

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF**

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

Stella Hizon Reyes Road,  
Bo. Pampanga, Lanang,  
Davao City  
March 15, 2019, 2:00 p.m.

**Number of Shares Represented:** 1,055,789,429

**Number of Shares Outstanding:** 1,403,304,232

Common Shares	1,403,304,232
Preferred Shares	20,000,000

**Directors Present:**

1. Domingo T. Uy, Chairman
2. Dennis A. Uy, Director, President & CEO
3. Romeo B. De Guzman, Director
4. Cherylyn Uy, Director
5. Frederic C. Dybuncio (through Videoconference)
6. Atty. J.V. Emmanuel A. de Dios, Director
7. Justice Consuelo Ynares-Santiago, Independent Director
8. Atty. Monico Jacob, Independent Director
9. Carolina Inez Angela S. Reyes (through Videoconference)
10. Stephen T. CuUnjieng (through Videoconference)
11. Joseph John L. Ong, Director

**PROCEEDINGS OF THE MEETING**

**I. Call to Order**

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

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

The Corporate Secretary certified that: (i) notice of the meeting, stating the time, date, venue and purpose thereof, together with the agenda and the Definitive Information Statement of the Company were duly sent beginning February 26, 2019 to all stockholders of record as of February 14, 2019 by courier with postage pre-paid, (ii) based on the record of attendance, present in the meeting in person or by proxy were stockholders holding 1,055,789,429 common shares out of 1,403,304,232 outstanding common shares of the Company, which constitutes about 75% of the total outstanding capital stock of the Company as of February 14, 2019, and (iii) there was, therefore, a quorum to transact business.

The Chairman therefore declared the existence of a quorum and the meeting duly constituted for the transaction of business. The Chairman also acknowledged the presence in the meeting of the other incumbent directors: (1) MR. DENNIS A. UY, President & CEO, (2) MR. ROMEO B. DE GUZMAN, (3) MR. JOSEPH JOHN L. ONG; (4) MS. CHERYLYN C. UY; (5) JUSTICE CONSUELO YNARES-SANTIAGO, Independent Director; (6) ATTY. MONICO JACOB; (7) ATTY. J.V. EMMANUEL A. DE DIOS; (8) STEPHEN T. CUUNJIENG; (9) CAROLINA INEZ ANGELA S. REYES; (10) FREDERIC C. DYBUNCIO; and (11) DOMINGO T. UY, Chairman.

## **III. Approval of the Minutes of the Previous Annual Stockholders' Meeting Held on March 15, 2018**

The next order of business was the approval of the minutes of the previous annual stockholders' meeting held on March 15, 2018, copies of which were sent and enclosed in with the Definitive Information Statement as of February 26, 2019 to all the stockholders of record as of February 14, 2019. Copies of the said minutes and Definitive Information Statement were likewise given to the stockholders together upon registration.

Upon the motion of Ms. Mae Cañete Tupas and duly seconded by Ms. Maripet Pantojan, without any objections, the stockholders approved the minutes of the previous Annual Stockholders' Meeting held on March 15, 2018, as recorded.

*"RESOLVED, as it is hereby resolved, to approve the minutes of the Annual Stockholders Meeting held last March 15, 2018."*

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

The Chairman then called upon the Company's Chief Operating Officer, Mr. Henry Albert R. Fadullon and the Company's Chief Finance Officer, Ms. Ma. Concepcion de Claro, successively to give an update on the operation and financial highlights, respectively, for 2018.

Mr. Fadullon reported the following:

- The Company concentrated on its four (4) pillars: Deliver the Basics, Overlaying Growth, Breaking into new Ground, and Building People and Capabilities
- 111 sites were refurbished to reflect the new look of the Company's Retail Stations, and opened a total of 600 new stations to date
- The Company introduced its new campaign, the Phoenix fuels with Pulse Technology, with the "Pulse Technology" added to all Phoenix Fuels
- An independent survey showed that Phoenix is the third most patronized brand and third in the brand used most often, a way ahead of all other independents
- Retail volume in 2018 increased by 5%, whereas the industry is only expected to grow around 1%
- FamilyMart improved store fill rates, increased equipment uptime, lowering store operating costs by 14%, increase average daily sales by 8% and increased store EBITDA by more than 10 times
- For the LPG business, there was a 14% volume growth in Visayas and Mindanao and the appointment of 7 new dealers. For Luzon, there were 39 new appointed dealers, welcoming 5 dealers from other existing brands, resulting to a combined growth in the LPG sector of the Company to around 23%
- In the commercial industry, the Company secured major accounts in fast-growing industries such as marine, logistics, transportation and construction
- Aviation business grew about 3%
- The Company's Trading arm, PNX Petroleum Singapore contributed significant volume and value, and will continue its growth and expansion by opening an LPG trading desk
- The Company will also venturing into new business such as asphalt, by partnering with TIPCO Asphalt of Thailand
- The Company received multiple awards in leadership, marketing communications and Corporate performance
- The "Pinoy Tsuper Hero" program won the prestigious Philippine Quill award
- The Company's "Phoenix Pulse Fuelmasters" PBA team ended the 44th PBA season with its highest finish yet and started 2019 in an even better position

The Company's Chief Finance Officer, Ms. Ma. Concepcion de Claro summarized the financial performance of the Company for the year 2018 with reference to the Audited Financial Statements of the Company for the year ended 31 December 2018.

- The Company reported a total Net Income of around 3.6 Billion, of which, 2.6 Billion came from the Company's core business while almost 1 Billion came from its new subsidiaries

- The Company's net-recurring income in 2018 increase to 2.1 Billion, almost doubling the previous year's performance
- The growth in net income was triggered by the Company's increase in Gross Profit, which posted a 58% increase, buoyed by the company's 51% increase in volume
- Operational Expenses increased by a nominal 36% compared to 2017, caused by the increase in volume and new businesses, none the less it resulted 9% decrease in the operational expenses per liter
- Non-operating expenses increased as Finance cost increased, due to the rise in debt and increase in interest rates
- The Company's EBITDA still doubled to almost 5.9 Billion, resulting to a very healthy operating cash balance of almost 7.9 Billion, up from 1.8 Billion of the previous year
- Total assets increased by 46% to 64.67 Billion

Stockholder Ms. Ma. Mercedito Barrios-Talaver asked about the increase in the Company's the Debt to Equity Ratio from 2.8:1 to 3.0:1 and the Company's plan to manage said ratio. The Chairman referred the question to Ms. Ma. Concepcion de Claro who explained that there are three planned activities, one is equity growth by introducing a capital light asset strategy by infusing capital into our joint ventures, second is managing inventories, by supplying our customers in a timely fashion which will enable us to generate cash faster, third is debt restructuring, refinancing some of the debts, taking advantage of projected lower interest rates in 2019.

Stockholder Antoinette Principe Castrodes inquired on the possible joint venture agreement with China National Offshore Oil Corporation (CNOOC) for a Liquefied Natural Gas (LNG) Project. The Chairman referred the question to Mr. Henry Albert R. Fadullon who stated that the Company sees that gas (LNG/LPG) will be a critical energy source as the country moves from conventional fuels to a more renewable source. Gas will be critical in that transition. LNG will be used to supply present and future power generation requirements. A huge portion of power generation is currently supplied by gas fed power plants supplied by Malampaya, which is expected to decline its production of gas by 2022 to 2027. This is to position the company to be an alternative source of the gas for those currently supplied by Malampaya and in anticipation of the increased demand for power supplied by gas fueled power plants from 2022 to 2040.

The Chairman now asks the floor for any more questions when there being no other questions, stockholders proceeded to the next item which is the approval of the Report of the President and the Audited Financial Statements of the Company for the period ended 31 December 2018 which were appended to the Definitive Information Statement sent to all stockholders of record and included in the Annual Report distributed.

The Chairman asks the floor for motion to approve the Report of the President and the Audited Financial Statements of the Company for year 2018. Stockholder Mr. Kenneth Dabi moved to approve the President's Report and the Audited Financial Statements for the year 2018. Stockholder Mr. Peter Paul Tombo seconded the motion.

*“RESOLVED, as it is hereby resolved, to approve the Report of the President as presented in the Annual Stockholders Meeting and the Company's Audited Financial Statements for the year ended 31 December 2018.”*

## **V. Corporate Actions for Approval and Ratification**

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

First item for approval is the authority for the Company, through its subsidiaries to enter into a Joint Venture Agreement or Cooperation with China National Offshore Oil Corporation (CNOOC) to operate and establish various LNG related trade and services under an LNG Integrated Hub Project which includes the operation of an LNG import terminal and gas-fired power plant.

On motion made by stockholder Peter Paul Tombo, which was duly seconded by Ma. Mercedito Barrios-Talaver, without any objections, proposed authorization was approved and ratified.

*“RESOLVED, as it is hereby resolved, to approve and authorize the Company or any of its Subsidiaries to enter into a Joint Venture Agreement or cooperation with China National Offshore Oil Corporation (CNOOC) to operate and establish various LNG related trade and services under the LNG Integrated Hub Project, including the the operation of an LNG Terminal and gas-fired power plant, under the terms and conditions approved by management and/or the Board of Directors.”*

The Second item for approval is the Authority to form and organize a new corporation to manage the Corporation's LNG interest in the LNG Integrated Hub Project.

On motion made by stockholder Ms. Mae Cañete Tupas, which was duly seconded by Antoinette Principe Castrodos, without any objections, proposed creation of a new corporation was approved and ratified.

***“RESOLVED, as it is hereby resolved, to approve and authorize the creation and organization of a wholly-owned subsidiary of the Corporation to manage the Corporation’s LNG interest in the LNG Integrated Hub Project.”***

The Third item for approval is the proposed authority to invest corporate funds in the initial amount of Php 250,000,000.00 for the LNG Integrated Hub Project.

On motion made by stockholder Mr. Kenneth Dabi, which was duly seconded by Ms. Mae Cañete Tupas, without any objections, proposed investment of Corporate funds was approved and ratified.

***“RESOLVED, as it is hereby resolved, to approve and authorize the investment of corporate funds in the initial amount of Php 250,000,000.00 for the LNG Integrated Hub Project, including the formation of a new corporation.”***

The Fourth item for the ratification is the proposed authority to increase investments in the following wholly-owned subsidiaries of the Company, namely:

1. Subic Petroleum Trading and Transport, Inc. – Php 55,800,000.00
2. Phoenix Global Mercantile, Inc. – Php 22,500,000.00
3. P-F-L Petroleum Management, Inc. – Php 429,625,000

**TOTAL of Php507,925,000.00**

On motion made by stockholder Mr. Peter Paul Tombo, which was duly seconded by Ma. Mercedito Barrios-Talaver, without any objections, proposed increase in investment of Corporate funds was ratified.

***“RESOLVED, as it is hereby resolved, to ratify and authorize the Company to increase its investments in its wholly-owned subsidiaries in the following amounts:***

- a. Subic Petroleum Trading and Transport, Inc. (SPTT) - Php 55,800,000.00.***
- b. Phoenix Global Mercantile, Inc. (PGMI) - Php 22,500,000.00***
- c. P-F-L Petroleum Management, Inc. - Php 429,625,000.00”***

The Fifth item for ratification is the investment of corporate funds for the acquisition of shares in Action.Able, Inc. and Think.able, Limited.

On motion made by stockholder Ms. Maripet Pantojan, which was duly seconded by Mr. Kenneth Dabi, without any objections, proposed investment of Corporate funds for the acquisition of Action.able, Inc. and Think.able, Limited was ratified.

*“RESOLVED, as it is hereby resolved, to ratify the acquisition of action.able, Inc. and think.able, limited and to authorize the investment of corporate funds for the acquisition thereof.”*

The Sixth item for ratification is the formation and organization of a new wholly-owned subsidiary in Singapore, PNX Energy International Holdings, Pte. Ltd., to manage the Company’s international investments, including expansion of related business activities and operation in the Asia Pacific region, including the Company’s investment of Ten Thousand US Dollars (USD 10,000.00) for its initial operations.

On motion made by stockholder Ms. Antoinette Principe Castrodes, which was duly seconded by Ms. Mae Cañete Tupas, without any objections, proposed creation of PNX Energy International Holdings, Pte. Ltd., in Singapore and the investment of USD 10,000.00 for its initial operations was ratified.

*“RESOLVED, as it is hereby resolved, to ratify and approve the formation and organization of a new wholly-owned subsidiary in Singapore, PNX Energy International Holdings, Pte., Ltd. (PEIH), to manage the Company’s international investments and to authorize the initial investment of USD 10,000.00 for the creation and initial operations of PEIH.”*

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

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

The Corporate Secretary explained that the acts and resolutions of the Board of Directors, Management and Executive Committee sought to be approved, confirmed and ratified at the meeting cover the period commencing February 01, 2018 to January 31, 2019. The acts and resolutions consist of authorizations of the Corporation’s representative to enter into contracts, such as but not limited to lease, sale and purchase of service vehicles and other real and personal properties, opening of bank accounts as well as bank credit facilities, acquisitions and investments and such other acts incidental and necessary to the purpose of the Corporation as well as advancement and protection of its interests. The Corporate Secretary added that these acts and resolutions are duly identified, enumerated and attached as Annex A of the Definitive Information Statement sent beginning February 26, 2019 to all stockholders of record as of February 14, 2019.

On motion made by stockholder Ma. Mercedito Barrios-Talaver, which was duly seconded by Ms. Maripet Pantojan, without any objections, all the acts and resolutions of the Board of Directors, Management and Executive Committee from the period commencing from February 01, 2018 to January 31, 2019 were confirmed, approved and ratified.

*“RESOLVED, as it is hereby resolved, that all acts and resolution passed and approved by the Board of Directors, Management and Executive Committee covering the period from February 01, 2018 to January 31, 2019, is hereby approved, confirmed and ratified.”*

## **VII. Election of Directors**

The Chairman moved to the next item of the agenda which was the election of directors for 2019-2020 and called the Senior Vice President for External Affairs, Business Development and Security, Atty. Alan Raymond T. Zorrilla to state the list of nominees.

Atty. Zorrilla announced the following nominees for directorship for the ensuing term, 2019-2020:

1. Domingo T. Uy
2. Dennis A. Uy
3. Romeo B. De Guzman
4. J. V. Emmanuel A. de Dios
5. Stephen T. Cu-unjieng
6. Frederic C. Dybuncio
7. Minoru Takeda (Independent Director)
8. Cherylyn C. Uy
9. Nicasio Alcantara (Independent Director)
10. Consuelo Ynares-Santiago (Independent Director)
11. Monico V. Jacob

A motion was made by Stockholder Mr. Kenneth Dabi moving that all votes be cast in favor of the eleven (11) directors and that they be elected as Members of the Board of Directors. Stockholder Ms. Antoinette Principe Castrodese seconded the motion.

*“RESOLVED, as it is hereby resolved, to cast all votes in favor of the eleven (11) nominees for members of the Board of Directors and that they be elected as the Members of the Board of Directors for the term 2019-2020.”*

### **VIII. Appointment of External Auditors**

Upon motion, duly seconded, Punongbayan and Araullo is appointed as the Company's External Auditors for 2019. Mr. Joseph John L. Ong, mentioned that the 2018 Financial Statements of the Company have been audited by Punongbayan and Araullo and recommended that Punongbayan and Araullo be re-appointed as External Auditors of the Company for the year 2019.

Upon motion, duly seconded, the shareholders adopted the following resolution:

*"RESOLVED, that the stockholders approve, as they hereby approve, the appointment of Punongbayan and Araullo as the external auditor of P-H-O-E-N-I-X Petroleum Philippines, Inc. for the year 2019, under such terms and conditions as may be approved by the Board of Directors."*

### **IX. Other Matters**

The Chairman then asked whether there are any other matters which may be properly taken up by the stockholders.

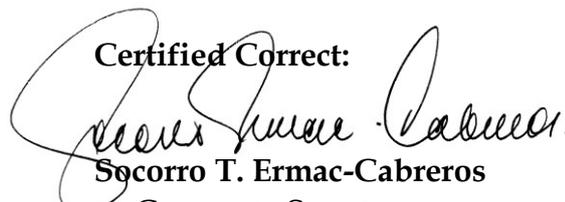
The Corporate Secretary, Atty. Cabreros, through the permission of the Chairman, announced that on March 14, 2019, the Board of Directors declared a Php0.15 per share cash dividend to all stockholders of record as of April 8, 2019, and shall be paid on May 8, 2019.

Thereafter, the Chairman asked the floor if there are any other matters to be taken up.

### **X. Adjournment**

There being no other matters to take up, and upon motion of Ms. Antoinette Principe Castrodos and duly seconded by Kenneth Dabi, the Chairman declared the meeting adjourned.

**Certified Correct:**

  
**Socorro T. Ermac-Cabreros**  
Corporate Secretary

**Attested:**

  
**Domingo T. Uy**  
Chairman