements of the Company are reported in Philippine Pesos and are prepared based on our accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines. Unless otherwise indicated, the description of the Company's business activities in this Prospectus is presented on a consolidated basis.

Unless otherwise stated, all financial information relating to us contained herein is derived from financial statements stated in accordance with PFRS or interim financial statements stated in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's fiscal year begins on January 1 and ends on December 31 of each year. Punongbayan & Araullo (member firm of Grant Thornton), independent auditors, has audited the audited consolidated financial statements of the Company for the financial year ended 31 December 2018.

This Prospectus includes certain non-GAAP financial measures, including Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**"), which is supplemental measures of the Company's performance and liquidity that are not required by, or presented in accordance with, PFRS and should not be considered as an alternative to net income, operating revenue or any other performance measures derived in accordance with PFRS or as an alternative to cash flow from operating activities or as a measure of liquidity. EBITDA and the other operating measures are not standardized, hence a direct comparison between companies using such a term may not be possible. EBITDA and EBITDA-related ratios should not therefore be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of the Company, as reported under PFRS. Further, EBITDA may not reflect all of the financial and operating results and requirements of the Company. In particular, EBITDA does not reflect the Company's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortized. The Company has presented these supplemental financial measures because the Company believes these measures are frequently used by securities analysts and investors in evaluating similar issuers, and this data is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019, and should not be used as the basis for, or prediction of, an annualized calculation. Investors are cautioned not to place undue reliance on these supplemental financial measures.

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FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical facts constitute "forward- looking statements." Some of these statements can be identified by forward-looking terms, such as "anticipate", "believe", "can", "could", "estimate", "expect", "intend", "may", "plan", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, its revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Prospectus involve known and unknown risks, uncertainties and other factors that may cause the Company's actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

The factors that could cause the Company's actual results to be materially different include, among others:

- changes in the prices of petroleum products and raw materials used by the Company;
- general political and economic conditions in the Philippines;
- terms on which the Company finances its working capital and capital expenditure requirements;
- the ability of the Company to successfully implement its strategies;
- industry risk (including accidents, natural disasters or other adverse incidents) in the areas in which the Company, its subsidiaries and affiliates operate;
- terms on which the Company finances its working capital and capital expenditure requirements;
- the ability of the Company to successfully implement its strategies;
- changes in governmental regulations, including those pertaining to regulation of the oil industry, zoning, tax, subsidies, operational health, safety and environmental standards or licensing requirements in the Philippines; and
- competition in the oil industry in the Philippines.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under *"Risk Factors"* starting on page [●] of the Prospectus.

Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected as well as from historical results. Specifically, but without limitation, revenues could decline, costs could increase, capital costs could increase, capital investments could be delayed and anticipated improvements in performance might not be realized fully or at all. Although the Company believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, prospective investors are cautioned not to place undue reliance on the forward-looking statements herein. In any event, these statements speak only as of the date hereof or the respective dates indicated herein, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

DEFINITION OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

AAI……………………..…………	Action.Able, Inc.
ASEAN………………………...	Association of Southeast Asian Nations
ATIGA………………………….	ASEAN Trade in Goods Agreement
Auto LPG Rules……………….	DOE Circular No. DC 2007-02-0002 entitled "Providing for the Rules and Regulations Governing the Business of Supplying, Hauling, Storage, Handling, Marketing and Distribution of Liquefied Petroleum Gas (LPG) for Automotive Use"
BARMM………………………..	Bangsamoro Autonomous Region in Muslim Mindanao
BBL…………………………….	Bangsamoro Basic Law
BFP…………………………….	the Bureau of Fire Protection of the Philippines
BIFF……………………………	Bangsamoro Islamic Freedom Fighters
Biofuels Act………………….	Republic Act No. 9367, otherwise known as the "Biofuels Act of 2006"
BIR……………………………..	the Bureau of Internal Revenue of the Philippines
BFP…………………………….	Bureau of Fire Protection of the Philippines
Board or Board of Directors…	the Board of Directors of Phoenix
BOC……………………………	Bureau of Customs
BOI……………………………..	Board of Investments of the Philippines
BOL…………………………….	Bangsamoro Organic Law
BPS…………………………….	Bureau of Product and Standards of the DTI
BSP…………………………….	Bangko Sentral ng Pilipinas (the central bank of the Philippines)
Business Day…………………	shall be used interchangeably to refer to a day, other than Saturday, Sunday and public holidays, on which facilities of the Philippine banking system are open and available for clearing and banks are generally open for the transaction of business in the city of Makati
BVAL…………………………..	Bloomberg Valuation Service, the electronic financial information service provider, and when used in connection with the designated page of the BVAL Rate, the display page so designated on BVAL (or such other page as may replace that page on that service), or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices to that BVAL Rate.
BVAL Rate…………………….	shall mean the PHP Bloomberg Valuation Service (BVAL) reference rates as published on the Philippine Dealing & Exchange Corporation website.

CA……………………………...	the Court of Appeals of the Philippines
CAR……………………………	Certificate Authorizing Registration
Caltex………………………….	Chevron Philippines, Inc.
Cebgo………………………….	Cebgo, Inc., formerly Tigerair Philippines Inc.
Cebu Pacific…………………..	Cebu Air, Inc., operating as Cebu Pacific
CEO……………………………	Chief Executive Officer
Chevron……………………….	Chevron Philippines, Inc.
CLC…………………………….	Chelsea Logistics Corporation
Clean Air Act…………………..	Republic Act No. 8749, otherwise known as the "Philippine Clean Air Act of 1999"
Civil Code. …………………….	Republic Act No. 386, otherwise known as the "Civil Code of the Philippines"
CMTA………………………….	Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act"
CNC……………………………	Certificate of Non-Coverage issued by the DOE, pursuant to the Revised Retail Rules
CNI……………………………..	Cong Ty Tnhh Cong Nghiep
CNOOC Gas and Power…….	CNOOC Gas and Power Group Co. Ltd.
COCOs………………………..	Company-owned, company-operated retail service stations
CODOs………………………..	Company-owned, dealer-operated retail service stations
Commission or SEC………….	the Securities and Exchange Commission of the Philippines
Company, Issuer or Phoenix………………………..	P-H-O-E-N-I-X Petroleum Philippines, Inc.
Consumer Act………………….	Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines"
CSC…………………………….	Chelsea Shipping Corporation
CTRP……….………………….	Comprehensive Tax Reform Program
CVS……………………………	means convenience stores
DENR…….……………………	the Department of Environment and Natural Resources of the Philippines
Directors………………………	the members of the Board of Directors of the Company
DODOs……………………….	Dealer-owned, dealer-operated retail service stations
DOE……………………………	the Department of Energy of the Philippines

DOJ……………….…………..	the Department of Justice of the Philippines
DTI……………………………..	the Department of Trade and Industry of the Philippines
ECC……………………………	means the environmental compliance certificate issued by the DENR
EIS……………………………..	Environmental Impact Statement
EMB……………………………	Environmental Management Bureau
Duta……………………………	Duta, Inc.
ESGI…..……………………….	ES Consulting Group, Inc.
ESOP…………………………	refers to the employee stock option plan of the Company
Exchange or the PSE………..	The Philippine Stock Exchange, Inc.
FIA……………………………..	Republic Act No. 7042, as amended, otherwise known as the “Foreign Investments Act of 1991”
Fire Code……………………...	Fire Code of the Philippines
Government …………………..	Government of the Philippines
IEE.……………………………	Initial Environmental Examination
IPOPHIL……………………….	the Intellectual Property Office of the Philippines
Jollibee………………………...	Jollibee Foods Corporation
Joint Lead Underwriters….....	China Bank Capital Corporation and PNB Capital and Investment Corporation
Liwanag……………………….	Liwanag Philippine Property Management Inc.
LGC……………………………	Republic Act No. 7160, as amended, otherwise known as the “Local Government Code of 1991”
LGU……………………………	Local Government Unit
LMA……………………………	Local Monthly Allowance
LNG……………………………	Liquefied natural gas
LPG…………………………….	liquefied petroleum gas
LPG Industry Rules…………..	Department Circular 2014-01-0001, or the “Rules and Regulations Governing the Liquefied Petroleum Gas Industry”
LTO…………………………….	Land Transportation Office
MARINA……………………….	Maritime Industry Authority
MB……………………………..	thousand barrels
MILF……………………………	Moro Islamic Liberation Front

MNLF…………………………..	Moro National Liberation Front
MOPS………………………….	Mean of Platts Singapore, which is the daily average of all trading transactions between a buyer and a seller of petroleum products as assessed and summarized Standard and Poor's Platts, a Singapore-based market wire service
NWRB…………………………	National Water Resources Board
OIMB…………………………..	the Oil Industry Management Bureau of the DOE
Oil Deregulation Law…………	Republic Act No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", and its implementing rules and regulations
Omnibus Investments Code…	Executive Order No. 226, as amended, otherwise known as "Omnibus Investments Code"
Origin Energy…………………	Origin Energy Holdings Pty. Ltd
Origin Vietnam………………..	Origin LPG (Vietnam) Limited Liability Company
PAPI……………………………	Phoenix Asphalt Philippines, Inc.
PAS…………………………….	Philippine Accounting Standards
PCC……………………………	Philippine Competition Commission of the Philippines
PCSPC………………………...	Philippine Coastal Storage and Pipeline Corporation
PEIH…………………………...	PNX Energy International Holdings Pte Ltd
PEPI……………………………	Petronas Energy Philippines, Inc., now Phoenix LPG Philippines, Inc.
Person…………………………	means an individual, firm, partnership, limited liability company, joint venture, association, trust, corporation, government, committee, department, authority, or any body, incorporated or unincorporated, whether having a distinct legal personality or not
Petron………………………….	Petron Corporation
PFM or Philippines FamilyMart…………………….	Philippine Family Mart CVS, Inc.
PFRS…………………………..	Philippine Financial Reporting Standards
PGMI…………………………..	Phoenix Global Mercantile, Inc.
Philippine Constitution……….	1987 Constitution of the Philippines
Philippines…………………….	Republic of the Philippines
₱ or Philippine Peso or PHP or Peso……………………..…….	Philippine Pesos, the legal currency of the Republic of the Philippines
PLPI……………………………	Phoenix LPG Philippines, Inc., formerly Petronas Energy Philippines, Inc.

PNX SG………………………..	PNX Petroleum Singapore Pte. Ltd.
POS……………………………	Point of sale
PPHI…………………………...	Phoenix Petroleum Holdings, Inc.
PPM……………………………	parts per million
PPMI………..…………………..	PFL Petroleum Management, Inc.
PTC…………………………….	Phoenix Tsuper Club
PTPPI………………………….	PT Phoenix Petroleum Indonesia
PVPL…………………………..	Phoenix Vietnam Pte. Ltd.
Revised Retail Rules………..	Department Circular No. 2017-11-0011 or the "Revised Rules and Regulations Governing the Business of Retailing Liquid Fuels"
Seaoil………………………….	Seaoil Philippines, Inc.
SBMA………………………….	Subic Bay Metropolitan Authority
SCC……………………………	Standard Compliance Certificate issued by the OIMB
Selling Agents……………..….	[• and] the Trading Participants of the PSE
Shell…………………………….	Pilipinas Shell Petroleum Corporation
Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner……………………	China Bank Capital Corporation
SPTT…………………………..	Subic Petroleum Trading and Transport Phils., Inc.
SRC……………………………	Republic Act No. 8799, otherwise known as "The Securities Regulation Code"
SRC……………………………	Republic Act No. 8799, otherwise known as "The Securities Regulation Code"
Subsidiaries…………………..	means, with respect to the Company, any corporation, association or business entity, more than fifty percent (50%) of the voting stock of which is owned or controlled directly or indirectly, through one or more intermediaries of the Company
Sub-Underwriters……………	[•]
Supreme Court………………..	Supreme Court of the Philippines
TA………………………………	Think Able Ltd.
Tanglawan…………………….	Tanglawan Philippine LNG, Inc.
Tax Code………………………	means the National Internal Revenue Code, as amended, and its implementing rules and regulations
TIPCO Asphalt………………..	Tipco Asphalt Public Company Limited

Total…………………………….	Total (Philippines) Corporation
TRAIN Law…………………….	Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion Act”
TDIL…………………………….	Top Direct Investments Limited
UC……………………………..	Udenna Corporation
Udenna Group………………..	Udenna Corporation, its subsidiaries and affiliates
UNCLOS……………………….	United Nations Convention on the Law of the Sea
Unioil………..…………………	Unioil Petroleum Phils. Inc.
United States………………….	United States of America
U.S. Dollars, USD or US$.......	United States Dollars, the legal currency of the United States of America
voting stock…………………..	means, with respect to any person, share capital of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and the consolidated financial statements of the Company that appear elsewhere in this Prospectus. The meaning of terms not defined in this summary can be found elsewhere in this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including investment considerations and the Company's audited financial statements and the related notes. In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

Overview

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities and allied services. Its operations started in Southern Mindanao and soon expanded in the islands of Luzon and Visayas. Its products and services are distributed and marketed under *the PHOENIX Fuels Life*™ trademark. With a market share of 6.9%[2] of the Philippine oil market as of 31 December 2018, the Company is the largest independent oil company in the Philippines that is engaged in all aspects of the local downstream oil industry.

The Company's operations are divided between trading, and terminalling and hauling services. Under trading, the Company offers its refined petroleum products and lubricants to retailers and industrial customers. The Company sells its products through its network of retail service stations and has a total of 630 retail service stations as of 30 June 2019. The retail service stations are classified as company-owned-dealer-operated service stations ("**CODO**"), which account for 49.0% of the stations, dealer-owned-dealer-operated service stations ("**DODO**"), which account for 50.3% of the stations, and company-owned-company-operated service stations ("**COCO**"), which account for the remaining 0.6%. For CODOs, the Company buys or leases the land and owns the retail service station structures and equipment, but are operated by a third-party dealer. For DODOs, a third-party dealer buys or leases the land, builds the retail service station structure according to Company specifications, leases the retail service station equipment from the Company, and operates the DODOs. For COCOs, the Company buys or leases the land, owns the retail service station structures and equipment, and operates the stations. Its main areas of retail operations are in Luzon and Mindanao which account for 48.3 % and 37.8%, respectively, of the retail service stations established as of 30 June 2019, while its Visayas operations account for the remaining 13.2% of the network.

The Company's terminalling and hauling services involve leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuel to airports and refuelling of aircraft) in 18 airports, including Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City, Zamboanga City, Dumaguit, Bacolod, Kalibo, Iloilo, Caticlan, Tacloban, Cebu Mactan, Roxas City, San Jose, Mindoro and Ninoy Aquino International Airport. Since 2005, the Company has been providing all of Cebu Pacific's terminal, hauling and into-plane requirements for its Mindanao operations. The Company currently provides services to Cebu Pacific in a total of 18 domestic airports consisting of two in Luzon, eight in Visayas, and eight in Mindanao.

The Company presently has a nationwide network of depots and retail service stations. Its industrial customers include air, land and sea transport companies and other industrial users.

Since its commercial operations in 2005, the Company has expanded rapidly and developed into the fourth largest oil company in the Philippines as of 30 December 2018.[3] The Company has achieved these on the back of strong compounded annual sales volume growth of approximately 40.0% since its public listing in 2007. As of 30 June 2019, the Company had a market capitalization of ₱16,980 million, based on the Company's common share closing price of ₱12.10 on 28 June 2019, the last trading day

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[2] Based on the total market demand of petroleum products based on industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.
[3] Based on the industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.

of the said month.

As at 31 December 2016, 2017 and 2018, the Company's total assets were ₱26,538 million, ₱44,166 million and ₱64,660 million (U.S.$1,226 million), respectively. For the years ended 31 December 2016, 2017 and 2018, the Company's total revenues were ₱30,451 million, ₱44,543 million and ₱88,611 million (U.S.$ 1,681 million), respectively, and net profit was ₱1,092 million, ₱1,521 million and ₱2,767 million (U.S.$52 million), respectively.

Strengths

The Company believes that its principal competitive strengths which contribute to its success include the following:

- Largest independent oil player;
- Rapid and sustainable network expansion;
- Strategic import terminal, depot and retail service station locations;
- Integrated supply chain and logistics infrastructure;
- Diverse and comprehensive service experience driving retail volumes;
- Experienced management team and employees;
- Strong brand recall.

Strategy Pillars

The Company's principal strategies are set out below:

- Strengthen the brand;
- Grow position in markets with strong structural, macro drivers;
- Improve operational efficiency and drive synergies across the Group;
- Invest in future growth and innovation through partnerships and acquisition of new businesses that have growth potential and synergies with its portfolio;
- Enhance the quality of its cash flow generation

Risks Relating to the Offer

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Preferred Shares. These risks include the following, which are discussed in more detail under the section *"Risk Factors"* starting on page [●].

Risks Relating to the Company's Business and Operations

- Volatility of the price of petroleum products may have a material adverse effect on the Company's business, results of operations and financial condition
- The Company's business, results of operations and financial condition may be affected by intense competition in the downstream oil industry.
- Failure to respond quickly and effectively in identifying and importing the relevant alternative fuels in line with market demands or governmental regulations may adversely affect the Company's business and prospects.
- The Company's exposure to costs and liabilities arising from compliance with safety, health, environmental and zoning laws and regulations may adversely affect its business, results of operations and financial condition.
- Any significant disruption in operations or casualty loss at the Company's storage and distribution facilities could affect its business and results of operations and result in potential liabilities.
- The Company requires significant capital expenditures and financing for its business, which are subject to a number of risks and uncertainties. If the Company is unable to obtain additional capital on acceptable terms when needed, its growth prospects and future profitability may be adversely affected.
- Regulatory decisions and changes in the legal and regulatory environment (including the

Comprehensive Tax Reform Program) could increase the Company's operating costs and affect its business, results of operations and financial condition.

- The Company currently benefits from income tax holidays on the operation of certain depots. If the Company did not have the benefit of income tax holidays, its profitability would be affected, as it would have to pay income tax at the prevailing rates.
- The Company's controlling shareholder may have interests that may not be the same as those of other shareholders.
- The Company's business, financial condition and results of operations may be adversely affected by the fluctuations in the value of the Philippine Peso against the U.S. dollar.
- The growth of the Company is dependent on the successful execution of its expansion plans.
- The Company depends on experienced, skilled and qualified key personnel and senior management, and its business and growth prospects may be disrupted if it is unable to retain their services.
- The Company may fail to integrate acquired businesses properly, which could adversely affect its results of operations and financial condition.
- If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the cost of damages and claims proves to be more severe than its insurance coverage, the Company's financial condition and results of operations may be materially affected.
- Existing or future claims against the Company and its Subsidiaries, or joint ventures, or directors or key management may have an unfavorable impact on the Company and its business.
- The Company from time to time considers business combination alternatives.
- Changes in applicable accounting standards may impact the Company's businesses, financial condition and results of operations.
- The products that the Company handles are hazardous and could result in spills and/or environmental damage.
- The Company is subject to joint venture and partnership risks.
- The Company's franchisees may not be willing or able to renew their franchise agreements with the Company.
- The Company may not be able to obtain suitable locations for its oil depots and the quality of the locations of the Company's current oil depots may decline.
- The Company's expansion plans will place additional pressure and demands on the Company's management and key-in house operating divisions.
- The Company depends on third-party operators for a significant number of its projects and operations.
- The Company relies primarily on a small number of suppliers for a significant portion of its petroleum products.
- Failure to respond quickly and effectively to product substitution or government-mandated product formulations may adversely affect the Company's business and prospects.

Risks Relating to the Philippines

- The Company's business and sales may be negatively affected by slow growth rates and economic instability globally and in the Philippines.
- Political instability, acts of terrorism or military conflict or changes in laws or government policies in the Philippines could have a destabilizing effect and may have a negative effect on the Company.
- The occurrence of natural or man-made catastrophes or electricity blackouts may materially disrupt the Company's operations.
- The oil smuggling situation in the Philippines.
- Investors may face difficulties enforcing judgments against the Company.
- If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase petroleum, petroleum products, raw materials, equipment and other imported products could be affected.
- Corporate governance and disclosure standards in the Philippines may be different from those in other countries.
- The Company may not be able to purchase U.S. dollars from the Philippine banking system to

settle its obligations under the Offer Shares.

- Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.
- There are risks associated with emerging and developing markets generally.

Risks Relating to the Preferred Shares

- The Offer Shares may not be a suitable investment for all investors.
- The Offer Shares are perpetual securities and investors have no right to require redemption.
- The Offer Shares are subordinated obligations.
- There may be insufficient distributions upon liquidation.
- Holders may not receive dividend payments if the Company elects to defer dividend payments.
- The ability of the Company to make payments under the Offer Shares is limited by the terms of the Company's other indebtedness.
- The market price of the Offer Shares may be volatile, which may result in the decline in the value of investments of the investors.
- There may be a lack of public market for the Offer Shares.
- An active or liquid trading market for the Offer Shares may not develop.
- Holders of the Offer Shares may not be able to reinvest at a similar return on investment.
- The Preferred Shares have no voting rights.

Corporate Information

The Company was incorporated in the Philippines on 8 May 2002 under its original name "Oilink Mindanao Distribution, Inc." The Company's principal office is located at Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines. The Company's telephone number at this address is +6382 235 8888. Information on the Company can be obtained on its website: www.phoenixfuels.ph.

SUMMARY FINANCIAL INFORMATION

The following table sets forth financial and operating information of the Company. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Company, including the notes thereto, contained in this Prospectus and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other information included herein. The summary financial data as of March 31, 2019 and 2018 and December 31, 2018, 2017 and 2016 were derived from the Company's unaudited and audited consolidated financial statements, including the notes thereto, which are included in this Prospectus and from the Company's 2018 annual report.

The consolidated financial statements as of December 31, 2018, 2017 and 2016 were audited by Punongbayan & Araullo. The consolidated financial information of the Company as of and for the three months ended March 31, 2019 and 2018 have not been audited by the Company's independent auditor. As a result, the consolidated financial statements of the Company as of and for the three months ended March 31, 2019 and 2018 should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Company's financial condition and results of operations. The Company's financial information included in this Prospectus were prepared in accordance with the Philippine Financial Reporting Standards ("PFRS"). The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. The Joint Lead Underwriters and any of their affiliates, directors, officers and advisers disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of any financial information of the Company.

Balance Sheet Data	**As at March 31**	**As at December 31**		
(in ₱thousand)	**2019** **Unaudited**	**2018** **Audited**	**2017** **Audited**	**2016** **Audited**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5,182,048	7,889,709	1,831,558	2,338,781
Trade and other receivables – net	14,591,618	15,030,715	7,705,308	8,789,006
Inventories – net	11,152,646	11,135,494	12,416,237	2,998,780
Due from related parties	937,904	937,904	518,005	1,506,998
Restricted deposits	53,422	52,719	51,282	50,925
Input value-added tax – net	1,282,592	1,517,537	1,773,091	731,736
Prepayments and other current assets	1,607,633	695,699	610,271	595,964
Total Current Assets	**34,807,862**	**37,259,777**	**24,905,752**	**17,012,189**
NON-CURRENT ASSETS				
Property, plant and equipment — net	21,797,612	18,715,995	13,399,980	9,002,313
Investment properties	1,738,846	1,739,021	1,114,780	-
Intangible assets — net	298,881	328,054	295,458	275,037
Investment in Joint Venture	461,722	455,436	-	-
Goodwill — net	5,070,794	4,418,843	3,990,667	10,222
Deferred tax assets — net	151,160	147,485	235,996	46,192
Other Non-current assets	1,527,603	1,595,668	223,467	192,084
Total Non-current Assets	**31,046,618**	**27,400,501**	**19,260,348**	**9,525,848**
TOTAL ASSETS	**65,854,480**	**64,660,279**	**44,166,100**	**26,538,038**

LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				

Interest-bearing loans and borrowings	26,410,495	26,309,487	16,796,874	11,262,859
Trade and other payables	7,570,620	7,434,839	3,584,624	3,232,653
Income tax payable	12	99,381	3,671	100,283
Total Current Liabilities	**33,981,127**	**33,843,707**	**20,385,169**	**14,595,795**
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13,327,193	13,590,520	11,374,560	1,921,565
Deferred tax liabilities — net	615,104	631,776	225,027	-
Other non-current liabilities – net	1,480,747	620,602	497,806	258,584
Total Non-current Liabilities	**15,423,044**	**14,842,899**	**12,097,393**	**2,180,149**
TOTAL LIABILITIES	**49,404,171**	**48,686,606**	**32,482,562**	**16,775,944**
EQUITY				
Capital stock	1,112,004	1,112,004	1,456,538	1,123,097
Additional paid-in capital	7,233,692	7,233,692	5,709,303	5,320,816
Revaluation reserves	827,510	827,510	(2,306)	(12,148)
Other reserves	(730,362)	(730,362)	(730,362)	(730,362)
Accumulated translation adjustment	(3,896)	24,928	(3,791)	-
Retained earnings	8,039,690	7,542,844	5,254,155	4,060,690
Minority Interest	(28,331)	(36,945)	-	-
Total Equity	**16,450,309**	**15,973,673**	**11,683,538**	**9,762,094**
TOTAL LIABILITIES AND EQUITY	**65,854,480**	**64,660,279**	**44,166,100**	**26,538,038**

Income Statement Data	**For the three months ended March 31**		**For the years ended December 31**		
(in ₱thousands, except Earnings per share (EPS))	**2019 Unaudited**	**2018 Unaudited**	**2018 Audited**	**2017 Audited**	**2016 Audited**
Revenues	24,092,632	18,082,679	88,610,768	44,426,040	30,576,668
Cost and Expenses	23,071,473	17,277,042	84,580,715	42,320,540	28,463,738
Other Charges	555,087	326,638	656,323	111,379	850,652
Profit Before Tax	466,072	478,998	3,373,730	1,994,121	1,262,278
Tax Expense	51,401	51,165	606,588	202,272	169,803
Net Profit	414,671	427,834	2,767,142	1,791,849	1,092,475
Other Comprehensive Income	(28,824)	26,064	801,097	3,777	10,753
Total Comprehensive Income	385,847	453,897	3,568,238	1,795,626	1,103,227
Basic Earnings per share*	0.38	0.29	1.72	1.16	0.64
Diluted Earnings per share**	0.38	0.29	1.72	1.16	0.64

	For the three months ended March 31	For the years ended December 31		
	2019	**2018**	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	466,072	3,373,730	1,929,490	1,262,278
Adjustments for:				
Interest expense on bank loans and other borrowings	611,233	1,376,995	780,917	863,399
Depreciation and amortization	383,750	1,056,749	851,081	1,002,088
Impairment losses on trade and other receivables		68,465	50,335	112,987
Interest income	(7,887)	(31,425)	(18,481)	(7,110)
Unrealized foreign exchange currency loss (gain) - net	(12,517)	(30,578)	3,893	(171,373)
Translation adjustment	(28,824)	28,720	(3,791)	-
Provision for loss on lost cylinders	-	24,290	-	-
Share in net income of an indirectly-owned joint venture	-	(7,342)	-	50,069
Employee share options	-	7,244	11,590	5,758
Recovery of accounts written off	-	(2,769)	-	-
Loss (gain) on disposal of property, plant and equipment	-	(1,006)	9,166	-
Excess of fair value of net assets acquired over acquisition cost	-	-	(650,182)	-
Gain on reversal of impairment losses on investment properties	-	-	(40,786)	-
Impairment losses on non-financial assets	-	-	93	-
Operating profit before working capital changes	1,411,827	5,863,073	2,923,325	3,118,096
Decrease (increase) in trade and other receivables	439,097	(7,415,944)	1,784,569	528,697
Decrease (increase) in inventories	423,750	26,812,186	11,723,876	(370,318)
Decrease (increase) in input value-added tax - net	234,945	363,029	(1,027,547)	(36,266)
Increase in prepayments and other current assets	(912,378)	(1,174,856)	(235,827)	(637,593)
Increase (decrease) in trade and other payables	163,308	3,555,862	101,085	(288,096)
Decrease (increase) in restricted deposits	-	(1,438)	(356)	20,047
Decrease in land held for sale and land development costs	-	-	-	22,667
Cash generated from operations	1,760,549	28,001,912	15,269,125	2,357,235
Cash paid for income taxes	(7,842)	(29,603)	(7,345)	(4,508)
Net Cash From Operating Activities	1,752,707	27,972,308	15,261,779	2,352,727
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	(3,454,528)	(4,517,753)	(3,176,344)	(2,155,961)
Increase in other non-current assets	80,996	(1,698,692)	27,351	(15,994)
Advances to related parties	-	(524,779)	(669,527)	(944,762)
Investments in joint ventures	(6,286)	(448,094)	-	-
Acquisition of subsidiaries	(651,951)	(397,455)	(6,705,621)	-
Acquisitions of intangible assets	-	(58,063)	(50,549)	(203,909)

Interest received	7,628	27,226	15,769	3,777
Collections from related parties		25,953	1,158,520	25
Proceeds from disposal of property, plant and equipment	1,904	22,619	14,532	2,434
Proceeds from disposal of subsidiaries	-	-	-	2,450,000
Increase in land held for future development	-	-	-	(151,281)
Net Cash Used in Investing Activities	(4,022,238)	(7,569,039)	(9,385,868)	(1,015,670)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings	(11,525,442)	(71,873,588)	(43,104,708)	(19,886,545)
Proceeds from additional interest-bearing loans and borrowings	10,934,737	57,798,572	37,016,648	20,684,210
Proceeds from issuance of shares of stock	-	2,015,711	15,682	-
Interest paid	(611,233)	(1,638,605)	(741,202)	(801,738)
Acquisition of treasury shares	-	(844,300)	(109,408)	(330,680)
Payments of cash dividends	(79,665)	(409,641)	(331,118)	(309,212)
Increase in other non-current liabilities	843,472	606,732	63,749	13,900
Proceeds from issuance of shares of stock	-	-	807,224	-
Net Cash Used in Financing Activities	(438,130)	(14,345,119)	(6,383,133)	(630,064)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,707,661)	(6,058,151)	(507,223)	706,992
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,889,709	1,831,558	2,338,781	1,631,788
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,182,048	7,889,709	1,831,558	2,338,781

SUMMARY OF THE OFFERING

The following do not purport to be a complete listing of all the rights, obligations and privileges of the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective purchasers are enjoined to perform their own independent investigation and analysis of the Company and the Preferred Shares. Each prospective purchaser must rely on its own appraisal of the Company and the terms of the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to purchase the Offer Shares and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective purchaser's independent evaluation and analysis.

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective purchasers should consider before deciding to invest in the Offer Shares. Accordingly, any decision by a prospective purchaser to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

Issuer or the Company	P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
Instrument	Cumulative, non-voting, non-participating, non-convertible peso-denominated redeemable preferred shares with a par value of ₱1.00 per share ("**Preferred Shares**")
The Offer	The Offer relates to the offer and sale of the fourth series of Preferred Shares, consisting of a base offer of [5,000,000] Series 4 Preferred Shares and an oversubscription option of up to [2,000,000] Series 4 Preferred Shares (the "**Offer Shares**"). The Offer Shares will be issued out of the authorized and unissued portion of the authorized capital stock of the Company. The Offer shall be subject to the registration requirements of the Securities and Exchange Commission (the "**SEC**") and the listing requirements of The Philippine Stock Exchange, Inc. (the "**PSE**"). Upon listing, the Offer Shares shall be traded under the symbol "[PNX4]".
Oversubscription Option	In the event of an oversubscription, the Joint Lead Underwriters, in consultation with the Company, reserves the right, but does not have the obligation, to increase the size of the Offer by up to [2,000,000] Series 4 Preferred Shares.
Offer Price	The Offer Shares shall be offered at a price of ₱1,000.00 per share.
Use of Proceeds	The net proceeds of the Offer shall be used primarily for permanent working capital, and/or general corporate purposes. For a further discussion, please refer to the section entitled "*Use of Proceeds*" of this Prospectus starting on page [●].
Offer Period	The Offer Period shall commence at 9:00 a.m. on [30 September], 2019 and end at 12:00 noon on [10 October], 2019. The Company and the Joint Lead Underwriters reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE, as applicable.

Listing Date	On [18 October] 2019, or such other date when the Offer Shares are listed in the PSE.
Dividend Rate	Subject to provisions on the Special Step-Up Rate (as defined below), the Dividend Rate applicable to the Offer Shares shall mean: (a) from the Issue Date up to (but excluding) the Step-Up Date, the Initial Dividend Rate (as defined below); and (b) from the Step-Up Date, unless the Offer Shares are redeemed, the higher of the Initial Dividend Rate and the Step-Up Rate (as defined below). The dividends on the Offer Shares will be calculated on a 30/360-day basis.
Initial Dividend Rate	As and if cash dividends are declared by the Board of Directors of the Company, cash dividends on the Offer Shares shall be at the fixed rate of [●]%[4] per annum (the "**Initial Dividend Rate**"), calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (as defined below). A "**Dividend Period**" shall refer to the period commencing on the Issue Date and having a duration of three months, and thereafter, each of the successive periods of three months commencing on the last day of the immediately preceding Dividend Period up to, but excluding, the first day of the immediately succeeding Dividend Period.

[4] The Initial Dividend Rate shall be the sum of the simple average yield designated as "Final BVAL YTM" for the 3-year Republic of the Philippines Peso-denominated domestic government bonds, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for the three Banking Days immediately preceding and inclusive of the pricing date, and a spread of [• to • basis points] .

Dividend Step-Up Rate	Unless the Offer Shares are redeemed by the Company on the 3rd anniversary of the Issue Date, or on the immediately succeeding Business Day in case such date falls on a day that is not a Business Day, the applicable Dividend Rate shall be adjusted to the higher of: (a) the Initial Dividend Rate; and (b) the simple average of the yield designated as "Final BVAL YTM" (or its successor designation) for the 7-year Republic of the Philippines Peso-denominated domestic government bonds, as published in the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for three Banking Days immediately preceding (and including) the 3rd anniversary of the Issue Date *plus* [5%] per annum (the "**Step-Up Rate**"), provided that in the event that the Optional Redemption Date falls on a day that is not a Business Day, then the rate setting will be determined on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three consecutive Business Days preceding and inclusive of the said rate setting date. Accordingly, if: (i) the Step-Up Rate is higher than the Initial Dividend Rate, then commencing on the 3rd anniversary of the Issue Date (the "**Step-Up Date**"), the applicable Dividend Rate shall be the Step-Up Rate; and (ii) the Initial Dividend Rate is higher than the Step-Up Rate, then there shall be no adjustment on the Dividend Rate, and the Initial Dividend Rate shall continue to be the applicable Dividend Rate. In the event that BVAL is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines ("**BAP**") or the *Bangko Sentral ng Pilipinas* ("**BSP**"), such new benchmark rate shall be adopted for purposes of determining the applicable Dividend Rate (the "**New Benchmark Rate**"). In the absence of such new replacement benchmark rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Company and the Joint Lead Underwriters shall negotiate to adopt an alternative rate that will serve as the New Benchmark Rate.
Special Dividend Step-Up Rate	If the Offer Shares are not redeemed within [●] calendar days after the occurrence of a Change of Control Event (as defined below), the applicable Dividend Rate will be increased by [2.50%] per annum [with effect from the next Dividend Payment Date]. In addition, upon the occurrence of an Indebtedness Default Event (as defined in the section "Summary of the Offering"), the applicable Dividend Rate will be increased by [2.50%] per annum with effect from the next Dividend Payment Date.

	"**Indebtedness Default Event**" means the occurrence of one or more of the following events: (a) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default, or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (iii) the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guaranty or suretyship for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guaranties, suretyships, and indemnities in respect of which one or more of the events mentioned above in this definition have occurred equals or exceeds PHP1,250,000,000 (or its equivalent in any other currency or currencies on the basis of the middle spot rate for the relevant currency against the Philippine Peso as quoted by any leading bank on the day on which a calculation is made). ["**Subsidiaries**" means, with respect to the Company, any corporation, association or business entity, more than fifty percent (50%) of the voting stock of which is owned or controlled directly or indirectly, through one or more intermediaries of the Company.] [**"Voting stock"** means, with respect to any person, share capital of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.]
Dividend Payment Dates	If declared by the Board of Directors of the Company in accordance with the terms and conditions of the Offer Shares, the cash dividends on the Offer Shares will be payable quarterly in arrears on the last day of each Dividend Period, that is, [●], [●], [●], and [●] (each a "**Dividend Payment Date**") provided, that if the relevant Dividend Payment Date falls on a day that is not a Business Day, then the cash dividends shall be paid on the immediately succeeding Business Day without adjustment as to the amount of cash dividends to be paid.
Conditions on Declaration and Payment of Cash Dividends	The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of Directors of the Company, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party. The Board of Directors of the Company will not declare, and the Company will not pay, dividends for any Dividend Period where payment of such dividends would cause the Company to breach any of its covenants (financial or otherwise). [If the profits available to distribute as dividends or distributions are, in the reasonable opinion of the Board of Directors of the Company, not sufficient to enable the Company to pay in full, on the same date, both dividends on the Offer Shares and the dividends or distributions on other securities that are scheduled to be paid on or before the same date as the dividends on the Offer Shares, and have an equal right to dividends or

	distributions as the Offer Shares, the Company is required: **first**, to pay in full, or to set aside an amount equal to, all dividends or distributions scheduled to be paid on or before that dividend or distribution payment date, and any arrears on past cumulative dividends or distributions, on any securities with a right to dividends or distributions ranking in priority to that of the Offer Shares; and **second**, to pay dividends or distributions on the Offer Shares and any other securities ranking equally with the Offer Shares as to participation in profits, *pro rata* to the amount of the cash dividends or distributions scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividends or distributions payable on that date and any arrears on past cumulative dividends or distributions on any securities ranking equal in the right to dividends or distributions with the Offer Shares.] Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.
Optional Redemption and Purchase	The Company may redeem the Offer Shares in whole (and not in part) on the 3rd anniversary of the Issue Date or on any Dividend Payment Date thereafter (each an "**Optional Redemption Date**"), after giving each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption, which notice shall be irrevocable and binding upon the Company to effect such optional redemption. The Company shall redeem the Offer Shares at a redemption price equal to the Offer Price plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends (the "**Redemption Price**"). In the event that the Optional Redemption Date falls on a day that is not a Business Day, then the redemption shall be made on the immediately succeeding day that is a Business Day without adjustment as to the Redemption Price to be paid. Upon listing on the PSE, the Company may purchase the Offer Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Offer Shares. The Offer Shares so purchased may either be redeemed and cancelled (pursuant to the terms and conditions of the Offer Shares) or kept as treasury shares, as applicable.
Redemption due to a Change of Control Event	If a Change of Control Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice. "**Change of Control Event**" means an event whereby any person or group of related persons, other than the PNX Principal Shareholders, becomes the beneficial owner(s),

	directly or indirectly, of a higher percentage of the total voting power of the outstanding voting stock of the Company than the aggregate percentage of the total voting power of the outstanding voting stock of the Company beneficially owned, directly or indirectly, by the PNX Principal Shareholders. **[“Voting stock”** means, with respect to any person, share capital of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.] “**PNX Principal Shareholders**” means (i) Mr. Dennis A. Uy and (ii) any Affiliate of Mr. Dennis A. Uy. “**Affiliate**” means, with respect to any person, any other person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; or (ii) who is a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a person described in (i). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract, or otherwise.
Redemption due to an Accounting Event	If an Accounting Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice. An “**Accounting Event**” shall occur if, an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Company stating that the Offer Shares may no longer be recorded as equity in the audited consolidated financial statements of the Company prepared in accordance with Philippine Financial Reporting Standards (“**PFRS**”), or such other accounting standards which succeed PFRS as adopted by the Company for the preparation of its audited consolidated financial statements for the relevant financial year and such event cannot be avoided by the Company taking reasonable measures available to it.
Redemption due to a Tax Event	If a Tax Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be

	irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice. A "**Tax Event**" shall occur if payments on the Offer Shares become subject to additional or higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Company.
No Sinking Fund	The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.
Taxation	All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**") including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that the holders of Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Company shall not be liable for (a) any withholding tax applicable on dividends payable or earned by, or on any amounts other payable, to the holders of the Offer Shares; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares; (c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Company under the terms and conditions of the Offer Shares; and (d) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes). All sums payable by the Company to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities. Documentary stamp tax due on the issuance the Offer Shares and the documentation relating to the offer and issue of the Offer Shares, if any, shall be for the account of the Company.
Form, Title and Registration of the Preferred Shares	The Offer Shares will be issued in scripless form through the electronic book-entry system of [BDO Unibank, Inc. - Trust Banking Group] as Registrar for the Offer, and lodged with the Philippine Depository & Trust Corp. as Depository Agent on

	Listing Date through the PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application to Purchase forms to be issued and circulated in connection with the Offer the name of the PSE Trading Participants under whose name their Offer Shares will be registered. After the Listing Date, holders of the Offer Shares (the "[PNX4] **Shareholders**") may request their nominated PSE Trading Participants to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("**name-on-registry account**"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting [PNX4] Shareholder. Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting [PNX4] Shareholder). The Registrar shall send (at the cost of the Company) at least once every year a statement of account to all [PNX4] Shareholders named in the Registry of Shareholders, except certificated [PNX4] Shareholders and Depository Participants, confirming the number of Offer Shares held by each [PNX4] Shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant [PNX4] Shareholder as of the given date thereof. Any request by a [PNX4] Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting [PNX4] Shareholder. Philippine law does not require transfers of the Preferred Shares to be effected on the PSE, but any off- exchange transfers will subject the transferor to a capital gains tax or, to the extent applicable, donor's tax and documentary stamp tax, which taxes may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. For further discussion on taxes related to transfers of the Offer Shares, please refer to the section entitled *"Taxation"* starting on page [●] of this Prospectus. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.
Selling and Transfer Restrictions	Initial placement and subsequent transfers of interests in the Offer Shares shall be subject to the normal selling restrictions for listed securities as may prevail in the Philippines from time to time. In addition, no purchase or transfer of the Offer Shares shall be permitted if such purchase or transfer will cause the Company to be in breach of the Philippine ownership requirements under relevant Philippine laws.
Governing Law	The terms and conditions of the Offer Shares will be governed by and issued pursuant to the laws of the Republic of the Philippines.
Features of the Offer Shares	
Status	The Offer Shares shall constitute direct and unsecured

	obligations of the Company, ranking at least *pari passu* in all respects and ratably without preference or priority among themselves, and subordinated to all other indebtedness of the Company (other than Parity Securities (as defined in the section "Description of the Offer Shares"). The obligations of the Company in respect of the Offer Shares will, in the event of the winding-up of the Company (subject to and to the extent permitted by applicable law), rank: (a) junior to all unsubordinated obligations of the Company (other than Parity Securities) and any obligation assumed by the Company under any guarantee of, or any indemnity in respect of, any obligation or commitment which rank or are expressed to rank senior to the Offer Shares; (b) *pari passu* with each other and with any Parity Securities of the Company; and (c) senior only to the Company's Junior Securities. "**Parity Securities**" means: (i) any instrument, security (including preferred shares) or obligation issued or entered into by the Company which ranks, or is expressed to rank, by its terms or by operation of law, *pari passu* with the Offer Shares; (ii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, the Company where the Company's obligations under the relevant guarantee or indemnity rank, or are expressed to rank, *pari passu* with the Company's obligations under the Offer Shares; (iii) all the issued and outstanding PNX3A (ISIN: [●]) and PNX3B (ISIN: [●]) preferred shares of the Company as of the Issue Date; and (iv) the issued and outstanding [●] preferred shares of the Company as of the Issue Date. "**Junior Securities**" means (i) the common shares of the Company; (ii) any instrument, security or obligation issued or entered into by the Company which ranks, or is expressed to rank, junior to the Offer Shares; and (iii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, the Company where the Company's obligations under the relevant guarantee or indemnity rank, or are expressed to rank, junior to the Company's obligations under the Offer Shares. The Company shall have the right, from time to time, without the consent of the holders of the [PNX4] Shareholders to create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Offer Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Company may determine at the time of the issue.
Dividend Cumulative	Dividends on the Offer Shares will be cumulative. If, for any reason, the Board of Directors of the Company does not declare dividends on the Offer Shares for a Dividend Period, the Company will not pay dividends on any class of the shares of stock of the Company on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer

	Shares must receive the dividends due them on such Dividend Payment Date as well as all Arrears of Dividends (as defined below). In the event that (a) any dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due, (b) any dividends due to any Offer Shares in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "**Arrears of Dividends**"), or (c) there remains any other amounts payable under the Offer Share terms and conditions are not paid in full when due for any reason, then: (i) the Company will not: (1) declare or pay any dividends or other distributions in respect of, or repurchase or redeem, Junior Securities or (except on a *pro rata* basis) with Parity Securities; and (2) repurchase or redeem any Parity Securities or Junior Securities (or contribute any moneys to a sinking fund for the redemption of any Parity Securities or Junior Securities); and (ii) subject to legal requirements, the Company will procure that no subsidiary over which the Company has a Controlling Participation (as defined below) will pay any discretionary dividends or other discretionary distributions on, or at the Company's discretion repurchase or redeem, any security ranking senior to the respective subsidiary's common shares other than those senior securities held by the Company or a wholly-owned subsidiary thereof (or contribute any moneys to a sinking fund for the purposes of any such redemption). until any and all amounts described in (a), (b) and (c) above have been paid to the [PNX4] Shareholders. "**Controlling Participation**" shall refer to the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of the corporation, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect at least a majority of the board of directors or similar body governing the affairs of the corporation.
No Voting Rights	The Offer Shares have no voting rights, except as specifically provided by the Revised Corporation Code of the Philippines. Thus, [PNX4] Shareholders shall not be eligible, for example, to vote for or elect the Company's directors. [PNX4] Shareholders, however, may vote on significant corporate acts as provided under the Revised Corporation Code that may be implemented only with the approval of shareholders of the Company, including those holding shares denominated as non-voting in its Articles of Incorporation. These acts include: • Amendment of the Company's Articles of Incorporation;

	• Adoption and amendment of the Company's By-laws; • Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets; • Incurring, creating or increasing the Company's bonded indebtedness; • Increase or decrease of the Company's capital stock; • Merger or consolidation of the Company with another corporation or other corporations • Investment of corporate funds in another corporation, business or for any purpose other than the primary purpose for which the Company was organized; • Dissolution of the Company; and • Extending and shortening the Company's corporate term.
Non-Participating	Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.
Non-Convertible	Holders of the Offer Shares shall have no right to convert the Offer Shares to any other preferred shares or common shares of the Company.
No Pre-emptive Rights	Holders of the Offer Shares shall have no pre-emptive rights to subscribe to any issues or dispositions of any shares of stock of the Company.
Liquidation Rights	In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of the Company available for distribution to shareholders, together with the holders of any other securities of the Company ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of the Company's shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Offer Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period up to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in respect of the winding up of the Company, the amount payable with respect to the Offer Shares and any other securities of the Company ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other securities will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any other or further participation or return of capital in a winding up.

Other Terms of the Offer	
Minimum Subscription to the Offer Shares	Each application for subscription of the Offer Shares (an "**Application**") shall be for a minimum of [50] Offer Shares, and thereafter, in multiples of [10] Offer Shares. No Application for multiples of any other number of Offer Shares will be considered or accepted.
Eligible Investors	The Offer Shares may be owned or subscribed to by any person, partnership, association, corporation, trust account, fund or entity regardless of nationality, provided that the Company may reject an Application or reduce the number of Offer Shares applied for subscription or purchase for purposes of complying with any applicable constitutional or statutory minimum Filipino ownership requirement. In determining compliance with such nationality requirement, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors, as set out in applicable regulations. The laws in certain jurisdictions may restrict subscription to the Offer Shares. Foreign investors interested in subscribing to or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares. For more information relating to restrictions on the ownership of the Offer Shares, please refer to the section entitled *"Regulatory and Environmental Matters"* starting on page [●] of this Prospectus.
Procedure for Application	Applications to Purchase may be obtained from the Joint Lead Underwriters or Selling Agents. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by the Applicant or an authorized signatory of the Applicant and accompanied by two completed specimen signature cards, the corresponding payment for the Offer Shares covered by the Application to Purchase and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Lead Underwriters on or prior to the set deadlines for submission of Applications to the Joint Lead Underwriters and Selling Agents, respectively. If the Applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following document: (a) a certified true copy of the Applicant's latest articles of incorporation and by-laws, general information sheet or equivalent constitutive documents, each as amended to date, duly certified by the corporate secretary (or equivalent officer);

	(b) a certified true copy of the Applicant's SEC certificate of registration, duly certified by the corporate secretary (or equivalent officer); and (c) a duly notarized corporate secretary's certificate setting forth the resolution of the Applicant's board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the Application, and (ii) the designated signatories authorized for the purpose, including their respective specimen signatures. For individual Applicants, each must also submit a photocopy of any one of the following identification documents ("**ID**"): passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required in relevant documents or acceptable to the Company. An Applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must also submit the documents described in pages [●] and [●] of this Prospectus. An Application shall be considered irrevocable upon submission to the Joint Lead Underwriters or a Selling Agent of a duly executed Application to Purchase. The Application shall be subject to the terms and conditions of the Offer as stated in this Prospectus and the Application to Purchase.
Payment for the Offer Shares	The Offer Shares must be paid for in full in Philippine Pesos upon submission of the Application to Purchase. Payment for the Offer Shares shall be made by manager's check/cashier's check, corporate check or personal check drawn against any BSP authorized bank or any branch thereof. All checks should be made payable to ["**Phoenix Preferred Shares Offe**r"], crossed "Payee's Account Only," and dated on or before the date as the Application to Purchase. The Applications to Purchase and the related payments will be received at any of the offices of the Joint Lead Underwriters or Selling Agents. Applicants submitting their Application to Purchase to the Joint Lead Underwriters may also remit payment for their Offer Shares through the Real Time Gross Settlement ("**RTGS**") facility of the BSP to the Joint Lead Underwriters or via direct debit to their deposit account maintained with the Joint Lead Underwriters. Cash payments shall not be accepted. Should the Applicant elect to pay through RTGS, the Application to Purchase should be accompanied by an instruction issued by the Applicant to effect payment through RTGS in an amount equal to the total Offer Price of the Offer Shares applied for, to be effected and fully funded not later than 5:00 p.m. on [●] 2019. Should the Applicant elect to pay by a debit memo or instruction, the Application to Purchase should be accompanied by a debit memo or instruction issued by the Applicant in an amount equal to the total Offer Price of the Offer Shares applied for in favor of the Joint Lead Underwriters, to be effected no later than 5:00

	p.m. on [●] 2019.
Acceptance/Rejection of Applications	The actual number of Offer Shares that an Applicant will be allowed to subscribe for is subject to the confirmation of the Joint Lead Underwriters. The Company, upon consultation with the Joint Lead Underwriters, reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement to be entered into by the Company and the Joint Lead Underwriters. Applications which were unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Moreover, any acceptance or receipt of payment pursuant to the Application does not constitute approval or acceptance by the Company of the Application. An Application, when accepted, shall constitute an agreement between the Applicant and the Company for the subscription to the Preferred Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus. Notwithstanding the acceptance of any Application by the Company, the actual subscription by the Applicant for the Preferred Shares will become effective only upon listing of the Preferred Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.
Refunds for Rejected Applications	In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by the Joint Lead Underwriters or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Company, then the Company shall refund, without interest, within five Business Days from the end of the Offer Period, all or the portion of the payment corresponding to the number of Preferred Shares wholly or partially rejected. All refunds, without interest, shall be made through the [Joint Lead Underwriters or Selling Agent with whom the Applicant has filed the Application] at the Applicant's risk, within five Business Days from the end of the Offer Period. Should the refund be made via a check, an Applicant may retrieve such check refund at the office of the Joint Lead Underwriters or Selling Agent with whom the Applicant has filed the Application. Refund checks that remain unclaimed after 30 days from the date such checks are made available for pick-up shall be delivered through registered mail, at the Applicant's risk, to the address specified by the Applicant in the Application.
Mechanics for Distribution of Allocated Offer Shares to PSE Trading Participants	The following procedures shall govern the allocation of Offer Shares among the PSE Trading Participants: (a) The PSE Trading Participants shall be allotted a total of [●] Offer Shares (the "**TP Allotted Shares**") Each PSE

	Trading Participant shall be allocated [●] Offer Shares (each a "**TP Allocation**"). (b) Upon preparation of the Firm Undertaking Report, the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner shall, under the supervision of a representative from the PSE Listings Department, input the number of Offer Shares requested by each PSE Trading Participant (a "**Participating TP**") in a spreadsheet designed for the reservation and allocation of the Offer Shares. (c) The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Participating TP in accordance with the following process: (i) If the total number of Offer Shares requested by a Participating TP, based on its firm undertaking, does not exceed the TP Allocation, the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner shall fully satisfy the request of such Participating TP. Each PSE Trading Participant is assured of not less than the TP Allocation. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the TP Allocation in their firm undertaking until all the TP Allotted Shares are fully allocated. (ii) If the total number of Offer Shares requested by a Participating TP exceeds the TP Allocation, additional Offer Shares may be sourced from the Offer Shares not taken up by the other TPs. The Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner, under the observation of a representative of the PSE Listings Department, shall allocate the Offer Shares to Participating TPs by: (i) fully satisfying the orders of those TPs who have firm orders that are less than or equal to the TP Allocation; and (ii) distributing equitably the remaining TP Allocation to other Participating TPs with orders for additional Offer Shares, but only up to their respective firm order. (iii) The allocation will be done based on the total number of the Offer Shares. (iv) In no case shall any Participating TP be awarded more than the shares indicated in its firm undertaking. (v) If the aggregate number of Offer Shares requested by all Participating TPs is less than the TP Allocated Shares, the balance shall be returned to the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner. (d) Unless otherwise determined by the Issuer, the final TP Allocation shall be rounded to the prescribed board lot requirement.

<table>
<tr><td>Local Small Investors</td><td>There will be no allocation to Local Small Investors under the proposed offering.</td></tr>
<tr><td>Expected Timetable</td><td>The timetable of the Offer is expected to be as follows:
<table>
<tr><td>SEC en Banc approval and issuance of Pre-effective letter</td><td>[17 September 2019]</td></tr>
<tr><td>PSE Board Approval and issuance of Notice of Approval</td><td>[25 September 2019]</td></tr>
<tr><td>Dividend Rate Setting</td><td>[26 September 2019]</td></tr>
<tr><td>Dividend Rate Announcement</td><td>[27 September 2019]</td></tr>
<tr><td>Issuance of Permit to Sell and Order of Registration</td><td>[27 September 2019]</td></tr>
<tr><td>Offer Period</td><td>[30 September – 10 October 2019]</td></tr>
<tr><td>PSE Trading Participants' Submission of firm undertaking</td><td>[3 October 2019]</td></tr>
<tr><td>PSE Trading Participants' Allocation</td><td>[7 October 2019]</td></tr>
<tr><td>Listing Date and commencement of trading on the PSE</td><td>[18 October 2019]</td></tr>
</table>

The dates included above are subject to market and other conditions and may be changed, subject to approval of the SEC and PSE, as applicable.</td></tr>
<tr><td>Sole Issue Manager and Sole Bookrunner</td><td>China Bank Capital Corporation

For more information on the Sole Issue Manager and Sole Bookrunner and its underwriting commitments, please refer to the section entitled "Plan of Distribution" starting of page [●] of this Prospectus.</td></tr>
<tr><td>Joint Lead Underwriter</td><td>China Bank Capital Corporation
PNB Capital and Investment Corporation

For more information on the Joint Lead Underwriters and their underwriting commitments, please refer to the section entitled "Plan of Distribution" starting of page [●] of this Prospectus.</td></tr>
<tr><td>Co-Lead Underwriter/s</td><td>[•]</td></tr>
<tr><td>Selling Agents</td><td>Trading Participants of The Philippine Stock Exchange, Inc.</td></tr>
<tr><td>Depository Agent</td><td>Philippine Depository & Trust Corp.</td></tr>
<tr><td>Stock Transfer Agent</td><td>BDO Unibank, Inc. – Trust and Banking Group</td></tr>
<tr><td>Registrar</td><td>[BDO Unibank, Inc. – Trust and Banking Group]</td></tr>
<tr><td>Receiving Agent</td><td>[BDO Unibank, Inc. – Trust and Banking Group]</td></tr>
<tr><td>Counsel to the Issuer</td><td>Puyat Jacinto & Santos</td></tr>
<tr><td>Counsel to the Joint Lead Underwriters</td><td>Picazo Buyco Tan Fider & Santos</td></tr>
</table>

DESCRIPTION OF THE OFFER SHARES

Set forth below is information relating to the Offer Shares. This description is only a summary and is qualified by reference to Philippine law and the Company's Articles of Incorporation and By-laws, copies of which are available at the SEC.

The Company's Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

As of 30 June 2019, the Company had an authorized capital stock of ₱2,550,000,000.00, consisting of:

(a) 2,500,000,000 common shares with a par value of ₱1.00 per share; and

(b) 50,000,000 preferred shares with a par value of ₱1.00 per share.

Out of the Company's authorized capital stock, 1,403,304,232 common shares are issued and outstanding and 21,500,000 preferred shares issued and outstanding.

The Offer Shares will be issued out of the authorized and unissued portion of the authorized capital stock of the Company.

The Offer Shares

General Features

The Offer Shares shall have the following features, rights and privileges:

- The Offer shall be comprised of a base offer of [5,000,000] Preferred Shares and an oversubscription option of up to [2,000,000] Preferred Shares.
- The Offer Price of the Offer Share shall be ₱1,000.00 per share;
- The Initial Dividend Rate of the Offer Rates shall be at a fixed rate of [●]% per annum, calculated in respect of each share by reference to the Offer Price thereof in respect of each Dividend Period;
- Cumulative in payment of current dividends as well as any unpaid back dividends;
- Non-convertible into common shares;
- Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of the dividend at the applicable dividend rate;
- Non-participating in any other or further dividends beyond the dividends specifically payable on the Offer Shares;
- Non-voting except in those cases specifically provided by law;
- No pre-emptive rights to any subsequent issuance or disposition by the Company of its shares of stock; and
- Redeemable at the option of the Company under such terms and conditions as specified in this Prospectus.

The holders of the Offer Shares (the "[PNX4] **Shareholders**") do not have identical rights and privileges with holders of the existing common shares [and existing preferred shares] of the Company.

Features Specific or Particular to the Offer Shares

The following are certain features specific or particular to the Offer Shares.

In General, No Voting Rights

The Offer Shares have no voting rights, except as specifically provided by the Revised Corporation Code of the Philippines. Thus, [PNX4] Shareholders shall not be eligible, for example, to vote for or elect the Company's directors. [PNX4] Shareholders, however, may vote on significant corporate acts as provided under the Revised Corporation Code that may be implemented only with the approval of shareholders of the Company, including those holding shares denominated as non-voting in its Articles of Incorporation. These acts include:

- Amendment of the Company's Articles of Incorporation;
- Adoption and amendment of the Company's By-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;
- Incurring, creating or increasing the Company's bonded indebtedness;
- Increase or decrease of the Company's capital stock;
- Merger or consolidation of the Company with another corporation or other corporations
- Investment of corporate funds in another corporation, business or for any purpose other than the primary purpose for which the Company was organized;
- Dissolution of the Company; and
- Extending and shortening the Company's corporate term.

Dividend Rates Applicable to the Offer Shares

Applicable Dividend Rates

Subject to provisions on the Special Step-Up Rate (as defined below), the Dividend Rate applicable to the Offer Shares shall mean:

(c) from the Issue Date up to (but excluding) the Step-Up Date, the Initial Dividend Rate (as defined below); and

(d) from the Step-Up Date, unless the Offer Shares are redeemed, the higher of the Initial Dividend Rate and the Step-Up Rate (as defined below).

The dividends on the Offer Shares will be calculated on a 30/360-day basis.

Initial Dividend Rate

As and if cash dividends are declared by the Board of Directors of the Company, cash dividends on the Offer Shares shall be at the fixed rate of [●]%[5] per annum (the "**Initial Dividend Rate**"), calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period.

A "**Dividend Period**" shall refer to the period commencing on the Issue Date and having a duration of three months, and thereafter, each of the successive periods of three months commencing on the last day of the immediately preceding Dividend Period up to, but excluding, the first day of the immediately succeeding Dividend Period.

Step-Up Rate

Unless the Offer Shares are redeemed by the Company on the 3rd anniversary of the Issue Date, or on the immediately succeeding Business Day in case such date falls on a day that is not a Business Day, the applicable Dividend Rate shall be adjusted to the higher of:

(c) the Initial Dividend Rate; and

[5] The Initial Dividend Rate shall be the sum of the simple average yield designated as "Final BVAL YTM" for the 3-year Republic of the Philippines Peso-denominated domestic government bonds, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for the three Banking Days immediately preceding and inclusive of the pricing date, and a spread of [● to ● basis points].

(d) the simple average of the yield designated as “Final BVAL YTM” (or its successor designation) for the 7-year Republic of the Philippines Peso-denominated domestic government bonds, as published in the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) for three Banking Days immediately preceding (and including) the 3rd anniversary of the Issue Date *plus* [5%] per annum (the “**Step-Up Rate**”), provided that in the event that the Optional Redemption Date falls on a day that is not a Business Day, then the rate setting will be determined on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three consecutive Business Days preceding and inclusive of the said rate setting date.

Accordingly, if:

(iii) the Step-Up Rate is higher than the Initial Dividend Rate, then commencing on the 3rd anniversary of the Issue Date (the “**Step-Up Date**”), the applicable Dividend Rate shall be the Step-Up Rate; and

(iv) the Initial Dividend Rate is higher than the Step-Up Rate, then there shall be no adjustment on the Dividend Rate, and the Initial Dividend Rate shall continue to be the applicable Dividend Rate.

In the event that BVAL is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the *Bangko Sentral ng Pilipinas* (“**BSP**”), such new benchmark rate shall be adopted for purposes of determining the applicable Dividend Rate (the “**New Benchmark Rate**”). In the absence of such new replacement benchmark rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Company and the Joint Lead Underwriters shall negotiate to adopt an alternative rate that will serve as the New Benchmark Rate.

Special Dividend Step-Up Rate

If the Offer Shares are not redeemed within [●] calendar days after the occurrence of a Change of Control Event (as defined in the section “Summary of the Offering”), the applicable Dividend Rate will be increased by [2.50%] per annum with effect from the next Dividend Payment Date. In addition, upon the occurrence of an Indebtedness Default Event (as defined in the section “Summary of the Offering”), the applicable Dividend Rate will be increased by [2.50%] per annum with effect from the next Dividend Payment Date.

“**Indebtedness Default Event**” means the occurrence of one or more of the following events: (a) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default, or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (iii) the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guaranty or suretyship for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guaranties, suretyships, and indemnities in respect of which one or more of the events mentioned above in this definition have occurred equals or exceeds PHP1,250,000,000 (or its equivalent in any other currency or currencies on the basis of the middle spot rate for the relevant currency against the Philippine Peso as quoted by any leading bank on the day on which a calculation is made).

“**Subsidiaries**” means, with respect to the Company, any corporation, association or business entity, more than fifty percent (50%) of the voting stock of which is owned or controlled directly or indirectly, through one or more intermediaries of the Company.

“**Voting stock**” means, with respect to any person, share capital of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

Dividend Period; Dividend Payment Date

If declared by the Board of Directors of the Company in accordance with the terms and conditions of the Offer Shares, the cash dividends on the Offer Shares will be payable quarterly in arrears on the last day of each Dividend Period, that is, [●], [●], [●], and [●] (each a "**Dividend Payment Date**") provided, that if the relevant Dividend Payment Date falls on a day that is not a Business Day, then the cash dividends shall be paid on the immediately succeeding Business Day without adjustment as to the amount of cash dividends to be paid.

Conditions on Declaration and Payment of Cash Dividends

The declaration and payment of cash dividends for each Dividend Period (as defined below) will be subject to the sole and absolute discretion of the Board of Directors of the Company, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party. The Board of Directors of the Company will not declare, and the Company will not pay, dividends for any Dividend Period where payment of such dividends would cause the Company to breach any of its covenants (financial or otherwise).

[If the profits available to distribute as dividends or distributions are, in the reasonable opinion of the Board of Directors of the Company, not sufficient to enable the Company to pay in full, on the same date, both dividends on the Offer Shares and the dividends or distributions on other securities that are scheduled to be paid on or before the same date as the dividends on the Offer Shares, and have an equal right to dividends or distributions as the Offer Shares, the Company is required: **<u>first</u>**, to pay in full, or to set aside an amount equal to, all dividends or distributions scheduled to be paid on or before that dividend or distribution payment date, and any arrears on past cumulative dividends or distributions, on any securities with a right to dividends or distributions ranking in priority to that of the Offer Shares; and **<u>second</u>**, to pay dividends or distributions on the Offer Shares and any other securities ranking equally with the Offer Shares as to participation in profits, *pro rata* to the amount of the cash dividends or distributions scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividends or distributions payable on that date and any arrears on past cumulative dividends or distributions on any securities ranking equal in the right to dividends or distributions with the Offer Shares.]

[PNX4] Shareholders shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.

Dividends are cumulative

Dividends on the Offer Shares will be cumulative. If, for any reason, the Board of Directors of the Company does not declare dividends on the Offer Shares for a Dividend Period, the Company will not pay dividends on any class of PNX shares for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all Arrears of Dividends (as defined below).

In the event that (a) any dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due, (b) any dividends due to any Offer Shares in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "**Arrears of Dividends**"), or (c) there remains any other amounts payable under the Offer Share terms and conditions are not paid in full when due for any reason, then:

(i) the Company will not:

(1) declare or pay any dividends or other distributions in respect of, or repurchase or redeem, Junior Securities or (except on a *pro rata* basis) with Parity Securities; and

(2) repurchase or redeem any Parity Securities or Junior Securities (or contribute any moneys to a sinking fund for the redemption of any Parity Securities or Junior Securities); and

(ii) subject to legal requirements, the Company will procure that no subsidiary over which the Company has a Controlling Participation (as defined below) will pay any discretionary dividends or other discretionary distributions on, or at the Company's discretion repurchase or redeem, any security ranking senior to the respective subsidiary's common shares other than those senior securities held by the Company or a wholly-owned subsidiary thereof (or contribute any moneys to a sinking fund for the purposes of any such redemption).

until any and all amounts described in (a), (b) and (c) above have been paid to the [PNX4] Shareholders.

"**Controlling Participation**" shall refer to the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of the corporation, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect at least a majority of the board of directors or similar body governing the affairs of the corporation.

Optional Redemption of the Offer Shares

The Company may redeem the Offer Shares in whole (and not in part) on the 3rd anniversary of the Issue Date or on any Dividend Payment Date thereafter (each an "**Optional Redemption Date**"), after giving each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption, which notice shall be irrevocable and binding upon the Company to effect such optional redemption. The Company shall redeem the Offer Shares at a redemption price equal to the Offer Price plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends (the "**Redemption Price**"). In the event that the Optional Redemption Date falls on a day that is not a Business Day, then the redemption shall be made on the immediately succeeding day that is a Business Day without adjustment as to the Redemption Price to be paid.

Purchase of the Offer Shares in the Open Market

Upon listing on the PSE, the Company may purchase the Offer Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Offer Shares. The Offer Shares so purchased may either be redeemed and cancelled (pursuant to the terms and conditions of the Offer Shares) or kept as treasury shares, as applicable.

Redemption due to a Change of Control Event

If a Change of Control Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice.

"**Change of Control Event**" means an event whereby any person or group of related persons, other than the PNX Principal Shareholders, becomes the beneficial owner(s), directly or indirectly, of a higher percentage of the total voting power of the outstanding voting stock of the Company than the aggregate percentage of the total voting power of the outstanding voting stock of the Company beneficially owned, directly or indirectly, by the PNX Principal Shareholders.

"**PNX Principal Shareholders**" means (i) Mr. Dennis A. Uy and (ii) any Affiliate of Mr. Dennis A. Uy.

"**Affiliate**" means, with respect to any person, any other person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; or (ii) who is a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a person described in (i). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract, or otherwise.

Redemption due to an Accounting Event

If an Accounting Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice.

An “**Accounting Event**” shall occur if, an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Company stating that the Offer Shares may no longer be recorded as equity in the audited consolidated financial statements of the Company prepared in accordance with Philippine Financial Reporting Standards (“**PFRS**”), or such other accounting standards which succeed PFRS as adopted by the Company for the preparation of its audited consolidated financial statements for the relevant financial year and such event cannot be avoided by the Company taking reasonable measures available to it.

Redemption due to a Tax Event

If a Tax Event occurs, the Company may redeem the Offer Shares (in whole but not in part) provided that the Company shall have given each of the [registrar and paying agent] prior written notice of not less than 30 days nor more than 60 days from the intended date of redemption which must be a Business Day. A notice of redemption given hereunder shall be irrevocable and binding upon the Company to effect such redemption. Once the redemption option has been exercised, the Company shall redeem the Offer Shares and pay the Redemption Price no later than [five] Banking Days from the date of the intended date of redemption indicated in the notice.

A “**Tax Event**” shall occur if payments on the Offer Shares become subject to additional or higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Company.

Payments on the Offer Shares

All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the “**Government**”) including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that the holders of Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Company shall not be liable for (a) any withholding tax applicable on dividends payable or earned by, or on any amounts other payable, to the holders of the Offer Shares; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares; (c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Company under the terms and conditions of the Offer Shares; and (d) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

All sums payable by the Company to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities. Please refer to the subsection entitled "*Plan of Distribution—Application to Purchase"* starting on page [●] of this Prospectus for the list of documents required to be submitted as proof of tax-exempt status.

Documentary stamp tax due on the issuance the Offer Shares and the documentation relating to the offer and issue of the Offer Shares, if any, shall be for the account of the Company.

Liquidation Rights in Respect of the Offer Shares

In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of the Company available for distribution to shareholders, together with the holders of any other securities of the Company ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of the Company's shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Offer Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period up to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in respect of the winding up of the Company, the amount payable with respect to the Offer Shares and any other securities of the Company ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other securities will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any other or further participation or return of capital in a winding up.

No Pre-emptive Rights

[PNX4] Shareholders shall have no pre-emptive rights to subscribe to any issues or dispositions of any shares of stock of the Company.

No Sinking Fund

The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.

Transfer of Shares and Share Register

The Offer Shares will be issued in scripless form through the electronic book-entry system of [BDO Unibank, Inc. - Trust Banking Group] as Registrar for the Offer, and lodged with the Philippine Depository & Trust Corp. as Depository Agent on Listing Date through the PSE Trading Participants nominated by the accepted Applicants. After the Listing Date, the [PNX4] Shareholders may request their nominated PSE Trading Participants to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("**name-on-registry account**"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting [PNX4] Shareholder.

Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting [PNX4] Shareholder). The Registrar shall send (at the cost of the Company) at least once every year a statement of account to all [PNX4] Shareholders named in the Registry of Shareholders, except certificated [PNX4] Shareholders and Depository Participants, confirming the number of Offer Shares held by each [PNX4] Shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant [PNX4] Shareholder as of the given date thereof. Any request by a [PNX4] Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting [PNX4] Shareholder.

Initial placement and subsequent transfers of interests in the Offer Shares shall be subject to the normal selling restrictions for listed securities as may prevail in the Philippines from time to time. In addition, no purchase or transfer of the Offer Shares shall be permitted if such purchase or transfer will cause the Company to be in breach of the Philippine ownership requirements under relevant Philippine laws.

Philippine law does not require transfers of the Offer Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax or, to the extent applicable, donor's tax and documentary stamp tax, which taxes may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. For further discussion on taxes related to transfers of the Offer Shares, please refer to the section entitled *"Taxation"* starting on page [●] of this Prospectus. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.

Not convertible into Common Shares

The Offer Shares shall not be convertible to any other preferred shares or common shares of the Company.

Other Rights and Incidents Relating to the Offer Shares

The following are other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of stock of the Company:

Voting Rights

At the annual meeting or at any special meeting of the shareholders of the Company, the shareholders may be asked to approve actions requiring shareholder approval under Philippine law.

Except in instances where the approval of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present or represented.

At each meeting of the shareholders of the Company, a shareholder may vote in person or by proxy. In general, holders of preferred shares may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval or assent of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. As discussed above, [PNX4] Shareholders shall not be eligible, for example, to vote for or elect the Company's directors. [PNX4] Shareholders, however, may vote on significant corporate acts as provided under the Revised Corporation Code that may be implemented only with the approval of shareholders of the Company, including those holding shares denominated as non-voting in its Articles of Incorporation. These acts include:

- Amendment of the Company's Articles of Incorporation;
- Adoption and amendment of the Company's By-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;
- Incurring, creating or increasing the Company's bonded indebtedness;
- Increase or decrease of the Company's capital stock;
- Merger or consolidation of the Company with another corporation or other corporations
- Investment of corporate funds in another corporation, business or for any purpose other than the primary purpose for which the Company was organized;
- Dissolution of the Company; and
- Extending and shortening the Company's corporate term.

Appraisal Rights

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

In addition, the Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or extension or shortening the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the assets of the corporation;
- the investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which the corporation was organized; and
- a merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of an agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Accounting and Auditing Requirements/Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC and the BIR. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine at reasonable hours on a business day the books and records that the corporation is required by law to maintain.

The Board of Directors of the Company is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

RISK FACTORS

The Company believes that the following factors may affect its ability to fulfil its obligations under the Offer Shares. Most of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Offer Shares are described below. While the Company believes that these factors represent the principal risks inherent in investing in the Offer Shares, there may be other risks that are currently unknown and/or immaterial to the Company which could materially and adversely affect its business operations, financial condition, results of operations and prospects. The inability of the Company to pay distributions, principal or other amounts on or in connection with the Offer Shares may occur for other reasons which may not be considered significant risks by the Company based on information currently available to it or which it may not currently be able to anticipate.

This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in the forward- looking statements. See "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Phoenix, in particular, and those that pertain to the overall political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

The means by which the Company intends to address the risk factors discussed herein are principally presented under "The Company — Strengths" beginning on page [●]*, "The Company — Strategy Pillars" beginning on page* [●]*, "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on page* [●]*, "Corporate Governance and Management" on page* [●] *and "Board of Directors and Management of the Company" beginning on page* [●] *of this Prospectus.*

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the Offer Shares. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.

Risks Relating to the Company's Business and Operations

Volatility of the price of petroleum products may have a material adverse effect on the Company's business, results of operations and financial condition

The Company's financial results are primarily affected by the relationship, or margin, between the prices for its refined petroleum products and the prices for crude oil that is the main raw material for these refined petroleum products. The difference between the price and cost of its petroleum products accounts for almost 99.0 per cent of the Company's total cost of goods sold. A number of domestic and international factors influence the price of petroleum products, including, but not limited to, the changes in global supply and demand for crude oil, economic conditions, conflicts or acts of terrorism, weather conditions, and domestic and foreign governmental regulation as well as other factors over which the Company has no control.

International crude oil prices have been volatile and are likely to continue being volatile going forward. While international crude oil prices recorded steady increases in the first half of 2018 in which Brent spot crude oil ended at U.S.$76.79/barrel in June 2018, the second half of 2018 recorded the opposite trend in which Brent spot crude oil ended at U.S.$53.80/barrel in December 2018, representing a U.S.$15.93/barrel or 24.0 per cent. decrease over the U.S.$66.14/barrel logged in December 2017. There is no clear sign and/or assurance that prices will remain stable over the near and medium term.

The Company holds between 30 to 40 days of inventory and uses the average method to account for its inventory. In the event that global fuel prices suddenly drop significantly, the Company may be constrained to sell its petroleum products at a price below acquisition cost of its existing inventory. Furthermore, in a period of fluctuating crude oil prices, social and competitive concerns, and government intervention, the Company may be further constrained to keep the then current selling prices, resulting in its inability to pass on to the consumers the price increases in a timely manner, or at all. In addition, the Philippine government has historically intervened to restrict price increases for petroleum products from time to time, such as when a state of national calamity was declared by former President Gloria Macapagal -Arroyo after typhoons “Ondoy” and “Pepeng” left a trail of disaster. In 2013, during the declaration of a state of calamity brought about by the monsoon rains in Luzon and the earthquake in Bohol, Cebu and neighboring places, the Department of Trade and Industry issued a price freeze order on basic commodities, including fuel. Another declaration of a state of national calamity or any act of the Philippine government may result in the Company being unable to pass on price increases effectively, which could affect profitability for the period of effectivity of such order. Any inability to pass on fluctuations in the price of crude oil may have an adverse effect on the Company’s business, results of operations and financial condition. In addition, even if the Company was able to pass on increases in the price of petroleum products to its customers, demand for the Company’s products may also be affected as a result of price increases.

In addition, a sharp rise in oil prices will require higher working capital and may force the Company to acquire higher financing costs. A material adverse effect on the Company’s financial condition and results of operations may follow should the Company face challenges in securing short-term financing for working capital or unfavorable pricing terms.

The Company actively monitors international and domestic market fuel prices which together with the 30- to 40-day inventory levels allows for flexibility to immediately adjust and maintain product pricing close to the prevailing market rates. Following industry practice, prices for the upcoming week are determined based on the fuel world market price of the immediately preceding week. This enables the Company to anticipate any price movements and plan contingencies to manage the disposition of existing inventory as necessary to various distributors and wholesalers. Moreover, the Company generally has the ability to pass on its costs to retail customers, in effect assuring the Company of sufficient margins even with fluctuating crude oil prices.

The Company’s business, results of operations and financial condition may be affected by intense competition in the downstream oil industry

The Company faces intense multinational, national, regional and local competition in the sale of refined petroleum products and other related products in the Philippines. Competition is driven and dictated primarily by the price as oil is one of the basic commodities. Differences in product specifications and other overhead costs such as transportation, distribution and marketing costs account for the price differentials amongst the industry players. Some competitors, notably Petron, Shell and Chevron, have significantly greater financial and operating resources, and access to capital than the Company and could arguably dictate domestic marketing and selling conditions to the detriment of the Company. In addition, there have also been an increasing number of new sponsor-driven independent oil player entrants which could intensify the downstream oil industry in the long term.

As competition is mainly driven by price, the Company’s business, operational and financial condition may be materially affected if it is unable to compete effectively against other players, which will be primarily driven by its ability to manage overhead costs, streamline transportation and distribution costs, and maximize utilization of its assets and operations and effectively hedge against fluctuations in oil prices.

Competition risk is primarily mitigated by the Company continually strengthening and expanding its distribution network to improve its presence in both growing and high potential markets. The Company continues to invest in building brand equity to ensure that it is consistently recognized and recalled by its target market and improving customer service to a level at par with or superior to its competitors.

The Company continuously seeks to improve and broaden its product and service offerings to cater to a wider market, including retail customers with higher purchasing power. Furthermore, the Company is in the process of upgrading its retail stations to further enhance customer experience. This is all consistent with the Company’s continuous efforts to improve the brand, provide better offers to its customers and maintain operational excellence.

Failure to respond quickly and effectively in identifying and importing the relevant alternative fuels in line with market demands or governmental regulations may adversely affect the Company's business and prospects

Any potential increase in oil prices and environmental concerns could make it more attractive for the Company's customers to switch to alternative fuels such as natural gas, ethanol and palm oil methyl ester fuel blends. If alternative fuels become more affordable and available than petroleum products, customers may shift from petroleum to these alternative fuels not offered by the Company, resulting in lower sales volumes. In addition, in recent years, the Philippine government has enacted regulations mandating the inclusion of a specified percentage of alternative fuels in gasoline and diesel fuels sold or distributed by every oil company in the Philippines, and these types of requirements may be increased in the future. As the Company imports all of its product requirements, in the event that the Company does not respond quickly and effectively to identifying and importing the relevant alternative fuels in line with market demands or governmental regulations, its business and prospects may be adversely affected.

The Company continues to explore possible investments in alternative fuels to complement its current product portfolio and to enable the Company to adapt to possible changes in consumer preferences. The Company remains abreast of the shift in landscape of both local and international fuel markets, and thus aims to be at the forefront of providing alternative fuel sources to traditional gasoline via its Vietnam and Philippine investments in LPG. This will allow the Company to remain highly competitive not only in the fuel oil category but in other significant product categories as well in anticipation of shifts in market demand.

The Company's exposure to costs and liabilities arising from compliance with safety, health, environmental and zoning laws and regulations may adversely affect its business, results of operations and financial condition

The operation of the Company's business is subject to a number of national and local laws and regulations, including safety, health, environmental and zoning laws and regulations. These laws and regulations impose controls on air and water discharges, storage, handling, discharge and disposal of waste, location of storage facilities, and other aspects of the operations of the Company's business. Financial penalties, administrative and/or legal proceedings against the Company or revocation or suspension of the Company's licenses or operation of its facilities may arise should the Company fail to comply with relevant laws and regulations.

The Company has incurred and expects to continue to incur operating costs to comply with safety, health, environmental and zoning laws and regulations.

Safety, health, environmental and zoning laws and regulations in the Philippines have become increasingly stringent over the years. There can be no assurance that the adoption of new safety, health, environmental and zoning laws and regulations, new interpretations of existing laws, or increased governmental enforcement of safety, health, environmental and zoning laws or other developments in the future will not result in the Company being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade or relocate its facilities.

In addition, if the measures implemented by the Company to comply with applicable laws, regulations and standards are not deemed sufficient by governmental authorities, compliance costs may significantly exceed current estimates and expose the Company to potential liabilities, including administrative penalties. If the Company fails to meet safety, health and environmental requirements, it may be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the Company and damage to its reputation, as well as orders that could limit or affect its operations. There is no assurance that the Company will not become involved in future litigation or other proceedings relating to safety, health and environmental matters. Litigation or other proceedings are inherently unpredictable and may be time-consuming and disruptive to the Company's business and operations, regardless of the merits of the claims. There is no assurance that the

Company will not be held responsible in any such future litigation or other proceedings, the costs of which could be material. Environmental compliance and remediation costs at sites on which the Company's facilities are located or other locations and related litigation and other proceedings could materially and adversely affect the Company's financial condition and results of operations. There can be no assurance that the Company will continue to remain in compliance with all such safety, health, environment and existing laws and regulations.

The Company keeps itself updated on government policies and regulations pertaining to the oil industry. Through its corporate affairs department, the Company maintains lines of communication with regulatory agencies to allow the Company to identify potential regulatory risks and proactively respond to these risks.

Any significant disruption in operations or casualty loss at the Company's storage and distribution facilities could affect its business and results of operations and result in potential liabilities

The Company's operation of its storage and terminal facilities and retail service stations could be affected by several factors, including, but not limited to, equipment failure and breakdown, accidents, power interruption, human error, natural disasters, and other unforeseen incidents and issues. For example, the Philippines is vulnerable to typhoons, earthquakes and other major natural disasters, which could suspend the Company's operations temporarily or damage or destroy key equipment. These disruptions could result in product run-outs, facility shutdown, equipment repair or replacement, increased insurance costs, personal injuries, loss of life and/or unplanned inventory build-up, all of which could have a material adverse effect on the business, results of operations and financial condition of the Company. While the Company has business continuity protocols in place designed to ensure that supply requirements are served in any event of disruptions to its terminals or depot facilities, there can be no assurance that the Company would always or necessarily be successful in the implementation of such business continuity protocols.

The Company has also purchased insurance policies covering a majority of foreseeable risks such as property damage, marine cargo, third party liability, personal injury, accidental death and dismemberment, sabotage and terrorism, machinery breakdown and business interruption to mitigate the potential impact of these risks. However, these policies do not cover all potential losses as insurance may not be available for all such risks or on commercially reasonable terms. Operational disruptions may occur going forward, and as such, insurance may not be able to adequately cover the entire scope or extent of the losses or other financial impact on the Company.

The Company aims to mitigate the impact of such disruption in operations or casualty loss by following best practices to prevent the occurrence of or minimize the impact of accidents or other untoward incidents. These include measures to isolate the physical effects of any incidents (for example, the dispersed locations of its storage depots and alternative storage arrangements), minimize their financial impact on the Company (by ensuring that insurance coverage is adequate) and prevent their occurrence (for example, by ensuring that maintenance and safety procedures follow International Organization for Standardization ("**ISO**") standards and maintaining an adequate security force).

The Company requires significant capital expenditures and financing for its business, which are subject to a number of risks and uncertainties. If the Company is unable to obtain additional capital on acceptable terms when needed, its growth prospects and future profitability may be adversely affected

The Company's business is capital intensive, particularly for importing, storing and distributing petroleum products which require substantial capital. The Company requires significant capital resources to fund its trading operations, to maintain, renew and replace its operating assets and infrastructure and to maintain and improve its operation efficiency. A significant amount of capital resources is also required for further growth in the scale of the Company's operations, and expansion into new markets and new business areas may call for increased capital expenditure, further increasing its funding requirements.

While the Company aims to gradually model its trading operations using a strategic partnership model instead of the existing CODO and DODO models to reduce its capital investment, the Company historically financed its working capital requirements and capital expenditure through a combination of internal cash flow and external financing through various channels, including bank and other borrowings, equity financing and debt issuances. The Company's ability to obtain external financing in the future and the cost of such financing are subject to a variety of uncertainties, including the conditions of the financial markets, potential changes in monetary policies with respect to bank interest rates and lending policy; and the performance of the Company's operations.

If the Company is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake further growth or implement policies as planned or seize on new opportunities as they may arise. This would restrict the Company's ability to grow and, over time, may reduce the quality and reliability of the service that the Company provides and adversely affect the Company's business, results of operations and financial condition.

If the Company is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake further growth or implement policies as planned or seize on new opportunities as they may arise. This would restrict the Company's ability to grow and, over time, may reduce the quality and reliability of the service that the Company provides and adversely affect the Company's business, results of operations and financial condition.

The Company utilizes a system which employs good corporate governance to manage the risks relating to debt and equity financing. The Company exerts constant prudence in exercising and re-assessing its financing activities in order to preserve a healthy balance sheet. This includes its ongoing adjustment of its debt profile to achieve its optimal funding mix in terms of tenor, rates, and structure, which will allow the Company the most headroom for future growth.

The Company likewise maintains favorable relationships with local creditors and investors thereby granting it reasonable access to financing it may require for its continued operations or future growth.

Regulatory decisions and changes in the legal and regulatory environment (including the Comprehensive Tax Reform Program) could increase the Company's operating costs and affects its business, results of operations and financial condition

Notwithstanding that the local downstream oil industry is a deregulated industry, the Philippine government has historically intervened to limit and restrict increases in the prices of petroleum products. On 2 October 2009, a state of national calamity in view of the devastation caused by typhoons "Ondoy" and "Pepeng" was called by former President Gloria Macapagal-Arroyo. Executive Order No. 839 was issued, which called for the prices of petroleum products in Luzon to be kept at 15 October 2009 levels effective 23 October 2009. As a result of the Executive Order, prices of oil products were kept at said levels by the Company, affecting its profitability in Luzon for such period that the executive order was in effect. On 16 November 2009, the price freeze was lifted. There have been similar price freezes in some areas in Visayas during periods of calamities. In September 2018, the Department of Energy ("**DOE**") called on oil companies to suspend the implementation of oil price adjustments in areas declared under a state of calamity following typhoon "Ompong", which pummelled certain areas of Luzon. The above-described price freezes were undertaken pursuant to Republic Act 7581, as amended by Republic Act 10623, which contains the state's policy to ensure the availability of basic necessities and prime commodities at reasonable prices at all times without denying legitimate business a fair return on investment. Under the same, "basic necessities" are those goods vital to the needs of consumers for their sustenance and existence. Under the same, and unless otherwise declared by the President of the Philippines, prices of basic necessities in an area shall automatically be frozen at their prevailing prices or placed under automatic price control whenever (a) such area is proclaimed or declared a disaster area or under a state of calamity, (b) such area is declared under an emergency, (c) the privilege of the writ of habeas corpus is suspended in that area, (d) such area is placed under martial law, (e) such area is declared to be in a state of rebellion or (f) a state of war is declared in such area. Unless sooner lifted by the President, price control of basic necessities under this section shall remain effective for the duration of the condition that brought it about, but not for more than 60 days. Under the same law, the President may likewise impose a price ceiling on any basic necessity or prime commodity under certain conditions. There is no assurance that the Philippine government will not invoke similar measures or reinstate price regulation in the future, which in turn may affect the Company's business, results of operations and financial condition.

The Company's operations are subject to various taxes, duties and tariffs arising from the oil industry. The oil industry in the Philippines has experienced some key changes in its tax and duty structure. Import duties for crude oil and petroleum products were increased in 1 January 2005 from 3.0 per cent. to 5.0 per cent., which was then rolled back to 3.0 per cent. In 2006, an additional 12.0 per cent. value-added tax was imposed by the Philippine government on the sale or importation of petroleum products. As of 4 July 2010, import duties on crude oil and petroleum products were lifted. On 19 December 2017, the Tax Reform for Acceleration and Inclusion Law or Republic Act No. 10963 (the "**TRAIN Law**") was signed into law and took effect on 1 January 2018. The increase in excise tax rates on petroleum under the TRAIN Law will significantly increase the excise taxes and value-added tax payable by the Company on its importation of petroleum products. For the period covering 2018 to 2020, there shall be a scheduled increase in the excise tax on fuel. While the TRAIN's first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration brought about extensive changes to individual income taxation, it did not include changes in corporate income taxation. This is, instead, expected to be addressed in the second package of the CTRP, which has been approved by the lower house on third and final reading last 10 September 2018. It is currently undergoing deliberation and awaiting the results of a study by the economic managers and the Department of Labor and Employment on the impact of the second package on employment. The second package reportedly aims to lower corporate income taxes while reducing fiscal incentives for corporations, such as income tax holidays, special rates and custom duty exemptions. If passed into law, the fiscal incentives enjoyed by the Company may be affected. There can be no assurance that any future tax changes in the Philippines would not have a material and adverse effect on the Company's business, financial condition and results of operations. Given the vulnerability of the Company to price sensitivities of petroleum products, any increase in taxes will have a corresponding impact on the prices of petroleum products, which in turn could negatively affect the business of the Company. There can be no assurance that the taxes, duties and tariffs may not change going forward and in the event of any such increases, this could result in a material adverse effect on the Company's business, financial condition and results of operations.

The Company's corporate affairs department is dedicated to monitoring compliance with regulations, as well as anticipating any new regulations that may be implemented by the authorities. This ensures that any additional costs resulting from changes in the legal and regulatory environment can be anticipated and prepared for by the Company. In addition, the Company continues to monitor developments on the CTRP and its potential impact on its business and operations.

The Company currently benefits from income tax holidays on the operation of certain depots. If the Company did not have the benefit of income tax holidays, its profitability would be affected, as it would have to pay income tax at the prevailing rates

Under its registration with the Board of Investments of the Philippines ("**BOI**"), the Company enjoys certain benefits, including an income tax holiday on the operations of Bacolod City, Cagayan De Oro City, Villanueva – Misamis Oriental, Tayud – Cebu City, Calapan – Mindoro, Calaca – Batangas Expansion depots. The Company received approval in 2012 for BOI registration with corresponding income tax holidays for its Villanueva and Bacolod depots, which expired in 2017. New income tax holidays for Villanueva expansion, Tayud and Calapan depots were granted in 2017, which run for a period of five years from the commencement of operations of each depot. Upon expiration of a tax holiday, the Company's income from a depot will be subject to prevailing income tax rates. In addition, if the Company fails to meet certain conditions imposed by the BOI, it may lose its right to the income tax holiday. In such an event, the Company may not be able to continue to avail itself of the benefits under the income tax holiday. The loss of the income tax holiday would affect the Company's profitability as it may have to pay income tax at prevailing rates. In addition, there is no guarantee that the Company will be able to secure similar income tax holidays for any new depots that it may establish in the future or for the statutes granting said income tax holidays to be superseded or amended. For example, the Company's registration as a new industry participant with new investment in storage, marketing and distribution of petroleum products (with Certificate of Registration No. 2010-184) provides that it is entitled to an income tax holiday until 15 November 2010. After the lapse of the income tax holiday, the Company became liable for the regular corporate income tax. Any such inability by the Company to enjoy income tax holiday benefits may have a material effect on its business prospects, financial condition and results of operations.

The Company continuously monitors its compliance with the requirements and conditions imposed by the BOI to mitigate this risk. While the Company continuously monitors the requirements and conditions imposed by the BOI, there can be no assurance of its continued compliance therewith.

The Company's controlling shareholder may have interests that may not be the same as those of other shareholders.

UC, directly or indirectly with PPHI and UMRC, holds 51.0% of the Company's outstanding common equity as of 31 May 2019. Accordingly, the controlling shareholder is able to elect members of the Board and pass shareholder resolutions, both of which under the By-laws generally require a majority vote by its shareholders (except for certain extraordinary shareholder resolutions which under Philippine law have higher voting requirements). In addition, the controlling shareholder, through Dennis A. Uy and/or his affiliates sit on the Board of Directors of the Company with Domingo T. Uy serving as Chairman, Dennis A. Uy serving as Director, President and Chief Executive Officer and Cherylyn Chiong-Uy serving as Director. Hence, the controlling shareholder exercises control over or have significant ability to influence majority policy decisions of the Company, including its overall strategic and investment decisions, dividend policy and issuances of securities. If the interests of the controlling shareholder conflict with the interests of the other shareholders of the Company, there can be no assurance that the controlling shareholder would not cause the Company to take action in a matter which might differ from the interests of the other shareholders. In addition, neither UC, PPHI nor UMRC is obligated to provide the Company with financial support or to exercise its rights as a shareholder in the Company's best interests or in the best interests of the Company's other shareholders.

The Company follows good corporate governance standards in dealing with its shareholders and other related parties. These standards include, but are not necessarily limited to, "arms-length" practices in all commercial dealings with related interests and transparency and full disclosure in all such dealings.

The Company's business, financial condition and results of operations may be adversely affected by the fluctuations in the value of the Philippine Peso against the U.S. dollar

The Company's revenues are denominated in Philippine Pesos while the bulk of its expenses, notably the cost of its imported petroleum products, is U.S. dollar-denominated. The Company's reporting currency in its financial statements is in Pesos. Changes in the U.S. dollar-Peso exchange rate may affect the financial condition of the Company. Should the Peso depreciate, this would translate to higher foreign currency denominated costs and effectively affecting the Company's financial condition. There can be no assurance that the Company could increase its Peso-denominated product prices to offset increases in its cost of goods sold or other costs resulting from any depreciation of the Peso. From 1 January 2016 to 31 December 2018, the value of the Peso against the U.S. dollar fluctuated from a low of ₱45.9 to a high of ₱54.4. There can be no assurance that the value of the Peso will not decline or continue to fluctuate significantly against the U.S. dollar and any significant future depreciation of the Peso could have a material adverse effect on the Company's margins, results of operations and financial condition.

While the Company seeks to limit its exposure to foreign currency denominated liabilities by engaging in plain vanilla hedging instruments, such as options and currency forwards, its exchange rate exposure is not fully protected.

The Company limits its exposure to foreign currency denominated liabilities. The risk posed by foreign exchange fluctuations in the cost of its imported petroleum products is generally mitigated by the Company's ability to pass on any such additional costs by way of adjustments to its selling prices.

The growth of the Company is dependent on the successful execution of its expansion plans

Proper execution and successful implementation of the Company's expansion plans is critical to maintain the growth of the Company going forward. These plans are based on certain assumptions about oil demand, oil prices, competition, financing costs and acquiring the necessary timely regulatory approvals, among others. The Company cannot and does not represent with absolute certainty that these assumptions would materialize as predicted. In the event that these prove to be incorrect, the Company's future financial performance may be negatively affected.

The Company continually reviews its network expansion program by identifying and anticipating target locations, dealers and operating and logistical requirements up to a year in advance. This enables the Company to mobilize financial and operating resources in a timely manner and allocate resources effectively to support the Company's expansion plans.

The Company depends on experienced, skilled and qualified key personnel and senior management, and its business and growth prospects may be disrupted if it is unable to retain their services

Experienced, skilled and qualified key executives and employees are important for the efficient management and operation of the Company's business. Should these key personnel be unable or unwilling to continue their present roles, the Company may face difficulties in looking for replacements and in turn the business and operations of the Company may be disrupted. In this case, costs, including costs related to contract labor, productivity and safety may rise. Failure to hire and train replacement employees, including the transfer of significant internal historical knowledge and expertise to the replacements or the limited availability and rising cost of contract labor may adversely affect the Company's ability to manage and operate its business. The loss of a significant number of qualified personnel could adversely affect the Company's ability to compete in its industry, which could in turn have a material adverse effect on its financial condition, business and operating results.

In addition, in the event of any criminal conviction against a member of the Board of Directors, this could result in such director being disqualified from acting as a director of the Company under the laws of the Philippines. As of the date of this Prospectus, the Petition for Review on Certiorari dated 27 March 2017 (the "**Petition for Review**") filed by the Office of the Solicitor General of the Philippines (the "**Petitioner**") against Dennis A. Uy remains pending with the Supreme Court of the Philippines (the "**Supreme Court**"). See "*Risk Factors – Risks relating to the Company's Business and Operations – Existing or future claims against the Company and its Subsidiaries, or joint ventures, or directors or key management may have an unfavorable impact to the Company and its business"* and "*Business – Legal Proceedings – Legal proceedings involving the Company's directors and officers*" for more details. There can be no assurance that there will be a favorable outcome in the proceedings or that there will be no future appeals in the proceedings from other parties and in the event of an unfavorable outcome from the relevant proceedings, this would result in a disqualification of such director, which would result in reputational damage for the Company and could in turn have a material adverse effect on its financial condition, business and operating results of the Company.

The Company ensures that its compensation and benefit packages for its management, officers, staff and rank-and-file are competitive and within industry standards. Promotions and pay raises are merit-based and performance appraisals are conducted regularly. Key personnel are also regularly sent to training programs locally and abroad to ensure that their knowledge and skills are continually updated. The Company has also established a Company-wide succession plan that seeks to improve and increase the longevity and sustainability of its business. To date, the Company keeps a handful of professionals and industry veterans in key positions to keep the business and its operations running at a high level and to cascade the knowledge and experience of these individuals to their respective business units and teams.

The Company may fail to extract sufficient value from its business acquisitions, which could adversely affect its results of operations and financial condition

From time to time, the Company considers selective opportunities to expand both domestically and internationally through strategic acquisitions of businesses geared towards the creation of operation synergies. However, there can be no assurance that the Company will be able to consolidate its acquisitions fully in line with its strategy. Any failure to do so could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company pursues synergistic acquisitions that are aligned to support and grow its core business. For example, the Company's integration of the Philippine FamilyMart convenience stores into its service stations is part of its refurbishment initiative with the goal of creating a convenient one-stop service experience for its customers, at the same time, Philippine FamilyMart can still operate on a standalone basis due to its being an established brand.

The venture into the digital payments platform through Action.Able allows the Company to harness new channels of retail for its existing products while adding offerings to the existing network of Phoenix Petroleum retail stations and Family Mart branches as customers can also process payments through these alongside their traditional fuel and retail store purchases.

Phoenix Asphalt Philippines sells bitumen which is a product of the oil refining process and is poised to support the infrastructure growth of the country by providing high quality construction material.

PLPI and Origin Vietnam diversifies the Company's portfolio into an affordable, green, and highly efficient alternative fuel source for home and mobility use. PLPI's local distribution network allows for a broad reach in the Visayas and Mindanao area, with some penetration in Luzon, while the Origin Vietnam unlocks a wider geographic market for the Company's brand and products.

If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the cost of damages and claims proves to be more severe than its insurance coverage, the Company's financial condition and results of operations may be materially affected.

The Company's terminalling, hauling and marketing and distribution of refined petroleum products in the Philippines are subject to inherent risks, such as equipment defects, malfunctions, failures or misuse, which could cause environmental pollution, leaks or spills, personal injury or loss of life, as well as damage to and destruction of the environment, which could result in liabilities that exceed the Company's insurance coverage and have a material adverse effect on its financial condition and results of operations. The Company could also be adversely affected by business interruptions caused by war, terrorist activities, mechanical failure, human error, political action, labor strikes, fire and other circumstances or events.

The Company has insurance and reinsurance policies that cover property damage, marine cargo, third party liability and comprehensive general liability to mitigate the potential impact of these risks. However, these policies do not cover all potential losses and insurance may not be available for all risks or on commercially reasonable terms. The Company estimates the liabilities associated with the risks retained by it in part by considering historical claims, experience and other actuarial assumptions which, by their nature, are subject to a degree of uncertainty and variability. A number of external factors affect their uncertainty and variability, including, but not limited to, future inflation rates, discount rates, litigation trends, legal interpretation and actual claim settlement patterns. If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the claims prove to be more severe than its original assessment and beyond the coverage of existing insurance policies, the Company's financial condition, results of operations and cash flows may be materially affected.

The Company continually reviews and updates its insurance policies so that it is reasonably protected from foreseeable events and risks. Insurance coverage is acquired through competitive bidding to ensure that the Company's premium costs are reasonable and at par with industry standards.

Existing or future claims against the Company and its Subsidiaries, or joint ventures, or directors or key management may have an unfavorable impact on the Company and its business

From time to time, the Company, its Subsidiaries, or joint ventures or directors or key management officers may be subject to litigation, investigations, claims and other proceedings. Legal proceedings could cause the Company to incur unforeseen expenses, occupy a significant amount of management's time and attention, and negatively affect the Company's business operations and financial position. Further, legal proceedings could continue for a prolonged period of time and be time-consuming and it is difficult for the Company to predict the possible losses, damages or expenses arising from such legal proceedings. An unfavorable outcome in these or other legal proceedings could have a material adverse effect on the reputation, business, financial position and results of operations and cash flows of the Company.

For a description of certain legal proceedings involving the Company and/or its directors and officers, please refer to the section entitled [“*Legal Proceedings*”] starting on page [●] of this Prospectus.

In particular, the Petition for Review filed by the Petitioner against Dennis A. Uy remains pending with the Supreme Court. As of the date of this Prospectus, the Supreme Court has yet to issue a resolution directing Dennis A. Uy to comment on the Petition for Review. In the event that the Supreme Court issues such a resolution directing Dennis A. Uy to comment on the Petition for Review and thereafter issues a ruling granting the Petition for Review, Dennis A. Uy could be subject to trial in respect of the alleged violations of the Tariff and Customs Code of the Philippines. While the Company will continue to assert the same defenses for Dennis A. Uy, there can be no assurances that there will be a favorable outcome in the proceedings or that there will be no future appeals in the proceedings from the other parties. In the event that Dennis A. Uy is convicted of the alleged violations of the Tariff and Customs Code of the Philippines, he could be subject to a monetary fine ranging from P600 to P5,000 and imprisonment for a period ranging from six months to two years and consequentially, may also lose his eligibility as President and CEO of the Company. Other court cases typical and customary in the course of business operations of every company such as those, among others, involving collection, B.P. 22, qualified theft and reckless imprudence have been filed by the Company and/or its subsidiaries against its employees and/or third parties. The Company, notes, however, that these proceedings have no material and adverse effect on the financial condition or the business of the Company and/or its subsidiaries.

The Company’s business combinations is subject to regulatory limitations

Since the Company’s loan covenants contain restrictions on certain business combinations, the Company will have to resort to other types of combinations. Business combinations involve regulatory risks that could result to a significant impact to the Company’s operations, management and financial condition, which in turn could adversely affect the Company’s ability to fulfill its obligations under the Offer Shares and reduce the value of the Offer Shares.

The Company’s ability to complete acquisitions, joint ventures, investments or other transactions may be constrained or delayed by regulatory requirements, including the Philippine Competition Commission (the “**PCC**”) review for transactions that meet the PCC’s thresholds for notification. The Company may not be in a position to either control or predict the extent of any PCC review process or the timeline for addressing the requirements of such processes and any such delay or constraint could have a material adverse impact on the Company’s business, operations and financial condition.

The Company carefully considers each potential business combination and undertakes a thorough assessment, including the financial, technical and legal aspects thereof, taking into consideration the impact or potential impact of such business combination on the Company’s operations, management and financial condition.

Changes in applicable accounting standards may impact the Company’s businesses, financial condition and results of operations

The PFRS Council issues, from time to time, new standards and amendments to existing standards and interpretations. There can be no assurance that the Company’s financial condition, results of operations or cash flows will not appear to be materially worse under the new standards. For example, with effect from 1 January 2019, lessees may no longer classify their leases as either operating or finance leases in accordance with Philippine Accounting Standard 17. Rather, lessees will be required to apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. There can be no assurance that the Company’s financial condition and results of operations will not be materially affected under PFRS 16. Furthermore, any failure to successfully adopt the new standards may adversely affect the Company's results of operations or financial condition.

The Company keeps abreast with changes in the applicable accounting standards and ensures that it is able to promptly comply with new standards.

The products that the Company handles are hazardous and could result in spills and/or environmental damage

As part of the Company's terminalling and hauling services involving the leasing out of storage space in its terminal depots and hauling and into-plane services, the terminalling and hauling of certain types of materials that the Company handles such as petroleum is subject to the risk of leaks and spills, causing environmental damage. While the Company believes it does not handle or store these hazardous chemicals in quantities above specified limits, there can be no assurance that it has not in the past or will not in the future violate applicable environmental regulation or result in an oil leak and spill which causes environmental damage, each of which may subject the Company to fines and penalties or result in the closure or temporary suspension of its operations and may have a material adverse effect on the Company's business and results of operations.

The Company closely monitors the compliance of its terminalling and hauling services with the applicable laws, rules and regulations. The Company has established standard operating procedures and safety policies how to handle hazardous materials and continuously conducts trainings for its employees to cascade these procedures and safety policies to the whole organization.

The Company is subject to joint venture and partnership risks

The Company may enter into joint ventures, alliances or partnerships in respect of its business and operations. For example, the Company entered into a joint venture agreement with TIPCO Asphalt and PhilAsphalt Development Corporation in January 2018. More recently, the Group had also (a) entered into a memorandum of understanding with CNOOC Gas and Power Group Co. Ltd., a subsidiary of China National Offshore Oil Corporation, the largest offshore oil and gas company in China and also one of the largest independent oil and gas exploration and production companies in the world ("**CNOOC Gas and Power**"), for the construction of an integrated liquefied natural gas (LNG) import and regasification terminal in the Philippines with a formal joint venture agreement expected to be entered into between the parties during the second half of 2019 and (b) entered into a joint venture with CNI for the marketing and distribution of LPG in Vietnam. Going forward, as part of its plans to reduce capital investment, the Company aims to also gradually model its trading operations using a strategic partnership model instead of the existing CODO and DODO models.

Joint ventures, alliances and partnerships may involve special risks associated with the possibility that the joint venture partner may (i) have economic or business interests or goals that are inconsistent with that of the Company, (ii) take actions contrary to the Company's interests, (iii) be unable or unwilling to fulfil its obligations under the joint venture agreement or (iv) experience financial difficulties. There can be no assurance that the Company's best commercial interests and business philosophy will be consistent with its major joint venture partners. There is also a possibility that such partners or joint venture partners may enter into the same or similar businesses that the Company currently operates. As a result, the Company may face increasing competition which may adversely affect its business and results of operations. A serious dispute with the Company's partners or joint venture partners or the early termination of the Company's partnership or joint venture agreements could adversely affect the Company's business, financial condition and results of operations and would divert resources and management's attention. In addition, any actual or perceived deterioration in the reputation of the Company's partners or joint venture partners could have an adverse impact on the Company's business operations, profitability and prospects.

The Company carefully considers each potential joint venture and/or partnership and undertakes a thorough assessment of thereof, including its financial, technical and legal aspects before committing to any agreement with another party. The Company also continuously monitors its existing joint venture and/or partnership contracts to ensure compliance with the terms of a particular joint venture and/or partnership as well as harmonious relations between the partners.

The Company's franchisees may not be willing or able to renew their franchise agreements with the Company

The Company offers franchising options, through dealership agreements, that provide accredited partners the right to operate Phoenix retail gasoline stations. These agreements have a typical duration between five to 10 years (renewable under certain conditions). The Company's franchisees who have entered into such agreements to operate one or several retail gasoline stations may be unwilling or unable to renew their franchise agreements with the Company for a number of reasons, including low sales volume, high rental costs, lack of profitability or a desire to retire. If the Company's franchisees cannot, or decide not to, renew their agreements with the Company, the Company will have to find a replacement franchisee to operate their retail gasoline stations or otherwise operate them themselves. If a substantial number of franchises are not renewed, the Company's business, results of operations and financial condition could be adversely affected.

The Company has an experienced sales and marketing team that actively markets to its existing and new financially capable prospective franchisees/partners. In addition, the Company aims to also gradually model its trading operations using strategic partnerships instead of merely relying on the existing CODO and DODO models.

The Company may not be able to obtain suitable locations for its oil depots and the quality of the locations of the Company's current oil depots may decline

The success of the Company's terminalling and hauling services depends in large part on the locations of its oil depots and import terminals. As demographic and economic patterns change, current locations may not continue to be attractive or profitable. Possible decline in locations and the infrastructures therein where the Company's oil depots or import terminals are currently situated could result in reduced attractiveness and revenue in such locations. In addition, desirable locations for new openings or for the relocation of existing oil depots or import terminals may not be available at an acceptable cost when the Company identifies a particular opportunity or due to geographical constraints, and the Company may face competition for the same or nearby locations. Furthermore, the Company may relocate or establish oil depots or import terminals in new areas in anticipation of future developments which ultimately do not materialize. The occurrence of one or more of these events could adversely affect the Company's business, results of operations and financial condition.

As of date, the Company's oil depot location and quality are sufficient for the needs of its business and their capacity is able to service the current and future requirements of the Company. Moreover, the Company consistently exerts efforts to diversify its oil depot locations to lessen the impact of unsatisfactory locations.

The Company's expansion plans will place additional pressure and demands on the Company's management and key-in house operating divisions

Rapid growth in the Company's trading and terminalling and hauling operations will place additional pressure and demands on its management team, marketing team, in-house project management division and its financial reporting and information systems. The Company's continued expansion will also require the Company to maintain the consistency of its products and the quality of its services to ensure that its business does not suffer as a result of any deviations, whether actual or perceived.

There is no assurance that the Company will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel and integrate new properties into its operations. Any failure to effectively and efficiently manage its expansion may materially and adversely affect the Company's ability to capitalize on new business opportunities, which in turn may have a material adverse effect on its business, financial condition, results of operations and prospects.

In order to manage and support its growth, the Company continues to improve its existing operation, administrative and technological systems and its financial and management controls, and recruits, trains and retains qualified management personnel as well as other administrative sales and marketing personnel.

The Company depends on third-party operators for a significant number of its projects and operations

A portion of the Company's growth strategy depends upon third-party owners/operators, and future arrangement with these third parties may be less favorable. The terms of the relevant dealership agreements and franchise agreements that the Company enters into are influenced by contract terms offered by its competitors, among other things. The Company is unable to provide assurance that any of its current arrangements will continue or that it will be able to enter into future collaborations, renew agreements or enter into new agreements in the future on terms that are as favorable to the Company as those that exist today.

Development activities that involve the Company's co-investment with third parties may result in disputes that could increase project costs, impair project operations or increase project completion risks. Partnerships, joint ventures and other business structures involving the Company's co-investment with third parties which it has entered into or acquired generally include some form of shared control over the operations of the business and create added risks, including the possibility that other investors in such ventures could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies or objectives that are inconsistent with those of the Company. Actions by another investor may present additional risks of project delay, increased project costs or operational difficulties following project completion. Such disputes may also be more likely to occur in difficult business environments.

The Company has numerous third-party owners/operators. Hence, in case of the termination of any of its current agreements with them, its potential negative impact to the Company is minimal.

The Company relies primarily on a small number of suppliers for a significant portion of its petroleum products

The Company sources its various petroleum requirements from a small number of suppliers. The ability of such suppliers to supply the Company is subject to a variety of factors beyond the Company's control, such as political developments, government regulations with respect to the oil and energy industry in those regions, weather conditions and overall economic conditions. Any disruption in the operations of one or more of its suppliers could negatively impact the Company's supply. If the Company's supply is disrupted, the Company would be required to meet any consequent supply shortfall through other suppliers or spot market purchases. Depending on market conditions at the time of the disruption, such purchases from other suppliers or the spot market could be at higher prices than the Company's purchases from its existing suppliers, which would adversely affect the Company's financial condition and results of operations.

The Company has adopted an inventory management system based on historical sales and forecast demands which allows the Company to timely meet the supply needs of its clients. In addition, the Company established PNX SG which acts as a regional hub handling the purchase of the Company's various petroleum requirements and provides access to refineries.

Failure to respond quickly and effectively to product substitution or government-mandated product formulations may adversely affect the Company's business and prospects.

Any potential increase in oil prices and environmental concerns could make it more attractive for the Company's customers to switch to alternative fuels such as natural gas, ethanol and palm oil methyl ester fuel blends. If alternative fuels become more affordable and available than petroleum products, customers may shift from petroleum to these alternative fuels not offered by the Company, resulting in lower sales volumes. In recent years, the Philippine government has enacted regulations mandating the inclusion of a specified percentage of alternative fuels in gasoline and diesel fuels sold or distributed by every oil company in the Philippines, and these types of requirements may be increased in the future. If the Company does not respond quickly and effectively to product substitutions or government-mandated product formulations in the future, its business and prospects may be adversely affected.

To mitigate this risk, the Company continues to explore possible investments in alternative fuels to complement its current product portfolio and to enable the Company to adapt to possible changes in consumer preferences.

Risks Relating to the Philippines

The Company's business and sales may be negatively affected by slow growth rates and economic instability globally and in the Philippines

The Company, since its commencement of operations, has derived all of its revenues and operating profits from sales of its petroleum products in the Philippines. The Company's business has mostly been influenced by the Philippine economy and the level of business activity in the country.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power, which could materially affect the Company's financial condition and results of operations.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause economic conditions in the Philippines to deteriorate.

In the past, the Philippine economy and the securities of Philippine companies have been influenced, to varying degrees, by economic and market conditions in other countries, particularly other countries in Southeast Asia, as well as investors' responses to those conditions. The uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate. Any downturn in the Philippine economy may negatively affect consumer sentiment and general business conditions in the Philippines, which may lead to a reduction in demand for the Company's products and materially reduce the Company's revenues, profitability and cash flows. Moreover, there can be no assurance that current or future Philippine government policies will continue to be conducive to sustaining economic growth.

As the Company mainly supplies commodity products, the demand of which being inelastic, its business remains somewhat insulated to economic downturns and shocks in demand. The Company will continue to increase the competitiveness of its products and services to secure its share of the market while maintaining profitability. It will likewise continue to explore the viability of alternative and substitute products to retain the relevance of the goods it provides and carve out a sustainable market for itself.

Political instability, acts of terrorism or military conflict or changes in laws or government policies in the Philippines could have a destabilizing effect and may have a negative effect on the Company

The Philippines has from time to time experienced political and military instability, including acts of political violence. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Philippine government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there were instances of political instability, including impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous administration. In addition, a number of current and past officials of the Philippine government have been indicted for graft, corruption, plunder, extortion, bribery or usurpation of authority.

There can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy. An unstable political environment, whether due to the impeachment of government officials, imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations.

On 27 March 2014, the Philippine government and the Moro Islamic Liberation Front ("**MILF**") signed a peace agreement, the Comprehensive Agreement on Bangsamoro. On 10 September 2014, the draft of the Bangsamoro Basic Law ("**BBL**") was submitted by then-President Benigno C. Aquino III to the Philippine Congress. The BBL is a draft law intended to establish the Bangsamoro political entity in the Philippines and provide for its basic structure of government, which will replace the existing Autonomous Region in Muslim Mindanao. Following the Mamasapano incident, where high-profile terrorists clashed with armed members of the Bangsamoro Islamic Freedom Fighters ("**BIFF**") and MILF leading to the deaths of members of the Special Action Force ("**SAF**") of the Philippine National Police, MILF, the BIFF and several civilians, Congress stalled deliberations on the BBL.

On 27 March 2015, former President Aquino convened a Peace Council, originally composed of five members, to study the draft BBL. An additional 17 co-convenors were later named as part of the Peace Council. The Council examined the draft law and its constitutionality and social impact. The Council Members testified before both Houses of Congress, and submitted their report, which endorsed the draft BBL but with some proposed amendments. On 13-14 May 2015, the Senate conducted public hearings on the BBL in Zamboanga, Jolo and Sulu, with the Zamboanga City government and sultanate of Sulu opposing their inclusion in the proposed Bangsamoro entity. The House committee approved the draft and renamed it as Basic Law for the Bangsamoro Autonomous Region, while the Senate renamed its version as Bangsamoro Autonomous Region Law. Congress, however, failed to pass the law before it adjourned.

Presidential elections for the Philippines were held on 9 May 2016 and on 30 June 2016 President Rodrigo Duterte assumed the presidency with a solid mandate to advance his 'Ten-Point Socio-Economic Agenda' focusing on policy continuity, tax reform, infrastructure spending and countryside development, among others. The Duterte administration has initiated efforts to build peace with communist rebels and other separatists through continuing talks with these groups.

A new version of the BBL was crafted under the Duterte administration, which was finally signed into law by President Rodrigo Duterte on 26 July 2018. The Bangsamoro Organic Law ("**BOL**") abolished the Autonomous Region in Muslim Mindanao and created the Bangsamoro Autonomous Region in Muslim Mindanao ("**BARMM**"). The BARMM will be parliamentary-democratic in form, and will be headed by a chief minister, who will preside over an 80-member parliament. The BOL, however, still has to be cleared by a plebiscite and overcome possible legal challenges.

On 11 May 2018, the Supreme Court granted a *quo warranto* petition filed against then Chief Justice Lourdes A. Sereno resulting in her removal as Chief Justice. On 19 June 2018, the Supreme Court affirmed its decision. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking among other offences. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and drug users have been killed in police operations and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes.

Currently, the Duterte administration is pushing for a shift to a federal-parliamentary form of government. For this purpose, President Duterte signed Executive Order No. 10 in December 2016, creating a 25-member consultative committee to study and review the provisions of the 1987 Constitution. On January 25, 2018, President Duterte appointed 19 of the 25 members of the consultative committee. On January 16, 2018, the House of Representatives adopted a resolution to convene as a constituent assembly to amend the 1987 Constitution. The proposals, among others, include a shift to a federal-parliamentary form of government and the division of executive powers between a President (as the head of state) and a Prime Minister (as the head of government). As of the date of this Prospectus, the Senate has yet to pass a similar resolution to form a constituent assembly.

There can be no assurance that the Duterte administration will continue to implement the economic policies favored by the previous administration. Major deviations from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. The President's unorthodox methods may also increase the risks of social and political unrest. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's business, prospects, financial condition and results of operations.

The Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business, such as the imposition of additional levies on the sale of new vehicles or vehicular volume reduction programs. There can be no assurance that any changes in such regulations or policies imposed by the Philippine government from time to time will not have an adverse effect on the Company's business, financial condition, results of operations and prospects.

Furthermore, the Philippines has also been subject to a number of terrorist attacks since 2000 and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. Additionally, there have been clashes with various separatist groups. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in September 2013, a faction of the Moro National Liberation Front ("**MNLF**") allegedly led by Nur Misuari, a former governor of the Autonomous Region of Muslim Mindanao, staged an armed uprising in Zamboanga City. The incident resulted in, among others, hostage situations and renewed tension between the Philippine Armed Forces and the MNLF in the southern part of the country. In an operation to capture wanted international terrorist Zulkifli Bin Hir alias Marwan on 25 January 2015, 44 police commandos were killed in a 12-hour firefight with two Muslim rebel groups, MILF and BIFF, in the Southern Philippines.

On 23 May 2017, a clash erupted in Marawi, Lanao del Sur between government security forces and the ISIS-affiliated Maute group, following the Philippine government's offensive to capture the alleged ISIS leader in Southeast Asia, Isnilon Hapilon, who was believed to be in the city. President Duterte immediately declared martial law in Mindanao amid protests from the opposition and sectors of civil society. In a special joint session convened on 22 July 2017, both Houses of Congress voted to grant the request of President Duterte to extend martial law in Mindanao until the end of 2017 as the rebellion could not be completely quashed over the initial 60-day period of martial law. Prior to the end of 2017, in a special joint session convened on 13 December 2017, both Houses of Congress voted to grant the request of President Duterte to further extend martial law in Mindanao until the end of 2018 as there are continued threats from local and ISIS-inspired terrorist groups. Some sectors, however, are wary of the prolonged extension of martial law, citing its negative impact on business, tourism, the country's image (as this relates to the current administration's ability to quickly restore peace and order in Marawi) and investor confidence. The ongoing clashes have resulted in the loss of lives of civilians, soldiers and ISIS-inspired extremists, as well as damage to property and livelihood of Marawi residents. An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to parts of the Company's businesses and materially and adversely affect its financial condition, results of operations and prospects.

The occurrence of natural or man-made catastrophes or electricity blackouts may materially disrupt the Company's operations

The Philippines has encountered and is expected to experience a number of major natural and man-made catastrophes, including typhoons, volcanic eruptions, earthquakes, mudslides, droughts or floods. Such catastrophes may restrict the Company's ability to distribute its products and impair the economic conditions in the affected areas, as well as the overall Philippine economy. Power outages are also experienced caused by insufficient power generation following strong typhoons and other natural catastrophes. These types of events may materially disrupt and affect the Company's business and operations.

While the Company has insurance policies that cover business interruption and material damage to its facilities caused by natural catastrophes, the Company cannot assure prospective investors that the insurance coverage it maintains for these risks will adequately compensate the Company for all damages and economic losses resulting from natural catastrophes or major power outages, including possible business interruptions.

The oil smuggling situation in the Philippines

Smuggling and illegal trading activities of petroleum products have affected the domestic petroleum market. These activities have translated to lower sales prices and volumes for legitimate market players in the domestic market.

According to Federation of Philippine Industries, since the enactment of the TRAIN Law, which imposes higher excise taxes on oil, the country's revenue losses due to oil smuggling have increased by about 30%. The Company's financial condition and results of operations may be affected if the Philippine government is unable to properly enforce and regulate the domestic oil market.

Investors may face difficulties enforcing judgments against the Company

The Company is organized under the laws of the Philippines and substantially all of its assets are located in the Philippines. It may be difficult for investors to effect service of process outside the Philippines upon the Company with respect to claims pertaining to the Offer Shares. Moreover, it may be difficult for investors to enforce in the Philippines judgments against the Company obtained outside the Philippines, in any actions pertaining to the Offer Shares, particularly with respect to actions for claims to which the Company has not consented to service of process outside the Philippines. In addition, substantially all of the directors and senior management of the Company are residents of the Philippines, and all or a substantial portion of the assets of these persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process outside the Philippines upon such persons or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines.

The Philippines is not a party to any international treaty relating to the recognition or enforcement of foreign judgments. Philippine law provides that a final and conclusive judgment of a foreign court is enforceable in the Philippines through an independent action filed to enforce such judgment, and without re-trial or re-examination of the issues, only if (i) the court rendering such judgment had jurisdiction in accordance with its jurisdictional rules, (ii) the other party had notice of the proceedings, (iii) such judgment was not obtained by collusion or fraud or based on a clear mistake of fact or law and (iv) such judgment was not contrary to public policy or good morals in the Philippines.

If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase petroleum, petroleum products, raw materials, equipment and other imported products could be affected

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign exchange within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and remittance of dividends, profits and earnings which accrue thereon is sourced from the Philippine banking system. The Monetary Board of the Bangko Sentral ng Pilipinas (the "**BSP**"), with the approval of the President of the Philippines, has statutory authority, during a foreign exchange crisis or in times of national emergency, to suspend temporarily or restrict sales of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee. The Philippine government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

The Company purchases all of its critical raw materials, particularly petroleum and petroleum products, and some capital equipment from abroad and needs foreign currency to make these purchases. In addition, the Company has incurred and may continue to incur foreign currency denominated obligations and Peso—denominated debt obligations that are payable in foreign currency. There can be no assurance that the Philippine government will not impose economic or regulatory controls that may restrict free access to foreign currency in the future. Any such restrictions imposed in the future could severely curtail the Company's ability to purchase crude oil, materials and equipment from outside the Philippines in U.S. dollars and its ability to make principal and interest payments in U.S. dollars on its foreign currency-denominated obligations or Peso-denominated debt obligations that are payable in foreign currency, which could materially and adversely affect its financial condition and results of operations.

The Company limits its exposure to foreign currency denominated liabilities. The risk posed by foreign exchange fluctuations in the cost of its imported petroleum products is generally mitigated by the Company's ability to pass on any such additional costs by way of adjustments to its selling prices.

Corporate governance and disclosure standards in the Philippines may be different from those in other countries

There may be less publicly available information about Philippine public companies than is regularly made available by public companies in the United States or certain other countries. Requirements of the Philippine SEC and the PSE with respect to corporate governance standards may also be different from those applicable in certain other jurisdictions. Further, rules against self-dealing and those protecting minority shareholders may be different from or less developed in the Philippines than in other countries. These standards in certain areas of disclosure and corporate governance may materially and adversely affect the interests of the Company's shareholders, particularly those of minority shareholders.

Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. Actions taken by both sides have threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, a temporary suspension of tours to the Philippines by Chinese travel agencies and the rejection by China of the Philippines' request for arbitral proceedings administered in accordance with the UNCLOS to resolve the disputes.

On 12 July 2016, the Permanent Court of Arbitration ruled in favor of the Philippines against China over territorial disputes in the West Philippine Sea. The arbitral tribunal unanimously ruled, among others, that: (a) China has 'no historical rights' to the resources within the sea areas falling within the 'nine-dash line'; (b) Chinese reclamation activity in the West Philippine Sea has caused irreparable damage to the environment, obliging the Chinese government to stop further activities in the West Philippine Sea; and (c) China had violated the Philippines' sovereign rights in its exclusive economic zone by interfering with Philippine fishing and petroleum exploration, constructing artificial islands, and failing to prevent Chinese fishermen from fishing in the zone. However, China has said it will not recognize the ruling. With no formal enforcement mechanism in place, the territorial dispute in the West Philippine Sea remains contentious.

There had been other occurrences of territorial disputes with Malaysia and Taiwan. In March 2013, several hundred armed Filipino-Muslims illegally entered Malaysia in a bid to enforce an alleged historical claim on the territory. Clashes between the Filipino-Muslim individuals and the Malaysian armed forces resulted in casualties on both sides. Taiwan imposed economic sanctions on the Philippines as a result of an incident in May 2013, whereby a Taiwanese fisherman was unintentionally killed by a Philippine Coast Guard ship that opened fire on his vessel in a disputed exclusive economic zone between Taiwan and the Philippines. The sanctions were eventually lifted after a formal apology was issued by the Philippine government.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and this may materially and adversely affect the Company's financial condition and results of operations.

There are risks generally associated with emerging and developing markets

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries with emerging markets, such as those in Southeast Asia, including the Philippines where the Company operates, may be particularly susceptible to these disruptions and reductions in the availability of credit for increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence, including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

Since the onset of the global economic crisis in 2007, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies, could dampen foreign investment in and adversely affect the economies of these countries. Investments in emerging markets are therefore subject to greater risks than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating risks involved in an investment in the Company and must decide for themselves whether, in light of those risks, their investment is appropriate.

Risks Relating to the Offer Shares

The Offer Shares may not be a suitable investment for all investors

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the potential investor's currency;
- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Offer Shares are perpetual securities and investors have no right to require redemption

The Offer Shares are perpetual and have no fixed final maturity date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Offer Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Offer Shares. Therefore, holders of the Offer Shares should be aware that they may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time.

The Offer Shares are subordinated obligations

The obligations of the Company under the Offer Shares will constitute unsecured obligations of the Company and subordinate to the Company's indebtedness. In the event of the winding-up of the Company, the rights and claims of holders of the Offer Shares will (subject to and to the extent permitted by applicable law) rank senior to the holders of the common shares of the Company and *pari passu* with each other, but junior to the claims of all other creditors.

In the event of a winding-up of the Company, there is a substantial risk that an investor in the Offer Shares will lose all of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Offer Shares.

There are no terms in the Offer Shares that limit the Company's ability to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares.

There may be insufficient distributions upon liquidation.

Under Philippine law, upon any voluntary or involuntary dissolution, liquidation or winding up of the Company, holders of the Offer Shares will be entitled only to the available assets of the Company remaining after the indebtedness of the Company is satisfied. If any such assets are insufficient to pay the amounts due on the Offer Shares, then the holders of the Offer Shares shall share ratably in any such distribution of assets in proportion to the amounts to which they would otherwise be respectively entitled. In the event of liquidation or winding-up, the unsubordinated obligations of the Company shall be preferred over the claims of holders of the Offer Shares in respect of the Offer Shares, which Offer Shares shall rank *pari passu* with each other.

Holders may not receive dividend payments if the Company elects to defer dividend payments.

Cash dividends on the Offer Shares may not be paid in full, or at all. Under the terms and conditions governing the Offer Shares, the Company may pay no dividends or less than full dividends on a Dividend Payment Date. Holders of the Offer Shares will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have retained earnings out of which to pay dividends.

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Offer Shares during such a period by a holder of Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations.

The ability of the Company to make payments under the Offer Shares is limited by the terms of the Company's other indebtedness.

The Company has and will continue to have a certain amount of outstanding indebtedness. The current terms of the Company's financing agreements contain provisions that could limit the ability of the Company to make payments on the Offer Shares. Also, the Company may, in the future, directly or indirectly through its subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Offer Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the Company's ability to make payments on the Offer Shares.

The market price of the Offer Shares may be volatile, which may result in the decline in the value of investments of the investors.

The market price of the Offer Shares could be affected by several factors, including: (i) general market, political and economic conditions; (ii) changes in earnings estimates and recommendations by financial analysts; (iii) changes in market valuations of listed stocks in general and other retail stocks in particular; (iv) the market value of our assets; (v) changes to Government policy, legislation or regulations; and (vi) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Offer Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

There may be a lack of public market for the Offer Shares.

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon their listing on the PSE.

An active or liquid trading market for the Offer Shares may not develop.

The Company and the Joint Lead Underwriters are not obligated to create a trading market for the Offer Shares and any such market-making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Offer Shares will develop or if such a market develops, if it can be sustained. Consequently, a shareholder may be required to hold his Offer Shares for an indefinite period of time or sell them for an amount less than the Offer Price.

Holders of the Offer Shares may not be able to reinvest at a similar return on investment.

On the Optional Redemption Date, or at any time a Tax Event or an Accounting Event occurs, the Company may redeem the Offer Shares for cash at the redemption price See ''*Description of the Offer Shares''* of this Prospectus. At the time of redemption, dividend rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the holders of the Offer Shares may not be able to reinvest the proceeds at a comparable yield or purchase securities otherwise comparable to the Offer Shares.

The Preferred Shares have no voting rights.

Holders of Offer Shares will not be entitled to elect the Directors of the Company. Except as provided by Philippine law, holders of Offer Shares will have no voting rights. See *''Description of the Offer Shares''* of this Prospectus.

USE OF PROCEEDS

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱[4,918,169,375] after fees, commissions and expenses. Assuming the oversubscription option is fully exercised, the net proceeds of the Offer shall amount to approximately ₱[6,889,099,112] after fees, commissions, and expenses.

Estimated fees, commissions and expenses relating to the Offer, assuming the Oversubscription Option is not exercised are as follows:

Underwriting Fees for the Preferred Shares being sold by the Company	[65,800,000]
Taxes to be paid by the Company	[50,000]
Philippine SEC filing and legal research fee	[1,830,625]
PSE filing and processing fee (inclusive of VAT)	[5,600,000]
Estimated legal and other professional fees	[7,000,000]
Estimated other expenses	[1,550,000]
TOTAL	[81,830,625]

Assuming the Oversubscription Option is fully exercised:

Underwriting Fees for the Preferred Shares being sold by the Company	[92,105,263]
Taxes to be paid by the Company	[70,000]
Philippine SEC filing and legal research fee	[2,335,625]
PSE filing fee (inclusive of VAT)	[7,840,000]
Estimated legal and other professional fees	7,000,000]
Estimated other expenses	[1,550,000]
TOTAL	[110,900,888]

The net proceeds of the Offer shall be used primarily for permanent working capital, and/or general corporate purposes, as follows:

Purpose	₱ [4,918,169,375.00] **Net proceeds of the Offer**	**%**	₱ [6,889,099,112] **Net proceeds of the Offer**	%	**Estimated Timing of Disbursement**
Reimbursement for Cash Advances re-allocated for Capital Expenditures relating to Investment in PFL Petroleum Management Inc.	2,429,625,000	49.40	2,429,625,000	35.27	On Issuance
Reimbursement for Cash Advances re-allocated for Capital Expenditures relating to PNX Energy International.	817,185,000.00	16.62	817,185,000	11.86	On Issuance
Reimbursement for Cash Advances re-allocated for Capital Expenditures relating to Investment in PNX Petroleum Singapore	655,830,000.00	13.33	655,830,000	9.52	On Issuance
Depot and network expansion and improvements	1,015,529,375.00	20.65	2,986,459,112	43.35	On Issuance
TOTAL	**4,918,169,375.00**	**100.00**	**6,889,099,112.00**	**100.00**	

The subsidiaries (PFL Petroleum Management and PNX SG) are wholly owned, operating companies engaged in the trading of petroleum products. They shall compensate the issuer through dividend payments.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, PSE and the holders of the Preferred Shares in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds:

(a) any disbursements made in connection with the planned use of proceeds from the Offer;

(b) quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;

(c) annual summary of the application of the proceeds on or before January 31 of the following year; and

(d) approval by the Board of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's Treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in the Company's quarterly and annual reports as required in items (b) and (c) above. Such detailed explanation will state the approval of the Board as required in item (d) above.

DETERMINATION OF THE OFFER PRICE

The Offer Price of ₱1,000.00 is at a premium to the Offer Share's par value per share of ₱1.00. The Offer Price was arrived at by dividing the desired gross proceeds of up to ₱[7,000,000,000] by the amount of Offer Shares allocated for this Offer.

20,000,000 preferred shares of the Company are listed and traded on the PSE under the stock symbol "PNX3A" and "PNX3B" (the "**Listed Preferred Shares**"). The closing prices of the Listed Preferred Shares as of March 29, 2019, the last trading date for the month of March, are ₱100.50 and ₱103.10, respectively.

PLAN OF DISTRIBUTION

The Company plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Joint Lead Underwriters.

Joint Lead Underwriters

The Joint Lead Underwriters have agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement to be entered into with the Company (the "**Underwriting Agreement**"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, The Joint Lead Underwriters have committed to underwrite the following amounts worth of Offer Shares on a firm basis:

China Bank Capital	₱[3,000,000,000.00]
PNB Capital	₱[2,000,000,000.00]
TOTAL	**₱5,000,000,000.00**

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Company of the net proceeds of the Offer Shares.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be equivalent to [●]% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to participating underwriters, if any, and commissions to be paid to the PSE Trading Participants, which shall be equivalent to [0.125]% of the total proceeds of the sale of Offer Shares by such PSE Trading Participant.

The Joint Lead Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Offer Shares. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

The Joint Lead Underwriters have no direct relations with the Company in terms of ownership by each of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company.

The Joint Lead Underwriters have no contract or other arrangement with the Company by which they may return to the Company any unsold Offer Shares.

The Sole Issue Manager, Joint Lead Underwriter, and Sole Bookrunner, China Bank Capital, a subsidiary of China Bank, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. The Underwriter also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Bank's investment banking group, which was organized in 2012.

The Joint Lead Underwriter, PNB Capital, an investment house, was incorporated on July 30, 1997 and commenced operations on October 8, 1997. It is a wholly-owned subsidiary of the Philippine National Bank. Its principal business is providing investment banking services, namely: debt underwriting (bonds, commercial papers), equity underwriting, private placements, loan syndications, and financial advisory services. PNB Capital is authorized to buy and sell for its own account, securities issued by private corporations and the government of the Philippines.

Sale and Distribution

The distribution and sale of the Offer Shares shall be undertaken by the Joint Lead Underwriters [and other underwriters] who shall sell and distribute the Offer Shares to third party buyers/investors. The

Joint Lead Underwriters are authorized to organize a syndicate of other underwriters, soliciting dealers and/or selling agents for the purpose of the Offer.

Of the [7,000,000] Offer Shares, 80% or [5,600,000] Offer Shares are being offered through the Joint Lead Underwriters [and other underwriters] for subscription and sale to qualified institutional buyers and the general public. The Company plans to make available up to [20]% or [1,400,000] Offer Shares for distribution to the respective clients of the [131] PSE Trading Participants of the PSE, acting as Selling Agents. Each PSE Trading Participant shall be allocated [10,680] Offer Shares (the "**TP Allocation**") (computed by dividing the aggregate Offer Shares allotted to the PSE Trading Participants by [131]). Each PSE Trading Participant may undertake to purchase more than their allocation of [10,680] Offer Shares. Any requests for shares in excess of [10,680] Offer Shares may be satisfied via the reallocation of any Offer Shares not taken up by the other PSE Trading Participants. The remainder of [920] Offer Shares, plus any Offer Shares allocated to the PSE Trading Participants but not taken up by them, will be allocated first to the PSE Trading Participants who subscribed for their full allotment and indicated additional demand, at the sole discretion of the Joint Lead Underwriters.

Prior to the close of the Offer Period, any Offer Shares not taken up by the PSE Trading Participants shall be distributed by the Joint Lead Underwriters directly to its clients and the general public. All Offer Shares not taken up by the PSE Trading Participants, the general public and the clients of the Joint Lead Underwriters and [other underwriters], shall be purchased by Joint Lead Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Local Small Investors

There will be no allocation to Local Small Investors under the proposed Offer.

Allocation Process

The following procedures shall govern the allocation of Offer Shares among the PSE Trading Participants:

(a) The PSE Trading Participants shall be allotted a total of [1,400,000] Offer Shares (the "**TP Allotted Shares**") Each PSE Trading Participant shall be allocated [10,680] Offer Shares (each a "**TP Allocation**").

(b) Upon preparation of the Firm Undertaking Report, the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner shall, under the supervision of a representative from the PSE Listings Department, input the number of Offer Shares requested by each PSE Trading Participant (a "**Participating TP**") in a spreadsheet designed for the reservation and allocation of the Offer Shares.

(c) The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Participating TP in accordance with the following process:

  (i) If the total number of Offer Shares requested by a Participating TP, based on its firm undertaking, does not exceed the TP Allocation, the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner shall fully satisfy the request of such Participating TP. Each PSE Trading Participant is assured of not less than the TP Allocation. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the TP Allocation in their firm undertaking until all the TP Allotted Shares are fully allocated.

  (ii) If the total number of Offer Shares requested by a Participating TP exceeds the TP Allocation, additional Offer Shares may be sourced from the Offer Shares not taken up by the other TPs. The Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner, under the observation of a representative of the PSE Listings Department, shall allocate the Offer Shares to Participating TPs by: (i) fully satisfying the orders of those TPs who have firm orders that are less than or equal to the TP Allocation; and

(ii) distributing equitably the remaining TP Allocation to other Participating TPs with orders for additional Offer Shares, but only up to their respective firm order.

(iii) The allocation will be done based on the total number of the Offer Shares.

(iv) In no case shall any Participating TP be awarded more than the shares indicated in its firm undertaking.

(v) If the aggregate number of Offer Shares requested by all Participating TPs is less than the TP Allocated Shares, the balance shall be returned to the Sole Issue Manager, Joint Lead Underwriter and Sole Bookrunner.

(d) Unless otherwise determined by the Issuer, the final TP Allocation shall be rounded to the prescribed board lot requirement.

Term of Appointment

The engagement of the Joint Lead Underwriters shall subsist so long as [the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement].

Manner of Distribution

The Joint Lead Underwriters shall, at its discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Joint Lead Underwriters.

No shares are designated to be sold to specific persons.

Offer Period

The Offer Period shall commence at 9:00 a.m. on [30 September] 2019 and end at 12:00 noon on [10 October] 2019, or such other date as may be mutually agreed between the Company and the Joint Lead Underwriters.

Application to Purchase

All applications to purchase the Offer Shares (an "**Application**") shall be evidenced by a duly completed and signed Application to Purchase, together with two completed specimen signature cards authenticated by the corporate secretary (or equivalent officer) with respect to corporate and institutional investors, the corresponding payment for the Offer Shares covered by the Application to Purchase and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Lead Underwriters or Selling Agents on or prior to the set deadlines for submission of Applications to the Joint Lead Underwriters and Selling Agents, respectively. If the Applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:

(a) a certified true copy of the Applicant's latest articles of incorporation and by-laws, general information sheet or equivalent constitutive documents, each as amended to date, duly certified by the corporate secretary (or equivalent officer);

(b) a certified true copy of the Applicant's SEC certificate of registration, duly certified by the corporate secretary (or equivalent officer); and

(c) a duly notarized corporate secretary's certificate setting forth the resolution of the Applicant's board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the Application, and (ii) the designated signatories authorized for the purpose, including their respective specimen signatures.

For individual Applicants, each must also submit a photocopy of any one of the following identification documents ("**ID**"): passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required in relevant documents or acceptable to the Company.

An Applicant who is exempt from or is not subject to withholding tax or who claims reduced tax rates under the Philippine National Internal Revenue Code ("**NIRC**") or tax treaty shall, in addition, be required to submit the following requirements to the Joint Lead Underwriters and Selling Agents (together with their Applications) who shall then forward the same to the Registrar and Depository Agent, subject to acceptance by the Company as being sufficient in form and substance: (i) in the case of tax exemption, a certified true copy of the original tax exemption certificate, ruling or opinion on tax exemption issued by the BIR addressed to the Applicant as certified by its duly authorized officer; (ii) with respect to reduced tax rates if tax sparing applies, (a) an authenticated certification issued by the foreign tax authority that the dividends received by the non-resident foreign corporation from the domestic corporation were not among the items considered in arriving at the income tax due from the non-resident foreign corporation; (b) the income tax return of the non-resident foreign corporation for the taxable year when the dividends were received; and (c) an authenticated document issued by the foreign tax authority showing that the foreign Government allowed a credit on the tax deemed paid in the Philippines or did not impose any tax on the dividends; or (d) proof of filing of an application for ruling with the BIR; and (d) with respect to tax treaty relief, (a) prior to initial dividend payment, 3 original copies of a duly accomplished Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and 3 originals of the duly notarized and consularized, if executed outside of the Philippines, Special Power of Attorney executed by the Applicant in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Applicant is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent dividends due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Applicant to the Company no later than the 1st day of the month when such subsequent dividends fall due and, if applicable, including any clarification, supplement or amendment thereto; (iii) an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Depository Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Depository Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities.

An Application shall be considered irrevocable upon submission to the Joint Lead Underwriters or a Selling Agent of a duly executed Application to Purchase. The Application shall be subject to the terms and conditions of the Offer as stated in this Prospectus and the Application to Purchase.

The Joint Lead Underwriters shall be responsible for accepting or rejecting any Application or scaling down the amount of Offer Shares applied for. The Application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Offer Shares so accepted and shall be valid and binding on the Company and the Applicant. [On the Business Day immediately following the Issue Date, the Joint Lead Underwriters shall advise the [other underwriters] and all the Selling Agents of any Applications that were rejected and/or scaled-down, with copy to the Company.]

Payment for the Offer Price

The Offer Shares must be paid for in full in Philippine Pesos upon submission of the Application to Purchase.

Payment for the Offer Shares shall be made by manager's check/cashier's check, corporate check or personal check drawn against any BSP authorized bank or any branch thereof. All checks should be made payable to ["**Phoenix Preferred Shares Offe**r"], crossed "Payee's Account Only," and dated on or before the date as the Application to Purchase. The Applications to Purchase and the related payments will be received at any of the offices of the Joint Lead Underwriters and Sole Bookrunner may also remit payment for their Offer Shares through the Real Time Gross Settlement ("**RTGS**") facility of the BSP to the Joint Lead Underwriters or via direct debit to their deposit account maintained with the Joint Lead Underwriters. Cash payments shall not be accepted.

Should the Applicant elect to pay through RTGS, the Application to Purchase should be accompanied by an instruction issued by the Applicant to effect payment through RTGS in an amount equal to the total Offer Price of the Offer Shares applied for, to be effected and fully funded not later than 5:00 p.m. on [●] 2019.

Should the Applicant elect to pay by a debit memo or instruction, the Application to Purchase should be accompanied by a debit memo or instruction issued by the Applicant in an amount equal to the total Offer Price of the Offer Shares applied for in favor of the Joint Lead Underwriters, to be effected no later than 5:00 p.m. on [●] 2019.

Minimum Purchase

A minimum purchase of [50] Offer Shares shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of [10] Offer Shares.

Refunds

In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by the Joint Lead Underwriters or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Company, then the Company shall refund, without interest, within five Business Days from the end of the Offer Period, all or the portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds, without interest, shall be made through the [Joint Lead Underwriters or Selling Agent with whom the Applicant has filed the Application] at the Applicant's risk, within five Business Days from the end of the Offer Period.

Should the refund be made via a check, an Applicant may retrieve such check refund at the office of the Joint Lead Underwriters or Selling Agent with whom the Applicant has filed the Application. Refund checks that remain unclaimed after 30 days from the date such checks are made available for pick-up shall be delivered through registered mail, at the Applicant's risk, to the address specified by the Applicant in the Application.

Secondary Market

The Company may purchase the Offer Shares at any time without any obligation to make *pro rata* purchases of Offer Shares from the [PNX4] Shareholders.

Registry of Shareholders

The Offer Shares will be issued in scripless form through the electronic book-entry system of [BDO Unibank, Inc. - Trust Banking Group] as Registrar for the Offer, and lodged with the Philippine Depository & Trust Corp. as Depository Agent on Listing Date through the PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application to Purchase forms to be issued and circulated in connection with the Offer the name of the PSE Trading Participants under whose name their Offer Shares will be registered.

After the Listing Date, [PNX4] Shareholders may request their nominated PSE Trading Participants to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("**name-on-registry account**"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting [PNX4] Shareholder.

Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting [PNX4] Shareholder). The Registrar shall send (at the cost of the Company) at least once every year a statement of account to all [PNX4] Shareholders named in the Registry of Shareholders, except certificated [PNX4] Shareholders and Depository Participants, confirming the number of Offer Shares held by each [PNX4] Shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant [PNX4] Shareholder as of the given date thereof. Any request by a [PNX4] Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting [PNX4] Shareholder.

Expenses

All out-of-pocket expenses, including, but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Joint Lead Underwriters in the negotiation and execution of the transaction will be for the Company's account irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. Please refer to the section entitled *"Use of Proceeds"* of starting on page [●] of this Prospectus for details of expenses.

DILUTION

The Offer Shares will not have any dilutive effect as these are non-voting, non-convertible and non-participating.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalization and indebtedness of the Company as at March 31, 2019 and as adjusted to give effect to the Offer (assuming the Oversubscription Option is exercised). This table should be read in conjunction with the Company's consolidated financial statements as at March 31, 2019 included elsewhere in this Prospectus.

	ACTUAL	AS ADJUSTED
INDEBTEDNESS	(In Php)	(In Php)
CURRENT		
Interest-bearing loans and borrowings	26,410,495	26,410,495
NON-CURRENT		
Interest-bearing loans and borrowings	13,327,193	13,327,193
TOTAL INDEBTEDNESS	**39,737,688**	**39,737,688**
EQUITY		
Capital stock	1,112,004	6,112,004
Additional paid-in capital	7,233,692	7,233,692
Revaluation reserves	827,510	827,510
Other reserves	(730,362)	(730,362)
Accumulated translation adjustment	(3,896)	(3,896)
Retained earnings	8,039,690	8,039,690
Minority Interest	(28,331)	(28,331)
TOTAL EQUITY	**16,450,309**	**21,450,309**
TOTAL LIABILITIES AND EQUITY	**56,187,997**	**61,187,997**

THE COMPANY

Overview

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities and allied services. Its operations started in Southern Mindanao and soon expanded in the islands of Luzon and Visayas. Its products and services are distributed and marketed under *the PHOENIX Fuels Life*™ trademark. With a market share of 6.9%[6] of the Philippine oil market as of 31 December 2018, the Company is the largest independent oil company in the Philippines that is engaged in all aspects of the local downstream oil industry.

The Company's operations are divided between trading, and terminalling and hauling services. Under trading, the Company offers its refined petroleum products and lubricants to retailers and industrial customers. The Company sells its products through its network of retail service stations and has a total of 630 retail service stations as of 30 June 2019. The retail service stations are classified as company-owned-dealer-operated service stations ("**CODO**"), which account for 49.0% of the stations, dealer-owned-dealer-operated service stations ("**DODO**"), which account for the remaining 50.3% of the stations, and company-owned-company-operated ("**COCO**") stations, which account for 0.6% of the stations. For CODOs, the Company buys or leases the land and owns the retail service station structures and equipment, but will be operated by a third-party dealer. For DODOs, a third-party dealer buys or leases the land, builds the retail service station structure according to Company specifications, leases the retail service station equipment from the Company, and operates the DODOs. For COCOs, the Company buys or leases the land, owns the retail service station structures and equipment, and operates the stations. Its main areas of retail operations are in Luzon and Mindanao which account for 48.3% and 37.8%, respectively, of the retail service stations established as of 30 June 2019, while its Visayas operations account for the remaining 13.2% of the network.

The Company's terminalling and hauling services involve leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuel to airports and refuelling of aircraft) in 18 airports, including Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City, Zamboanga City, Dumaguit, Bacolod, Kalibo, Iloilo, Caticlan, Tacloban, Cebu Mactan, Roxas City, San Jose, Mindoro and Ninoy Aquino International Airport. Since 2005, the Company has been providing all of Cebu Pacific's terminal, hauling and into-plane requirements for its Mindanao operations. The Company currently provides services to Cebu Pacific in a total of 18 domestic airports consisting of two in Luzon, eight in Visayas, and eight in Mindanao.

The Company presently has a nationwide network of depots and retail service stations. Its industrial customers include air, land and sea transport companies and other industrial users.

Since its commercial operations in 2005, the Company has expanded rapidly and developed into the fourth largest oil company in the Philippines as of 31 December 2018.[7] The Company has achieved these on the back of strong compounded annual sales volume growth of approximately 40% since its public listing in 2007. As of 30 June 2019, the Company had a market capitalization of ₱16,980 million, based on the Company's common share closing price of ₱12.10 on 28 June 2019, the last trading day of the said month.

As at 31 December 2016, 2017 and 2018, the Company's total assets were ₱26,538 million, ₱44,166 million and ₱64,660 million (U.S.$1,226 million), respectively. For the years ended 31 December 2016, 2017 and 2018, the Company's total revenues were ₱30,451 million, ₱44,543 million and ₱88,611 million (U.S.$ 1,681 million), respectively, and net profit was ₱1,092 million, ₱1,521 million and ₱2,767 million (U.S.$52 million), respectively.

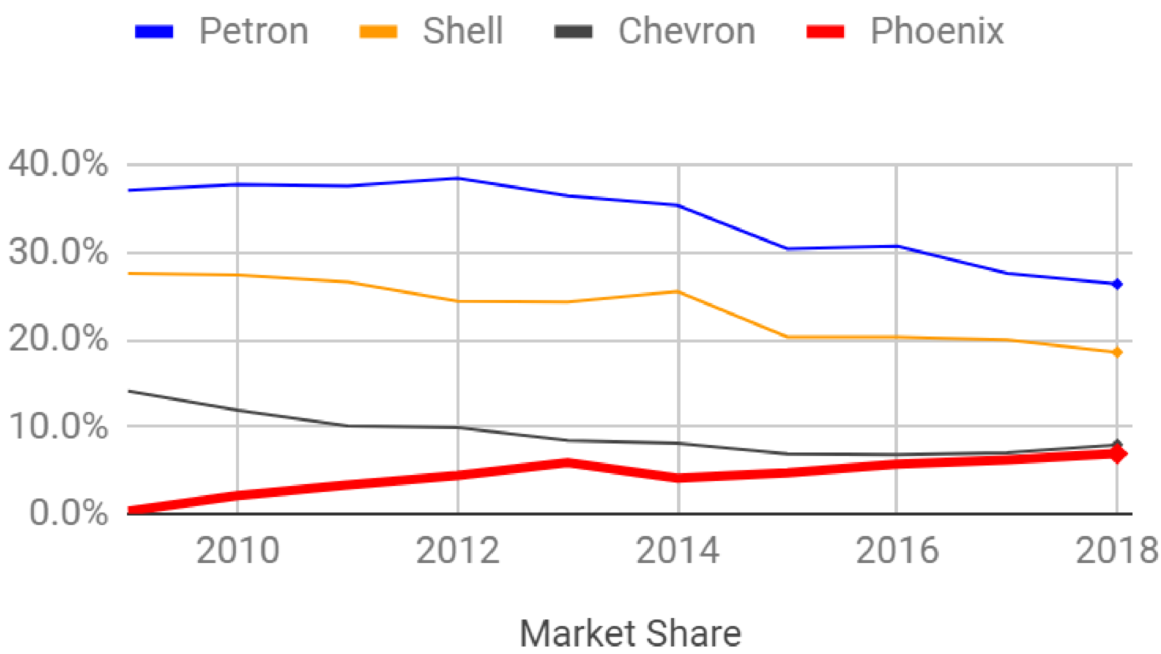
[6] Based on the total market demand of petroleum products based on industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.
[7] Based on the industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.

Strengths

The Company believes that its principal competitive strengths which contribute to its success include the following:

Largest independent oil player

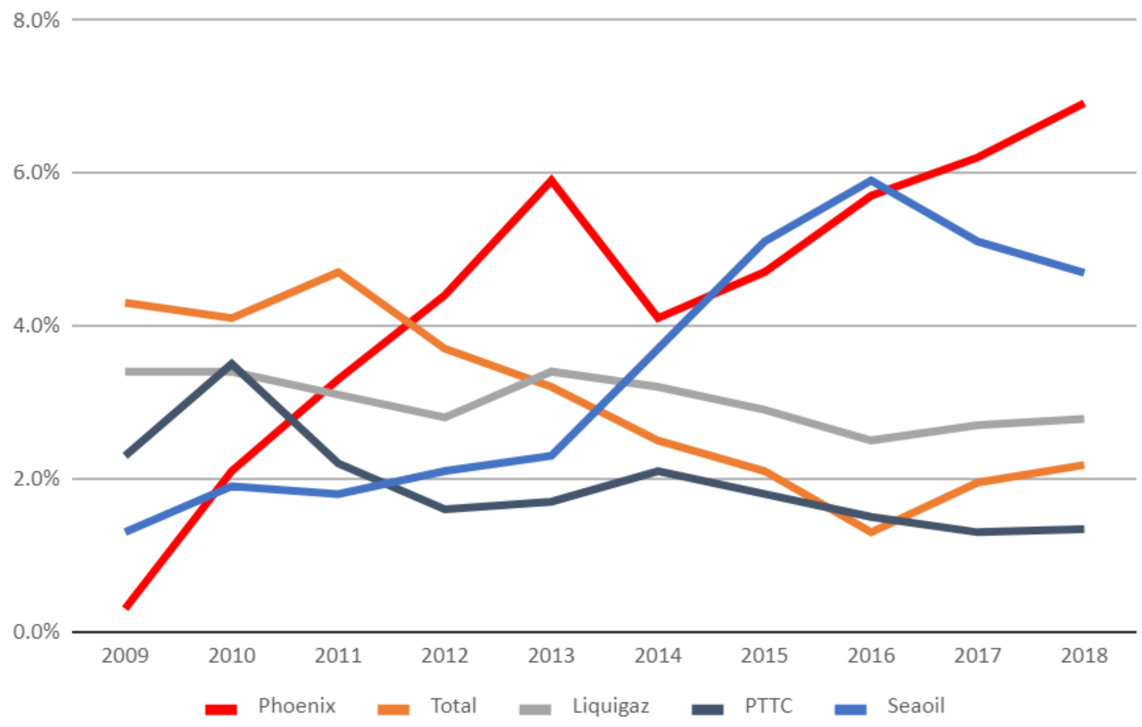
The Company is the largest independent player in the Philippine downstream oil industry with a total market share of 6.9%[8] as of 31 December 2018. While the three largest local petroleum companies (consisting of multi-national players such as Petron, Shell and Chevron) constitute a cumulative market share of 52.8% as of the same period, their aggregate market share has been progressively deteriorating year on year (from 57.8% as of 31 December 2015, to 52.8%[9] as of 31 December 2018) as compared to the Company's market share which has been increasing steadily year on year (from 4.7% as of 31 December 2015, to 6.9% as of 31 December 2018). This has been largely due to the development and emergence of the Company as a credible alternative to major multi-national competitors.



Source: Republic of the Philippines Department of Energy ("DOE ")

Note:
1. Based on the total market demand of petroleum products based on industry data from the DOE

[8] Based on the industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.
[9] Based on the industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.



Source: Republic of the Philippines Department of Energy ("DOE ")
Notes:
1. By Total Demand of Total Petroleum Products; as of 31 December 2018
2. Excluding Petron Corporation, Pilipinas Shell Petroleum Corp. and Chevron Philippines

Rapid and sustainable network expansion

The Company continues to pursue its rapid expansion of its retail service station network to capture a bigger retail market share by improving the dealer and end-user experience. From 20 retail service stations in 2006, the Company has since expanded its retail service station network rapidly at a rate of approximately 48 stations per year. As of 30 June 2019, the Company had 630 retail service stations which are distributed nationwide with approximately 48.3% in Luzon, 13.2% in Visayas and 37.8% in Mindanao. The Company focuses on initiatives that result in increased demand for franchises from existing and new owners alike, thus accelerating and ensuring the sustainability of its network growth. In particular, the Company's dealership program is centered on providing fast and attractive returns on investment via the construction of no-frills right-sized retail service stations. This simple yet effective model ensures shorter market launch timetables for dealers, enabling both the Company and dealer to generate sales ahead of competitors. This approach also lowers barriers for entry to new franchisees, fast-tracks payback period, and builds loyalty with the dealer-business partners, thereby enhancing the sustainability and speed of its network expansion accordingly.

The Company's growth trajectory with regard to station expansion is supported by its ongoing initiative to modernize the façade and technology of new and existing stations without compromising its "no-frills" philosophy. Station upgrades started in the second quarter of 2017. As of 30 June 2019, 246 of its existing service stations have already been renovated and continues to roll out sleek and modern designs on its new openings.

Strategic import terminal, depot and retail service station locations

The Company owns, leases and operates five import terminals and six storage depots as of 30 June 2019 that service the requirements of its nationwide network of dealers and commercial clients. These terminals and depots are deliberately located near ports to allow for convenience of importation shipments given the challenges relating to the Philippine archipelago. The Company also provides support when vetting potential locations for its new retail service stations through extensive market research which details foot traffic and profitability studies to gauge the potential of a new retail service station. The Company also ensures that retail service stations are strategically distanced from each other to maximize revenue potential and retail service station presence between stations. The Company is committed to expanding its depot and retail service station network further to expand its strategic reach and widen coverage of its customers and locations.

Integrated supply chain and logistics infrastructure

Over the years, the Company has developed and established an integrated supply chain and logistics infrastructure that enables it to enhance efficiencies and cost savings. The Company employs an integrated supply chain approach allowing the Company to ensure the availability of its fuel products to its depots and retail service stations nationwide, and to maximize cost savings through the value chain. The Company benefits from synergies with its affiliate company, Chelsea Shipping Corporation ("**CSC**"), to enjoy seamless importation and transport nationwide. The Company's operations are complemented by an integrated network of 11 terminals and depots, and 630 retail service stations nationwide to enhance the reliability of its stations as of 30 June 2019. The Company purchases its fuel products from Singapore and then taps CSC's tankers to ferry the products to the Company's various port depots. From the depots, fuel products are hauled by the Company's 146 owned trucks to the respective retail service stations.

To further eliminate friction costs and outsource trading expertise to Singapore, the PNX Petroleum Singapore Pte. Ltd. ("**PNX SG**") was established as the regional trading entity of the Company in order to ensure continuous fuel supply for the Company and its subsidiaries. PNX SG provides the Company a platform to market its products in the ASEAN region and thereby enables the Company to increase its supply, meet larger demands and trade oil in the ASEAN region, where it caters to the requirements of several large industry players as well. As of 30 June 2019, by volume of its services provided 39.5% and 60.5% were generated from third party customers and from the Company and its subsidiaries, respectively. PNX SG, through its third party trading operations, has established itself as a strong contributor to the Company's overall revenue and profits, making up 26.3% and 19.4% of the Company's key metrics respectively as of 30 June 2019. The Company sees PNX SG's incremental contribution significantly increasing as it further builds on key accounts and establishes a stronger foothold within the region.

Diverse and comprehensive service experience driving retail volumes

The Company's network of retail service stations in the Philippines offers differentiated and comprehensive services to its customers. Beyond just a petroleum station, the Company's retail service stations provide a one-stop service experience to travellers on the road, offering amenities such as convenience stores, speciality shops and restaurants such as Jollibee, Chowking, McDonald's and Shakey's. These convenience stores, speciality shops and restaurants help generate non-fuel revenues and improve traffic in the retail service stations. The Company, through its recent acquisition of the Family Mart franchise, is constantly on the lookout to add further synergies to its core brand in order to upgrade the end-user experience and present a wider array of packages to franchisees.

The Company also offers loyalty programs that complement its retail business. On 26 April 2018, the Company launched the Phoenix RCBC Bankard Mastercard, a lifestyle credit card which offers exclusive benefits for motorists and points for rewards. As of 31 December 2018, approximately 2,051 Phoenix RCBC Bankard Mastercard had been issued in the Philippines. Phoenix Tsuper Club ("**PTC**") is the loyalty program of the Company for professional drivers, including jeepney, cab, tricycle, bus and transport network vehicle service drivers where members can earn and accumulate points which are redeemable for free home appliances, gadgets, gift certificates, internet and mobile prepaid load, and insurance plans. In addition, each active member qualifies for basic personal accident insurance. As of 31 December 2018, there were approximately 50,000 PTC members nationwide.

Experienced management team and employees

The Company is led by an experienced team of professionals from the oil and gas industry, formerly from companies such as Shell, Petron, Total, Chevron and Unioil, and each with over 20 years of experience in the petroleum industry. The Company currently operates with a lean and dynamic organization, which enables faster decision-making and faster response time and allows the Company to act quickly on acquisition opportunities as well as dynamic pricing adjustments. In addition, the Company has a team of employees skilled in managing various aspects of its business, including a focused sales and marketing team and a group that has years of experience in retail service station engineering and construction amongst others. Over the years, the Company has thoroughly professionalized management in its organization to enhance efficiency and cost savings and remains committed to the development of its employees by adopting on-going training and development programs to ensure that operations will be run by well-equipped and capable employees.

The Company believes that its strong management and execution capability of its management team will enable it to continue to improve the efficiency of its operations, customer satisfaction across the respective industries, as well as the quality of its product and services offerings.

Strong brand recall

The Company has developed a strong brand recall which in part is attributable to its advertising strategies aimed at accelerating its branding. Based on the 2018 Brand Health Survey, the "Phoenix" brand (a) ranked third in recency and frequency of use ahead of Shell and behind Petron and (b) tied in third place with Caltex in terms of brand awareness. The Company has invested heavily in its branding throughout the Philippines to remain top-of-mind with target retail consumers via campaigns with heavy exposure to its target market such as operating a Philippine Basketball Association franchise, ongoing support for racing teams and events, complementary TV and radio placements, and enticing gas promotions capitalizing on tie-ups with other household brands such as the Philippine Basketball Association, Ultimate Fighting Championship, and GoHotels. In February 2018, the Company launched a nationwide marketing campaign for its upgraded fuels powered by Phoenix PULSE Technology, an innovative formulation with advanced cleaning and protection properties for enhanced power and acceleration. These activities, coupled with numerous corporate social responsibility programs focusing on health, environment and education, have resulted in, and continue to result in strong support from its customers and franchisees alike, providing the Company a strong foundation for its product sales and rapid branch expansions. The Company's openness to partnerships has resulted in innovative programs and greater outreach.

Strategy Pillars

- Strengthen the brand;
- Grow position in markets with strong structural, macro drivers;
- Improve operational efficiency and drive synergies across the Group;
- Invest in future growth and innovation through partnerships and acquisition of new businesses that have growth potential and synergies with its portfolio;
- Enhance the quality of its cash flow generation.

Strengthen the brand

The Company remains focused and will continue to strengthen its brand recall among consumers as the brand of choice of motorists and commercial users. The Company will continue to pursue and build its brand through major marketing activities such as mass media placements, endorsements, participation in trade expositions and sponsorship of and participation in major sporting events that appeal to the target market. The Company will continue to invest heavily in advertising expenditure and marketing budget to build its brand equity that complements its investments in retail and logistics infrastructure.

To be able to further monitor the public's perception of the brand, online posts on social media are also being closely monitored by the Company for all of their brands. A shared services team is created to both monitor positive feedback as well as answer negative complaints against the Company and all its subsidiaries. Such data is easily accessible by the Senior Management including real time data on pending complaints to be resolved by the shared services team.

Grow position in markets with strong structural, macro drivers

The Company intends to focus on increasing its position in markets including retail, gas, and aviation, which are driven by strong economic and structural trends.

Capitalize on retail segment profitability. The Company believes that the downstream oil market in the Philippines is still underserved and has a strong potential for growth given the increasing purchasing power of consumers. To capture this growth and further enhance its market position, the Company will embark on:

(i) increasing its retail service stations across the Philippines to improve market penetration and secure the potential growth from the other industry players;
(ii) developing and strengthening its retail network management system to support its retail network expansion program in collaboration with dealers and franchisees;
(iii) continuing to expand its non-fuel retail businesses by leasing additional service station spaces to food chains, coffee shops and other consumer services to provide "value-conscious" customers with a one-stop full service experience;
(iv) intensifying its dealer and sales personnel training to further improve customer service experience; and
(v) enhancing customer value proposition through its own proprietary fuels offer and cards program.

These initiatives will support the Company's growing retail business and continuing retail service station network expansion. In particular, the increase in retail presence in viable trade areas will allow the Company to increase its assured base volume of fuel sales as well as enhance the market for the Company's lubricants and specialties segment. A growing base volume for retail fuels also provides the Company with greater flexibility in transacting fuel importations with regional traders at more favorable terms. The Company believes it has developed the competencies in network planning and operations necessary for efficiently managing the growth of its retail business.

Additionally, the Company seeks to maintain and further strengthen its established position in the Philippines by reinforcing business relationships with existing customers, by providing differentiated service offerings in its retail service stations and by promoting enhanced loyalty programs.

Diversify its petroleum portfolio and tap underserved, underpenetrated markets such as LPG. Philippines ranks among the lowest in LPG per capita consumption across Asia, with firewood still being used as a heating source in provinces. Cognizant of this opportunity as well as the increasing demand for greener alternatives in the mobility space, the Company is building its portfolio outside of traditional fuels through LPG.

Autogas, or LPG used to power vehicles, is now commonly used for private cars and public transportation vehicles in a growing number of countries, including the Philippines. LPG, while already being utilized for vehicles, is also used as an alternative for different applications, including power plants.

As of 31 December 2018, the Company has 89 LPG dealers nationwide and a corresponding market share of 4.8% as of 31 December 2018. The Company's current distribution network for its LPG is mostly in Visayas and Mindanao however it will make significant efforts to carve out a larger market share in Luzon, which is the country's biggest LPG market.

Strengthen aviation trading and service segment. With the robust growth in domestic and international tourism in the Philippines, the Company is expanding its presence in aviation by marketing itself as the logistics partner of choice for leading domestic airlines. The Company further expanded its business with Cebu Pacific, its exclusive logistics partner in Mindanao for over 13 years, to include Luzon and Visayas, where it likewise services Cebgo. The Company has built a track record of delivering fast and reliable service and quality products that are compliant to stringent industry standards. The Company believes that its strong and trusted reputation that it has successfully built would bode well as it strives to secure future key contracts with other domestic and international airlines. Currently, the Company services Cebu Pacific in 18 airports nationwide.

Improve operational efficiency and drive synergies across the Group

The Company continues to undertake a number of strategic initiatives aimed at improving operational efficiency and driving synergies including:

Expansion of the Company's integrated supply network. The Company continues to make strategic investments in storage and transportation to support its retail network expansion program, and the broadening of its commercial customer base. This includes debottlenecking in the fuel supply chain to improve efficiency, improving vessel and tank turnaround times, lowering cost to serve, and streamlining the lubes supply chain. The Company will continue to maintain an aggressive position on both the expansion of its strategic depot facilities and on growing its transport and logistics network, which the Company believes are crucial to achieving operational efficiencies while increasing petroleum sales volumes.

Focus on the direct importation and regional supply of petroleum products. In October 2017, the regional trading arm of the Company, PNX SG, started its operations. PNX SG was established to ensure the continuous importation supply of its petroleum products. As the Company imports almost 100% of its refined petroleum products, PNX SG has been established as the regional trading hub for the Company's various petroleum requirements, which it sources from a number of foreign suppliers. By diversifying its requirements to multiple suppliers, the Company believes that this provides them much greater pricing flexibility and stability of supply. Aside from diversifying supply sources, importations yield higher gross profit margins due to the multiplicity of price-competitive offshore supply sources. PNX SG has likewise unlocked additional revenue sources for the Company through the supply of fuel and other related products to other players in the ASEAN market. The Company sees this as an opportunity to tap additional addressable demand and benefit in turn from economies of scale resulting from the increased aggregate volume.

Drive synergies and collaboration across Phoenix and the Udenna group of companies. With an extensive platform that includes Phoenix service stations, FamilyMart, Posible, and Phoenix Super LPG for retail/B2C and fuels, lubricants, asphalt, LPG, and potentially LNG for commercial/ B2B, the Company can maximize upselling and cross-selling opportunities. In addition to shipping for its fuels business, the Company can leverage on the other companies under the Udenna group such as the supply chain capabilities of Chelsea Logistics and the culinary expertise of both Enderun Colleges and Conti's to support FamilyMart's pivot to food strategy.

Further simplification and standardization of business processes. The Company will continue to pursue initiatives to simplify and standardize business processes in order to drive efficiencies across the Group and prepare the Company to serve the next phase of growth and expansion. This will build on the successful migration to the standard Enterprise Resource Planning (ERP) of the newly acquired businesses, PLPI and FamilyMart, and creation of a new Shared Services Team that brings together in one team Customer and HR Operations, Procurement Services, Finance Operations, and IT services.

Invest in future growth and innovation through partnerships and acquisition of new businesses that have growth potential and synergies with its portfolio

The Company will continue to invest in technology through data analytics and digital consumer programs, through its 75% acquisition of Action.able., which operates Posible.net, a digital payments platform. Through Posible's ~3,400 retailers, Phoenix's retail touchpoints reach more than 9,000 nationwide. Cognizant of the increasing demand for cleaner and more secure energy alternatives, the Company continues to pursue LNG. The Company believes that LNG will serve as a critical energy source for the future as the Philippines transitions from conventional fuels to renewables in an attempt to de-risk its energy dependence on imported energy resources. LNG will further broaden the Company's suite of offers to its B2B customers.

Enhance the quality of its cash flow generation

The Company aims to pursue the following initiatives aimed at enhancing the quality of its cash flow generation:

Equity Growth through Capital Light Strategy. By leveraging on its existing assets and utilizing such assets in business and strategic investments, the Company will be able to lock in ratable retail volumes as well as capture both supply and marketing margins.

Efficient and Effective Inventory Management. With the value of the inventory comprising about 20% of total assets, on average, the Company recognizes that maintaining unnecessarily high levels of inventory beyond what is required to meet customer demands in a timely fashion is a waste of cash flows. Hence, the Company will continuously work towards more efficient and effective inventory management.

Recent Developments

On 21 February 2019, PVPL acquired 75% equity interest in Origin LPG (Vietnam) Limited Liability Company ("**Origin Vietnam**"), a company engaging in LPG marketing and distribution in Vietnam. The remaining 25.0% equity interest is retained by Cong Ty Tnhh Cong Nghiep ("**CNI**"), a local Vietnamese company specializing in the fabrication of pressurized vessels, as the joint venture partner of PVPL. PVPL is wholly-owned by PEIH, which is a wholly owned subsidiary of the Company.

On 28 February 2019, the Company entered into a Memorandum of Understanding (the "**MOU**") with Philippine National Oil Co. ("**PNOC**") and CNOOC Gas and Power. The MOU provides that the three companies shall explore and discuss business opportunities and cooperation in relation to their equity investments in Tanglawan and other companies relating to the project, PNOC facilities, market development, PNOC banked gas, and future energy projects.

On 5 June 2019, the Company redeemed 500,000 preferred shares. The said preferred shares form part of the 2,000,000 preferred shares issued by the Company on 5 December 2018 through private placement. The Company's Board of Directors has approved and ratified on 14 August 2019 the partial redemption of 500,000 preferred shares.

Corporate History and Milestones

The Company was incorporated in the Philippines on 8 May 2002 under its original name "Oilink Mindanao Distribution, Inc.". On 11 January 2004, the Company amended its Articles of Incorporation changing its name from Oilink Mindanao Distribution, Inc. to "Davao Oil Terminal Services Corp.". On 7 August 2006, the Philippines' Securities and Exchange Commission ("**SEC**") approved the Amended Articles of Incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to "P-h-o-e-n-i-x Petroleum Philippines, Inc."

On 11 July 2007, the Company was listed on the Philippines' Stock Exchange ("**PSE**") with 25.0 % of its outstanding shares offered to the public, becoming the first petroleum company to be publicly-listed after the enactment of the Oil Deregulation Law in 1998. The Oil Deregulation Law encourages petroleum companies to be listed in the PSE.

On 22 May 2017, ES Consultancy Group, Inc. acquired 25.0% of the outstanding capital of the Company from majority stockholders Udenna Corporation and Udenna Management & Resources.

Registration with the BOI

The Company is registered with the Board of Investments of the Philippines ("**BOI**") effective 16 November 2005 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under the Oil Deregulation Law.

Pursuant to its registration, the Company was also entitled to certain tax and non-tax incentives to include an income tax holiday for five years from 16 November 2005 to 15 November 2010 and was required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investment Code of 1987.

The Company obtained additional registration approval from the BOI under the Oil Deregulation Law for its Calaca, Batangas Terminal. This entitled the Company to an income tax holiday on the revenue activities from this additional storage capacity for five years starting 26 February 2010 and expired on 25 February 2015. Another BOI registration was granted to the Davao Terminal expansion facility effective 14 May 2010 and expired on 13 May 2015, which entitled the Company to another set of incentives, including the five year income tax holiday on its Davao Terminal marketing and storage activities.

The Company was also registered with the BOI on 25 November 2010 as a new industry participant with new investment in storage, marketing and distribution of petroleum products under the Oil Deregulation Law for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Company was required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. This expired on 24 November 2015.

The Company obtained new registration approvals from the BOI for two of its then-new facilities. Both the Cagayan de Oro City and the Bacolod City facilities were registered and issued certification by the BOI on 10 May 2012, entitling the Company to an income tax holiday for five years from registration until 9 May 2017 plus other fiscal and non-fiscal incentives accorded to BOI-registered entities.

The Company also obtained new approvals with the BOI for its four new facilities. Expansions of Villanueva, Oriental Mindoro and Calaca, Batangas facilities were registered and issued certification by the BOI on 24 November 2017 and 22 December 2017, respectively and are due to expire on 23 November 2022 and 22 December 2022, respectively. New facilities in Tayud, Cebu and Calapan, Mindoro were likewise registered and issued certification by the BOI on 9 September 2017 and 12 October 2017, respectively, and are due to expire on 9 September 2022 and 12 October 2022 respectively, each entitling the Company to an income tax holiday for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities. These additional income tax holiday incentives will allow the Company to enjoy an effective income tax rate well below 30% as it continuously expands its storage and obtains further incentives from the BOI.

On March 2019, the Company received the BOI's approval for a five year Income Tax Holiday Incentive covering the 26.072 million liters capacity of its new General Santos City Depot facility.

On April 2019, the Company received the BOI's approval for a five year Income Tax Holiday for an additional 16.1 million liters covering additional capacity for ADO products at its Calaca Import Terminal facility.

Under its registration, with respect to its transactions relating to its BOI registered investments, the Company is also entitled to certain tax and non-tax incentives. Details of these registrations are as follows:

Location of Project	Date of Registration	Income Tax Holiday	
		Period	**Expiry**
Davao................................	November 2005	5 years	November 2015
Calaca, Batangas..............	26 February 2010	5 years	25 February 2015
Davao Expansion..............	14 May 2010	5 years	13 May 2015
Zamboanga	25 November 2010	5 years	24 November 2015
Bacolod City	10 May 2012	5 years	9 May 2017
Cagayan De Oro City........	10 May 2012	5 years	9 May 2017
Villanueva, Misamis Oriental	24 November 2017	5 years	24 November 2022

Tayud, Cebu City	9 September 2017	5 years	9 September 2022
Calapan, Mindoro	12 October 2017	5 years	12 October 2022
Calaca, Batangas Expansion	22 December 2017	5 years	22 December 2022
General Santos	March 2019	5 years	March 2024
Calaca...............................	April 2019	5 years	April 2024

Milestones

Certain key dates and milestones for the Company's business are set forth below.

2002	The Company was established by Dennis A. Uy on 8 May in Davao City.
2004	The Company was renamed Davao Oil Terminal Services Corporation.
2005	Cebu Pacific Air became the Company's first customer. In addition, the Company opened its first five gas stations in Davao and Mindanao and introduction of the "Phoenix Fuels Life" brand.
2006	The Company was renamed "P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC." In addition, lubricants are added to the Company's product line and the Company acquired its first shipping vessel, which later became its own business, Chelsea Shipping Corporation.
2007	The Company listed on the Philippine Stock Exchange on 11 July and became the first oil company to list on the PSE after the passage of the Oil Deregulation Law in 1998.
2008	The Company opened its very first Luzon station in Marikina.
2009	The Company's 100th gas station is opened in General Santos City. In addition, the Company opened a station in Cebu, the Company's first station in Visayas. In the same year, the Company acquired a 60-hectare industrial park in Batangas, which would later be known as Phoenix Petroterminals and Industrial Park.
2011	The Company inaugurated its most modern terminal facility in Cagayan de Oro.
2012	The Company reached 300 retail stations since establishment 10 years ago, becoming the largest independent oil retailer in the Philippines.
2013	The Company inaugurated Phoenix CME (Coco Methyl Esther) Manufacturing Plant in Cagayan de Oro. In the same year, the Company launched Phoenix Premium 98, the company's flagship, high-performance fuel.
2014	Several of the Company's larger stations started featuring its well-known services such as fast food, restaurants, convenience stores, car maintenance and others.
2015	The Company launched a revitalised line of lubricants for automotive, commercial and industrial uses.

2016	The Company inaugurated its new corporate headquarters in Davao City. In addition, the Company sold its subsidiaries, Chelsea Shipping Corporation and Phoenix Petroterminals and Industrial Park Corp., to its parent company, Udenna Corporation, to focus on the core business of petroleum.
2017	The Company entered into the LPG business by acquiring Petronas Energy Philippines, Inc. and renaming it Phoenix LPG Philippines, Inc. Further, the Company established PNX Petroleum Singapore Pte Ltd., the Company's regional trading and supply presence. The Company's affiliate, Chelsea Logistics Holdings Corporation, parent of Chelsea Shipping, successfully listed on the Philippine Stock Exchange. Phoenix Petroterminals and Industrial Park was renamed to Calaca Industrial Seaport Park.
2018	The Company acquired Philippines FamilyMart, the country's third largest convenience store chain. In addition, the Company concluded its acquisitions of up to 74.9 % in Action Able. Inc. and Think Able Ltd., thereby acquiring a payment gateway 'Posible' to enhance its digital-payment platform services. In the same year, the Company entered into the bitumen business by forming a joint venture with TIPCO Asphalt and PhilAsphalt Development Corporation. The Company launched Phoenix PULSE Technology, its first proprietary fuel additive, as part of its fuel offerings. The Company likewise received a "notice to proceed" from the DOE in relation to the construction of an integrated LNG import and regasification terminal in Batangas pursuant to an initial memorandum of understanding with CNOOC Gas and Power with the definitive agreements, such as project development agreement and shareholders' agreements, expected to be entered into between the Company and CNOOC Gas and Power in 2019.
2019	The Company entered into the LPG marketing and distribution in Vietnam by forming a joint venture with CNI.

Recognition and Awards

In recognition of the Company's outstanding businesses and high quality services provided, the Company has received numerous awards and recognitions for its operations.

Year	Award/Recognition
2018	The Company was awarded the "Silver Award" as the "Fastest-Growing Company of the Year (Asia, Australia, and New Zealand region)" at the 2018 Stevie Awards by the International Business Awards. Phoenix LPG Philippines, Inc. was awarded the "Outstanding Respondent among Small Firms" at the 2018 BSP Stakeholders Awards by Bangko Sentral ng Pilipinas. The Company's Pinoy Tsuper Hero initiative received the Award of Excellence – Community Relations Category from the Philippine Quill Awards
2017	The Company was awarded "Second Place – Outstanding Large Corporation II for Non-agri-based category" at the Gawad Kaagapay Awards 2017 by the Land Bank of the Philippines.

2015 The Company was awarded the "Outstanding Filipino Franchise in Retail-Large Scale" at the 2015 Franchise Excellence Awards by the Philippine Franchise Association and the Department of Trade and Industry.

2013 The Company was named as a "Top 5 Outstanding Franchise Company", "Top 15 Best in Franchise Support" and "Top 15 Fastest-Growing Franchises" by Entrepreneur Magazine in its Franchise Awards 2013.

The Company was named the "Best Independent Oil Company in Asia" by London-based World Finance magazine for its Oil and Gas awards 2013.

2012 The Company was named the "Best Independent Oil Company in Asia" by London-based World Finance magazine for its Oil and Gas awards 2012.

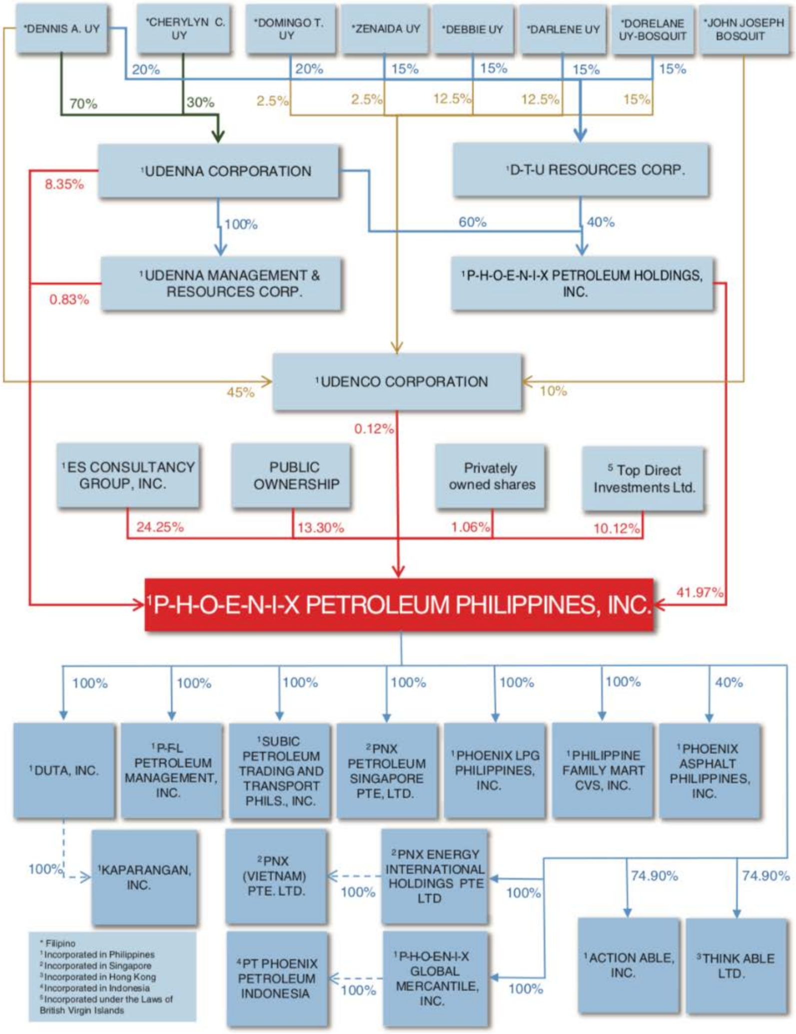
The Company was awarded the "Third Best Small Cap Company in the Philippines" by Finance Asia.

Recommended Franchise Brand – BPI Family Savings Bank cites the Company as one of the recommended franchise brands in the Ka-Negosyo Best List.

Ownership and Corporate Structure

The Company is a publicly listed company. The principal shareholders of the Company include P-h-o-e-n-i-x Petroleum Holdings, Inc. ("**PPHI**"), ES Consultancy Group, Inc. ("**ESGI**"), Top Direct Investments Limited ("**TDIL**") and Udenna Corporation ("**UC**"). As of 30 June 2019, the Permitted Holders directly or indirectly controlled 51.8% of the outstanding share capital of the Company.

The chart below sets forth the simplified shareholding and corporate structure of the Company as of 30 June 2019.



PPHI was incorporated in the Philippines on 31 May 2006. PPHI's primary purpose is to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. PPHI's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

ESGI was incorporated in the Philippines on 29 December 2016. ESGI is a consulting firm primarily focused on financial strategy, capital mergers and acquisitions as well as joint ventures. ESGI's registered office is located at the Centerpoint Building, Garnet Road, Ortigas Center, Pasig City.

UC (formerly known as Philsummit Corporation) was incorporated in the Philippines on 19 March 2002. UC's primary purpose is to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. UC's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

Top Direct Investments Ltd. is a company organized in the British Virgin Islands. It is owned by businessman Miguel Jose C. Valencia. It is an investment holding company, duly authorized under its Memorandum and Articles of Association to carry on or undertake any business or activity, do any act or enter into any transaction.

Subsidiaries and Joint Ventures

Subsidiaries

The table below sets forth the Company's equity interest in its primary operating subsidiaries, as of the date of this Prospectus, as well as their principal businesses and places of incorporation. The Company also has other marketing and trading subsidiaries and interest in realty companies to support its core business.

Name of Company	Place (Date) of Incorporation	Company's Equity Interest (as of 31 May 2019)	Principal Business
Phoenix Global Mercantile Inc. ("**PGMI**")	Philippines (2006)	100%	Primarily engaged in the sale of acid oil and coconut fatty acid distillates, both by-products from manufacturing of coconut methyl ester.
P-F-L Petroleum Management Inc. ("**PPMI**")	Philippines (2007)	100%	Primarily engaged in the organization, management, administration, operation, supervision and marketing of various kinds of service-oriented companies such as petroleum service stations.
Subic Petroleum Trading and Transport Phils, Inc ("**SPTT**")	Philippines (2007)	100%	Primarily engaged in the buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use and import of petroleum products from Singapore, Thailand and Taiwan and sells petroleum products to companies operating inside Subic Freeport Zone in Zambales.
PNX Petroleum Singapore Pte Ltd ("**PNX SG**")	Singapore (2012)	100%	Primarily engaged in the purchase of all types of petroleum products directly from refineries in the region, and the sale and distribution of petroleum products to both local and regional buyers.
Phoenix LPG Philippines, Inc ("**PLPI**")	Philippines (1995)	100%	Primarily engaged in the buying, selling, storage, distribution and marketing at wholesale of all kinds of goods, including but not limited to liquefied petroleum gas ("**LPG**"), LPG-related products and other petroleum products.
Duta, Inc. ("**Duta**")	Philippines	100%	The property holding company

	(1994)		of PLPI.
Philippine Family Mart CVS, Inc. ("**PFM**" or "**Philippines FamilyMart**")	Philippines (2012)	100%	Primarily engaged in the business of operating CVS under the trademark "FamilyMart" either by direct operations and/or by franchise system in the Philippines, and to conduct business activities related to and in support to the aforesaid CVS platforms including importation and export, advertisement and promotion, and in general, to exercise and perform any and all powers necessary, incidental, or convenient to the business.
Action Able Inc ("**AAI**")	Philippines (2015)	74.9%	Primarily engaged in the business of selling, leasing or distributing electronic devices to distributors, merchants or retailers for the purpose of digital marketing and/or e-commerce/
Think Able Ltd ("**TA**")	Hong Kong (2015)	74.9%	Primarily engaged to handle the trademark of AAI.
PNX Energy International Holdings Pte Ltd ("**PEIH**")	Singapore (2018)	100%	Primarily engaged in managing international investments including expansion of related business activities and operations in the Asia Pacific region.
PT Phoenix Petroleum Indonesia ("**PTPPI**")	Indonesia (2018)	100% (*indirect*)	Primarily engaged in distribution and import of traded goods and merchandise of oil and lubricants in Indonesia.
PNX Vietnam Pte Ltd ("**PVPL**")	Singapore (2018)	100% (*indirect*)	Primarily engaged in the wholesale of solid, liquid, gas fuels and other related products and bottling and storing of LPG in Vietnam.
Kaparangan, Inc.	Philippines (1994)	100% (*indirect*)	Primarily engaged in the business of buying, investing, exchanging, selling of securities and the leasing of land

Joint Ventures

In January 2018, the Company entered into a joint venture agreement with TIPCO Asphalt and PhilAsphalt Development Corporation to establish Phoenix Asphalt Philippines, Inc. ("**PAPI**") in a 40-

40-20 % respective share structure. As of 31 December 2018, the Company continued to hold a 40.0 % interest in PAPI. PAPI is primarily engaged in importing, manufacturing, marketing and distribution of bitumen and bitumen-related products in the Philippines.

On 25 April 2018, the Company entered into a memorandum of understanding ("**MOU**") with CNOOC Gas and Power, a subsidiary of China National Offshore Oil Corporation, the largest offshore oil and gas company in China and also one of the largest independent oil and gas exploration and production companies in the world for the construction of a new integrated liquefied natural gas (LNG) import and regasification terminal in Batangas (the "**LNG Facility Project**"). It is envisaged under the MOU that the Company will purchase and own (a) 40% of shares in Tanglawan Philippine LNG, Inc. ("**Tanglawan**") with the remaining 60% of shares in Tanglawan to be held by CNOOC Gas and Power and (b) 60% of shares in Liwanag Philippine Property Management Inc. ("**Liwanag**") with the remaining 40% of shares in Liwanag to be held by CNOOC Gas and Power. Both Tanglawan and Liwanag are special purpose vehicles. Tanglawan will be responsible for the construction, operation and maintenance of the LNG Facility Project while Liwanag will be responsible for the land and other permit requirements related to the LNG Facility Project. On 21 December 2018, Tanglawan secured a "notice to proceed" from the DOE which stipulated that the LNG Facility Project will be located on a plot of land leased by the Company in Bauan, Batangas. Formal agreements relating to the LNG Facility Project, such as a project development agreement and both shareholder agreements for Tanglawan and Liwanag, are expected to be entered into between the parties during the second half of 2019.

In February 2019, PVPL acquired 75% equity interest in Origin LPG (Vietnam) Limited Liability Company ("**Origin Vietnam**"), a company engaging in LPG marketing and distribution in Vietnam. The remaining 25.0% equity interest is retained by Cong Ty Tnhh Cong Nghiep ("**CNI**"), a local Vietnamese company specializing in the fabrication of pressurized vessels, as the joint venture partner of PVPL. PVPL is wholly-owned by PEIH, which is a wholly owned subsidiary of the Company.

See also "*Note 1(Group Information)*" to the 2018 Audited Financial Statements.

Products

List of Petroleum Products and Lubricants

The Company offers a wide range of petroleum products to cater to the needs of all customers. In February 2018, the Company launched additional products, such as Phoenix PULSE Technology to include in its range of offerings. PULSE is a new petroleum additive for the Company's gasoline and diesel fuel products and aims to provide advanced cleaning and protection properties, and enhanced power and acceleration for users.

Listed below are some of the products offered by the Company:

Fuels	**Description**
Diesel	A low-sulphur product whose carbon content is no more than 2% sulphur.
Premium 98	An environment-friendly premium gasoline with an octane rating of 98. Restores lost engine performance.
Premium	An environment-friendly premium gasoline with an octane rating of 95.
Regular Gasoline	An environment-friendly gasoline with an octane rating of 91.
Kerosine	An environment-friendly gasoline with an octane rating of 91.
Jet A1	Aviation fuel specifically described as Jet A: AFQRJOS Issue (ASTM D 1655-06 or EF STD 91-91 Issue 5, amended March

2006) commonly used by commercial airlines and general aviation.

LPG	Description
Phoenix Super LPG	LPG in cylinders to both household and commercial customers, and in bulk to industrial customers.

Lubricants	Description
Phoenix ZOELO Extreme | API CI-4/SL SAE 15W-40	A high-quality shear-stable diesel engine oil with HDD Formula for engine cleanliness and protection against wear.
Phoenix ZOELO Extra | API CF SAE 40	A premium quality, mono-grade diesel engine oil, for use on older designs of normally aspirated diesel engines where moderate-service conditions prevail.
Phoenix ZOELO Max | API CD/SE SAE 15W-40	A high-performance, heavy-duty diesel engine oil with HDD Formula technology to resist oil thickening by controlling sludge and acid formation and effectively keeps particles in suspension to extend oil filter life.
Phoenix Cyclomax Racing 4T ~ MA2/SL SAE 10W40	A synthetic-blend oil with Active CYCLOBOOSTER additives for excellent engine protection.
Phoenix Cyclomax Titan 4T ~ MA2/SJ SAE 20W50	A multi-grade oil with Active CYCLOBOOSTER additives for superior engine protection.
Phoenix Cyclomax Force 4T ~ MA2/SG SAE 20W40	A premium quality multi-grade engine oil designed to ensure dependable transmission function and clutch operation, complete with Active CYCLOBOOSTER additives for superior engine protection.
Phoenix Accelerate Fully Synthetic I 5W-40	A premium quality, fully-synthetic, 5W-40 engine oil formulated with SPEED BOOSTER, blended using fully-synthetic base oils and advanced additive systems to provide high performance and engine protection under extreme operating conditions.
Phoenix Accelerate Monograde ~ API SF SAE 40	A high-quality, SAE 40 multi-grade engine oil formulated with SPEED BOOSTER additive to provide lubrication to both gasoline and diesel engines in light-duty service requiring API SF performance standards.
Phoenix Accelerate Multi-grade ~ API SJ SAE 20W50	A high-quality, 20W-50 multi-grade engine oil formulated with SPEED BOOSTER to provide excellent lubrication to both gasoline and diesel engines in light-duty service requiring API SJ performance standards
Phoenix Automatic Transmission & Power Steering Fluid ~ Dexron III	A premium blend of Group II base oils and VISCOSITY INDEX (VI) STABILIZER using the latest additive technology, giving exceptional resistance against oxidation and wear, for smoother gear shifting and a lighter drive.

Phoenix Gear Oils | APIGL-4 SAE 90 API GL-4 SAE 140	A blend of Group II base oils and EPF (Extreme Pressure Formula) specifically Sulfur-Phosphorus additive that works on gear systems by forming a thin film to prevent metal-to-metal contact and premature oxidation, resulting in smoother gear operation.
PhoenixGearOils|APIGL-5	Extreme pressure multi-purpose gear lubricants for a wide range of gear units with spur, bevel, helical and hypoid gears and limited-slip differentials.
Phoenix Radiator Coolant	A ready-to-use, environment-friendly, and water-based coolant with Organic Acid Technology (OAT) designed to enhance protection and reliability of the automotive cooling system, meeting the performance standard of ASTM D3306 requirements.
Phoenix Brake & Clutch Fluid DOT 3	A high-quality automotive brake fluid designed for use in conventional hydraulic brake and clutch systems under normal service conditions to provide good brake system response.
Phoenix EP2 Grease | NLGI 2	An all-purpose extreme pressure (EP) grease designed for superior protection.
Phoenix Multipurpose Grease | NLGI3	A multi-purpose (MP) grease designed to enhance protection of ball joints and bearings of automotive and industrial equipment operating under normal and light load conditions and requiring NLGI 3specification.
Phoenix Tractor Transmission Fluid	A high performance Universal Tractor Transmission Oil (UTTO), designed for use in transmissions, hydraulic systems, final drives and wet brakes of tractors and other off-road equipment.
Phoenix Industrial Gear Oils	Premium quality, heavy duty industrial gear oils especially formulated for circulation and bath lubrication systems of spur, helical and worm type of industrial gears.
Phoenix Compressor Synthetic Oil 68	A premium rotary compressor oil formulated with synthetic base stock polyalphaolefins, esters and special additives to ensure exceptional resistance to oxidation, thermal degradation and wear protection compared to mineral base oils. This oil is intended for severe duty rotary screw and vane air compressors.
Phoenix Hydraulic Oils	Made from high-viscosity index paraffinic base oil blended with superior anti-wear additive for use in modern high-pressure hydraulic systems.
Phoenix Heat Transfer Oil	A high quality mineral oil with low vapor pressure, high thermal stability and adequate thermal conductivity for purposes of heat transfer. This oil is recommended for non-pressurized, closed liquid phase heating systems operating at bulk oil temperatures up to 320ºC and with a maximum film temperature of 340ºC.
Phoenix Manta Marine Engine Oils	Heavy duty oils especially designed for the lubrication of high and medium speed trunk piston engines using diesel fuel.
Phoenix Nautilus Cylinder Oil	A highly alkaline cylinder oil especially formulated for cross head

	marine, trunk piston and stationary diesel engines running on high sulphur residual fuels and provided with separate cylinder lubricators.
Phoenix Cycle Fork Oil	A high-quality mineral oil component with high-temperature stability.
Phoenix Cyclomax Scooter Gear Oil	A high-quality SAE 80W90 multi-grade gear oil that provides wear protection and helps reduce friction in automatic gear systems operating in moderate to heavy conditions requiring API GL-4 specifications.

Scope of Business

The Company's two main business segments are trading petroleum and other chemical products on a wholesale basis, and the terminalling and hauling services. The Company offers a comprehensive range of refined petroleum products, lubricants and other chemical products under the *PHOENIX Fuels Life*^{TM} brand name. The major markets in the petroleum industry are retail, industrial, LPG and lube trades. The Company sells its products to both industrial end-users and through a network of retail service stations, LPG dealerships and other retail outlets. The Company also supplies jet fuel at key airports to international and domestic carriers.

Terminalling is a complementary service that involves the storage of these petroleum products, which consist mainly of gasoline, diesel and other petrochemical products. Hauling, likewise a support service, entails the transport and provision of fuel to Phoenix's industrial customers.

In addition to its two main business segments, the Company is also engaged in the business of convenience retailing following its recent acquisition of PFM in January 2018 and in the business of e-commerce payments following its recent acquisitions of AAI and TA in May 2018. Each of these businesses of convenience retailing and e-commerce payments serve to complete the Company's existing two main business segments and have significant growth potential which the Company seeks to capitalize on.

Trading

For the years ended 31 December 2016, 2017 and 2018, the Company's sales revenue from its trading and distribution of petroleum products was ₱29,346 million, ₱44,149 million and ₱87,673 million respectively. For the first quarter of 2019, the Company's sales revenue from its trading and distribution of petroleum products was ₱22,557,852,000. Retail volume (station sales) increased by 50.8% from 31 December 2016 to 31 December 2017 and increased by 0.9 % from 31 December 2017 to 31 December 2018, in each case due to a growth in both station network and same store sales.

Retail Trading

The Company's products are sold through its network of retail service stations. As of 30 June 2019, the Company had 630 retail service stations in the Philippines, representing approximately 7.3 % of the country's total service station count of approximately 8,200, according to the Company's estimates. The Company had sold 2,747 million liters and 1,623 million liters of fuel as of the year ending 31 December 2018 and in the second quarter of 2019 ending June 30, respectively. Most of the Company's retail service stations are located in Luzon, where demand is heaviest. The table below shows the breakdown and growth in the Company's retail service stations from the year ended 31 December 2016 to 31 December 2018:

	As of 31 December 2016		**As of 31 December 2017**		**As of 31 December 2018**		**As of 30 June 2019**	
Region	No.	%	No.	%	No.	%	No.	%
Luzon	216	43.0 %	250	47.0 %	289	48.2 %	304	48.30%
Visayas	73	14.0 %	65	12.0 %	83	13.8 %	86	13.70%

Mindanao	216	43.0 %	215	41.0 %	228	38.0 %	240	38.10%
TOTAL	505	100.0 %	530	100.0 %	600	100.0 %	630	100.0 %

The Company employs two types of retail service station operating structures in the Philippines, namely CODO and DODO. In a CODO retail service station, the Company provides and establishes the station itself including the site and the equipment (storage tanks, dispensing pumps, pylon, signage and other equipment necessary to run the retail service station) and supply of petroleum products but third party dealers operate the CODOs. CODO retail service stations are normally established in locations where the Company sees the need to construct larger retail stations based on local market evaluation, wherein existing dealers cannot afford the initial outlay for construction. The current standard CODO dealership agreements generally have a term of five years, renewable for another five years. In a DODO retail service station, the third party dealer provides the site and builds the required civil structures based on the Company's site selection criteria and station design standards and operates the DODOs. All necessary equipment and supply of petroleum products are provided by the Company. The terms of the DODO dealership agreements vary, but are usually between 5 to 10 years. In both classifications, the Company is paid a franchise fee. The table below sets out the breakdown in the Company's retail service stations between the CODO and DODO classifications:

	As of 31 December 2016		**As of 31 December 2017**		**As of 31 December 2018**		**As of 30 June 2019**	
Classification	No.	%	No.	%	No.	%	No.	%
CODO	261	52.0	279	53.00%	292	48.70%	309	49.05%
DODO	244	48.00%	251	47.00%	308	51.30%	317	50.32%
COCO	0	0.00%	0	0.00%	0	0.00%	4	0.63%
TOTAL	505	100.0 %	530	100.0 %	600	100.0 %	630	100.0 %

To improve traffic in the Company's retail service stations and increase potential revenues of the Company's non-fuel business, the Company has introduced the concept of a "one-stop shop type station" and established convenience stores and leases space to quick-serve restaurants (such as Jollibee, Chowking, McDonald's and Shakey's) and other consumer service shops in strategic service stations nationwide to enhance the end-user experience for motorists. The convenience stores are under the franchise "FamilyMart" name and system and serve to complement the retail operations of the Company and support the Company's existing dealer network by enhancing the retail station outfits and overall end-user experience. For more information on the Company's convenience stores retailing, please see "*Scope of Business – Convenience Stores Retailing*".

The Company continues to install the point of sale ("**POS**") system across its retail network throughout the Philippines. POS systems are used for gaining efficiencies through automating retail transactions and the proper monitoring of actual sales in service stations. As of 31 December 2018, the Company had installed POS terminals in the majority of its retail service stations in the Philippines.

Retail Franchising and Dealership Agreements

The Company offers franchising options, through dealership agreements, that provide accredited partners the right to operate the Company's retail service stations and the benefit to use the Company's retail operations and management system. When setting up new retail service stations, the Company requires a total operating area of at least 800 to 1,000 square meters, depending on economic sense, inclusive of a 30-meter frontage. These stations should likewise be located along highways or main thoroughfares to maximize healthy foot traffic and revenue potential. Generating the most volume-driven profit is the main focus of the area selection process to ensure that potential dealers are given enough incentive to invest. Potential dealers have to undergo a similarly stringent assessment process by the Company and viable partners are selected based on their financial capability, business acumen, and character. The Company selects its dealers by forming a dealership selection panel that is composed of representatives from various departments of the Company such as the sales department, the legal department and the finance department. The stringent assessment process serves to safeguard the sustainability of the Company's growth plans of 50 to 80 stations on an annual basis over the next five years.

In support of its franchisees, the Company provides comprehensive assistance to its business partners. Prior to commencement of operation, the Company provides its business partners site evaluation assistance and station lay-out assistance and general pre-opening and start-up assistance. As part of its operational support, the Company provides and installs the retail service station equipment (including storage tanks, dispensing pumps, pylon signage and other equipment), technical training for the relevant staff, continuous research and product development and continuous visits, guidance and business evaluation support. In terms of sales and marketing, support by the Company is provided through the use of the "Phoenix" brand, system and design, sales territory protection and local marketing and promotion assistance.

The pertinent terms of the dealership agreements entered into between the Company and its dealers are as follows:

Term	The current standard dealership agreements are effective for a period of five years, renewable for another five years at the option of the Company.
Scope	In consideration of the compliance by the dealer with the requirements of the dealership agreement, the Company grants to the dealer the right to operate a retail service station and use the equipment and the Phoenix System developed by the Company. The Company provides and installs storage tanks, dispensing pumps, pylon signage and other equipment to operate the system which will be its equity, among others, while the dealership agreement is in force.
Training and Assistance	The Company makes familiarization training courses available to the dealer and his/its employees. In addition, for the first 10 days of the first month of operation of the dealer's facility, the Company assigns one of its representatives to the facility, at the Company's expense, to assist the dealer in facilitating the opening of the retail service station. During this period, such representative will also assist the dealer in establishing and standardizing procedures and techniques essential to the operation of the station and shall assist in training personnel. The dealer may be required to attend refresher or training sessions and dealership meetings with the Company at such duration and frequency as the Company may determine.
Operations Manual	During the term of the dealership agreement, the Company loans to the dealer a copy of the operations manual containing reasonable, mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by the Company for the operation of the retail service stations and information relative to other obligations of the dealer under the dealership agreement and the operation of its facility.
Advertising and Promotions	The dealer is required to fully participate in all marketing, sales promotion, advertising and other incentive programs suggested, allowed and may be initiated by the Company for its retail stations. The dealer shall pay the Company an annual advertising and promotions fee. All advertising and promotion programs of the dealer for the station over and above programs and activities of the Company shall be subject to the Company's approval, and the dealer shall have no right to use any Company identification or advertising without the Company's consent.
Standards of Quality and Performance	The dealer agrees to purchase petroleum products only from the Company and sell only petroleum products from the gasoline retail station. The dealer further agrees that should he purchase petroleum products from any other source, he is liable to pay a fine of P1.0 million per delivery from unauthorized suppliers. The retail service station shall at all times be under the direct, on-premises supervision of the dealer and the dealer shall spend at least four hours daily in the station and, during his absence,

	be represented by a trained and competent employee acting as supervisor.
Defaults and Termination	The dealership agreement shall, at the option of the Company, terminate automatically upon delivery of notice to the dealer, if the dealer fails to meet Company standards on sales, safety, customer service, payments and standard operating, financial and legal requirements as outlined in the dealership agreements and operating manual.

Commercial and Industrial Trading

The Company is the second largest fuel supplier to the Philippine industrial sector based on internal estimates of the Company. As of 31 December 2018, commercial and industrial clients account for approximately 42.0 % of the Company's mix of clients with retail clients accounting for the remaining 58.0 % It presently services the fuel requirements of a large base of major customers across various industries in the Philippines. These include the air, land and sea transport sectors (Cebu Pacific, Cebgo, 2Go, Magsaysay Lines, JAC Liner, CLC, Trans-Asia Shipping), banana and pineapple plantations (Unifrutti Group of Companies, Sumifru Philippines Corp.and Lapanday Group of Companies), mining companies (Adnama Mining, Carrascal Mining, Apex Mining, Nickel Asia), the power sector (Davao Light, PSALM, Napocor, Meralco, Aboitiz Power, Cebu Private Power Corporation, East Asia Utilities Corporation, Western Mindanao Power Corporation), the manufacturing sector (Steel Asia, Century Pacific) and the construction and property sectors (DMCI, Ayala Land, Inc.).The products are usually delivered to the respective areas of operations of the client. However, for high-volume accounts, the Company sets up its own pump station within the clients' area of operations. As of 31 December 2018, the Company had more than 550 direct industrial account customers.

LPG, Lubricants, Specialities and Petrochemicals

The Company entered the fast-growing market for liquefied petroleum gas in the Philippines following its acquisition of Petronas Energy Philippines, Inc in August 2017 and has provided a platform to diversify the Company's business and also underlined the Company's environmental responsibility for providing an affordable, green and highly efficient energy source. The Company is one of the leading LPG providers in the Philippines LPG market in terms of market share which the Company estimates to be approximately 4.79 %[10] as of 30 June 2018. As of 31 December 2018, the Company had 89 LPG dealers nationwide.

The Company currently markets its Phoenix Super LPG in 11-kg (in both compact-valve and pol-valve), 22-kg, and 50-kg cylinders as well as in bulk tanks for household, commercial, industrial and agricultural use through outlets, dealers and direct accounts. From the Company's LPG owned and leased refilling plants, cylinders are refilled and distributed to dealers, commercial, and industrial accounts. Bulk tanks are delivered straight to industrial customers from the refilling plants.

While the Company's current network for the sale of its LPG products is mostly in Mindanao and Visayas, the Company remains committed to significantly growing its sale of its LPG product in Luzon, which is the biggest market for LPG within the Philippines.

The Company has a comprehensive, high-standard product line of lubricants for automatic and industrial use that enhance engine protection, spend and power. Lubricants are sold to businesses and available in all the Company's retail service stations nationwide and further marketed through a network of appointed distribution business partners in the Philippines to various industry segments namely automobile and motorcycle workshops and in hardware and retail stores.

Asphalt

As part of the Company's growth, diversification and addition of complementary industries to its existing core businesses of fuel trading, the Company will be entering into the asphalt industry following its joint

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[10] Based on the total market demand for LPG products based on industry data from the DOE. See the section entitled "*Industry Overview*" of this prospectus for a more detailed discussion.

venture agreement in January 2018 with TIPCO Asphalt, the leading manufacturer and distributor of asphalt products in Asia Pacific, and PhilAsphalt Development Corporation to which PAPI was established. Through PAPI, the Company is engaged in the manufacture, operation, marketing and distribution of asphalt and asphalt-related products in the Philippines. The Company believes that its entry into this new business segment comes at a time when macroeconomic conditions in the Philippines are seen as exceptionally favorable for construction and infrastructure projects where it is expected that demand for asphalt products and road building and paving materials will grow from new private developments as well as from new public initiatives. The inclusion of asphalt as part of the Company's portfolio will complement and complete the Company's range of petroleum-related product offerings. As of the date of this Prospectus, the asphalt plant has not commenced operations.

The company is also looking into building a partnership with Colas Group, a major French civil engineering firm specializing in road construction and rail track construction. Instead of selling asphalt as a commodity, which is the route taken by some of the Company's competitors, the Company intends to look into the purchase of technology and equipment to improve and develop the actual asphalt product for future use.

Loyalty Programmes

The Company actively pursues initiatives to improve customer service and promote customer loyalty. On 26 April 2018, the Company launched the Phoenix RCBC Bankard Mastercard, a lifestyle credit card which offers exclusive benefits for motorists and points for rewards. Customers receive fuel rebates and discounts on Phoenix gasoline and diesel engine oils at participating Phoenix Fuel Stations nationwide, and towing and roadside assistance among others. As of 31 December 2018, the Company had issued approximately 2,051 Phoenix RCBC Bankard Mastercard.

PTC is the loyalty program of the Company for professional drivers, including jeepney, cab, tricycle, bus and transport network vehicle service drivers where members can earn and accumulate points which are redeemable for free home appliances, gadgets, gift certificates, internet and mobile prepaid load, and insurance plans. In addition, each active member qualifies for a basic personal accident insurance. As of 31 December 2018, there were approximately 50,000 PTC members nationwide.

Importation

The Company imports almost 100.0 % of its petroleum requirements from a number of foreign regional sources, including its wholly-owned subsidiary PNX SG. The Company imports its refined petroleum products from neighboring Asian countries such as Taiwan, Singapore, China, Korea and Thailand. The Company believes that the larger number of offshore suppliers allows for much greater pricing flexibility and stability of supply. The Company is not dependent on a single or limited number of suppliers for its supply of products.

Importations are conducted mainly through the issuance of letters of credit, while domestic purchases are conducted through invoices. Products are purchased based on the prevailing domestic wholesale price or on the basis of the average Means of Platts Singapore ("**MOPS**") plus an agreed premium. To maintain flexibility in supply, the Company does not maintain any long-term supply contracts with its major suppliers. The Company currently does not have any hedging transactions for its importation requirements.

Contribution of foreign sales to revenues

Through PNX SG, the Company's revenues from sales in the ASEAN region amounted to P244.93 million or 0.5 % of total revenues for the year ended 31 December 2018 and P21,001 million or 23.7 % of total revenues for the year ended 31 December 2018. This translated to a restated net income after tax from foreign sales of P5 million or 0.33 % of the Company's total net income after tax for the year ended 31 December 2017 and to a net income after tax from foreign sales of P396 million or 14.0 % of the Company's total net income after tax for the year ended 31 December 2018. Revenues and net income contributed by foreign sales amounted to nil for the year ended 31 December 2016.

The Group derives revenue from the transfer of goods and services in the following primary geographical markets and major goods or service lines:

FY2018	Trading	Logistics	Total
Philippines	66,671,556	824,182	67,495,738
Singapore	21,001,167	-	21,001,167
Total	87,672,723	824,182	88,496,905
Note 21 of SEC17A end Dec 2018			

1Q19	Trading	Logistics	Total
Philippines	17,561,821	63,526	17,625,347
Singapore	6,452,110	-	6,452,110
Total	24,013,931	63,526	24,077,457
Note 4 of SEC 17Q end March 2019			

Sales and Marketing

The Company continues to improve and upgrade its sales and marketing team which is presently manned by experienced industry professionals. Retail territory managers are primarily responsible for prospecting suitable locations and dealers. They also handle business dealings and maintain business relationship with the dealers as well as audit compliance with the Company's standards. In addition, commercial accounts managers are responsible for developing and maintaining business relationships with all other accounts except for retail station dealers. Lubes accounts managers handle high street and lubes distributor accounts for lubricants, chemicals and other car care products. Retail engineers attend to the logistical needs of retail service stations while the equipment maintenance group services the maintenance needs of the retail service stations and commercial accounts.

Terminalling and Hauling Services

For the quarter ended 30 June 2019 and the years ended 31 December 2016, 2017 and 2018, the Company generated revenues from its terminalling and hauling services of P125.2 million, P1,105 million, P394 million and P938 million, which constituted 0.6%, 3.6 %, 0.9 % and 1.2 % of total revenues in each respective year. As of 31 December 2018, 266 of the Company's employees are staffed for its terminalling and hauling services.

Terminalling and Hauling

The Company's terminalling and hauling services involve leasing out of storage space in its terminal depots, hauling and into-plane services (hauling of Jet A1 fuel to airports and into-plane services such as aircraft refueling).

As of 31 December 2018, the Company had oil depots strategically located throughout the Philippines to address its nationwide operations and client base. Each of these depots has supplementary port facilities to accept sea-going fuel tankers which allows the Company to directly receive importations into its depots, minimising the need to transport fuel by land from remote ports to the depots. These port facilities provide the Company with the flexibility to efficiently transfer fuel in between its depots where required. As of 31 December 2018, the Company had a total depot storage capacity of 378 million litres. Having its own depot enables the Company to more reliably and efficiently serve the fuel and lubricant needs of its growing retail services station network. The Company's largest terminal is in Calaca, Batangas at the Calaca Industrial Seaport Park (formerly Phoenix Petroterminals and Industrial Park).

The Company's into-plane services are available in 18 airports, including Davao City, Cagayan de Oro, General Santos City, Cotabato, CDO/Iligan Laguindingan, Butuan City, Ozamis City, Pagadian City, Zamboanga, Ozamiz, Pagadian City, Dumaguit, Bacolod, Kalibo, Iloilo, Caticlan, Tacloban, Cebu Mactan, Roxas City, San Jose, Mindoro, and Ninoy Aquino International Airport. The Company has been providing terminalling, hauling and into-plane services for the Mindanao operations of Cebu Pacific, the Philippines' largest airline. The Company currently provides services to Cebu Pacific in a total of 18 domestic airports, two in Luzon, eight in Visayas, and eight in Mindanao.

Terminalling and Depot Locations

The table below sets out the Company's existing terminal and depot capabilities as of 31 December 2018.

Import Terminals	Capacity (in million litres)
Calaca Terminal	133.0
Davao Terminal	40.0
Villanueva Terminal	81.0
Subic Terminal	42.0
General Santos Terminal	26.6
Sub-total (Terminals)	**322.6**
Depots	
Zamboanga Depot	14.0
Cebu Depot(Owned)	18.3
Bacolod Depot	10.0
Dumaguit Depot	8.0
Calapan Depot	5.0
Sub-total (Depots)	**55.3**
Total Capacity	**377.9**

Distribution

Imported products are offloaded directly at the Company's depots, which have port facilities of their own to accommodate fuel tankers. The Company's depots and terminals have receiving facilities and multiple product storage tanks for liquid fuels. From its oil depots, products are distributed to the various retail service stations and direct consumer and industrial accounts using company-owned and third-party tanker trucks, and a variety of smaller delivery vans and pick-ups for lubricants.

The Company also currently uses shipping vessels owned by CSC, an affiliate of the Company, for the transportation of petroleum products from the supplier's terminal to the Company's importation terminals in Davao, Cagayan De Oro, Subic and Batangas. The Company also uses shipping vessels of CSC as well as other third-party vessels for trans-shipments to other depots within the Philippines. With this easy access to critical logistical support, potential risks of supply disruptions due to scarcity of sea vessels are minimized.

Other Business Segments

Convenience Stores Retailing

Following its acquisition of Philippines FamilyMart in January 2018, the Company entered the fast-growing convenience retailing industry through a new exclusive franchise agreement of the FamilyMart branch of convenience stores in the Philippines. FamilyMart is one of the world's largest convenience store retailers, currently operating in East Asia, including Japan, Taiwan, China, Thailand, Malaysia, Indonesia, Vietnam and the Philippines. The FamilyMart chain is a subsidiary of Tokyo-based FamilyMart Uny Holdings which also owns Japanese supermarket chain Uny. Philippines FamilyMart serves to complement the retail operations of the Company and support the Company's existing dealer network by enhancing the retail station outfits and overall end-user experience. As of 30 June 2019, the Company has 76 such convenience stores located mostly in the central business districts with high traffic flow. Philippines FamilyMart is the leader in the convenience retailing with average daily sales of ₱61,513 as of 31 December 2018.

E-commerce Payment Gateway

The Company entered the e-commerce payment gateway business in 2018 following its acquisition of 74.9% of Action Able, Inc. and Think Able Ltd. As of 30 June 2019, approximately 3,400 'Posible' payment devices have been deployed across the Philippines. The Company aims for 'Posible' to penetrate traditional stores in the future.

Capital Expenditure Projects

Integrated Supply Network Expansion

The Company has established and continues to strengthen an integrated supply network that encompasses importations, terminals, storage depots, lorries, delivery vans, time-chartered vessels and retail service stations to service the requirements of its customers in a seamless and cost-effective manner.

The Company's moves to strengthen and expand its supply network include the following:

<u>Expanding both the geographical distribution and capacity of its storage terminals.</u> The Company has established storage terminals throughout the country in line with the nationwide expansion of its retail network. From a storage capacity of 167.5 million litres as of 31 December 2011, the Company has since then increased its total storage capacity to 394 million litres as of 30 June 2019, with the aim to increase this further in 2019 to support the Company's continued expansion of its retail stations.

<u>Expanding its retail service station network.</u> The Company is targeting to expand its retail service station network by 50 to 80 stations on an annual basis. Certain suitable locations have already been identified and are now in various stages of negotiations, development or construction.

<u>Strengthening its hauling operations.</u> The Company has a fleet of lorry trucks, and refueler trucks and bridging tanks to transport fuel to its retail stations, industrial customers and, in the case of refueler trucks and bridging tanks, for its into-jet operations. The Company will continue to increase its fleet as its customer base grows to ensure timely delivery of its products.

<u>Improving integrated management systems and software.</u> The Company recently upgraded its enterprise resource planning to an SAP A1 system and has since invested in an integrated customer relationship management system. It also continues to roll out and upgrade its 'point-of-sale' system that will enable it to record sales on a real-time basis, thereby allowing more efficient management of inventory and deliveries.

<u>Securing long-term affreightment contract with affiliates.</u> The Company is currently working in tandem with affiliate CSC on a long-term basis for its major shipments from foreign suppliers as well as its local trans-shipments to depots strategically located in various parts of the country. This assures the Company of and uninterrupted inventory delivery not only to its clients but to the Company's various depots that support its retail and commercial network.

Competition

The Company operates in a deregulated business environment, selling its products to individuals, commercial and industrial customers. The enactment of the Downstream Oil Industry Deregulation Law in 1998 effectively removed the rate-setting function of the Philippine government through what was then known as the Energy Regulatory Board, leaving price-setting to market forces. It also opened the oil industry to free competition. See *"Regulatory and Environmental Matters*" for a more detailed discussion of the oil deregulation law.

The Philippine downstream oil industry is dominated by three major oil companies: Petron, Shell and Chevron, which control a combined 52.8% of the total Philippine market as of 31 December 2018. The

Company is the largest independent player in the Philippine downstream oil industry with a total market share of 6.9%[11] as of 31 December 2018 and is well positioned as a credible alternative to major multi-national competitors. Deregulation has seen the entry of more than 200 other industry market participants, rendering the petroleum business more competitive. Apart from Petron and Shell which operate the only petroleum refineries in the Philippines, the rest of the industry market participants are importers of finished petroleum products or purchase finished petroleum products from other market participants in the local market. The Company's main competitors are the major players namely, Petron, Shell and Chevron and the local independent players such as Seaoil and Unioil. The Company competes with other players in the industry in terms of pricing, quality of service and products and strategic locations of its retail service station network, with price being the most important competitive factor.

The Company participates in the reseller (service station), industrial, LPG and lube sectors through its network of service stations, terminals, dealers and distributors throughout the Philippines. In the reseller sector, competition is most dynamic among major firms, as evident in the construction of service stations by Shell, Chevron, Petron, Total Philippines, Seaoil and other new participants in major thoroughfares. The Company has a total of 600 retail service stations as of 31 December 2018. Participants in the reseller and LPG sectors continue to resort to aggressive pricing and discounting in order to expand their market share. The Company is one of the leading LPG providers in the Philippines LPG market in terms of market share which the Company estimates to be approximately 4.84 %[12] as of 31 December 2018. In the industrial sector, while the Company is the second largest fuel supplier to the Philippine industrial sector, the major market participants continue to invest heavily in order to increase their market share and tap new markets. In the lubricants sector, intense competition among both domestic and global brands continues as brands compete for limited shelf space.

The Company is the largest independent player in the Philippine downstream oil industry with a total market share of 6.9 % as of 31 December 2018, behind the three major oil companies which control a combined 52.8 % of the total Philippine market as of 31 December 2018. The Company's retail sales volumes for the years ended 31 December 2016, 2017 and 2018 were approximately 3.17 million barrels, 4.17 million barrels and 4.82 million barrels respectively. The Company's non-retail sales volumes (including industrial, LPG and others) for the years ended 31 December 2016, 2017 and 2018 were approximately 6.33 million barrels, 6.29 million barrels and 12.28 million barrels respectively. The Company believes that its cost-effective approach of doing business, focus on brand building and its integrated supply network, among other things, enables it to be competitive in its target market.

For a more detailed discussion on the trends in the Philippine downstream oil industry, please see the section entitled "*Industry Overview*" starting on page [●] of this Prospectus.

Employees

The Company and its subsidiaries have a total of 1,109 employees as of 30 June 2019 from 990 employees in 31 December 2018:

	As of 30 June 2019	2018	2017
Chairman	1	1	1
President/CEO	1	1	1
Vice President/COO/CFO	5	6	4
Assistant Vice President/General Manager	21	21	16
Senior Manager	4	4	3

[11] Based on the total market demand of petroleum products based on industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.
[12] Based on the total market demand for LPG products based on industry data from the DOE. See the section entitled "*Industry Overview*" of this Prospectus for a more detailed discussion.

Manager	139	129	88
Supervisor	341	343	289
Rank and File	597	485	408
Total	1109	990	810

The increased number of employees is due to the continuing expansion of the business. However, the Company does not expect any significant changes to the number of its employees within the next twelve (12) months.

There are no labor unions in the Company and its subsidiaries nor are there any labor cases filed against the Company and its subsidiaries that may materially affect the Company's financial or operational results or position. All labor cases involving the Company have been disclosed under *Legal Proceedings*.

Aside from the statutory benefits, the Company grants group term life insurance and hospitalization benefits fully paid by the Company. It also provides free uniforms, free meals, and vacation, sickness and emergency leaves and, recently, entitlement to join the employee stock option plan ("**ESOP**") to all its regular employees based on annual performance evaluation.

Research and Development

To improve productivity and profitability, the Company performs research and development which identify areas of improvements in its operations and methods to bring about the needed improvements.

The Company conducts extensive market research to vet potential locations for its new retail service stations. Such research covers foot traffic assessments and profitability studies to gauge the potentials of new retail service stations. Additionally, through its research, the Company ensures that retail service stations are well-distanced from each other so as to maximize revenue potential of each new retail service station.

Intellectual Property

The Company uses its registered trademark *PHOENIX Fuels Life* ™ to identify its brand. This trademark was registered on 27 April 2009. Branding is a cornerstone of the Company's marketing program. It sells its refined petroleum products under the Phoenix trademark and logo. Below are the approved trademarks by the Intellectual Property Office of the Philippines ("**IPOPHIL**") through the Bureau of Trademarks.

Product	**Registration no.**	**Date of Registration**	**Term**
PHOENIX Fuels Life	4-2009-000918	27 April 2009	10 years, until 27 April 2019***
PHOENIX Jet A-1	4-2008-005934	27 October 2008	10 years, until 27 October 2018**
ACCELERATE Supreme	4-2012-005161	26 July 2012	10 years, until 26 July 2022*
ZOELO Extreme Heavy Duty Engine Oil	4-2012-005162	27 April 2012	10 years, until 2 August 2022*
PHOENIX Cyclomax Motorcycle Oils 4T Force	4-2012-005164	27 April 2012	10 years, until 16 August 2022*
ZOELO Diesel Oil	4-2012-005163	16 August 2012	10 years, until 16 August 2022*

PHOENIX Cyclomax Motorcycle Oils	4-2012-005165	3 January 2013	10 years, until 3 January 2023
ACCELERATE Vega Fully Synthetic Motor Oil	4-2012-005169	3 January 2013	10 years, until 3 January 2023
CYCLE Fork Oil	4-2012-00005168	14 June 2013	10 years, until 14 June 2023
2T 2-Stroke Motorcycle Oil	4-2012-00005167	27 September 2013	10 years, until 27 September 2023
2T MAX	4-2012-00005166	12 September 2013	10 years, until 12 September 2023
PHOENIX Premium 98	4-2014-002029	12 June 2014	10 years, until 12 June 2024
PREMIUM 98	4-2014-002028	12 June 2014	10 years, until 12 June 2024
PHOENIX Trip natin 'to	4-2016-00000999	25 August 2016	10 years, until 25 August 2026
Ikaw, Ano'ng Trip mo?	4-2016-00001000	25 August 2016	10 years, until 25 August 2026
Trip natin 'to	4-2016-00001001	26 August 2016	10 years, until 25 August 2026
PHOENIX Accelerate	4-2016-00002282	19 August 2016	10 years, until 19 May 2026
PHOENIX Accelerators	4-2016-00002722	10 June 2016	10 years, until 10 June 2026
PHOENIX ZOELO	4-2016-00002286	21 July 2016	10 years, until 21 July 2026
PHOENIX FuelMasters	4-2016-00002723	7 July 2016	10 years, until 7 July 2026
PHOENIX Zoelo Extreme Heavy Duty Diesel Engine Oil	4-2016-00002287	18 August 2016	10 years, until 18 August 2026
PHOENIX Tsuper Club	4-2016-00014745	24 March 2017	10 years, until 24 March 2027
PHOENIX Premium 98 High Performance Gasoline Fuel with Engine Rejuvenator Additives	4-2016-00014739	20 April 2017	10 years, until 20 April 2027
With Era Engine Rejuvenator Additive	4-2016-00014740	13 April 2017	10 years, until 13 April 2027
With Active Cyclo Booster	4-2016-00014742	13 April 2017	10 years, until 13 April 2027
With Speed Booster	4-2016-00014743	13 April 2017	10 years, until 13 April 2027
PHOENIX FuelMasters	4-2016-00014744	13 April 2017	10 years, until

			13 April 2027
With HDD Formula	4-2016-00014741	4 May 2017	10 years, until 4 May 2027
PHOENIX Super LPG (Red)	4-2017-00009625	5 October 2017	10 years, until 5 October 2027
Phoenix Super LPG (Emerald green)	4-2017-00009626	5 October 2017	10 years, until 5 October 2027
Phoenix Super Gas (Red)	4-2017-00009627	5 October 2017	10 years, until 5 October 2027
Phoenix Super Gas (Emerald green)	4-2017-00009628	5 October 2017	10 years, until 5 October 2027
With HDD Formula	4-2016-00014741	4 May 2017	10 years, until 4 May 2027
Phoenix Pulse Technology	4-2017-00013303	1 March 2018	10 years, until 1 March 2028
Pulse Technology for Enhanced Power & Acceleration	4-2018-00004208	23 August 2018	10 years, until 23 August 2028
KA-POSIBLE DAHIL KAYA NATI N	4-2016-00006870	24 November 2016	10 years, until 24 November 2026
POSIBLE.NET	4-2015-00008864	05 May 2016	10 years, until 05 May 2026

**pending renewal application*
****Application for the New JetA1 logo has been filed and received by the Intellectual Property Office on October 30, 2018.*
****Intellectual Property Office has approved the renewal as per Notice of Issuance document no. 2019/130891 signed on May 29, 2019.*

As of the date of this Prospectus, the Company has not any significant disputes with respect to any of its trademarks.

Permits and Licenses

The Company and its [Philippine operating] subsidiaries hold various government-mandated permits and licenses required by its business. These permits and licenses include, but are not limited to, the following:

Government Agency	Entity	Required Permits/Certificates/Licenses	Issuance Date	Expiry Date
Securities and Exchange Commission	PPPI	Certificate of Incorporation and Certificate of Filing of Amended Articles of Incorporation	12 Nov 2012	N/A
	Phoenix Global Mercantile Inc. ("PGMI")	Certificate of Incorporation with Articles of Incorporation	31 Jul 2006	N/A
	P-F-L Petroleum Management Inc. ("PPMI")	Certificate of Incorporation with Articles of Incorporation	31 Jan 2007	N/A
	Subic Petroleum	Articles of Incorporation	14 Feb 2007	N/A

Government Agency	Entity	Required Permits/Certificates/Licenses	Issuance Date	Expiry Date
	Trading and Transport Phils, Inc ("SPTTI")			
	PNX Petroleum Singapore Pte Ltd ("PNX SG")	Memorandum and Articles of Association	30 Oct 2012	N/A
	Phoenix LPG Philippines, Inc ("PLPI")	Certificate of Filing of Amended Articles of Incorporation	18 Oct 2017	N/A
	Duta, Inc. ("Duta")	Certificate of Filing of Amended Articles of Incorporation	11 Jan 1996	N/A
	Philippine Family Mart CVS, Inc. ("PFM" or "Philippines FamilyMart")	Certificate of Incorporation with Articles of Incorporation	29 Nov 2012	N/A
	Action Able Inc ("AAI")	Certificate of Incorporation and Certificate of Filing of Amended Articles of Incorporation	20 April 2018	N/A
	Think Able Ltd ("TA")	[•]		N/A
	PNX Energy International Holdings Pte Ltd ("PEIH")	[•]		N/A
	PT Phoenix Petroleum Indonesia ("PTPPI")	[•]		N/A
	PNX Vietnam Pte Ltd ("PVPL")	[•]		N/A
	Kaparangan, Inc.	Certificate of Filing of Amended AOI with Amended AOI	12 March 2018	N/A
Relevant government unit	PPPI (Aklan)	Business Permit	10 Feb 2015	31 Dec 2015
	PPPI (Calapan)	Mayor's Permit	16 Jan 2015	31 Dec 2015
	PPPI (Cebu)	Business Permit	23 Jan 2015	20 Apr 2015
	PPPI (Taguig)	Business Permit	22 Jan 2019	31 Dec 2019
	PPPI (Davao)	Mayor's Permit	03 Jan 2019	31 Dec 2019
	PPPI (Davao)	Business Permit	16 Jan 2015	31 Dec 2015
	PPMI	Business Permit	22 Jan 2018	31 Dec 2018
	PLPI	Mayor's Permit	18 Jan 2018	31 Dec 2018
Bureau of Customs	PPPI	Certificate of Registration as Importer	17 July 2018	17 July 2019
	SPTTPI		29 May 2019	28 May 2020
	PLPI		02 July 2018	02 July 2019
Department of Energy	PPPI	Certificate of Accreditation as Participant to the Fuel Bioethanol Program of the Philippines	23 Jan 2019	31 Dec 2019
	PLPI	Standard Compliance Certificate (SCC) as Importer	30 Aug 2018	07 Sep 2021
	PLPI (iligan)	Standard Compliance Certificate (SCC) as Importer	17 Oct 2018	09 Oct 2021
	PLPI (Naga)	Standard Compliance Certificate (SCC) as Importer	23 Jan 2017	24 Jan 2020
	PLPI (Danao)	Standard Compliance Certificate (SCC) as Importer	03 Feb 2016	16 Aug 2019
	PLPI (Iloilo)	Standard Compliance Certificate (SCC) as Importer	17 Feb 2017	17 Mar 2020
	PLPI (Davao)	Standard Compliance Certificate (SCC) as Bulk Plant	28 Aug 2018	09 Oct 2021
	PLPI	Standard Compliance Certificate (SCC) as LPG Marketer	25 Oct 2018	14 Nov 2021

Government Agency	Entity	Required Permits/Certificates/Licenses	Issuance Date	Expiry Date
Bureau of Internal Revenue	PPPI	Permit to Engage in Business as Producer of E10	19 Dec 2018	31 Dec 2019
	PPPI	Permit to Engage in Business as Producer of B2	19 Dec 2018	31 Dec 2019
	PPPI (Bacolod, Calaca, Calapan, Davao, Dumaguit, Subic, Villanueva, Zamboanga)	Permit to Operate Storage Facility	14 Nov 2018	31 Dec 2019
	PPPI (Consolacion, General Santos)	Permit to Operate Storage Facility	29 Jan 2019	31 Dec 2019
	PPPI	Permit to Operate Additional Tanks		31 Dec 2019
	PPPI (Bacolod, Calaca, Calapan, Davao, Dumaguit, Subic, Villanueva, Zamboanga)	Permit to Blend E10	15 Jan 2019	31 Dec 2019
	PPPI (Bacolod, Calaca, Calapan, Davao, Dumaguit, Subic, Villanueva)	Permit to Blend B2	15 Jan 2019	31 Dec 2019
DENR	PPPI (Calaca)	Chemical Control Order Registration Certificate	13 Aug 2018	
	PPPI (General Santos)	Environmental Compliance Certificate	04 Dec 2018	N/A
	PPPI (Aklan)	Environmental Compliance Certificate	05 Mar 2012	N/A
	PPPI (Calapan)	Environmental Compliance Certificate	24 Mar 2017	N/A
	PPPI (Bacolod)	Environmental Compliance Certificate	19 May 2011	N/A
	PPPI (Calaca)	Environmental Compliance Certificate	25 Oct 2012	N/A
	PPPI (Cebu)	Environmental Compliance Certificate	18 Nov 2015	N/A
	PPPI (Davao)	Environmental Compliance Certificate	19 Nov 2012	N/A
	PPPI (Dumaguit)	Environmental Compliance Certificate	05 March 2012	N/A
	PPPI (Villanueva)	Environmental Compliance Certificate	16 June 2016	N/A
	PPPI (Zamboanga)	Environmental Compliance Certificate	22 Dec 2015	N/A
	PPPI (Subic)	Environmental Compliance Certificate	30 Sep 2010	N/A
	PPPI (Bacolod)	Certificate of Accreditation to Rico T. Ureta as Pollution Control Officer	27 Nov 2015	27 Nov 2018
	PPPI (Calaca)	Certificate of Accreditation to Hallmark He-Cireel A. Carrillo as Pollution Control Officer	03 Dec 2018	03 Dec 2021
	PPPI (Calapan)	Certificate of Accreditation to James Jeorge V. Rodillo as Pollution Control Officer	29 Jan 2016	29 Jan 2019

Government Agency	Entity	Required Permits/Certificates/Licenses	Issuance Date	Expiry Date
	PPPI (Cebu)	Certificate of Accreditation to Arnie L. Yparraguirre as Pollution Control Officer	05 Jul 2017	05 Jul 2020
	PPPI (Cebu)	Certificate of Accreditation to Jessie D. Lara as Managing Head	05 July 2017	05 Jul 2020
	PPPI (Villanueva)	Certificate of Accreditation to Ivy Donna Ville J. Mantantuan as Pollution Control Officer	08 June 2017	07 Jun 2018
	PPPI (General Santos)	Certificate of Accreditation to Abdul Jalal M. Sambarani as Pollution Control Officer	31 Aug 2018	31 Aug 2021
	PPPI (Zamboanga)	Certificate of Accreditation to Jhonrey A. Campahios as Pollution Control Officer	23 Oct 2017	23 Oct 2020
	PPPI (Aklan)	Permit to Operate (in relation to Philippine Clean Air Act)	09 Jun 2014	15 Oct 2019
	PPPI (Bacolod)	Permit to Operate (Air Pollution Source and Control Installations)	5 Feb 2018	15 Jan 2023
	PPPI (Bacolod)	Permit to Operate (Air Pollution Source and Control Installations) for Diesel engine generating set	01 Mar 2013	15 Feb 2018
	PPPI (Calaca)	Permit to Operate (Air Pollution Source and Control Installations) for Horizontal tanks	05 Feb 2018	31 Aug 2022
	PPPI (Calaca)	Permit to Operate (Air Pollution Source and Control Installations) for fuel storage tanks	10 Apr 2017	28 Feb 2022
	PPPI (Calapan)	Permit to Operate (Air Pollution Source and Control Installations) for diesel pump	18 Sep 2015	17 Sep 2020
	PPPI (Cebu)	Permit to Operate (Air Pollution Source and Control Installations)	16 Nov 2016	16 Nov 2018
	PPPI (Davao)	Permit to Operate (Air Pollution Source and Control Installations)	11 Oct 2018	11 Oct 2019
	PPPI (Aklan Depot)	Permit to Operate (Air Pollution Source and Control Installations)	09 Jun 2014	15 Oct 2019
	PPPI (Villanueva)	Permit to Operate (Air Pollution Source and Control Installations)	3 January 2018	15 Dec 2018*
	PPPI (Zamboanga)	Permit to Operate (Air Pollution Source and Control Installations)	4 January 2016	28 March 2020
Board of Investments	PPPI (Cagayan De Oro City)	Certificate of Registration	10 May 2012	10 years from start of commercial operations
	PPPI (Bacolod)	Certificate of Registration	10 May 2012	10 years from start of commercial operations
	PPPI (Calaca)	Certificate of Registration	26 Feb 2010	10 years from start of commercial operations
	PPPI (Villanueva)	Certificate of Registration	24 Nov 2017	10 years from start of commercial operations
	PPPI (Consolacion)	Certificate of Registration	19 Sep 2017	10 years from start of commercial operations

**items with asterisks are have their renewals ongoing*

DESCRIPTION OF PROPERTY

The Company's properties consist mainly of its terminal, depot facilities, head office building, pier and pipeline structure and its accessories, steel cylindrical tanks, and stocks of all petroleum products stored and contained inside the depot. The properties disclosed under this section are the principal properties of the Company and its subsidiaries. There are no principal properties aside from the properties mentioned in this section.

Aside from acquisitions done in the ordinary course of its businesses, the Company does not foresee any significant acquisition within the next 12 months.

Under the terms of agreements covering the liabilities under trust receipts, certain inventories of petroleum products released to the Company are held in trust for the bank. The Company is accountable to the bank for the trusteed inventories or their sales proceeds.

Operating Sites

The Company operates a network of terminals and depots as bulk storage and distribution points throughout the Philippines and corporate offices across the Philippines to facilitate its operations. Its airport installations serve the fuel requirements of the airline industry and other aviation accounts.

Corporate Offices

Davao Head Office (Leased)	Phoenix Bulk Depot, Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City 8000
Manila Office (Leased)	25th Floor, Fort Legend Towers, 3rd Avenue corner 31 st Street, Fort Bonifacio Global City, Taguig City 1634
Cebu City Office (Leased)	Phoenix Maguikay Gasoline Station, M. C. Briones St., National Highway, Maguikay, Mandaue City, Cebu 6014
Bacolod City Office (Leased)	Door 5-7, Ground Floor, JFC Bldg., Palanca Avenue, BREDCO Reclamation Area, Bacolod City
General Santos City Office (Leased)	2nd Floor, JMP Building 1, South Osmena St., General Santos City 9500
Cagayan de Oro City Office (Leased)	Suite 1& 2, 8th Floor, Limketkai Gateway Center, Lapasan, Cagayan de Oro City 9000

Depots and Terminals

Calaca Terminal (Owned)	Km 117, Barangay Salong, Phoenix Petroterminal and Industrial Park, Calaca, Batangas
Davao Terminal (Leased)	Stella Reyes Hizon Road, B.O Pampanga, Lanang, Davao City
Villanueva Terminal (Owned)	Zone 4, Barangay Katipunan, Villanueva, Misamis Oriental Dumagsa, Talisayan, Zamboanga City
Subic Terminal (Leased)	Unit 113/115, Alpha Bldg., Subic International Hotel, Rizal Highway, Subic Bay Freeport Zone, 2222
General Santos Terminal (Owned)	Tambler, General Santos City
Zamboanga Depot (Leased)	Dumagsa, Talisayan, Zamboanga City

Cebu Depot (Owned)	Tayud, Consolacion, Cebu
Bacolod Depot (Partially owned)	BREDCO, Port Reclamation Area, Cambodia Street, Bacolod City
Dumaguit Depot (Owned)	Dumaguit, New Washington, Aklan
Calapan Depot (Leased)	Sitio Silangan, Brgy. Lazareto, Calapan City, Mindoro

Airport Installations

Francisco Bangoy International Airport	Daang Maharlika Highway, Buhangin, Davao City, Davao del Sur
Iloilo International Airport	Iloilo Airport Access Road, Cabatuan, Iloilo
Zamboanga International Airport	Moret Field, Barangay Canelar, Zamboanga City

Under-development Projects

Asphalt Plant (expected to complete in the fourth quarter of 2019)	Km 117, Barangay Salong, Phoenix Petroterminal and Industrial Park, Calaca, Batangas
LNG regasification terminal in Batangas	Barangays San Andres, Maghinao and Sto. Domingo, Bauan, Batangas

In the retail market, the Company has 630 retail service stations throughout the Philippines as of 30 June 2019, representing approximately 7.3%. of the country's total service station count of approximately 8,200 based on the Company's internal estimates. Most of these stations are located in Luzon where demand is the heaviest.

All of the foregoing properties are in fair condition and, with respect to the properties owned by the Company, are free from any mortgage, lien or encumbrance.

Description of Certain Leased Properties

Headquarters

The Company's headquarters, where substantially all of its operations are conducted from, is currently located at Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City. The premises are covered by existing lease contracts with UC and the Heirs of Stella Hizon Reyes, as lessors.

The lease contract with UC shall be for a term of 25 years commencing in March 2002, subject to renewal upon terms and conditions to be agreed to by the parties. The Company shall pay UC a monthly rental at the rate of P12 per square meter, or a total of ₱132,000 per month, plus 10% value-added tax and 5% withholding tax. The rate shall be subject to a 10% increase every succeeding year commencing in August 2005. The lease contract with the Heirs of Stella Hizon Reyes is effective for 17 years, since 20 March 2010, subject to renewal upon terms and conditions to be agreed to by the parties. The Company shall pay a monthly rental at the rate of ₱18 per square meter for the first two years of the contract which shall be increased at a rate of 10% after every two years until the termination of the contract.

The leased premises shall be used exclusively by the Company for its storage of petroleum and fuel products and for its pier facilities or any other related business. The Company is prohibited from using the leased premises for any other purpose without the prior written consent of the lessors. The Company may not introduce improvements or make alterations or changes without the written consent of UC, except the construction of the necessary offices, storage tanks and other improvements required by the business of the Company. UC shall have the right to pre-terminate the lease on any of the following grounds: (a) non-payment of rentals for at least two consecutive months; (b) if the Company, at any time, fails or neglects to perform or comply with any of the covenants, conditions, agreements or restrictions stipulated in the lease contract; or (c) if the Company shall become insolvent. UC shall give the Company one month's notice prior to the intended date of termination. The Company may pre-terminate the lease, upon thirty-days' prior written notice to UC.

Terminal/Depot Sites

The Company likewise executed valid lease agreements over various parcels of lands in various areas of the country where its terminals/depots are located and established as part of its expansion program, namely:

Zamboanga City (Zamboanga Depot)

The Company entered into a lease agreement with Jordan Fishing Corporation for an area of 10,000 square meters for a period of 10 years, with an option to renew for another five years. The said lease agreement commenced 16 November 2008. The depot in Zamboanga City has a 5.5 million liter capacity that supports the retail network and the commercial and industrial accounts.

Bacolod City (Bacolod Depot)

A land area consisting of approximately 5,000 square meters was leased by the Company from Jordan Fishing Corporation for 10 years starting 1 January 2008 with an option to renew for another five years. The Depot in Bacolod City has a 9 million liter capacity that supports the retail network and the commercial and industrial accounts in the area.

Calapan City (Calapan Depot)

A land area consisting of approximately 3,723 square meters was leased by the Company from Benjamin Espiritu for 20 years which commenced from September 2013 with an option to renew for another 10 years. This is the site of the Company Depot to support its retail network and the commercial and industrial accounts in the area.

Davao City (Davao Terminal)

This is the site of the Company Depot, warehouse, and Davao City (head) office. A land area consisting of approximately 11,000 square meters was leased by the Company from the heirs of Stella Hizon for a term of 25 years which commenced on 20 March 2002. The lease area was subsequently increased to 16,000 square meters on 27 September 2006 and on 19 April 2010 was further increased to 23,963 square meters. The additional leases are co-terminus with the original contract.

Subic Bay Freeport Zone (Subic Terminal)

A facility located in the Subic Bay Freeport Zone in Zambales operated by the Philippine Coastal Storage and Pipeline Corporation (PCSPC) who is the lessee and operator of the facility from the Subic Bay Metropolitan Authority (SBMA). This is covered under the Storage Agreement originally executed on 21 September 2012 with its Amendment no. 7 for the period of 8 October 2018 until 7 April 2019, between the Company PCSPC. As of the date of this Prospectus, the Company is in the process of renewing the Storage Agreement.

Lease of Properties where CODOs are located

In addition to the lease covering the premises where the Company's headquarters is located, the Company has existing lease contracts with various property owners covering the properties where its CODOs are situated. These lease contracts are typically for a term of 10 to 15 years, subject to renewal upon such terms and conditions as may be agreed upon in writing and signed by the parties. The Company shall pay monthly rentals, subject to annual escalation ranging from 3.0 % to 10.0 %, plus applicable real estate and government taxes. The leased premises may be occupied and used by the Company exclusively as a retail service station. In some areas, the leased premises for the CODOs include the operations of convenience stores, coffee shops, service bays and other facilities as might be deemed appropriate for a gasoline/retail service station. The Company is permitted to assign or sublet the leased premises subject to notice to the lessors. As of 31 December 2018, there were leases covering 240 CODO retail service stations: 118 in Luzon, 56 in Visayas and 66 in Mindanao. Expenses under these leases amounted to ₱334 million for the year ended 31 March 2018.

The Company continually evaluates available properties for sale and lease based on the needs of the Company's businesses and expansion plans.

Insurance

The Company's comprehensive insurance policies cover its terminal, depot facilities, head office building, pier and pipeline structure and its accessories, steel cylindrical tanks, and stocks of all petroleum products stored and contained inside the depot against any incidents of fire/lighting, typhoon and floods with extended coverage to include loss or damage directly caused by explosion, falling aircraft, vehicle impact and smoke.

All the trucks and tankers owned by the Company are covered with third party liability and comprehensive insurance. The products carried by heavy equipment are covered with in-land cargo insurance. The Company believes that its insurable assets are adequately covered.

The Company considers its insurance coverage to be in accordance with industry standards.

LEGAL PROCEEDINGS

As set forth below, the Company is involved in ongoing legal cases the outcome of which may or may not have a material adverse effect on its operations and profitability. While the final outcomes of these legal proceedings are not certain, the Company believes it has strong legal grounds in each of these legal proceedings. In certain cases, the Company has made provisions in its financial statements for possible liabilities arising from adverse results of these legal proceedings.

Legal proceedings involving the Company

As of the date of this Prospectus, neither the Company nor any of its subsidiaries is a party to, nor are their properties the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Company's business, financial condition and results of operations.

Legal proceedings involving the Company's directors and officers

Violation of the Tariff and Customs Code of the Philippines

In May 2011, the Philippines' Bureau of Customs (the "**BOC**") filed before the Philippines' Department of Justice (the "**DOJ**") a complaint against Dennis A. Uy, the Company's President and Chief Executive Officer and other respondents for an alleged violation of Sections 3602, 2501(l)(1) &(5), 1801, 1802 and 3604 of Presidential Decree No. 1464 (as amended), otherwise known as the Tariff and Customs Code of the Philippines. In November 2012, the DOJ dismissed the case due to lack of probable cause against all respondents. In April 2013, the DOJ, upon motion for reconsideration filed by the BOC, reversed its earlier resolution and recommended the filing of criminal complaints against the respondents. The DOJ filed 25 criminal complaints against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, 22 of which were filed with the Regional Trial Court of Davao City while the other three complaints were filed with the Regional Trial Court of Batangas City.

With respect to the complaints filed with the Regional Trial Court of Batangas City, Dennis A. Uy filed an Omnibus Motion for the Determination of Lack of Probable Cause on 2 September 2013. The Regional Trial Court of Batangas City granted the motion on 17 September 2013, dismissing all three complaints. In response to this, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge Ruben A. Galvez, but was subsequently denied on 6 December 2013. As no appeal was filed therefrom, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that the Orders dated 6 December 2013 and 17 September 2013 were already final and executory on 7 July 2014.

With respect to the complaints filed with the Regional Trial Court of Davao City, the Regional Trial Court of Davao City ordered the dismissal of the criminal cases against Dennis A. Uy on 14 October 2013. The subsequent Motion for Reconsideration of the Plaintiff was also denied in an Order dated 18 August 2014. In response to the order, the Petitioner filed with the Court of Appeals in Cagayan de Oro City a Petition for Certiorari (the "**Petition for Certiorari**") under Rule 65 of the Rules of Court on 27 October 2014.

On 12 October 2016, the Court of Appeals dismissed the Petition for Certiorari, and Dennis A. Uy received a copy of the Decision on 24 October 2016. The Petitioner then filed a Motion for Reconsideration (the "**Motion for Reconsideration**") with the Court of Appeals and Dennis A. Uy received a copy of the Motion for Reconsideration on 10 November 2016. On 25 January 2017, the Court of Appeals dismissed the Motion for Reconsideration, upholding its previous decision. On 27 March 2017, the Petitioner filed the Petition for Review and Dennis A. Uy received a copy of the Petition for Review on 4 April 2017. As of the date of this Prospectus, the Supreme Court has yet to issue a resolution directing the respondents, including Dennis A. Uy, to comment on the Petition for Review.

In the event that the Supreme Court issues such a resolution directing Dennis A. Uy to comment on the Petition for Review and thereafter issues a ruling granting the Petition for Review, Dennis A. Uy could be subject to trial in respect of the alleged violations of the Tariff and Customs Code of the Philippines. While the Company will continue to assert the same defences for Dennis A. Uy, there can be no assurances that there will be a favourable outcome in the proceedings or that there will be no future appeals in the proceedings from the other parties. In the event that Dennis A. Uy is convicted of the alleged violations of the Tariff and Customs Code of the Philippines, he could be subject to a monetary fine ranging from P600 to P5,000 and imprisonment ranging from six months to two years and consequentially, may also lose his eligibility as President and CEO of the Company. In addition, while the Company believes that the eventual monetary liability under the proceedings, if any, will not have a material or adverse effect on the Company's financial position and results of operations, the Company could still be subject to reputational damage and there can be no assurance that there will not be any unforeseen impact on its business and operations thereafter.

Others

Several complaints of Grave Coercion, Robbery and Libel were filed against the Sales Team of South Mindanao and other officers, including all the members of the Board of Directors except for Domingo T. Uy, Paul G. Dominguez and Carolina Inez Angela S. Reyes, in relation to the Company's closure and takeover of six Phoenix Fuel Stations in Davao City. These complaints were dismissed by the Davao City Prosecutor's office.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence, tax and regulatory matters have been filed by and against the Company, by and against its employees/directors/officers and/or third parties, the results of which will not significantly affect the financial standing of the Company.

Except for the above, to the best of the Company's knowledge there has been no occurrence during the past five years up to the date of this Prospectus of any of the following events:

(a) Any insolvency or bankruptcy petition filed by or against the Company or any of its directors or officers or any business of which such person was a director, general partner or executive officer either at the time of the insolvency, bankruptcy and any other similar proceedings or within two years prior to that time;
(b) Any conviction by final judgment in a criminal proceeding, domestic or foreign or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offences;
(c) Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
(d) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Further, neither the Company nor any of its officers and directors have become the subject of legal proceedings for suspension of payments or other debt relief within the past five years, or otherwise been unable to pay their debts as they mature or have made or threatened to make an assignment for the benefit of, or a composition or arrangement with, creditors or any class thereof, or shall declare a moratorium on indebtedness.

REGULATORY AND ENVIRONMENTAL MATTERS

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

Downstream Oil Industry Deregulation Law

Republic Act No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998 (the "**Oil Deregulation Law**"), provides the regulatory framework for the downstream oil industry in the Philippines.

Under the Oil Deregulation Law, any person may import or purchase any quantity of crude oil and petroleum products from foreign and domestic sources, lease or own and operate refineries and other downstream oil facilities, and market such crude oil and petroleum products either in a generic name or in its own trade name, or use the same for its own requirements. The same law declared as policy of the state the liberalization and deregulation of the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally clean and high quality petroleum products.

To ensure the attainment of these objectives, the DOE, in consultation with relevant government agencies, promulgated the Implementing Rules and Regulations of the Oil Deregulation Law in March 1998 through Department Circular No. 98-03-004 and the Supplementing Rules and Regulations of the Oil Deregulation Law in June 1998 through Department Circular No. 98-06-009. The rules require any person or entity engaged in any activity in the downstream oil industry to comply with the notice, reportorial, quality, health, safety and environmental requirements set forth therein.

The DOE is the lead government agency overseeing the oil sector. With the enactment of the Oil Deregulation Law, the regulatory functions of the DOE were significantly reduced. Deregulating the downstream oil industry effectively removed the rate-setting function of the then Energy Regulatory Board, leaving price-setting to market forces. DOE's current function is solely to monitor prices and violations under the law, which includes prohibited acts such as cartelization and predatory pricing.

Other functions of the DOE under the Oil Deregulation Law include the following:

(a) monitoring and publishing the daily international crude oil prices, following the movements of domestic oil prices, monitoring the quality of petroleum products and stopping the operation of businesses involved in the sale of petroleum products which do not comply with national standards of quality;

(b) monitoring the refining and manufacturing processes of local petroleum products to ensure that clean and safe technologies are applied;

(c) maintaining a periodic schedule of present and future total industry inventory of petroleum products to determine the level of supply;

(d) immediately acting upon any report from any person of an unreasonable rise in prices of petroleum products; and

(e) in times of national emergency, when the public interest so requires, during the emergency and under reasonable terms, temporarily taking over or directing the operations of any person or entity engaged in the industry.

Promotion of Retail Competition

Pursuant to the Oil Deregulation Law's objective to promote a competitive petroleum product market at the retail level, the DOE is mandated to promote and encourage the active and direct participation of the private sector and cooperatives in the retailing of petroleum products through joint venture or supply agreements with new industry participants for the establishment and operation of gasoline stations. Under prevailing rules and regulations, new industry participants are given preference in the (i) formulation and implementation on management and skills training for the establishment, operation, management and maintenance of gasoline stations and (ii) grant of gasoline station training and loans to be used as capital for the establishment and operation of gasoline stations.

Rules Relating to Retailing of Liquid Petroleum Products

In November 2017, the DOE promulgated Department Circular No. 2017-11-0011 or the Revised Rules and Regulations Governing the Business of Retailing Liquid Fuels (the "**Revised Retail Rules**"). The Revised Retail Rules apply to all persons engaged or intending to engage in the business of Retailing Liquid Fuels. Liquid Fuels refer to gasoline, diesel, and kerosene.

A person intending to engage in the business of retailing liquid petroleum products must notify the Oil Industry Management Bureau ("**OIMB**") of its intention to engage in such activity and, upon compliance with the requirements under the Liquid Petroleum Products Retail Rules, secure a certificate of compliance ("**Certificate of Compliance**") from the OIMB. The certificate shall be valid for a period of five (5) years. The owner or operator of a retail outlet shall be deemed to be engaged in illegal trading of liquid petroleum products if such owner or operator operates a retail outlet without a Certificate of Compliance. Storage and dispensing of liquid fuels that are for own-use operation shall not be covered by the Revised Retail Rules only upon issuance of a Certificate of Non-Coverage ("**CNC**") by the DOE. Prior to the commencement and operation of the business of retailing liquid petroleum products, a Fire Safety Inspection Certificate issued by the Bureau of Fire Protection of the Philippines ("**BFP**") pursuant to Republic Act No. 9514, otherwise known as the Fire Code of the Philippines of 2008 ("**Fire Code**"), and an Environmental Compliance Certificate ("**ECC**") have to be obtained as well.

The Revised Retail Rules likewise imposes: (i) mandatory standards and requirements for new retail outlets and minimum facility requirements for existing retail outlets; (ii) rules and procedures relating to fuel storage, handling, transfer and/or dispensing of liquid fuels; (iii) requirements of other types of retail outlets; (iv) the conduct of inspection and monitoring by the OIMB; (v) rules and procedures relating to liquid fuels quantity and quality standards; and (vi) fines and/or sanctions against prohibited acts.

Liquid petroleum products dispensed at retail outlets must comply with the Philippine National Standards. The Prohibited Acts include illegal trading, adulteration, underdelivering, refusal/ obstruction of inspection and sampling, hoarding, and continuing to operate after an order or notice of cessation of operation has been issued by the DOE. The refusal of inspection shall constitute prima facie evidence of the commission of Prohibited Acts under the Revised Retail Rules.

In addition to the foregoing, the Company is required to obtain a permit or clearance from the Philippines Department of Environment and Natural Resources (the "DENR") prior to any importation of slop/used/waste oils, sludge and similar petroleum products pursuant to Republic Act No. 6969 or the Toxic Substances, Hazardous and Nuclear Wastes Control Act of 1990. The Company believes that its facilities and operations comply in all material respects with the requirements of the Oil Deregulation Law.

In respect of the operation of retail gasoline stations, the Company's dealership agreement with its dealers provides that the dealers shall be responsible for securing all the necessary permits from the BFP, DENR and OIMB as required under the Oil Deregulation Law, and such other permits and licenses required by the local government unit and/or the national Government.

Environmental Laws

The Company's operations are subject to evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations address, among other things, air emissions, wastewater discharges, generation, handling, storage, transportation, treatment and disposal of oil products, workplace conditions and employee exposure to hazardous substances.

Among the permits applicable to the Company are the ECC, wastewater discharge permit, and the permit to operate a standby generator from the DENR.

In order to address air pollution from mobile and stationary sources, equipment that emits or may emit air pollutants may only be operated upon obtaining a Permit to Operate from the DENR. An application for a Permit to Operate must be filed for each source emitting regulated air pollutants, but facilities having more than one source may group the sources under a single permit application.

Phoenix retail service stations, as well as its petrochemical depots and storage facilities, are required to secure an ECC prior to their start of operations.

The Company believes that its facilities comply in all material respects with all applicable safety, health and environmental laws and regulations.

The DENR, through its regional offices or through the Environmental Management Bureau (the "**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("**IEE**") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is mandatory. Presidential Proclamation No. 2146 classified petroleum and petro-chemical industries as environmentally critical projects.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by the EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

The cost of complying with environmental regulations is mainly made up of the equipment and facilities required to be put up in each of the service stations. The estimated average cost of complying with environmental regulations is P50,000 per retail service station.

In respect of the operation of retail service stations, the Company's dealership agreement with its dealers provides that the dealers shall be responsible for securing all the necessary permits from the BFP, DENR and OIMB as required under the Oil Deregulation Law, and such other permits and licenses required by the local government unit and/or the national Government. The dealers are required to provide copies of said permits and licenses to the Company, pursuant to the dealership agreements.

The Company and its dealers have secured all government-mandated licenses and permits required for the operation of its business.

The Biofuels Act of 2006

Republic Act No. 9367, also known as the 'Biofuels Act of 2006', as amended, aims to reduce the dependence of the transport sector on imported fuel and, pursuant to such law, regulations mandate that all premium gasoline fuel sold by every oil company in the Philippines should contain a minimum 10% blend of bioethanol starting 6 August 2011. For diesel engines, the mandated biodiesel blend in the country was increased from 1% to 2% starting February 2009.

In June 2015, the DOE issued Department Circular No. DC 2015-06-005, or the Amended Guidelines on E-10 Implementation, which temporarily waives compliance by oil companies with the required bioethanol blend for premium plus grade gasoline products when supply of locally produced bioethanol products is insufficient to meet demand.

In 2008, a Joint Administrative Order known as the 'Guidelines Governing the Biofuel Feedstock Production and Biofuel Blends Production, Distribution and Sale' (the "**Guidelines**") was issued by various Philippine government agencies. The Guidelines mandate oil companies to blend biodiesel with diesel and bioethanol with gasoline. The Guidelines further require oil companies to source biofuels only from biofuel producers accredited by the DOE or from biofuel distributors registered with the DOE. Moreover, unless authorized by the DOE to import in case of shortage of supply of locally produced bioethanol as provided for under the Act, an oil company's failure to source its biofuels from accredited biofuels producers and/or registered biofuel distributors would constitute a prohibited act.

In June 2015, the DOE issued Department Circular No. DC2015-06-007, or the Revised Guidelines on the Utilization of Locally-Produced Bioethanol ("**Revised Guidelines**"), which repealed Department Circular No. 2011-12-0013, or the 'Guidelines on the Utilization of Locally-Produced Bioethanol in the Production of E-Gasoline Consistent with the Biofuels Act of 2006'. The Revised Guidelines require oil companies operating within the Philippines to secure and maintain a DOE accreditation as an 'Oil Industry Participant in the Fuel Bioethanol Program and submit to the OIMB certain reports in order for the OIMB to monitor the oil companies' compliance with the Revised Guidelines, including an annual performance compliance report relating to the oil companies' compliance with the minimum biofuel blends and monthly reports on compliance with local monthly allocations for the use of locally-sourced bioethanol. The Revised Guidelines further require oil companies to strictly comply with the Local Monthly Allocation ("**LMA**"). The LMA refers to the local bioethanol volume imposed on oil companies based on the committed volume by the local bioethanol producers of bioethanol available for lifting by the oil companies and computed and circulated by the OIMB.

In February 2016, the Congress of the Philippines promulgated Republic Act No. 10745, amending the Biofuels Act. The law allows natural gas power generation plants to use neat diesel (instead of the mandated biofuel blend) as alternative fuel during shortages of natural gas supply. The DOE issued Department Order No. 2016-07-0012 or the implementing rules and regulations for Republic Act No. 10745. It provides that the natural gas power generating plants with duly issued Certificate of Compliance from the Energy Regulatory Commission can avail of the use of neat diesel in the following instances:

(a) during maintenance and/or shutdown of facilities used for the supply of natural gas such as pipelines, terminal, etc.,

(b) during force majeure which adversely affect the supply of natural gas to natural gas power plants, or

(c) other analogous instances.

All suppliers of natural gas shall submit to the DOE their preventive maintenance schedule indicating the dates when the suppliers of natural gas would be critical. During force majeure events, the DOE shall determine the affected facilities for proper issuance of certification of the shortage of natural gas supplies.

Philippine Clean Air Act of 1999

Republic Act No. 8749, otherwise known as the "Philippine Clean Air Act", provides more stringent fuel specifications over a period of time to reduce emission that pollutes the air. The Philippine Clean Air Act specifies the allowable sulfur and benzene content for gasoline and automotive diesel. Under the law, oil firms are mandated to lower the sulfur content of automotive diesel oils to 0.05% by weight by January 1, 2004 nationwide. The law also prohibits a manufacturer, processor or trader of any fuel or additive to import, sell, offer for sale, or introduce into commerce such fuel or fuel additive unless these have been registered with the DOE. All the requirements of the said law have been implemented, starting with the phase-out of leaded gasoline in Metro Manila in April 2000 and all over the country in December 2000.

The Technical Committee on Petroleum Products and Additives sets the standards for all types of fuel and fuel related products, to improve fuel consumption for increased efficiency and reduced emissions. The committee is guided by strict time-bound and quality-specific targets under the mandate of the Philippine Clean Air Act and the DOE initiative on alternative fuels.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act", was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

Water Code

The Water Code defines the extent of the rights and obligations of water users and owners including the protection and regulation of such rights.

Under the Water Code, before any person or corporation may appropriate water for industrial purposes, such as the utilization of water in factories, industrial plants, mines, and the use of water as an ingredient of a finished product, a water right as evidenced by a water permit must first be acquired from the National Water Resources Board ("**NWRB**").

Only citizens of the Philippines or juridical persons at least 60% of whose capital is owned by Filipino citizens may apply for water permits. Thus, a corporation not meeting the foregoing nationality restrictions may not apply for or be qualified to hold or be a transferee of water permits.

Water permits may be revoked, modified or cancelled under the conditions provided in this law and may be leased or transferred in whole or in part to another person with prior approval of the NWRB.

Laws and Regulations Involving Liquified Petroleum Gas ("LPG")

Batas Pambansa Blg. 33

Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, provides for certain prohibited acts inimical to public interest and national security involving petroleum and/or petroleum products. These prohibited acts include, among others, (i) illegal trading in petroleum and/or petroleum products, and (ii) under delivery or underfilling beyond authorized limits in the sale of petroleum products or possession of underfilled liquefied petroleum gas cylinder for the purpose of sale, distribution, transportation, exchange or barter. For this purpose, the existence of the facts hereunder gives rise to the following presumptions:

(a) That cylinders containing less than the required quantity of liquefied petroleum gas which are not property identified, tagged and set apart and removed or taken out from the display area and made accessible to the public by marketers, dealers, sub-dealers or retail outlets are presumed to be for sale;

(b) In the case of a dispensing pump in a petroleum products retail outlet selling such products to the public, the absence of an out-of-order sign, or padlocks, attached or affixed to the pump to prevent delivery of petroleum products therefrom shall constitute a presumption of the actual use of the pump in the sale or delivery of such petroleum products; and

(c) When the seal, whether official or of the oil company, affixed to the dispensing pump, tank truck or liquefied petroleum gas cylinder, is broken or is absent or removed, it shall give rise to the presumption that the dispensing pump is underdelivering, or that the liquefied petroleum gas cylinder is underfilled, or that the tank truck contains adulterated finished petroleum products or is underfilled.

The use of such pumps, cylinders or containers referred to in sub-paragraph (a), (b), and (c) above, to deliver products for sale or distribution shall constitute prima facie evidence of intent of the hauler, marketer, refiller, dealer or retailer outlet operator to defraud.

Under the said law, "illegal trading in petroleum and/or petroleum products" is understood to mean, among others, (1) the sale or distribution of petroleum products without license or authority from the OIMB, (2) non-issuance of receipts by licensed oil companies, marketers, distributors, dealers, subdealers and other retail outlets, to final consumers; provided: that such receipts, in the case of gas cylinders, shall indicate therein the brand name, tare weight, gross weight, and price thereof, (3) refilling of liquefied petroleum gas cylinders without authority from the OIMB, or refilling of another company's or firm's cylinders without such company's or firm's written authorization, and (4) marking or using in such cylinders a tare weight other than the actual or true tare weight thereof.

"Underfilling" or "under delivery" refers to a sale, transfer, delivery or filling of petroleum products of a quantity that is actually beyond authorized limits than the quantity indicated or registered on the metering device of container. This refers, among others, to the quantity of petroleum retail outlets or to liquefied petroleum gas in cylinder or to lube oils in packages.

Fire Code Implementing Rules and Regulations

The Implementing Rules and Regulations of Republic Act No. 9514 or the Fire Code of 2008 also outlines requirements for storage and handling of LPG by outside bulk LPG stores and filling stations and the transportation of LPG which require among others, that during the unloading or transfer of LPG, the tank truck shall be located or parked clear of a public thoroughfare, unless the failure to transfer would create a hazard or it is impossible due to topography.

Rules and Regulations Governing the LPG Industry

In January 2014, the Department of Energy issued Department Circular No. 2014-01-0001, or the Rules and Regulations Governing the Liquefied Petroleum Gas Industry (the "**LPG Industry Rules**"). The LPG Industry Rules apply to all persons engaged or intending to engage in the business of importing, refining, refilling, marketing, distributing, handling, storing, retailing, selling and/or trading of LPG.

A Standards Compliance Certificate ("**SCC**") from the OIMB is required before engaging in any LPG Industry Activity. The SCC is valid for a maximum of three calendar years from date of issue and may be renewed. LPG Industry participants must also submit certain reports to the OIMB.

The LPG Industry Rules also imposes (i) minimum standards and requirements for refilling and transportation of LPG; (ii) qualifications and responsibilities for LPG Industry participants such as bulk suppliers, refillers, marketers, dealers, and retail outlets.

Brand owners whose permanent mark appears on the LPG cylinder are presumed under the rules as the owner thereof, irrespective of their custody, and shall ensure that its cylinders comply with all required quality and safety standards. The owner of the cylinders is also required to secure product liability insurance for any liability that may result from an unsafe condition of LPG cylinders.

Rules Pertinent to Auto-LPG Motor Vehicles

On February 13, 2007, the DOE issued DOE Circular No. DC 2007-02-0002 entitled “Providing for the Rules and Regulations Governing the Business of Supplying, Hauling, Storage, Handling, Marketing and Distribution of Liquefied Petroleum Gas (LPG) for Automotive Use” (the “**Auto-LPG Rules**”). The Auto-LPG Rules govern the business of supplying, hauling, storage, handling, marketing and distribution of LPG for automotive use.

Under the rules, an Auto-LPG Industry Participant is required to secure from the DOE through the OIMB an SCC before it can operate. The Auto-LPG also mandates all participants to observe a code of practice consisting of operational guidelines and procedures to ensure the safe operation in the auto LPG business. Illegal trading, adulteration and hoarding are likewise prohibited. Under the Auto-LPG Rules, the following shall constitute prima facie evidence of hoarding: (i) the refusal of Auto-LPG Dispensing Stations to sell LPG products for automotive use shortly before a price increase or in times of tight supply, and in both instances if the buyer or consumer has the ability to pay in cash for the product; (ii) the undue accumulation of Auto-LPG Dispensing Stations of LPG products for automotive use in times of tight supply or shortly before a price increase. For purposes of this Auto LPG Rules, “undue accumulation” shall mean the keeping or stocking of quantities of LPG products for automotive use beyond the inventory levels as required to be maintained by the Auto-LPG Dispensing Stations, for a period of thirty (30) days immediately preceding the period of tight supply or price increase.

The Land Transportation Office (“**LTO**”) also issued Memorandum Circular No. RIB-2007-891 or the “Implementing Rules and Regulations in the Inspection and Registration of Auto-LPG Motor Vehicles.” The Circular requires the device for the use of LPG as fuel by any motor vehicle to be installed only by the conversion/installing shop duly certified by the Bureau of Product and Standards (“**BPS**”) of the Philippine Department of Trade and Industry (“**DTI**”) under its Philippine Standards Certification Mark scheme. The converted vehicle shall be subjected to an annual maintenance and inspection by the BPS certified conversion/installing shop. The BPS certified conversion/installing shop shall issue a corresponding Certificate of Inspection and Maintenance Compliance.

Oil Pollution Compensation Act of 2007

Republic Act No. 9483, otherwise known as the “Oil Pollution Compensation Act of 2007”, imposes strict liability on the owner of the ship for any pollution damage caused within the Philippine territory. Pollution damage is the damage caused outside the ship by contamination due to the discharge of oil from the ship, as well as the cost of preventive measures to protect it from further damage.

The law also provides that any person who has received more than 150,000 tons of “contributing oil” (as explained below) in a calendar year in all ports or terminal installations in the Philippines through carriage by sea shall pay contributions to the International Oil Pollution Compensation Fund in accordance with the provisions of the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage. For this purpose, “oil” includes any persistent hydrocarbon mineral oil such as crude oil, fuel oil, heavy diesel oil and lubricating oil, whether carried on board a ship as cargo or in bunkers of such a ship.

A person shall be deemed to have received “contributing oil,” for purposes of determining required contributions, if he received such oil from another country or from another port or terminal installation within the Philippines, notwithstanding that this oil had already been previously received by him. Where the quantity of contributing oil received by any person in the Philippines in a calendar year, when aggregated with the quantity of contributing oil received in the Philippines in that year by such person’s subsidiaries or affiliates, exceeds 150,000 tons, such person, including its subsidiaries and affiliates, shall pay contributions in respect of the actual quantity received by each, notwithstanding that the actual quantity received by each did not exceed 150,000 tons. Persons who received contributing oil are required to report to the DOE. Contributing oil means crude oil and fuel oil as defined under Republic Act No. 9483.

Republic Act No. 9483 provides for the establishment of a fund to be constituted from, among others, an impost amounting to ten centavos per liter levied on owners and operators and tankers and barges hauling oil and/or petroleum products in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund, will be in addition to the requirement under the 1992 Civil Liability Convention and 1992 Fund Convention and will be administered by the Maritime Industry Authority ("**MARINA**").

In April 2016, the Department of Transportation (then the Department of Transportation and Communications) promulgated the implementing rules and regulations of Republic Act No. 9483. Under the rules, oil companies are required to submit (a) reports on the amount of contributing oil received and (b) sales and delivery reports of persistent oil.

Other Regulations on Water Pollution

Philippine maritime laws and regulations are enforced by two Philippine government agencies: the MARINA and the Philippine Coast Guard. Both are agencies under the Philippine Department of Transportation.

The MARINA is responsible for integrating the development, promotion and regulation of the maritime industry in the Philippines. It exercises jurisdiction over the development, promotion and regulation of all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing and/or maintaining vessels, or component parts thereof, of managing and/or operating shipping lines, shipyards, dry docks, marine railways, marine repair ships, shipping and freight forwarding agencies, and similar enterprises.

To address issues on marine pollution and oil spillage, the MARINA issued: (i) Circular No. 2007-01 which mandated the use of double-hull vessels including those below 500 tons deadweight tonnage by the end of 2008 for transporting Black Products; and (ii) Circular No. 2010-01 for transporting White Products under certain circumstances by 2011.

The Philippine Coast Guard, in a 2005 Memorandum Circular, provided implementing guidelines based on the International Convention for the Prevention of Pollution from Ships, MARPOL 73/78. The guidelines provide that oil companies in major ports or terminals/depots are required to inform the Philippine Coast Guard through its nearest station of all transfer operations of oil cargoes in their respective areas. Furthermore, oil companies and tanker owners are required to conduct regular team trainings on managing oil spill operations including the handling and operations of MARPOL combating equipment. A dedicated oil spill response team is required to be organized to react to land and ship-originated oil spills. Oil companies, oil explorers, natural gas explorers, power plants/barges and tanker owners are also required to develop shipboard oil pollution emergency plans to be approved by the Philippine Coast Guard.

Moreover, both the Clean Water Act and the Philippine Coast Guard Guidelines provide that the spiller or the person who causes the pollution has the primary responsibility of conducting clean-up operations at its own expense.

Foreign Investment Laws and Restrictions

Foreign Investments Act of 1991

Republic Act No. 7042 or the Foreign Investments Act of 1991 ("FIA") liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100.0 % equity in domestic market enterprises, except in areas specified in the Foreign Investment Negative List. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. The oil refining and distribution business is not found in the latest 11th Negative List of the FIA.

In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0 % of whose capital is owned by such citizens.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

(a) a citizen of the Philippines;

(b) a domestic partnership or association wholly owned by citizens of the Philippines;

(c) a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60.0 % of the fund will accrue to the benefit of Philippine Nationals;

(d) a corporation organized under the laws of the Philippines of which at least 60.0 % of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and

(e) a corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of which 100.0 % of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, the FIA states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On 20 May 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the "**Guidelines**") on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities (the "**Nationalized Corporations**"). The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Considering the foregoing, for as long as the Company and its subsidiaries own land, foreign ownership in the Company is limited to a maximum of 40% of the Company's outstanding capital stock entitled to vote. In such case, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

Retail Trade Liberalization Act

Republic Act No. 8762, otherwise known as the "Retail Trade Liberalization Act of 2000" ("**R.A. 8762**"), was enacted into law on 7 March 2000. R.A. 8762 liberalized the retail industry to encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, high quality goods, better services and wider choices. Prior to the passage of the Retail Trade Liberalization Act, retail trade was limited to Filipino citizens or corporations that are 100% Filipino-owned.

'Retail Trade' is defined by R.A. 8762 to cover any act, occupation or calling of habitually selling directly to the general public any merchandise, commodities or goods for consumption. Under R.A. 8762, retail trade enterprises with paid-up capital of less than US$2,500,000 are exclusively reserved for Filipino citizens. Full foreign participation is allowed only if any of the following qualifications are met: (a) with paid-up capital of US$2,500,000 or more provided that investments for establishing a store is not less than US$830,000; or (b) specializing in high end or luxury products, provided that the paid-up capital per store is not less than US$250,000.

Any foreign investor may be allowed to invest in existing retail stores. However, the investment must comply with the paid-up capitalization requirements enumerated above.

Furthermore, foreign investors who are also retailers and invest in existing retail stores are required to be pre-qualified with the Board of Investments before they can buy shares. No foreign retailer is allowed to engage in retail trade in the Philippines unless all the following qualifications are met:

(a) a minimum of US$200 million net worth in its parent corporation for enterprises with paid-up capital of US$2,500,000 or more (provided that investments for establishing a store is not less than US$830,000), and US$50 million net worth in its parent corporation for enterprises specializing in high end or luxury products (provided that the paid-up capital per store is not less than US$250,000);

(b) five retail branches or franchises in operation anywhere around the world unless such retailer has at least one store capitalized at a minimum of US$25 million;

(c) five-year track record in retailing; and

(d) only nationals from, or judicial entities formed or incorporated in, countries which allow the entry of Filipino retailers shall be allowed to engage in retail trade in the Philippines.

The implementing rules of RA 8762 define a foreign retailer as an individual who is not a Filipino citizen, or a corporation, partnership, association or entity that is not wholly-owned by Filipinos, engaged in retail trade. The DTI is authorized to pre-qualify all foreign retailers before they are allowed to conduct business in the Philippines.

Consumer Act of the Philippines

Republic Act No. 7394, otherwise known as the Consumer Act of the Philippines ("**Consumer Act**"), the provisions of which are principally enforced by the DTI, seeks to: (a) protect consumers against hazards to health and safety, (b) protect consumers against deceptive, unfair and unconscionable sales acts and practices; (c) provide information and education to facilitate sound choice and the proper exercise of rights by the consumer; (d) provide adequate rights and means of redress; and (e) involve consumer representatives in the formulation of social and economic policies.

This law imposes rules to regulate such matters as: (a) consumer product quality and safety; (b) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (c) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (d) practices relative to the use of weights and measures; (e) consumer product and service warranties; (f) compulsory labeling and fair packaging; (g) liabilities for defective products and services; (h) consumer protection against misleading advertisements and fraudulent sales promotion practices; and (i) consumer credit transactions.

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging, labeling and advertisement of products and prohibits the manufacture for sale, offer for sale, distribution, or importation of products which are not in conformity with applicable consumer product quality or safety standards promulgated thereunder.

Local Government Code

The Local Government Code ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Other Regulatory Requirements

On September 7, 2010, the DENR issued Department Order No. 2010-23 on the Revised Emission Standards for Motor Vehicles Equipped with Compression Ignition and Spark Ignition Engines, mandating compliance of all new passenger and light duty motor vehicles with Euro IV (PH) emission limits subject to fuel availability, starting on January 1, 2016. Euro IV vehicle emission technology requires a more stringent fuel quality of 0.005% sulfur content for both diesel and gasoline.

Philippine government regulations also require the Company to secure, among others, certificates of conformance of facilities to national or accepted international standards on health, safety and environment, and product liability insurance certificates or product certificate of quality. These certificates, together with the Fire Safety Inspection Certificate and ECC have to be submitted to the DOE for monitoring purposes. Reports to the DOE are required for the following activities/projects relating to petroleum products: (a) refining, processing, including recycling and blending; (b) storing/transhipment; (c) distribution/operation of petroleum carriers; (d) gasoline stations; (e) LPG refilling plant; (f) bunkering from freeports and special economic zones; and (g) importations of petroleum products and additives. In addition, importations of restricted goods require clearances from the proper governmental authorities.

Bureau of Customs

Given that the Company imports almost 100.0 % of its refined petroleum products, there is also a need to take a look at the current requirements of the Bureau of Customs. The latter requires importers to undergo an accreditation and registration process under Customs Memorandum Order (CMO) No. 11-2014 and CMO No. 05-2018. In this case, the term “importer” refers to any person who brings goods into the Philippines, whether or not made in the course of trade and business.

Under Bureau of Customs Department Order 011-2018 dated 9 February 2018, the authority to accredit importers is reverted solely to the Bureau of Customs. Renewals of applications need only the following requirements:

(a) Updated General Information Sheet;

(b) Company profile with pictures of the office with proper and permanent signage;

(c) Address of warehouse owned or leased by the importer where the imported goods are intended to be stored;

(d) Proof of Lawful Occupancy of Office Address and Warehouse;

(e) Updated list of Importables;

(f) Printed Client Profile Registration System (CPRS) Record and “STORED” CPRS notification;

(g) Income Tax Return (ITR) for the past three years; and

(h) Valid Mayor’s Permit

Note that under the Republic Act No. 10863 or the Customs Modernization and Tariff Act (“**CMTA**”), the liability for duties, taxes, fees and other charges attached to importation constitutes a personal debt due and demandable against the importer in favor of the government and shall be discharged only upon payment of duties, taxes, fees and other charges.

Other Relevant Tax-related Regulations

Taxes and duties applicable to the oil industry have had periodic and unpredictable changes over the last several years. The import duty on crude oil was increased on January 1, 2005 from 3% to 5%, but was later reduced to 3% effective as of November 1, 2005.

Under Executive Order No. 527 dated May 12, 2006, upon certification by the DOE that the trigger price levels provided therein have been reached, the 3% import duty on crude oil shall be adjusted to 2%, 1% or 0%. Subsequently, Executive Order No. 850, which took effect on January 1, 2010, modified the rates of duty on certain imported articles in order to implement the Philippines' commitment to eliminate the tariff rates on certain products under the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area ASEAN Trade in Goods Agreement ("**ATIGA**"). Under the ATIGA, crude oil and refined petroleum products imported from Association of Southeast Asian Nations ("**ASEAN**") Member States are levied zero rates. To address the tariff distortion between ASEAN and non-ASEAN Member States brought about by the implementation of the zero duty under Executive Order No. 850 and to provide a level playing field for local refiners to compete with importers, the President of the Philippines issued Executive Order No. 890, which also imposed zero duty effective as of July 4, 2010 for imported crude oil and refined petroleum products, except certain types of aviation gas, from Non-ASEAN Member States.

Republic Act No. 9337, also known as the "**Expanded VAT Law**", imposed a VAT of 10% on certain goods and services, including petroleum products and its raw materials, particularly the sale and importation thereof. The rate was further increased to 12% effective February 1, 2006. The Expanded VAT Law also limited the input VAT tax credit to only 70% of the output VAT. Subsequently, however, Republic Act No. 9361, which was approved on November 21, 2006, removed the 70% ceiling on the credit of input VAT to output VAT. As of November 1, 2005, the implementation date of the Expanded VAT Law, excise taxes on diesel, bunker fuel and kerosene were lifted and excise taxes for regular gasoline were lowered to P4.35 per liter of volume capacity.

The recent imposition of Republic Act No. 10963 (the "**TRAIN Law**") increased the excise taxes imposed on petroleum products based on a scheduled incremental increase in excise taxes from 2018 to 2020 in the following manner:

PRODUCTS	**EFFECTIVITY**			
	Prior to the TRAIN Law	**January 1, 2018**	**January 1, 2019**	**January 1, 2020**
(a) Lubricating oils and greases, including but not limited to base stock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight	₱4.50	₱8.00	₱9.00	₱10.00

(a.1) Locally produced or imported oils previously taxed but subsequently reprocessed, re-refined, recycled, per liter and kilogram of volume capacity or weight	₱4.50			
(b) Processed gas, per liter of volume capacity	₱0.05			
(c) Waxes and petroleum per kilogram	₱3.50			
(d) Denatured alcohol to be used for motive power, per liter of volume capacity	₱0.05			
(e) Asphalts, per kilogram	₱0.56			
(f) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation: per liter of volume capacity	₱4.35	₱7.00	₱9.00	₱10.00
(g) Unleaded premium gasoline, per liter of volume capacity	₱4.35			
(h) Kerosene, per liter of volume capacity	₱0.00	₱3.00	₱4.00	₱5.00
(i) Aviation turbo jet fuel, aviation gas, per liter of volume capacity	₱3.67	₱4.00	₱4.00	₱4.00
(j) Kerosene, when used as aviation fuel, per liter of volume capacity	₱3.677			

PRODUCTS	**EFFECTIVITY**			
	Prior to the TRAIN Law	**January 1, 2018**	**January 1, 2019**	**January 1, 2020**
(k) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity	₱0.00	₱2.50	₱4.50	₱6.00
(l) Liquefied petroleum gas used for motive power, per kilogram	₱0.00			
(m) Bunker fuel oil, and on similar oils having more or less the same generating power, per liter of volume capacity	₱0.00			
(n) Petroleum coke, per metric ton	₱0.00			

<table>
<tr><td>(o)</td><td>Liquefied petroleum gas, per kilogram</td><td>₱0.00</td><td>₱1.00</td><td>₱2.00</td><td>₱3.00</td></tr>
<tr><td>(p)</td><td>Naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, per liter of volume capacity</td><td>₱0.00</td><td rowspan="3">₱0.00</td><td rowspan="3">₱0.00</td><td rowspan="3">₱0.00</td></tr>
<tr><td>(q)</td><td>Liquefied petroleum gas, when used as raw material in the production of petrochemical products, per kilogram</td><td>₱0.00</td></tr>
<tr><td>(r)</td><td>Petroleum coke, when used as feedstock to any power generating facility, per metric ton</td><td>₱0.00</td></tr>
</table>

Republic Act No. 9136, or the “Electric Power Industry Reform Act of 2001”, provides for parity tax treatment among imported oil and indigenous fuels. Prior to the enactment of this law, indigenous fuels were imposed with higher taxes due to royalties to the Philippine government.

Effect of Existing or Probable Government Regulations on the Company’s Business

Oil industry players are required to comply with the laws discussed above, and to follow strictly the guidelines of the DENR and the DOE. There can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations, the introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company’s business could have a material adverse effect on its business, financial condition and results of operations.

CORPORATE GOVERNANCE AND MANAGEMENT

On 7 March 2008, during the regular meeting of the Board of Directors, the Manual of Corporate Governance (the "**Governance Manual**") which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Company. The adoption of the new Governance Manual replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new manual now complies with the SEC requirement that, before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

On 1 April 2011, the Company disclosed and submitted to the Commission and the Exchange a revised Governance Manual pursuant to the SEC Memorandum Circular No. 6 Series of 2009, which shall now apply to registered corporations that have assets in excess of Fifty Million Pesos and whose equity securities are listed on an Exchange.

On 31 July 2014, pursuant to SEC Memorandum Circular No. 9, series of 2014, the Company submitted its revised Governance Manual expounding on definitions of terms, including defining the role of the Board of Directors in corporate governance and emphasis on policies pertaining to independent checking on management. Further, in compliance with SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 8, Series of 2017, the Company submitted its Code of Corporate Governance to the SEC on 31 May 2017 (the "**Code of Corporate Governance**").

The Company's Code of Corporate Governance contains the framework of rules, systems and processes in the Company that governs the performance by the Board of Directors and the management of their respective duties and responsibilities to the stockholders. It mandates the creation of specific board committees in aid of good corporate governance, i.e. a corporate governance committee, board risk oversight committee and related party transaction committee, and requires the Board of Directors to commit itself to the protection of the rights of stockholders. The board committees established under the Code of Corporate Governance are in addition to the board committees constituted under the by-laws of the Company, i.e. an executive committee, a nomination committee, an audit committee and a compensation committee.

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Directors

The Board of Directors of Phoenix is composed of 11 members, three (3) of whom are independent directors. Currently, only two (2) of the members are executive directors, occupying the positions of the President and Chief Executive Officer, and Chairman of the Company.

Set out below are the name, position and year of appointment of members of the Board of Directors of the Company as of the date of this Prospectus.

Name	Position	Date of First Election
Domingo T. Uy	Chairman	May 2002
Dennis A. Uy	Director, President and Chief Executive Officer	May 2002
Romeo B. De Guzman	Director	May 2009
Stephen Anthony T. CuUnjieng	Director	January 2018
Cherylyn C. Uy	Director	March 2004
Jose Victor Emmanuel A. de Dios	Director	January 2007
Frederic C. DyBuncio	Director	May 2017
Monico V. Jacob	Director	June 2008
Consuelo Ynares-Santiago	Independent Director	March 2013
Minoru Takeda	Independent Director	March 2019
Nicasio I. Alcantara	Independent Director	March 2019

Certain information on the business and working experiences of each Director, within the last five years from date of this Prospectus, is set out below. Other relevant information regarding earlier business and working experiences of each Director is also provided.

Domingo T. Uy – *Chairman*

Mr. Domingo T. Uy, Filipino, 72 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

Dennis A. Uy – *Director, President and Chief Executive Officer*

Dennis A. Uy, Filipino, 45 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Udenna Corporation, the parent company, which has businesses in the shipping, logistics, distribution, real estate, and service industries. Among the subsidiaries of Udenna Corporation are Phoenix Petroleum Holdings, Inc. (PPHI), Udenna Management & Resources Corp. (UMRC), Chelsea Logistics Corp., Udenna Investments BV, and Udenna Trade Corporation. The subsidiaries of Phoenix Petroleum Philippines are Phoenix Global Mercantile, Inc., Subic Petroleum Trading & Transport Philippines, Inc., and PFL Petroleum Management. The subsidiaries of Udenna Management & Resources Corp. (UMRC) are Udenna Development Corporation (UDEVCO), Global Synergy Trade and Distribution Corp., Value Leases, Inc., Udenna Capital, PNX-Udenna Insurance Brokers, Udenna Environmental Services, Udenna Energy Corporation, and F2 Logistics. Under UDEVCO are Phoenix Petroterminals & Industrial Park Corp. (PPIPC), Udenna Tower Corporation, and GoHotels Davao. The Chelsea Logistics Corp. has the shipping businesses Chelsea Shipping Corp. and Trans-Asia Shipping Lines. Mr. Uy is also Chairman of Phoenix Philippines Foundation and Udenna Foundation. He is director of shipping and logistics provider 2Go Group, Inc. through his Udenna Investments BV subsidiary KGLI-NM Holdings Inc. He also serves as independent director of Apex Mining Corp. Mr. Uy is a member of the Young Presidents Organization's Philippine chapter and the Philippine Business for Social Progress. Since November

2011, Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. He is a graduate of De La Salle University with a degree in Business Management.

Romeo B. de Guzman – *Director*

Mr. Romeo B. De Guzman, Filipino, 69 years old, was elected Director of the Company in 2009. He is the Vice Chairman and Senior Strategic Adviser, and previously was Chief Operating Officer of the Company, bringing over 40 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to December 2006. He was with the said company holding various management and executive positions. Prior to that, he worked at Getty Oil Philippines Inc. for 10 years. Mr. De Guzman is also the Chairman of the Board of Directors of Mirait Philippines, Inc. He holds a Marketing Management and MBA degrees from San Sebastian College – Manila.

Stephen T. CuUnjieng – *Director*

Stephen T. CuUnjieng, Filipino, 60 years old, was elected as a Director of the Company on January 15, 2018, after being a long-time adviser to the Board. He is Chairman of Evercore Asia Limited, and has substantial and wide experience in investment banking. He has acted as Financial Adviser to several financial transactions of companies involving initial public offerings, major and strategic acquisitions, and mergers of various companies from various industries. He is a member of the Executive Advisory Board for Asia of the Wharton School of Business, and an Independent Director of Century Properties Group and Aboitiz Equity Ventures. He has received several awards and distinctions, such as the Best Independent Advisory Firm in Asia in 2016 for Evercore, and Deals of the Year for various acquisitions. He graduated from Ateneo de Manila University and Ateneo School of Law, and completed an MBA in Finance from the Wharton School of Business.

Cherylyn C. Uy – *Director*

Cherylyn Chiong-Uy, Filipino, 40 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is one of the pioneers/incorporators of Udenna Corporation, the ultimate parent company of Phoenix Petroleum, and which has subsidiaries engaged in the petroleum, shipping, logistics, services, and real estate businesses, among others. She is the Corporate Treasurer of Udenna Corporation. Ms. Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp. Ms. Uy assumed the director position in March 2004.

Atty. J.V. Emmanuel A. De Dios – *Director*

Atty. J.V. Emmanuel A. De Dios, Filipino, 54 years old, was elected Director of the Company in January 2007. He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

Frederic C. DyBuncio – *Director*

Frederic C. DyBuncio, Filipino, 58 years old, was elected as a Director of the Company on May 27, 2017. He is the President of SM Investments Corporation. He is a Director of Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., 2GO Group, Inc., and Pacific Online Systems Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and completed a Master's degree in Business Management from the Asian Institute of Management.

Monico V. Jacob – *Director*

Monico V. Jacob, Filipino, 74 years old, has been a Director of the Company since June, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO, Philippine Women's University and IAcademy.

Consuelo Ynares-Santiago – *Independent Director*

Justice (ret) Consuelo Ynares-Santiago, Filipino, 79 years old, is a retired justice of the Philippine Supreme Court. Justice Ynares-Santiago is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp., and Top Frontier Investment Holdings, Inc. She is the Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After being admitted to the bar, she started her career as a legal officer of the SEC. After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional Trial Court judge, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she became the chairperson of the Supreme Court's 3rd Division and also joined various committees, among them the Justice on Wheels Program as Chairperson, the Foreign Travel Committee as Chairperson, the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the Presidential Electoral Tribunal. She was also a consultant of the Judicial and Bar Council (JBC) and a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law in the 1998 Bar Examination. Ms. Ynares Santiago assumed the independent director position in March 2013.

Minoru Takeda – *Independent Director*

Minoru Takeda, Japanese, 66 years old is the Chairman of aNew Energy (an advisory company for Renewables/LNG), Senior Advisor of GLX LNG (LNG Trading Platform Company), Director of Oxalis Chemicals KK, and Sr. Advisor of Uyeno Kosan KK. Mr. Takeda was with ExxonMobil for 22 years and with Royal Dutch Shell group for 14 years. He was the Chairman of the Board of Showa Shell KK, Country Chairman of Shell Group of Companies in Japan, and GM of Shell Upstream International in charge of the ASEAN/India LNG Market Development. For Mobil Oil Corporation, in addition to holding key positions in Japan, he was Director of Mobil Oil New Zealand, and has experience in Global HQ Downstream Corporate Planning. He also spent over four years in Deloitte, as Partner of Deloitte Tohmatsu Consulting and served as CEO of Deloitte Tohmatsu Corporate Finance. He holds BS and MS from Keio University and MS from MIT Sloan School of Management. He was a Visiting Researcher at Harvard University, Energy and Environmental Policy Center.

Nicasio I. Alcantara – *Independent Director*

Nicasio I. Alcantara, Filipino, 76 years old, is the Chairman and President of ACR Mining Corporation and Chairman of Conal Corporation. He currently serves as the Chairman of the Corporate Governance Committee of BDO Private Bank, Inc. and is a member of the Bank's Audit Committee and Related Party Transactions Committee. His currently a Director of Alsons Corporation, Alsons Development and Investment Corporation and several other prestigious corporations. Prior to this, Mr. Alcantara also held the position of Chairman and President in various corporations, namely, Petron Corporation, Alsons

Consolidated Resource Inc., Iligan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation, Refractories Corporation of the Philippines, and Alsons Insurance Brokers Corporation. He was also the Chairman of Alsons Prime Investments Corporation. Mr. Alcantara holds a Masters degree in Business Administration (MBA) from Sta. Clara University, California, and a Bachelor of Science degree in Business Administration from Ateneo de Manila University.

The following are the directorships held by the directors in other reporting companies in the last five years:

Name of Director	Name of Reporting Company	Position Held
Consuelo Ynares-Santiago	Top Frontier Investment Holdings, Inc.	Independent Director
Nicasio I. Alcantara	ACR Mining Corporation	Chairman & President
Minoru Takeda	Showa Shell Sekiyu K.K.	Chairman

Senior Management and Executive Officers

Set out below are the names, position and year of appointment of the key executive officers and senior management of the Company as of the date of this Prospectus:

Name	Position	Year Appointed as Officer
Ma. Concepcion F. de Claro	Chief Finance Officer and Treasurer	2018
Henry Albert R. Fadullon	Chief Operating Officer	2017
Socorro T. Ermac Cabreros	Corporate Secretary	2006

Certain information on the business and working experiences of each of the key executive officers of the Company who are not directors is set out below:

Ma. Concepcion F. De Claro – *Chief Financial Officer and Treasurer*

Ma. Concepcion F. De Claro, Filipino, 61 years of age, holds a Bachelor of Science degree in Commerce, Major in Accounting from the Colegio de San Juan de Letran. She has been the Company's Chief Financial Officer since May 2018. She was Director of Alsons Prime Investment Corporation and Alsons Power Holdings Corporation and the Vice-President and Chief Operating officer of Alsons Corporation. She also served as the Director of Limay Energen Corporation and Manila North Harbour Port, Inc. Ms. de Claro also worked with Petron Corporation for several years. She was a Consultant for M&A Projects and a member of the Board of Trustees of Petron Corporation Employees Retirement Fund. She also served as Petron's Vice President for Corporate Planning & Services, Controller for the company and its subsidiaries, and held various positions in Corporate Planning. In addition, Ms. De Claro also served as a Director of New Ventures Realty Corporation, Las Lucas Development Corporation, Petron Marketing Corporation and Petron Freeport Corporation.

Henry Albert R. Fadullon - *Chief Operating Officer*

Henry Albert R. Fadullon, Filipino, 51 years of age, was appointed Chief Operating Officer of the Company on April 17, 2017. Prior to this, he served Shell Shared Services (Asia) B.V. as General Manager for its global businesses. He has over 25 years of experience in the petroleum industry, having held various roles at Pilipinas Shell Petroleum Corp., a decade of which were spent overseas with postings in Malaysia, Oman, and London. He has a wealth of experience in Retail and B2B performing a variety of frontline and functional roles leading into General Management positions. He completed his BS Industrial Management Engineering, minor in Mechanical Engineering, from De La Salle University.

Socorro T. Ermac-Cabreros – *Corporate Secretary*

Atty. Socorro T. Ermac-Cabreros, Filipino, 54 years old, is concurrently the Assistant Vice President for Corporate Legal and Corporate Secretary of the Company. She is also the Corporate Secretary Phoenix Petroleum Holdings, Inc. Prior to joining the Company, Atty. Ermac-Cabreros was a legal counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She was President for the Davao City Chapter of the Integrated Bar of the Philippines, Davao City Chapter from 2009-2011 and President of the Davao Lady Lawyers Association from 2000-2002. Ms. Ermac-Cabreros was first elected as the Corporate Secretary in July 2006.

Share Ownership

The following table sets forth the share ownership of the Company's Directors and executive officers as of 30 June 2019:

<u>Directors</u>

Name	Direct	Indirect	Total direct & indirect shares	% of Total Outstanding Shares
Domingo T. Uy	645,919	-	645,919	0.05
Dennis A. Uy	4,858,811	-	4,858,811	0.35
Romeo B. De Guzman	1,325,746	-	1,325,746	0.09
Stephen T. CuUnjieng	1	-	1	-
Nicasio I. Alcantara	1	-	1	-
Jose Victor Emmanuel A. De Dios	1,050,819	-	1,050,819	0.09
Consuelo Ynares Santiago	1	-	1	-
Monico V. Jacob	1	-	1	-
Minoru Takeda	1	-	1	-
Frederic C. DyBuncio	1	-	1	-
Cherylyn C. Uy	1,098,099	-	1,098,099	0.08

<u>Officers</u>

Name	Direct	Indirect	Total direct & indirect shares	% of Total Outstanding Shares
Socorro Ermac Cabreros	130,516	-	130,516	0.01

Family Relationships

With the exception of Messrs. Domingo T. Uy and Dennis A. Uy who are related to each other by consanguinity within the first civil degree, Debbie Uy-Rodolfo and Mr. Dennis Uy, who are related to each other by consanguinity within the second civil degree, Cherylyn C. Uy and Dennis A. Uy, who are spouses and related to each other by affinity, Domingo T. Uy and Cherylyn C. Uy who are related to each other by affinity, and Domingo T. Uy and Debbie Uy-Rodolfo who are related to each other by consanguinity within the first civil degree, and Cherylyn C. Uy and Debbie Uy-Rodolfo, who are related to each other by affinity, there are no other family relationships either by consanguinity or affinity up to the fourth civil degree among the directors, executive officers, and persons nominated and chosen by the Company to become directors and executive officers of the Company.

Significant Employees

No single person is considered to be making a significant contribution to the Company's business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance

Committees of The Board

Pursuant to the Company's new Manual on Corporate Governance adopted on 7 March 2008, the Board created each of the following committees and appointed Board members thereto.

Audit Committee

The Company's audit committee shall be composed of at least three appropriately qualified non-executive members of the Board of Directors, preferably a majority of whom are independent. All members must have relevant background, knowledge and experience in the areas of accounting, finance and audit. The Company's audit committee has oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

As of the date of this Prospectus, the chairman of the audit committee is Consuelo Ynares-Santiago and its members are Monico V. Jacob and Domingo T. Uy.

Executive Committee

The Company's executive committee shall be composed of at least three members, at least three of whom must be members of the Board of Directors. The executive committee, in accordance with the Company's by-laws and by majority vote of all of its members, acts on specific matters within the competence of, or as may be delegated by, the Board of Directors except as specifically limited by law to the Board of Directors.

As of the date of this Prospectus, the chairman of the Executive Committee is Dennis A. Uy and its members are Romeo B. De Guzman, Raymond T. Zorrilla, Henry Albert R. Fadullon and Ma. Concepcion F. de Claro.

Nomination Committee

The Company's nomination committee shall be composed of at least three members of the Board of Directors, one of whom shall be an independent director. The nomination committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors, as well as those nominated to other positions requiring appointment by the Board of Directors. 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 stockholders' meeting. The Nomination Committee shall likewise 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 Company's information or proxy statement or such other reports required by the SEC.

As of the date of this Prospectus, the chairman of the Nomination Committee is Nicasio I. Alcantara and its members are Minoru Takeda and J.V. Emmanuel A. de Dios.

Corporate Governance Committee

The Company's corporate governance committee shall have the responsibility of assisting the Board in the performance of and compliance with corporate governance responsibilities, including the functions that formerly belonged to the nominations and remuneration committee. The committee shall be composed of at least three members, all of whom shall preferably be independent directors, including the chairperson.

As of the date of this Prospectus, the chairman of the nomination committee is Nicasio I. Alcantara and its members are Minoru Takeda and J.V. Emmanuel A. de Dios.

Compensation Committee

The Company's compensation committee shall be composed of at least three members of the Board of Directors, one of whom shall be an independent director. The compensation committee shall ensure that levels of remuneration shall be sufficient to attract and retain the directors and officers needed to run the Company successfully. A proportion of executive directors' or officers' remuneration may be structured so as to link rewards to corporate and individual performance. It also establishes a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers and provides oversight over remuneration of senior management and other key personnel.

As of the date of this Prospectus, the Company has established Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including functions that were normally assigned to the Compensation Committee.

Risk Oversight Committee

The Company's board risk oversight committee shall be responsible for the oversight of the Company's enterprise risk management system to ensure its functionality and effectiveness. The committee shall be composed of at least three members, a majority of whom shall be independent directors, including the chairman. The chairman shall not be a chairman of the board or of any other committee. At least one member of the committee must have relevant knowledge and/or experience on risk and risk management.

As of the date of this Prospectus, the chairman of the board risk oversight committee is Minoru Takeda and its members are Frederic DyBuncio and J.V. Emmanuel de Dios.

Related Party Transaction Committee

The Company's related party transaction committee shall be primarily tasked to review all material related party transactions of the Company. The committee shall be composed of at least three non-executive directors, two of whom shall be independent directors, including the chairman.

As of the date of this Prospectus, the chairman of the related party transaction committee is Stephen CuUnjieng and its members are Consuelo Ynares-Santiago and Nicasio I. Alcantara.

The Company believes in conducting its business activities in accordance with the utmost degree of governance and control to ensure that its vision and mission are achieved to the strictest standard of competence, excellence and integrity. The Company's Code of Corporate Governance is posted on the Company's official website, www.phoenixfuels.ph.

Compensation

The Company's executives are regular employees and are paid a compensation package of 12 months' pay. They also receive performance bonuses similarly to that of the managerial, supervisory and technical employees.

The members of the Board of Directors who are not employees of the company are elected for a period of one year. They receive compensation on a per meeting participation. There are no other arrangements for which the members of the Board of Directors are compensated

The aggregate compensation paid or estimated to be paid to the executive officers and directors of the Company during the periods indicated below is as follows (in thousands of pesos):

Name & Principal Position		Year	Salary	Bonus
Dennis A. Uy Henry Albert R. Fadullon	President and Chief Executive Officer Chief Operating Officer	2019 (est.)	44,898	4,074

Ma. Concepcion F. de Claro Alan Raymond T. Zorilla William M. Azarcon	Chief Finance Officer VP – External Affairs, Business Development and Security VP – Business Development for Terminals and Depots			
All other officers and directors as a group unnamed		2019 (est.)	80,363	87,060
Dennis A. Uy Henry Albert R. Fadullon Ma. Concepcion F. de Claro Alan Raymond T. Zorilla William M. Azarcon	President & Chief Executive Officer Chief Operating Officer Chief Finance Officer VP – External Affairs, Business Development and Security VP – Business Development for Terminals and Depots	2018	44,453	3,704
All other officers and directors as a group unnamed		2018	73,057	6,088
Dennis A. Uy Henry Albert R. Fadullon Joseph John L. Ong Alan Raymond T. Zorilla William M. Azarcon	President & Chief Executive Officer Chief Operating Officer Chief Finance Officer VP – External Affairs, Business Development and Security VP – Business Development for Terminals and Depots	2017	40,412	3,368
All other officers and directors as a group unnamed		2017	25,542	2,121

Article III, Section 8 of the amended by-laws of the Company provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. For the year ended 31 December 2017 and 31 December 2018, each director received a per diem of ₱30,000 per attendance at Board and Board committee meetings of the Company. There are no other arrangements for remuneration either by way of payments for committee participation or consulting contracts.

The Company ensures that its compensation and benefit packages for its management, officers, staff and rank-and-file are competitive and within industry standards. Promotions and pay raises are merit-based and performance appraisals are conducted regularly. Key personnel are also regularly sent to training programs locally and abroad to ensure that their knowledge and skills are continually updated. The Company has also established a Company-wide succession plan that seeks to improve and increase the longevity and sustainability of its business. To date, the Company keeps a handful of professionals and industry veterans in key positions to keep the business and its operations running at a high level and to cascade the knowledge and experience of these individuals to their respective business units and teams.

Warrants or Options

Please see section on *"Market Price of and Dividends on the Issuer's Common Equity and Related Stockholder Matters-- Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting and Exempt Transaction".*

Principal Shareholders

As of 30 June 2019, the Company had 1,403,304,232 common shares and 21,500,000 preferred shares issued and outstanding. The table below sets forth certain information with respect to direct ownership of the Company's common shares as of 30 June 2019 for each shareholder known by the Company to own more than five percent (5%). of the Company's common shares.

Names	Total Common Shares	Percentage of the Issued Common Share Capital of the Company
Phoenix Petroleum Holdings, Inc.	588,945,630	41.97%
ES Consultancy Group, Inc.	340,270,980	24.25%
Top Direct Investments Limited	142,000,000	10.12%
Udenna Corporation	117,245,918	8.35%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company engages from time to time in a variety of transactions with related parties (including its subsidiaries, affiliates and/or other members of the Udenna Group). Such related party transactions consist of the sale and purchase of goods and services, advances and reimbursement of expenses, lease agreements of real estate properties, contracts of affreightment, administrative service agreements and other contractual services. The Company's policy with respect to related party transactions is to ensure that these transactions are made on a reasonable arms-length basis and entered into under terms comparable to those available from unrelated third parties. For more information regarding the Company's transactions with related parties, see note 27 to the Company's audited consolidated financial statements as of and for the year ended 31 December 2018 included elsewhere in this Prospectus.

With the exception of Domingo T. Uy and Dennis A. Uy, who are related to each other by consanguinity within the first civil degree, Debbie Uy-Rodolfo and Dennis A. Uy, who are related to each other by consanguinity within the second civil degree, Cherylyn C. Uy and Dennis A. Uy, who are spouses and related to each other by affinity, Domingo T. Uy and Cherylyn C. Uy, who are related to each other by affinity, and Domingo T. Uy and Debbie Uy-Rodolfo, who are related to each other by consanguinity within the first civil degree, and Cherylyn C. Uy and Debbie Uy-Rodolfo, who are related to each other by affinity, there are no other family relationships either by consanguinity or affinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers of the Company.

The Company regularly charters marine tankers from its affiliate Chelsea Shipping Corp. for the hauling of its fuel products from suppliers' terminals and from its own depots and to its customers. The Company also sells marine bunkers to affiliates Trans-Asia Shipping, Starlite Ferries and 2Go Group, which are part of Chelsea Logistics Corp.

MARKET PRICE OF AND DIVIDENDS ON THE ISSUER'S EQUITY AND RELATED STOCKHOLDER MATTERS

As of 30 June 2019, the Company has 1,403,304,232 common shares and 21,500,000 preferred shares issued and outstanding. The table below sets forth the Company's top 20 holders of common shares as of 30 June 2019:

No.	Stockholder Name	No. of Shares	% to Total
1	PCD Nominee Corporation (Filipino)	1,130,016,259	78.785%
2	PCD Nominee Corporation (Non-Filipino)	208,301,661	14.523%
3	Phoenix Petroleum Holdings, Inc.	81,861,000	5.707%
4	Joselito R. Ramos	4,812,600	0.336%
5	Dennis A. Uy	3,991,811	0.278%
6	Udenco Corporation	1,614,787	0.113%
7	Dennis A. Uy &/or Cherylyn A. Uy	1,098,060	0.077%
8	Domingo T. Uy	645,919	0.045%
9	Eric U. Lim or Christine Yao Lim	319,000	0.022%
10	Marjorie Ann Lim Lee or Pauline Ann Lim Lee	300,000	0.021%
11	Edwin U. Lim or Genevieve Lim	300,000	0.021%
12	Zenaida Chan Uy	149,058	0.010%
13	Rebecca Pilar Claridad Caterio	148,453	0.010%
14	Socorro Ermac Cabreros	103,316	0.007%
15	Ignaca Syjuco Braga IV	71,019	0.005%
16	Chryss Alfonsus V. Damuy	70,980	0.005%
17	Gigi Quejada Fuensalida	70,980	0.005%
18	Emerick Jefferson Sy Go &/or Girlie Ng Go	64,592	0.005%
19	Rodolfo B. Apilado	53,235	0.004%
20	Rameses Victorius G. Villagonzalo	40,000	0.003%

As at 30 June 2019, the Company had [62] shareholders of its common shares. The foreign ownership level of total outstanding voting shares in the Company was 14.84%.

The table below sets forth the holders of the preferred shares as of 30 June 2019:

PNX3A Preferred Shares

No.	Stockholder Name	No. of Shares	% to Total
1	PCD Nominee Corporation (Filipino)	12,458,070	99.665%
2	PCD Nominee Corporation (Non-Filipino)	29,430	0.235%
3	Antonio T. Chua	9,500	0.076%
4	Teddy A. Gaerlan	1,000	0.008%
5	Iris Veronica Go Lim	2,000	0.016%

PNX3B Preferred Shares

No.	Stockholder Name	No. of Shares	% to Total
1	PCD Nominee Corporation (Filipino)	7,466,6600	99.555%
2	PCD Nominee Corporation (Non-Filipino)	20,7300	0.276%
3	Antonio T. Chua	5,700	0.076%
4	Knights of Columbus Fraternal Association of the Phils. Inc.	6,910	0.092%

As at 30 June 2019, the Company had 21,500,000 of its outstanding preferred shares. The foreign ownership level of the total outstanding preferred shares of the Company was 0.25%.

Dividends and Dividend Policy

The Company currently does not have a minimum dividend policy. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. The dividends shall be payable out of its unrestricted retained earnings subject to the availability of such unrestricted retained earnings and other statutory limitations.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital.

The Company's dividend policy on preferred shares is to declare and pay dividends in accordance with the terms and conditions of its issuance. Holders of preferred shares enjoy preference over the holders of common shares in the payment of dividends.

The dividend policy of the Company's subsidiaries is to declare and pay dividends from unrestricted retained earnings subject to the discretion of their respective Board of Directors.

Dividend Declarations and Payments

2018

Common Shares

On 25 January 2018, the Board of Directors approved a cash dividend of ₱0.15 per share, payable to holders of common shareholders as of 2 April 2018 record date with a pay-out date of 26 April 2018.

PNXP Preferred Shares

The Company declared and paid cash dividends on the PNXP Preferred Shares, as follows:

Date Declared	Cash Dividend	Record Date	Payment Date
5 February 2018	₱2.0625	22 February 2018	20 March 2018
7 May 2018	₱2.0625	24 May 2018	20 June 2018
6 August 2018	₱2.0625	24 August 2018	20 September 2018
7 November 2018	₱2.0625	23 November 2018	20 December 2018

On 20 December 2018, the PNXP Preferred Shares were redeemed at a redemption price of ₱100.00 per share.

PNX3A Preferred Shares

The Company declared and paid cash dividends on the PNX3A Preferred Shares, as follows:

Date Declared	Cash Dividend	Record Date	Payment Date
5 February 2018	₱1.857	21 February 2018	19 March 2018
5 July 2018	₱1.857	22 May 2018	18 June 2018
6 August 2018	₱1.857	22 August 2018	18 September 2018
7 November 2018	₱1.857	21 November 2018	18 December 2018

PNX3B Preferred Shares

The Company declared and paid cash dividends on the PNX3B Preferred Shares, as follows:

Date Declared	Cash Dividend	Record Date	Payment Date
5 February 2018	₱2.027	21 February 2018	19 March 2018
5 July 2018	₱2.027	22 May 2018	18 June 2018
6 August 2018	₱2.027	22 August 2018	18 September 2018

7 November 2018	₱2.027	21 November 2018	18 December 2018

2017

Common Shares

On 25 January 2017, the Board of Directors approved a cash dividend of ₱0.10 per share, payable to holders of common shareholders as of 30 March 2017 record date with a pay-out date of 27 April 2017.

PNXP Preferred Shares

The Company declared and paid cash dividends on the PNXP Preferred Shares, as follows:

Date Declared	Cash Dividend	Record Date	Payment Date
13 February 2017	₱2.0625	22 February 2017	20 March 2017
03 May 2017	₱2.0625	24 May 2017	20 June 2017
02 August 2017	₱2.0625	24 August 2017	20 September 2017
03November 2017	₱2.0625	23 November 2017	20 December 2017

PNX3A Preferred Shares

The Company declared and paid cash dividends on the PNX3A Preferred Shares, as follows:

Date Declared	Dividend Rate	Record Date	Payment Date
13 February 2017	₱1.857	22 February 2017	18 March 2017
3 May 2017	₱1.857	23 May 2017	19 June 2017
02 August 2017	₱1.857	23 August 2017	19September 2017
3 November 2017	₱1.857	21 November 2017	18 December 2017

PNX3B Preferred Shares

The Company declared and paid cash dividends on the PNX3B Preferred Shares, as follows:

Date Declared	Dividend Rate	Record Date	Payment Date
13 February 2017	₱2.027	22 February 2017	18 March 2017
3 May 2017	₱2.027	23 May 2017	19 June 2017
02 August 2017	₱2.027	23 August 2017	19 September 2017
3 November 2017	₱2.027	21 November 2017	18 December 2017

2016

Common Shares

On 18 March 2016, the Board of Directors approved a cash dividend of ₱0.08 per share, payable to holders of common shareholders as of 5 April 2016 record date with a pay-out date of 29 April 2016.

PNXP Preferred Shares

The Company declared and paid cash dividends on the PNXP Preferred Shares, as follows:

Date Declared	Cash Dividend	Record Date	Payment Date
10 March 2016	₱2.0625	23 February 2016	21 March 2016
11 May 2016	₱2.0625	26 May 2016	21 June 2016
10 August 2016	₱2.0625	24 August 2016	20 September 2016
7 November 2016	₱2.0625	24 November 2016	20 December 2016

PNX3A Preferred Shares

The Company declared and paid cash dividends on the PNX3A Preferred Shares, as follows:

Date Declared	Dividend Rate	Record Date	Payment Date
10 March 2016	₱1.857	22 February 2016	18 March 2016
11 March 2016	₱1.857	25 May 2016	20 June 2016
10 August 2016	₱1.857	24 August 2016	16 September 2016
07 November 2016	₱1.857	23 November 2016	19 December 2016

PNXP3B Preferred Shares

The Company declared and paid cash dividends on the PNX3B Preferred Shares, as follows:

Date Declared	Dividend Rate	Record Date	Payment Date
10 March 2016	₱2.027	22 February 2016	18 March 2016
11 March 2016	₱2.027	25 May 2016	20 June 2016
10 August 2016	₱2.027	24 August 2016	16 September 2016
07 November 2016	₱2.027	23 November	19 December 2016

Market Price of the Issuer's Equity

The Company's common and preferred shares are principally traded at the PSE. As of 28 June 2019, the last trading date for the month of March, the closing price of the Company's common shares was ₱12.10 and the closing price of the was ₱99.00 for PNX3A Preferred Shares and ₱105.50 for PNX3B Preferred Shares.

The high and low prices of the common shares for each quarter of the last three fiscal years, including the last two completed quarters for 2019, are indicated in the table below:

	2019		**2018**		**2017**		**2016**	
(in ₱)	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**
1st Quarter	12.32	10.60	13.80	11.10	8.47	5.53	4.42	3.50
2nd Quarter	12.30	11.60	12.80	11.74	11.68	8.10	6.22	4.34
3rd Quarter	-	-	12.20	10.50	13.26	9.50	6.45	5.81
4th Quarter	-	-	11.30	10.50	13.36	10.90	5.97	5.55

The high and low prices of the PNX3A for each quarter of the last three fiscal years are indicated in the table below:

	2019		**2018**		**2017**		**2016**	
(in ₱)	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**	**Highest Close**	**Lowest Close**
1st Quarter	102.10	98.75	105.70	102.00	108.00	104.10	105.00	103.50
2nd Quarter	104.00	99.00	104.80	100.10	108.00	104.10	107.50	103.50
3rd Quarter	-	-	104.00	99.50	107.20	103.00	110.00	104.00
4th Quarter	-	-	103.20	99.00	106.00	100.10	110.00	109.20

The high and low prices of the PNX3B for each quarter of the last three fiscal years are indicated in the table below:

(in Php)	2019 Highest Close	2019 Lowest Close	2018 Highest Close	2018 Lowest Close	2017 Highest Close	2017 Lowest Close	2016 Highest Close	2016 Lowest Close
1st Quarter	108.00	103.00	114.00	108.50	120.00	106.90	108.50	106.50
2nd Quarter	107.00	102.00	111.00	106.00	121.00	108.00	115.00	108.00
3rd Quarter	-	-	112.00	103.00	113.50	105.00	115.00	115.00
4th Quarter	-	-	109.90	101.20	115.00	100.00	115.00	110.50

Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting and Exempt Transaction

Employee Stock Option Plan

On 22 June 2011, the Commission approved the application for exemption from the registration requirement of the Securities Regulation Code of the Company, pursuant to Section 10.2 of the SRC, for the proposed issuance of 24,493,620 common shares for the Company's ESOP. On May 14, 2014, the Exchange approved the listing of 24,493,620 common shares pertaining to the Company's ESOP.

On 26 July 2017, the Company implemented for the first time the Company's ESOP after its vesting period of one year. For the first series, the Company issued additional 2,160,000 common shares to qualified employees pursuant to the ESOP in scripless form and on November 15, 2017, the Company issued additional 601,000 common shares at the price of ₱5.68 per share.

As of 30 June 2019, a total of 4,720,800 ESOP shares have been exercised and subscribed by the company's grantees. There are also no current directors who are not executive officers who received or were granted ESOP shares. Further, there are no persons who have received or is to receive 5% of the ESOP. The ESOP was granted to the following persons:

(a) Dennis A. Uy, Chief Executive Officer;
(b) Top 4 executives;
(c) All current executive officers as a group; and
(d) All other qualified employees as a group.

ESOP Grantee	No. of Shares
Top 5 Executives	1,318,000
Other Executive Officers	1,104,000
All Qualified Employees	2,298,800
TOTAL	4,720,800

Issuance of Preferred Shares

The company issued 2,000,000 preferred shares through a private placement on 5 December 2018 at Php1,000.00 per share. Such issuance is an exempt transaction under Section 10(k) of the Securities Regulation Code. On 5 June 2019, the Company redeemed 500,000 preferred shares.

Other than the foregoing, the Company has not sold or transferred any securities that is not registered under the SRC nor did it issue any additional securities in exchange for any properties, services and other securities

Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As at 30 June 2019, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common Shares	**Phoenix Petroleum Holdings, Inc.** Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City	Record Owner is the direct beneficial owner	Filipino	588,945,630	41.97%
Common Shares	**ES Consultancy Group, Inc.** Unit 1506, 15th/F The Centerpoint Bldg., Julia Vargas cor., Garnet Road, Ortigas Center Pasig City	Record Owner is the direct beneficial owner	Filipino	340,270,980	24.25%
Common Shares	**Top Direct Investments Limited** Vistra (Honq Kong) Limited. Lee Garden One, Hyson Avenue Causeway Bay, Hong Kong	Record Owner is the direct beneficial owner	Filipino	142,000,000	10.12%
Common Shares	**Udenna Corporation** Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City	Record Owner is the direct beneficial owner	Filipino	117,245,918	8.35%
Common Shares	**PCD Nominee Corporation** (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Major Stockholder	Record Owner is the indirect beneficial owner	Filipino	1,130,016,259	78.785%
Common Shares	**PCD Nominee Corporation** (Non-Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Major Stockholder	Record Owner is the indirect beneficial owner	Non-Filipino	208,301,661	14.523%

Security Ownership of Management

As at 30 June 2019, the following are the number of shares owned of record by the Company's directors and key executive officers:

Directors

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Common	Domingo T. Uy	Filipino	645,919	D	0.05%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			10,000	D	0.05%
Common	Dennis A. Uy	Filipino	4,858,811	D	0.35%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Cherylyn C. Uy	Filipino	1,098,099	D	0.08%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Romeo B. De Guzman	Filipino	1,325,746	D	0.09%
Series 3A Preferred			25,000	-	0.13%
Series 3B Preferred			-	-	N.A.
Common	Stephen Anthony T. CuUnjieng	Filipino	1		0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.

Common	Nicasio I. Alcantara	Filipino	1	I	0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Jose Victor Emmanuel A. De Dios	Filipino	1,050,819	D	0.07%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Frederic C. Dybuncio	Filipino	1		0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Minoru Takeda	Japanese	1	I	0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Consuelo Ynares Santiago	Filipino	1	D	0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			10,000	-	0.05%
Common	Monico V. Jacob	Filipino	1	D	0.00%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.

Officers

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Common	Ma. Concepcion F. De Claro	Filipino	-	-	N.A.
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Henry Albert R. Fadullon	Filipino	-	-	N.A.
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Common	Socorro T. Ermac-Cabreros	Filipino	130,516	D	0.007%
Series 3A Preferred			-	-	N.A.
Series 3B Preferred			-	-	N.A.
Directors and Executive Officers as a Group		Common	9,359,916		
		Series 3A Preferred	25,000		
		Series 3B Preferred	20,000		

Voting Trust Holders of 5% or More

The Company is not aware of any person holding five percent (5%) or more of the Company's outstanding voting shares under a voting trust or similar agreement.

Change in Control

The Company is not aware of any change in control or arrangement that may result in change in control of the Company since the beginning of its last fiscal year.

Warrants and Options

Other than those discussed in "*Market Price of and Dividends on the Issuer's Common Equity and Related Stockholder Matters – Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting and Exempt Transaction",* there are no warrants or options held by directors or executive officers.

INDUSTRY OVERVIEW

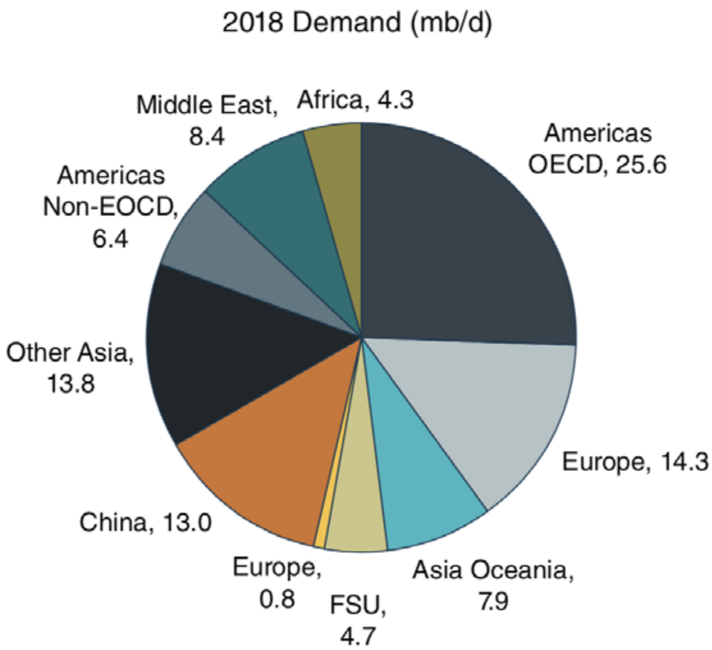
The information and data contained in this section has been taken from publicly available sources, including the Economist Intelligence Unit, International Energy Agency and the DOE. The Company does not have any knowledge that the information provided herein is inaccurate or incomplete in any material respect. Neither the Company, the Lead Manager nor any of their respective affiliates or advisers has independently verified or updated the information and data or any assumptions relied upon thereon included in this section. Additional factors, which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates, are described elsewhere in this Prospectus, including those set out in the section entitled "Risk Factors".

Global Oil Market Outlook

Global oil demand is forecast to grow by 1.4 million barrels per day ("**mb/d**") in 2019, according to the International Energy Agency ("**IEA**").

Benchmark crude oil futures prices fell to a 16-month low at the end of 2018. Since the beginning of this year, they have gained over 10.0 % and ICE Brent is currently close to USD60.0/bbl. In the long run, global oil demand will increase by 6.9 mb/d by 2023 to 104.7 mb/d, mainly due to economic growth in Asia and a resurgent petrochemicals industry in the United States. However, the current market proves to be well-supplied, particularly for gasoline and jet fuel and pressured crack spreads.

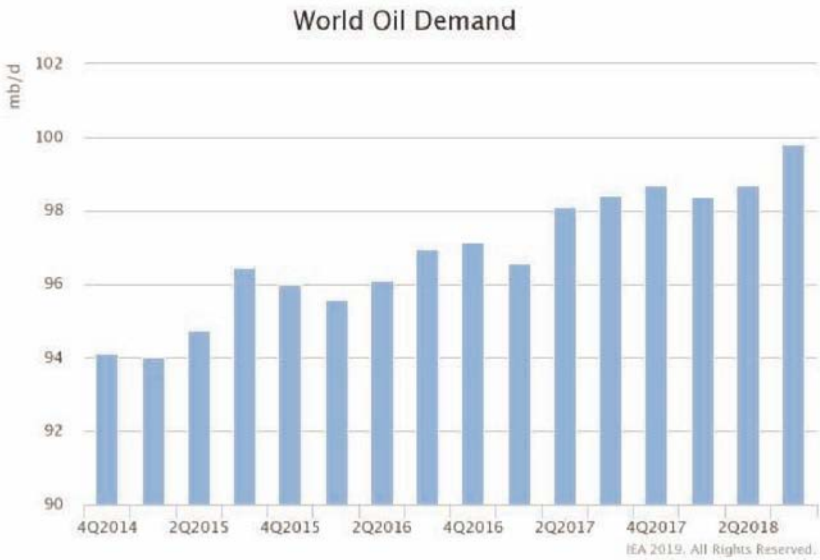
Global Oil Demand
The impact of higher oil prices in 2018 is fading, helping to offset lower economic growth this year. Growth projections are primarily driven by emerging markets and developing economies, including countries such as China and India, which are outside the Organization for Economic Co-operation and Development ("**OECD**") group. Non-OECD countries dominate oil demand growth in 2019, with 875 kb/d in 2018 increasing to 1.15 mb/d; China and India combined provide 62.0 % of the total. This compares with an expected decline of 30.0 % (390 kb/d to 280 kb/d) for OECD oil demand; U.S. alone provides 80.0 % of the OECD total.



Source: Oil Market Report, International Energy Agency (18 January 2019)

Petrochemicals are a key driver of oil demand growth, particularly in the two largest countries – the United States and China. Close to 25.0 % of our total demand growth is a result of the shale revolution in the United States. With the new regulation mandated by the International Maritime Organisation

("**IMO**"), demand for high sulphur fuel oil will switch to marine gas oil, although it should not affect total oil demand.



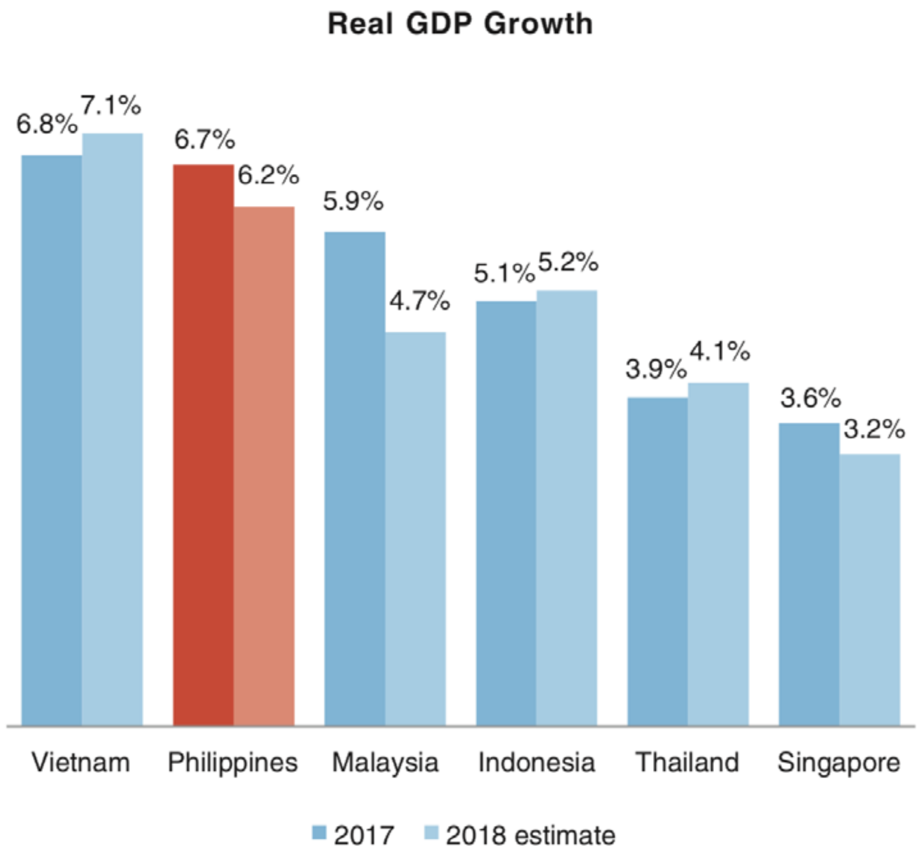
Source: Oil Market Report, International Energy Agency (Retrieved on 18 January 2019 from https://www.iea.org/ oilmarketreport/omrpublic/)

Global Oil Supply

While the market forecasts a continued oversupply, agreements to production cuts have sent global oil supply lower with the IEA reporting in December 2018 that the market could possibly move into deficit sooner rather than later. OPEC's output agreement with Russia and Canada's decision to reduce supply led to the global oil supply to fall by 950 kb/d in December 2018**.** At 100.6 mb/d, supply was up 2.8 mb/d year-on-year. Following annual gains of a record 2.6 mb/d in 2018, non-OPEC production growth is set to slow to 1.6 mb/d this year. OPEC crude oil output dropped by 590 kb/d in last December, to 32.39 mb/d. OPEC production is set to fall further when the new Vienna Agreement cuts take effect.

The Philippine Macroeconomic Environment

The Philippines is one of the fastest growing economies in Southeast Asia. The Philippines continues to be a growing and emerging market in the Southeast Asia region, driven by strong and robust underlying economic fundamentals and a competitive workforce. Real GDP grew at 6.7 % in 2017, making it one of the fastest growing countries in Southeast Asia. The EIU data suggests Philippine real GDP growth is to continue into 2018.



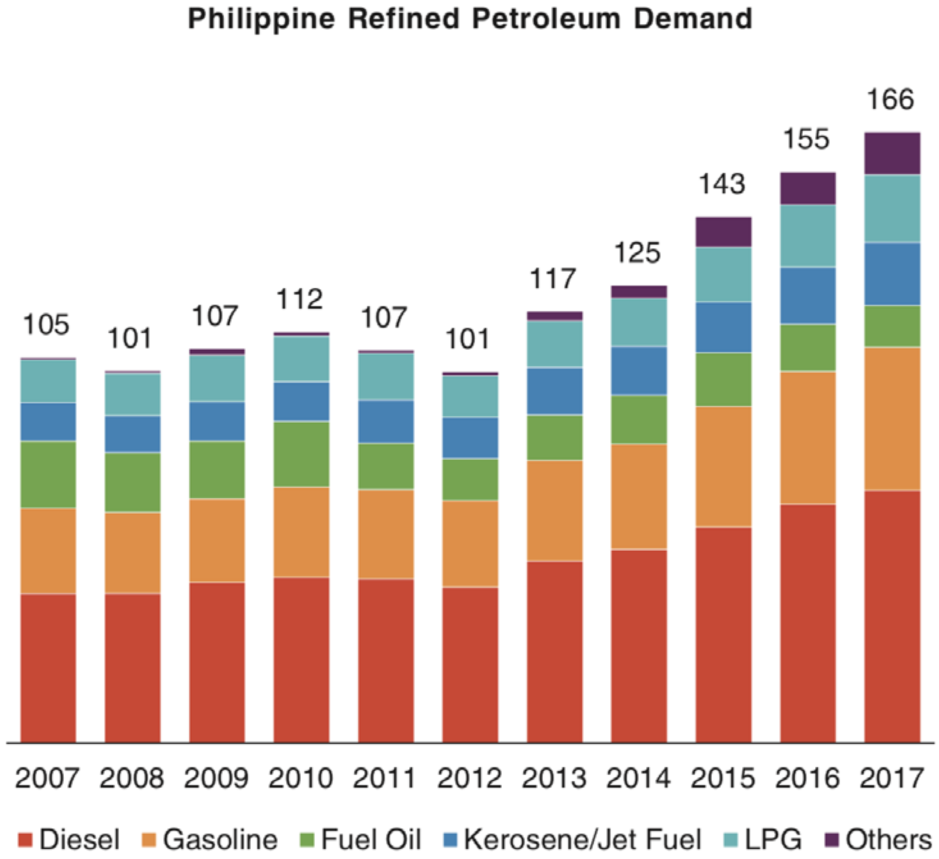
Source: Economist Intelligence Unit

Based on ENI's World Oil Review 2018, the oil consumption per capita for the Philippines remains at relatively low levels compared to several other Southeast Asia countries. In 2017, oil consumption for the Philippines was at 1.57 barrels, compared to Vietnam and Indonesia, which were 1.73 barrels and 2.21 barrels respectively. This suggests that the Philippines has one of the highest growth potential in the region.

The Philippine Oil Market

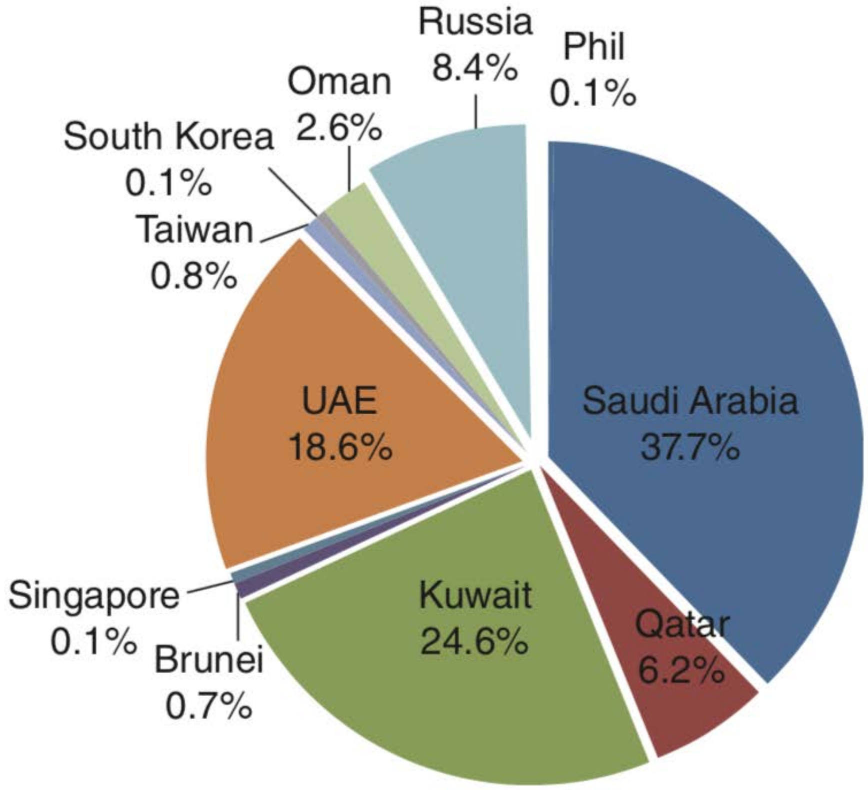
The Philippines is a heavy importer of finished petroleum products and the petroleum products industries have been growing steadily since 2013.

Based on data from the Philippine Department of Energy ("**DOE**"), the total demand of petroleum products has been increasing every year from 2012. From 2012 to 2017, the total demand of petroleum products in the Philippines grew at a compound annual growth rate of 10.5 %



Source: Republic of the Philippines Department of Energy

Furthermore, the DOE reported crude oil imports in the Philippine oil market for the first half of 2018 totaled 41.8 million barrels ("**mmbbls**"), an increase of 15.9 % from the first half of 2017 of 36.0 mmbbls. In the first half of 2018, approximately 90.0 % of crude oil imports were sourced from the Middle East, of which Saudi Arabia accounted for 37.7 %, Kuwait for 24.6 %, followed by 18.6 % from the UAE. After the Middle East, Russia was the next largest source of crude oil for the Philippines, accounting for 8.4 % of imports in the first half of 2018.



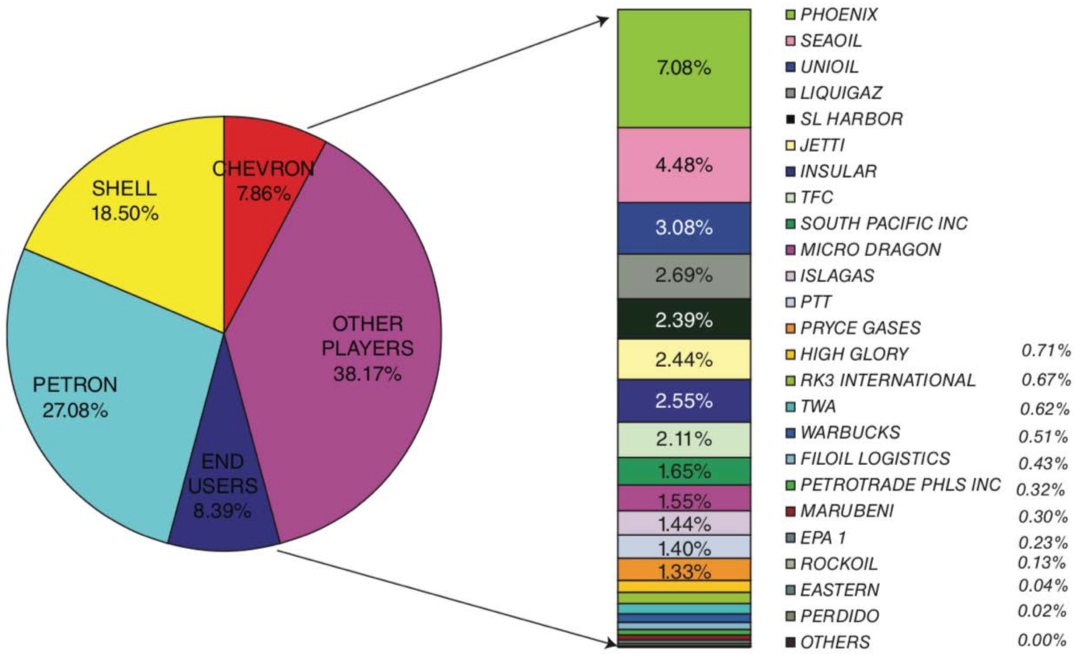
Source: Oil Supply/Demand Report 1H 2018 vs 1H 2017, DOE

Petroleum products demand dropped by 6.1 % to 45.4 mmbbls for the first six months of 2018 year-on-year.

The enactment of the Oil Deregulation Law in the Philippines effectively removed the rate-setting function of the Government through what was then known as the Energy Regulatory Board, leaving the price-setting to market forces. This opened the oil industry to free competition. Although the market is still dominated by the three major players – Petron, Shell and Chevron – the industry has seen the entry of more than 200 market participants.

The major players accounted for a combined 53.4 % of the total market share as of 30 June 2018 while Phoenix Petroleum accounted for a significant share of 7.1 %

Market Share as of 30 June 2018 (Total Petroleum Products)



Source: Department of Energy – Oil Supply/Demand Report (30 June 2018)

Global Petrochemical Outlook

The petrochemicals industry has historically been cyclical and has usually coincided with the business cycles of global and regional economies. Changes in supply and demand and resulting utilisation levels are key factors that affect profitability. Periods of low industry profitability typically alternate with high profitability and result in periods of over-and under-investment. The long lead times for the construction of new facilities can result in capacity additions coinciding with, and subsequently exacerbating, weakening market conditions.

The largest market and most dominant region in the global petrochemicals market in 2016 has been observed as Asia, with around 66.0 % market share. This is due to the presence of a robust manufacturing industry in China and South East Asia which have prolonged the usage of petrochemicals on a large scale. China itself is both the biggest producer and consumer of petrochemicals in the world, being responsible for 29.0 % of all production and 28.0 % of all consumption.

An ever-growing demand for plastics will support this trend for continuing growth in demand for petrochemical products in Asia. Despite capacity expansions in key markets such as China and India, countries in the region are generally expected to remain net importers of feedstock and petrochemical products.

Philippine Petroleum Product Outlook

Consumption in the Philippines averaged 453,000 b/d over the first 10 months of 2018. This is an increase of 6.0 % year-on-year due to strong growth for diesel, gasoline and LPG. The outlook remains positive due to an expanding economy and positive demographic factors, according to Fitch Solutions. Nonetheless, risks of the international oil prices and higher taxes on fuels continues to be a concern. In January 2018, the Tax Reform for Acceleration and Inclusion Act (TRAIN) was implemented by the DOE, imposing higher excise taxes on gasoline, diesel, automotive LPG and kerosene. As of 10 January 2019, a total of 10,444 gas stations had increased pump prices with some 8,600 more stations to follow suit, according to the DOE.

Philippine Petroleum Product Imports

Imports of petroleum products into the country was 45,403 mmbbls in the first half of 2018, a 6.1 % decrease compared to the same period in 2017. Diesel oil was the top imported product, which decreased by 8.3 % year-on-year. Meanwhile, fuel oil, gasoline and kerosene fell by 17.8 %, 3.7 % and 7.7 % respectively. However, LPG import increased by 2.2 %, showing a strong demand in the market. With regard to market share, the major players only accounted for 23.5 % of the total, a significant decrease of 18.6 % year-on-year, with other smaller industry players accounting for the majority.

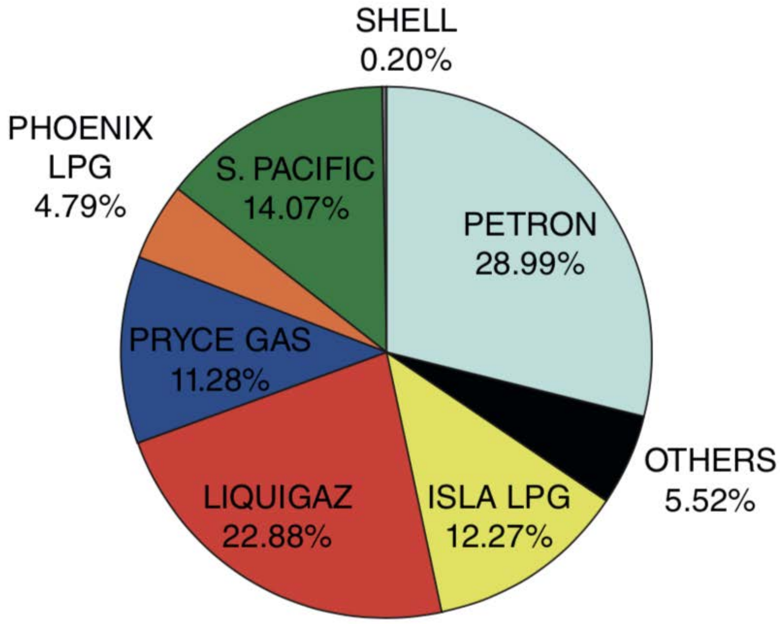
Philippine Petroleum Product Demand

Although imports have decreased year-on-year, demand had actually increased slightly in the first half of 2018 compared to 2017. The demand totaled 83,621 mmbbls, an increase of 1.6 % from 82,277 mmbbls in the first half of 2017. The increase in demand can be attributed to LPG, which increased by 10.6 % year-on-year, due to the industrial and commercial sectors in the Philippines.

LPG

Petron continues to dominate the total LPG demand with 29.0 % of the total market share. Other large players include Liquigaz and South Pacific while Phoenix contributed 4.8 %

LPG Market Share as of 30 June 2018



Source: Department of Energy – Oil Supply/Demand Report (30 June 2018)

Trends in the Industry

Tighter Fuel Specifications

The Clean Air Act was enacted in 1999 which required gasoline and automotive diesel to have lower sulfur and benzene content. The Clean Air Act was intended to address growing and looming concerns over the hazardous effects of gas emissions to both the environment and human health. Although local requirements lag behind international standards, local fuel specifications are expected to catch up and meet the stricter standards of developed countries going forward. In January 2016, the DOE implemented Euro IV fuel standard with sulfur contents reduced to 50 parts per million ("**PPM**") from its previous 500 PPM specification.

Alternative Fuels

The Biofuels Act of 2006 calls for the mandatory blending of biofuels of oil companies into their oil products to offer ethanol-blended gasoline products. The Biofuels Act also calls for incentives to biofuels producers. A 5.0 % blend of ethanol is mandated for gas by 2009 and 10.0 % by 2011. For diesel products, a 1.0 % blend of biodiesel was required by 2007 and 2.0 % by 2009.

Taxi owners and operators continue to convert their units to allow the use of LPG instead of gasoline as a means to save on costs and improve their profitability. LPG pumps are slowly increasing in retail service stations of oil companies and new companies are entering the LPG retail service station industry to capture this growing market.

Another alternative fuel being considered is compressed natural gas (CNG). While Congress has passed the law providing incentives to producers and users of CNG, the necessary infrastructure has not yet been put in place. The planned “mother” and “daughter” natural gas stations of Shell, intended for use by public buses plying the route of Southern Luzon, are not yet operational.

Larger Retail Service Stations

Foreign-owned gasoline stations have put up retail stores following the liberalisation of the retail trade industry. Larger retail service stations have since then been seen more regularly with most of them being put up in strategic areas along major expressways. These retail stations would also have retail establishments where other businesses can look to lease or rent space for their own operations and expansion. Among the common tenants of these retail establishments are quick serve businesses including the likes of Jollibee, McDonald’s, KFC and Starbucks, to name a few. These large retail service stations cater to retail clients who look for gasoline products, snacks and refreshments.

Furthermore, oil companies have put up their own convenience stores alongside their retail service stations, carrying their own brand. Petron has “Treats”, Shell has “Select” and Chevron has “StarMart”. However, in recent years, these oil companies started to outsource the convenience stores to locators like 7/11, Mini-stop and other local brands.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Comparable discussion on Material Changes in Results of Operations for the Period ended March 31, 2019 vs. March 31, 2018.

Revenues, Cost of Sales and Gross Margins

The Group's Revenues during the first quarter of 2019 grew to ₱24.093 billion, about 33% higher compared to the ₱18.083 billion generated in the same period of 2018. This was due to the combined effect of the 34% growth in total volume sold in the same period (2019: 795 million liters vs. 2018: 597 million liters) and the increase in the domestic selling prices of the products as a result of the implementation of the new excise tax rates on the sale of domestic petroleum products. This was augmented by the ₱0.203 billion sales contributed by Philippine Family Mart CVS, Inc. (PFM) and ₱33 million sales contributed by Action Able, Inc.

The 197 million liters incremental sales volume was mainly attributable to the 145 million liters sold by PNX Singapore. In addition, volume sold by both the parent company and Phoenix LPG Philippines, Inc. rose by 41 million liters (9%) and 11 million liters (30%), respectively, during the comparative years.

Similarly, Cost of Sales and Services increased by 38%, from ₱15.746 billion in the first quarter of 2018 to ₱21.678 billion in the same period of 2019, as a result of the volume growth as well as by the imposition of the new excise tax rates.

Consequently, Gross Margin rose by 3% or ₱0.078 billion. On the other hand, Gross Margin Rate decreased to 10% from the 12% registered in 2018. This was primarily due to the change in company's sales volume mix. The volume sold to commercial accounts coupled with PNX Singapore sales to external customers grew faster (by 11% and 143%, respectively) than volume sold through the company's retail outlets where margins are generally higher.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the company was able to manage its Selling and Administrative Expenses as it started implementing projects to streamline operations As such the ₱1.471 billion incurred during the first quarter of 2019 was down by 4% versus the ₱1.531 billion 2018 level. Considering the volume growth, operating expenses on a peso per liter basis decreased by 28%, from ₱2.56 in 2018 to ₱1.85 in 2019.

On the other hand, Net Non-operating Charges of ₱0.555 billion was 76% greater than the ₱0.316 billion incurred in 2018, mainly due to the 34% rise in average borrowing rates equivalent about 1.33% as published by Bangko Sentral ng Pilipinas (BSP) comparing the first quarter of 2019 and 2018. Furthermore, additional debt service was incurred due to the acquisition of the new businesses which were funded by short-term debt, carry-over from 2018.

Operating, Net and Comprehensive Incomes

With the decrease in operating expenses, the 2019 Operating Income of ₱1.021 billion was higher by 19% (₱0.156 billion) compared to the 2018 Operating Income of ₱0.806 billion.

However, with the increase in Net Non-operating Charges, the 2019 Net Income Before Tax (NIBT) of ₱0.466 billion declined by 5% (₱0.024 billion) vis-à-vis the 2018 NIBT of ₱0.490 billion.

Meanwhile, the company recorded a negative ₱0.029 billion translation adjustment related to Pnx SG resulted in 2019, in contrast to the positive ₱0.026 billion recorded in 2018. As such, Comprehensive Income of ₱0.386 billion, was 17% lower than the ₱0.465 billion reported in the same period in 2018.

Financial Condition
(As of March 31, 2019 versus December 31, 2018)

Total resources of the Group as of March 31, 2018 stood at ₱65.854 billion, a 2% growth compared to the ₱64.660 billion level as of December 31, 2018. This was mainly due to the increases in Property, Plant, and Equipment, as a result of the implementation of the PFRS 16 requiring recognition of Right to Use and Finance Lease Liabilities on leases.

Cash and Cash Equivalents decreased by 34% (from ₱7.890 billion in December 31, 2018 to ₱5.182 billion as of March 31, 2018) as the company settled its maturing loans.

Similarly, Trade and Other Receivables declined by 3% (from ₱15.031 billion as of December 31, 2018 to ₱14.592 billion as of March 31, 2018) resulting from the intensified collection efforts of the company.

Inventories was relatively flat at ₱11.152 billion as of March 31, 2018, from ₱11.135 billion as of December 31, 2018.

As of March 31, 2019, the Group's Property and Equipment, net of accumulated depreciation, increased to ₱21.798 billion versus the ₱18.716 billion as of December 31, 2018 (by 16%), representing the assets of the newly acquired subsidiaries, the continuing expansion program of the group and the recognition of the Right of Use asset in compliance to PFRS 16.

Interest-bearing Loans and Borrowings, both current and non-current, are of the same level from ₱39.945 billion as of December 31, 2018 to ₱39.738 billion as of March 31, 2019. The availment of new loans to service the working capital requirements of the new businesses, the bulk of which was drawn by PNX SG, as well as the company's various capital expenditures was offset by the settlement of debts.

Trade and Other Payables increased by 2% from ₱7.435 billion as of December 31, 2018 to ₱7.571 billion as of March 31, 2019 due to the additional trade transactions of the new subsidiaries.

Total Stockholders' Equity increased to ₱16.450 billion as of March 31, 2019 from ₱15.973 billion as of December 31, 2018, (by 3%) resulting from the earnings generated. This was partly offset by the declaration of cash dividends for both common and preferred shares.

Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2018 vs. December 31, 2017.

Revenues, Cost of Sales and Gross Margins

The Group's Revenues during the year 2018 grew to ₱88.611 billion, about 99% higher compared to the ₱44.426 billion generated in 2017. This was due to the combined effect of the 49% growth in total volume sold in the same period (2018: 2,747 million liters vs. 2017: 1,844 million liters) and the increase in the domestic selling prices of the products as a result of the 31% increase in the price of Dubai crude (benchmark crude of Asian refineries) average (2018: US$69.65/ bbl vs. US$53.14/ bbl) as well as the implementation of the new excise tax rates on the sale of domestic petroleum products. This was augmented by the ₱1.308 billion sales contributed by Philippine FamilyMart CVS, Inc. (PFM) and ₱54 million sales contributed by Action Able, Inc.

The 903 million liters incremental sales volume was mainly attributable to the 758 million liters sold by Pnx Singapore. In addition, volume sold by both the parent company and Phoenix LPG Philippines, Inc. rose by 139 million liters (8%) and 31 million liters (22%), respectively, during the comparative years.

Similarly, Cost of Sales and Services increased by 106%, from ₱37.909 billion in 2017 to ₱78.839 billion in 2018, as a result of the volume growth, aggravated by the higher product costs reflecting the global oil price movements, as well as the imposition of the new excise tax rates on petroleum products starting in January 1, 2018.

Consequently, Gross Margin rose by 58% or ₱3.596 billion. On the other hand, Gross Margin Rate decreased to 12% from the 16% registered in 2017. This was primarily due to the change in company's sales volume mix. The volume sold to commercial accounts as well as PNX Singapore sales to external customers grew faster (by 12% and 3877%) than volume sold through the company's retail outlets where margins are generally higher.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, Selling and Administrative Expenses of ₱5.741 billion, up by 36% versus the ₱4.134 billion incurred in 2017, primarily because of the cost outlay of the new businesses.

On the other hand, Other Net Non-operating Charges of ₱0.656 billion was 970% greater than the ₱0.061 billion incurred in 2017. This year includes ₱0.625 billion fair value gains on Investment Property while previous year's balance included ₱0.650 billion one-time gain on fair value of acquired asset. However, even excluding this one-time gain, 2018 Net Non-operating Charges still reflected a 80%, mainly due to the rise in borrowing rates as the Bangko Sentral ng Pilipinas (BSP) increased the benchmark rates three times or an equivalent of 1.75% in 2018. Furthermore, additional debt service was incurred due to the acquisition of the new businesses which were funded by short-term debt.

Despite the increases in both operating and non-operating expenses, the net income after tax of ₱2.767 billion, rose by 82% from 2017 re-stated level of ₱1.521 billion.

Non-recurring Transactions and Net Income

Meanwhile, the company recorded non-recurring transactions, principally as a result of the excess of the fair value over the acquisition cost of the Investment Properties amounting to ₱0.650 billion in 2017. In 2018, the fair value increment of ₱0.625 billion.

Considering these adjustments, as well as the ₱0.029 million translation adjustment related to Pnx SG, and the fair value revaluation of land assets amounting to ₱1.220 total Comprehensive Income stood at ₱3.568 billion, 134% higher than the ₱1.527 billion re-stated report in 2017.

The fair value revaluation of land assets was in compliance with Philippine Accounting Standards No. 16, which requires that revaluations be carried out regularly for the entire class of assets to which that asset belongs. Specifically, since the land assets of the PLPI were recorded at fair market even prior to its purchase by the Company, the company opted to similarly reflect the fair value of all its land holdings.

Financial Condition
(As of December 31, 2018 versus December 31, 2017)

Total resources of the Group as of December 31, 2018 stood at ₱64.600 billion, a 46% growth compared to the ₱44.173 billion level as of December 31, 2017. This was mainly due to the increases in Property, Plant, and Equipment, including the revaluation of the Land Assets and Goodwill, the latter of which was incurred in relation to the acquisition of Philippine FamilyMart CVS, Inc. and Action Able, Inc.

As a result of the doubling of revenues, Cash and Cash Equivalents as well Trade and Other Receivables rose by 331% (from ₱1.832 billion in December 31, 2017 to ₱7.890 billion as of December 31, 2018), and 95% (from ₱7.509 billion as of December 31, 2017 to ₱15.031 billion as of December 31, 2018), respectively.

Inventories declined by 10% to ₱11.135 billion as of December 31, 2018, from ₱12.970 billion as of December 31, 2017. The build-up in December 2017 was brought about by the confluence of the following factors: to address the new businesses such us LPG with the purchase of PEPI, operation of Pnx SG and the volume requirements of the new accounts, higher price of imported petroleum products as a result of movement of prices in the international market, and the decrease in the demand for IFO by the power companies.

As of December 31, 2018, the Group's Property and Equipment, net of accumulated depreciation, increased to ₱18.716 billion versus the ₱13.400 billion as of December 31, 2017 (by 40%), representing the assets of the newly acquired subsidiaries, the fair value revaluation of the Land Assets as well as the continuing expansion program of the group.

Interest-bearing Loans and Borrowings, both current and non-current, was up by 42% from ₱28.171 billion as of December 31, 2017 to ₱39.900 billion as of December 31, 2018. The increment of ₱11.728 billion was from the availment of new loans to service the working capital requirements of the new businesses, the bulk of which by PNX SG, as well as the company's various capital expenditures.

Trade and Other Payables increased by 107% from ₱3.584 billion as of December 31, 2017 to ₱7.435 billion as of December 31, 2018 due to the additional trade transactions of the new subsidiaries.

Total Stockholders' Equity increased to ₱15.974 billion as of December 31, 2018 from ₱11.683 billion as of December 31, 2017, (by 37%) resulting from the earnings generated and non-recurring gains during the year. This was partly offset by the declaration of cash dividends for both common and preferred shares. In addition, new stocks were issued in relation to the Company's Employee Stock Option Plan (ESOP).

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	June 30, 2019	**March 31, 2019**	**December 30, 2018**	**December 31, 2017**
Current Ratio[1]	1.5x : 1x	1.0x : 1x	1.1x : 1x	1.2x : 1x
Debt to Equity Ratio[2]	3.0x: 1x	3.0x : 1x	3.0x : 1x	2.7x : 1x
Net Book Value per Share[3]	₱8.71	₱8.74	₱8.53	₱8.33
Debt to Equity Interest-Bearing[4]	2.5x : 1x	2.4x : 1x	2.5x : 1x	2.4x : 1x
Earnings per Share5	₱0.59	₱0.24	₱1.38	₱1.16

Notes:

1 - Total current assets divided by current liabilities 2 - Total liabilities divided by tangible net worth

3. - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4. - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

5. - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of December 31, 2018 vs. December 31, 2017

331% increase in Cash and Cash Equivalents
Increased cash inflow due to the 99% increase in revenue compared to the previous period.

95% increase in Trade Receivables
A result of the 99% increase in revenue brought about by the increase in sales volume this period compared to the previous period.

10% decrease in Inventory
This is the normal minimum inventory requirement given the current growth in revenue.

81% increase in Due from related parties
In line with the plan of the company to further expand its operations in Luzon, the company advance funds to CISC to enable the latter to upgrade and improve wharf facilities, which will redound to the benefit and improve the company's supply operations.

14% decrease in Net Input VAT
In relation to the decrease in inventory movement.

14% increase in Prepayments and other current assets
Due to the renewal of insurances of all the assets, prepaid rentals advertising and other services and acquisitions which will cover the periods beyond December 31, 2018.

40% increase in PPE
Due to new acquisitions, and construction of new retail and depot facilities and the fair value revaluation of land assets of ₱1.219 billion.

11% increase in Intangible Assets
Due to new software acquisitions for the new subsidiaries.

100% increase in Investment in a Joint Venture
Additions from newly concluded Joint Ventures such as Phoenix Asphalt Philippines, Inc.(PAPI), Phoenix Southern Petroleum, Corp. (PSPC) and Galaxi Petroleum Fuel, Inc.

56% increase in Investment Properties
Resulting from the latest appraisal of the particular investment properties, specifically the land assets of PLPI.

11% increase in Goodwill
Due to the acquisition of PFM, Think Able and Action Able. 614% increase in Other Non-current Assets
Due to the acquisition of PFM and additional rental deposits for the new leases intended for network expansions and option agreements related to property acquisitions.

38% decrease in Deferred Tax Assets Due to increase in accrued revenues

57% increase in Current Interest-bearing loans
Due to the reclassification of certain long-term loans that are due in the next 12 months as well as the additional loans incurred to finance the working capital requirements of Pnx SG.

107% increase in Trade and Other payables
Due to the increased trade transaction of the new subsidiaries.

2607% increase in Income Tax payable
Due to the increase in Income Tax from Non-ITH segments.

19% increase in Non-current Interest-bearing loans
Due the availment of certain long-term loans within the year.

181% increase in Deferred Tax Liabilities
Increase due the deferred taxes computed on the Fair Value Increment from Investment Property and Land Assets.

25% increase in Non-current liabilities
Due the increase security deposits from customers of PPPI and PLPI.

27% increase in Additional Paid in Capital
Coming from the receipt in excess of the par value of the ₱2.0 million Preferred Shares last December, net of the APIC from the redeemed ₱5.0 million shares.

35984% Decrease in Revaluation Reserve
Due to Fair Value Appraisal of the Land Assets.

757% decrease in Accumulated Translation Adjustments
Due to increased transaction of the foreign currency denominated subsidiary, Pnx Singapore.

44% increase in Retained Earnings
Increase coming the Net Income after tax and fair value revaluation of the Land Assets and Investment properties net of the dividends declared and distributed during the year.

Material (5% or more) changes to the Group's Income Statement as of December 31, 2018 vs. December 31, 2017

99% increase in Sale of Goods
Due to the revenues coming from the new subsidiaries namely; PLPI, Duta Group, PFM and Pnx SG, coupled with, higher fuel prices (by 30[JZS1] %) and additional volume sold relative to last year (by 49%). The parent company recorded an 8% improvement on its volume sold this year.

138% increase in fuel service, storage income, rental income and other revenue
This is due to the revenues from the newly acquired subsidiary – PFM and Action Able, Inc.

106% increase in Cost of Sales and Services
This mirrors the increase in the sale of goods, reflecting the price movements in the world market during the year which is higher compared to the same period in 2017. The increase in excise tax rates on petroleum products also contributed to the increment.

36% increase in selling and administrative expenses
This is primarily because of the operating requirements of the new subsidiaries. The expansion program of the group caused higher salaries and wages, depreciation, fuel expenses and other operating expenses. The launching of various advertisements and promotions like PULSE Technology are also factors causing the increment.

70% increase in Finance Costs
A substantial portion represents interest from the P6B loan used to acquire Petronas during the last quarter of 2017.

80% increase in Finance Income and Others
These pertain to the reversal of certain bad debts, which were collected in 2018, expenses accrued in the prior years which would no longer be paid, net realized and unrealized forex gains.

100% increase in Equity Share in Net Income of a Joint Venture This is the net share from PAPI, PSPC and Galaxi join ventures.

49% increase in Income Tax Expense
Substantial portion comes from the new businesses net of the ITH holiday benefit of the parent.

657% increase in Translation Adjustments
Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

100% increase in Revaluation of Land

This is the result of the appraisal of the Land Assets of PPPI.

345% decrease in Remeasurement of Retirement Benefit Obligation This is the result of the Actuarial Valuation Report per revised PAS 19.

8331% increase in Deferred Tax Expense
Due to the increase in Other Comprehensive Income subject to deferred tax liability.

There are no other material changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2017 vs. December 31, 2016.

Revenues

The Group generated total revenues of ₱46.326 billion in 2017, 52% higher than 2016's ₱30.577 billion, on the back of a 17% increase in sales volume and fuel prices. This includes addition of LPG revenue of ₱3.4 billion and Pnx SG revenue to third party customers of ₱ 250 million. The group reported ₱44.426 billion net of the pre-acquisition revenues, 45% higher than 2016.

Sales revenues from trading and distribution of petroleum products increased by 56% from ₱29.472 billion in 2016 to ₱45.879 billion in 2017. Excluding the LPG's pre-operating revenue, net increase is 49% amounting to ₱44.051 billion. Retail volume (station sales) increased by 9% due to growth in both station network and same store sales. The Commercial and industrial segment also increased by 15%, while aviation volume grew by 13%. Lubricants volume also grew by 49% from the prior year.

The Parent has built five hundred five (530) Phoenix retail service stations as of December 31, 2017 compared to four hundred forty-seven (505) retail stations as of the same period last year. The Parent has a number of retail stations undergoing various stages of construction which are projected to be opened within the 1st half of 2018.

The Group generated revenues of ₱ 375 million from fuel service, storage, and others in 2017, down from ₱1.104 billion in 2016. The 66% year-on-year decline was mainly because 2016 includes shipping, port and real estate revenues from the spun-off subsidiaries. Excluding the revenue from CSC and PPIPC in 2016, fuel services, storage and other revenue increased by 6%.

Cost and expenses

The Group recorded cost of sales and services of ₱39.298 billion as of December 2017, an increase of 56% from ₱25.124 billion in 2016. Net of the pre-acquisition cost of sales of the LPG business, the group reported ₱37.909 billion, a net increase of 51%. This was due to higher product costs compared to last year, reflecting increasing global oil prices. The 17% increase in volume is also a factor in the increase cost of sales.

Selling and administrative expenses increased by 32%, driven by higher operating expenses for completed expansions, expected growth impact and newly acquired subsidiaries.

Net Income

The Group's net income for 2017 grew to ₱1.792 billion from ₱1.092 billion in 2016. This includes one-time gain coming from the excess of fair value over acquisition cost of the newly - acquired subsidiary, Duta,Inc amounting to ₱ 650 million and the pre-acquisition profit of PLPI and Duta, Inc. amounting to ₱ 279 million. Excluding non-recurring income, core business net income grew by 30% to ₱1.421 billion, driven primarily by 17% increase in sales volume and additions from the new business, particularly LPG.

The Parent was registered with the Board of Investments on November 16, 2005 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Regulation Act) and, as such, enjoyed an income tax holiday for five (5) years from November 16, 2005 to November 16, 2010.

The Parent Company obtained additional registration approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal. This entitled the Parent Company to an Income Tax Holiday (ITH) on the revenue activities from this additional storage capacity for five (5) years starting February 2010. Another BOI registration was granted to the Davao Terminal Expansion facility effective February 2010, which entitled the Parent Company another set of incentives, including the five (5) year ITH on its Davao Terminal Marketing and Storage activities.

The Parent Company was also registered with the BOI on November 25, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. This expired on November 25, 2015.

The Parent Company also obtained new approvals with the BOI for its two (2) new facilities. Both the Cagayan de Oro City and the Bacolod City facilities were registered and issued certification by the BOI on May 12, 2012, entitling the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities.

The Parent Company also obtained new approvals with the BOI for its four (4) new facilities. Expansions of Cagayan de Oro City and Calaca, Batangas facilities were registered and issued certification by the BOI on November 24, 2017 and December 22, 2017, respectively. New facilities in Tayud, Cebu and Calapan, Mindoro were likewise registered and issued certification by the BOI on September 9, 2017 and October 12, 2017, respectively, entitling the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities. These additional ITH incentives will allow the Company to enjoy an effective income tax rate well below 30% as it continuously expands its storage and obtains further incentives from the BOI.

Financial Condition
(As of December 31, 2017 versus December 31, 2016)

Total resources of the Group as of December 31, 2017 stood at ₱44.471 billion, higher by 68% compared to the ₱26.538 billion as of December 31, 2016. This is mainly due to the acquisition of PLPI and Duta, Inc., higher fuel prices and increase in inventory.

Cash and cash equivalents this year decreased by 22% from ₱2.339 billion in December 31, 2016 to ₱1.831 billion as a result of increased operating, acquisition and expansion requirements.

Trade and other receivables decreased by 15% from ₱8.789 billion as of December 31, 2016 to ₱7.510 billion as of December 31, 2017, due to the intensified collection of credit sales and other receivables.

Inventories increased to ₱12.970 billion as of December 30, 2016 from ₱2.999 billion as of December 31, 2016. The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices and 3) the continued decrease in demand for IFO by the power sectors also contributed to the higher inventory levels.

Due from related parties decreased to ₱518 million as of December 2017 from ₱1.507 billion as of December 2016. The receivable balance from UDEVCO amounting to
₱50 million for the sale of PPIPC was settled and reclassification of the non-trade receivable from Chelsea Shipping Group Corp. amounting to ₱500 million.

As of December 31, 2017, the Group's property and equipment, net of accumulated depreciation, increased to ₱13.401 billion compared to ₱9.002 billion as of December 31, 2016 due to the acquisition of PEPI and Duta, Inc. as well as the completion of the new retail stations and various facility expansion of the group.

Loans and Borrowings, both current and non-current, increased by 114% from ₱13.184 billion as of December 31, 2016 to ₱28.171 billion as of December 31, 2017. The increase of ₱14.987 billion was from the acquisition of PEPI and Duta, Investment in PNX Singapore, increased inventory value and other capital expenditures of the group.

Trade and other payables increased by 20% from ₱3.333 billion as of December 31, 2016 to ₱3.863 billion as of December 31, 2017 due to longer supplier credit term.

Total Stockholders' Equity increased to ₱11.952 billion as of December 31, 2017 from ₱9.762 billion as of December 31, 2016, resulting from the earnings generated in 2017 net of cash dividend declared and paid during the period for both common shares

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	December 31, 2017	December 31, 2016
Current Ratio[1]	1.22 : 1	1.17:1
Debt to Equity Ratio[2]	2.72 : 1	1.72:1
Return on Equity[3]	17%	11%
Net Book Value per Share[4]	6.60 : 1	5.08:1
Debt to Equity Interest-Bearing[5]	2.36 : 1	1.35:1
Earnings per Share[6]	1.16	0.64
Earnings per Share (net of one-time gain)[6]	0.89	0.64

Notes:

1 - Total current assets divided by current liabilities 2 - Total liabilities divided by tangible net worth

3. - Period or Year Net income divided by average total stockholders' equity

4. - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

5. - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

6. - Period or Year Net Income after tax divided by weighted average number of outstanding common shares

7. - Period or Year Net Income after tax (net of one-time gain) divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

The Group's debt to equity (DE) ratio for 2017 is higher at 2.72: 1 due to increased liability used for the acquisition of PEPI and Duta, Inc, investment in PNX Singapore, capital expenditures for various expansions and increased inventory requirement.

Material Changes to the Group's Balance Sheet as of December 31, 2017 compared to December 31, 2016 (Increase/decrease of 5% or more)

22% decrease in Cash and Cash Equivalents
A result of increased operating, acquisition and expansion requirements. The Cash and cash equivalent is within the maintained minimum level to support the operating requirement of the group.

15% decrease in trade and other receivables
Due to the intensified collection of credit sales and other receivables.

333% increase in inventory
The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices and
3) the continued decrease in demand for IFO by the power sectors also contributed to the higher inventory levels.

66% decrease in due from a related party
Collection of the receivable balance from UDEVCO for the sale of PPIPC amounting to ₱50 million and reclassification of the ₱500 million to Non-Trade receivable for the CLC for the sale of CSC.

141% increase in net input vat
Due to increase in inventory purchases.

49% increase in property, plant and equipment
Due to the acquisition of PEPI and Duta, Inc. as well as the completion of the retail stations and expansion of various facilities.

100% increase in Investment Property
Due to the acquisition and appraisal of the fair value of the investment properties of Duta Inc. and Kaparangan.

38,941% increase in Goodwill
Due to the acquisition of PEPI and Duta, Inc.

402% increase in Deferred Tax Assets
Due to the additions from the newly-acquired subsidiaries.

39% decrease in Other Non-Current Assets
Due to additions from the newly-acquired subsidiaries.

49% increase in Current Interest-bearing loans Due to the increase in inventory requirement

20% increase in Trade Payable
Due to the extended supplier credit terms.

492% increase in Non-current Interest-bearing loans
Used for the acquisition of PEPI and Duta Inc., investment in PNX SG and various capital expenditure requirements.

93% Increase in Other Non-Current Liabilities

Increase in security deposit from new customers especially with the additions from LPG business.

30% increase in Capital Stock
Due to the sale of treasury shares and the employee stock option plan.

7% increase in Additional Paid-in Capital
Due to the sale of treasury shares and the employee stock option plan.

36% increase in Retained Earnings
Due to earnings generated in 2017 net of the dividends paid both to common and preferred shares.

Material changes to the Group's Income Statement as of December 31, 2017 compared to December 31, 2016 (Increase/decrease of 5% or more)

49% increase in sale of goods
Due to the increase in volume, increase in fuel prices, addition of the LPG Business and sale coming from PNX SG

66% decrease in fuel service, shipping, storage income, and other revenue
There are no more charter fees, sale of real estate and port revenues after the spin-off of CSC and PPIPC.

51% increase in Cost of Sales
As a result of the increase in revenue, volume and fuel prices

32% increase in selling and administrative expenses
Driven by the Group's expansion and acquisition program that resulted in higher depreciation, rent expense, salaries and wages, taxes and licenses and professional fees.

16% decrease in Finance Costs
Most of the financing transactions were made towards the latter part of the year to
fund acquisitions and investments. Moreover, a material portion of the 2016 finance cost were from the spun-off subsidiaries.

73% decrease in Finance Income
The decrease is on account of the depreciation of foreign exchange at year-end which resulted in lower forex gain.

100% decrease in Equity share in Net Loss of a Joint venture The joint venture was part of the spun-off subsidiary in 2016.

100% increase in Excess of Fair Value over acquisition cost
Due to the acquisition of Duta Inc. which has investment properties with higher appraisal value versus the acquisition cost inclusive of its novated advances from Petronas in favor or PPPI.

640% Increase in other income
Due to other income coming from PLPI and Duta, Inc. related to reversals of previously recognized impairments and allowances.

Recognition of Pre-acquisition Profit
This refers to the Income of PEPI and Duta, Inc. from January to July 2017, prior to the completion of the acquisition.

19% increase in income tax
Due to additions from the newly-acquired subsidiaries, expiration of certain ITH certificates net of the effect of the new approvals.

8% decrease in re-measurement of post-employment benefit obligation Due to the sale of CSC and PPIPC net of the increase from PLPI.

100% increase in Translation adjustment
This comes from the forex translation of PNX SG to Philippines Peso.

There are no other material changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

INTEREST OF NAMED EXPERTS

Legal Matters

All legal issues relating to the issuance of the Preferred Shares which are subject of this Offer shall be passed upon by Puyat Jacinto & Santos (“**PJS Law**”) for the Issuer and Picazo Buyco Tan Fider & Santos (“**Picazo Law**”) for the Joint Lead Underwriters.

PJS Law and Picazo Law have no direct or indirect interest in the Company. However, PJS Law and Picazo Law may, from time to time be engaged by the Company to advise on the transactions and perform legal services on the same basis that PJS Law and Picazo Law provide such services to its other clients.

Independent Auditors

The Audited Financial Statements of the Company as of December 31, 2018, 2017 and 2016 appearing in this Prospectus have been audited by Punongbayan & Araullo, independent auditors, as set forth in their report thereon appearing elsewhere in this Prospectus. The partner-in-charge for the year 2018 is Mr. Ramilito L. Nañola.

The Company’s audit committee reviews and approves the scope of audit work of the independent auditor and the amount of audit fees for a given year. The amount will then be presented for approval by the stockholders in the annual meeting. As regards the services rendered by the external auditor other than the audit of financial statements, the scope of and the amount for the same are subject to review and approval by the Audit Committee.

The Company’s aggregate audit fees for each of the last three fiscal years for professional services rendered by the external auditor were ₱5,364,970, ₱4,648,000, and ₱4,247,020 for 2018, 2017, and 2016, respectively.

The Company’s independent auditors do not provide the Company other services that are not reasonably related to the performance of the audit or review of financial statements.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, co-manager, voting trustee, director, officer, or employee of the Company.

Changes in and Disagreements with Accountants

The Company has not had any changes in or disagreements with its independent accountants or auditors on any matter relating to financial or accounting disclosures.

No interest in the Company

There is no arrangement that any of the foregoing experts shall receive a direct or indirect interest in the Company or was a promoter, co-manager, voting trustee, director, officer, or employee of the Company.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Offer Shares. The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Prospectus and are subject to any changes in law occurring after such date. The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Shares. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Offer Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws. Prospective purchasers of the Offer Shares are advised to consult their own tax advisers concerning the tax consequences of their investment in the Offer Shares.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "non-resident holder" means a holder of the Offer Shares:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Offer Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN**") took effect. The TRAIN amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

Sale, Exchange or Disposition of Shares after the IPO

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (*please see discussion below on tax treaties)*, a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, Value-Added Tax (VAT) of 12% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10% of the listed companies issued and outstanding shares at all times. The sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax and documentary stamp tax, and may even include donor's tax).

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Capital Gains Tax, if the Sale Was Made outside the PSE

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are subject to the following rates:

Not over ₱100,000 …………………………. 5%
On any amount in excess of ₱100,000……… 10%

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (*Please see discussion below on tax treaties.)*

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**").

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10%, which shall be withheld by the Company. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 30%. The 30% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15% if tax sparing applies, which is when (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) the country of domicile of the non-resident foreign corporation allows at least 15% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15% tax sparing rate, Revenue Memorandum Circular No. 80-91 (*Publishing the Resolution of the Supreme Court dated March 7, 1990 in G.R. No. 76573 entitled "Marubeni Corporation vs. Commissioner of Internal Revenue and Court of Tax Appeals" re: pre-requisites for the availment of*

15% preferential tax rate under then Section 24 (b)(1) [now Sec. 25(b)(5)(B)] of the Tax Code, as amended dated August 12, 1991) states that the non-resident foreign holder has to submit the following documents to the payor of the cash dividends: (i) an authenticated certification issued by the foreign tax authority that the dividends received by the non-resident foreign corporation from the domestic corporation were not among the items considered in arriving at the income tax due from the non-resident foreign corporation; (ii) the income tax return of the non-resident foreign corporation for the taxable year when the dividends were received; and (iii) an authenticated document issued by the foreign tax authority showing that the foreign Government allowed a credit on the tax deemed paid in the Philippines or did not impose any tax on the dividends. The income recipient may also file a request for a ruling from the BIR that the 15% income tax rate is applicable to its receipt of the dividends and the request has to comply with Revenue Memorandum Order No. 9-2014 (*Requests for Rulings with the Law and Legislative Division* dated February 6, 2014) and other relevant BIR issuances. The income recipient should thereafter provide the payor of the cash dividends with proof of its filing of an application for a ruling with the BIR before the deadline for the remittance to the BIR of the withholding tax on the dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder. *(Please see discussion on tax treaties below.)*

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (e.g. documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	**Stock transaction tax on sale or disposition effected through the PSE (%)(9)**	**Capital gains tax due on disposition of shares outside the PSE (%)**
Canada	25(1)	0.6	May be exempt(13)
China	15(2)	Exempt(10)	May be exempt(13)
France	15(3)	Exempt(11)	May be exempt(13)
Germany	15(4)	Exempt(12)	May be exempt(13)
Japan	15(5)	0.6	May be exempt(13)
Singapore	25(6)	0.6	May be exempt(13)
United Kingdom	25(7)	0.6	Exempt(14)
United States	25(8)	0.6	May be exempt(13)

Notes:

(1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.

(3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.

(4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases

(5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.

(6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.

(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.

(9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN.

(10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.

(11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995 signed on June 26, 1995.

(12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.

(13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

(14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 72-2010 (*Guidelines on the Processing of Tax Treaty Relief Applications (TTRA) Pursuant to Existing Philippine Tax Treaties* dated August 25, 2010), BIR Form No. 0901-C, and other BIR issuances. These include proof of residence in the country that is a party to the income tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

The tax treaty relief application has to be filed with the BIR before the first taxable event as defined under Revenue Memorandum Order No. 72-2010, which in respect of capital gains tax, is before the deadline for the payment of the documentary stamp tax on the sale of shares.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15% in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR prescribed certain procedures for availment of tax treaty relief on dividends under Revenue Memorandum Order No. 8-2017 (*Procedure for Claiming Tax Treaty Benefits for Dividend, Interest and Royalty Income of Nonresident Income Earners*, dated October 24, 2016). The preferential treaty rates shall be applied by the withholding agent/income payor provided that the non-resident income recipient submits, before the dividends are credited or paid, a Certificate of Residence for Tax Treaty Relief (CORTT) Form that complies with Revenue Memorandum Order No. 8-2017. After the remittance of the withholding tax to the BIR, the withholding agent/income payor shall submit within 30 days an original copy of the duly accomplished CORTT Form.

Documentary Stamp Tax

Beginning 1 January 2018, the original issue of shares is subject to a documentary stamp tax ("**DST**") of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The Philippines imposes a DST upon the transfer outside the PSE of shares issued by a Philippine corporation at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

However, the sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

Estate and Gift Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation is subject to Philippine estate and donor's taxes.

The transfer by a deceased Philippine resident to his heirs of the Offer Shares shall be subject to an estate tax which is levied on the net estate of the deceased at a rate of 6.0% A holder of the Offer Shares who is a Philippine resident shall be subject to donor's tax based on the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year on the transfer of the Offer Shares by donation at a rate of 6.0%

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected: (1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Offer Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Offer Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Sole Issue Manager, or any of their respective subsidiaries, affiliates or advisors in connection with the offer and sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the Philippine SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE had an authorized capital stock of ₱120 million, of which 61.2 million shares were subscribed and fully paid-up as of June 30, 2018. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices

The table below sets out movements in the composite index as of the last business day of each calendar year from 2006 to 2018, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	PSEi Level	Number of Listed Companies	Market Capitalization (in ₱ billion)	Value Turnover (in ₱ billion)
2006	2,982.54	239	7,173.19	572.63
2007	3,621.60	244	7,976.84	1,338.25
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.15
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	254	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	263	14,251.72	2,130.12
2015	6,952.08	265	13,465.57	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.13	1,958.36
2018	7,466.0	267	16,146.7	1,736.8

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60% All orders breaching the 60% static threshold will be rejected by the PSE.

- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;

- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and

- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' total issued and outstanding shares (i.e., exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (i) individuals (for as long as the shares held are not of a significant size (i.e., less than 10.0%) and are non-strategic in nature; (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after January 1, 2013 will be suspended from trading for a period of not more than six (6) months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on December 1, 2017, the MPO requirement on initial public offerings is increased from 10% to 20%. For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the PSE. As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 15.0%, such proposed rules on MPO is yet to be issued by SEC for comments by the public.

FINANCIAL INFORMATION

The following pages set forth the Company's unaudited consolidated financial statements for the period ended March 31, 2019 and 2018 and the Company's audited consolidated financial statements as at December 31, 2018, 2017, and 2016.