

**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
29 May 2020, 10:00 AM

*The meeting was conducted virtually via remote access
communications through the link,
<http://asm.phoenixfuels.ph/PNX2020>*

Number of Shares Represented:	1,230,461,113
Number of Outstanding Common Shares:	1,406,204,232
Number of Outstanding Preferred Shares:	27,000,000

Directors Present were (1) MR. DOMINGO T. UY, (2) MR. DENNIS A. UY, (3) ROMEO DE GUZMAN, (4) CHERYLYN UY; (5) ATTY. J.V. EMMANUEL DE DIOS; (6) STEPHEN CUUNJIENG; (7) ATTY. MONICO JACOB; (8) FREDERIC DYBUNCIO, (9) MINORU TAKEDA; (10) NICASIO ALCANTARA; (11) RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO

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) notices of the meeting stating the date, time and manner or method of conduct together with the agenda and the Updated Definitive Information Statement were made known to all stockholders of

record of the Company as of May 7, 2020 through means allowed by the Securities & Exchange Commission under Memorandum Circular No. 6, Series of 2020.

Publication of the Notice and the Agenda was duly disclosed with the edge system of the Exchange including publication in print and online with two (2) newspapers of general circulation, the Manila Bulletin and the Daily Tribune for 2 consecutive days starting May 8 and 9, 2020; (ii) through an electronic system and protocols employed and used by the Company, based on the record of attendance, the stockholders attending this meeting in person and by proxy represent **1,230,461,113** common shares of **1,406,204,232** outstanding common capital stock. This constitutes about **87.50%** of the total outstanding capital stock of the Company as of Record Date of May 7, 2020 and (iii) there was, therefore, a quorum to transact business.

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

- (1) MR. DENNIS UY,
- (2) ROMEO DE GUZMAN
- (3) CHERYLYN UY;
- (4) ATTY. J.V. EMMANUEL A. DE DIOS
- (5) STEPHEN CUUNJIENG;
- (6) ATTY. MONICO V. JACOB;
- (7) FREDERIC DYBUNCIO;
- (8) MINORU TAKEDA*;
- (9) NICASIO ALCANTARA*;
- (10) RETIRED JUSTICE OF THE SUPREME COURT, CONSUELO YNARES-SANTIAGO*;
- (11) DOMINGO UY, as chairman

**independent director*

III. Approval of the Minutes of the Previous Annual Stockholders' Meeting Held on March 15, 2019

The next order of business was the approval of the minutes of the previous annual stockholders' meeting held on March 15, 2019 at the Phoenix Petroleum Headquarters in Davao City which were previously sent by courier with postage prepaid to all the stockholders of record starting March 6 up to March 10, 2020 prior to the effectivity of the Enhanced Community Quarantine. Copy of the minutes last March 15, 2019 is also posted on the Company's website for easy access and reference to the shareholders.

Based on the results of the Company's electronic voting system, as of May 29, 2020 at 10:00 o'clock in the morning, stockholders representing **1,230,458,918** of **1,230,461,113** common shares have voted to approve the minutes of the stockholders meeting held last March 15, 2019.

“RESOLVED, as it is hereby resolved, to approve the minutes of the Annual Stockholders Meeting held last March 15, 2019.”

IV. Update on the Operational and Financial Highlights

The Chairman then called upon the Chief Executive Officer, Dennis A. Uy, Company's Chief Operating Officer, Mr. Henry Albert R. Fadullon and the Company's Chief Finance Officer, Ms. Ma. Concepcion F. de Claro, successively to give an update on the operation and financial highlights, respectively, for 2019.

The CEO and Founder, Mr. Dennis Uy welcomed everyone to the 2020 Phoenix Petroleum Annual Stockholders' Meeting. He emphasized the Company's priorities during this unprecedented times -- keeping its people safe, maintaining operations running in 'business as usual' mode, preserving its resources, and shared the following highlights:

- To date, there have been ZERO COVID infections within the Phoenix family. The Company is proud how each one has been doing his own part in keeping not only themselves safe but also everyone else in their family and community.
- The CEO commended all the people serving at the frontlines, including those within the Phoenix family - from the forecourt crews of the stations, to its store attendants in FamilyMart, to the truck drivers, terminal and depot staff keeping deliveries going and the people from different functions across the company who are working from home. Likewise, he expressed his admiration for how businesses -- from the large conglomerates to the micro entrepreneurs -- have stepped up in support of the COVID 19 relief nationwide.

- The Company is one with every Filipino during this fight against COVID 19. The Company allocated P100 million to provide for its people and the community to ensure not only its people's health and safety but also their financial security.
- Phoenix also allowed vehicles transporting frontliners and relief goods to refuel for free at its Phoenix retail stations.
- FamilyMart also continued to donate meals to healthcare workers and deployed law enforcement.
- Community kitchens feeding frontliners and those in need at various LGUs and local agencies nationwide have also been supplied with Phoenix Super LPG for their cooking needs.
- Phoenix also supported Udenna Foundation's "Sagip Saka" initiative, a program that helps transport farmer's produce from the countryside to the markets in the City by providing the trucks free fuel.
- Today, the Company continues to find more ways to contribute positively.
- Meanwhile, 2019 was a strong year for Phoenix considering the market headwinds from volatile oil prices and tighter market competition. The Company's pivot towards high margin businesses such as retail and LPG is bearing fruit with important contributions from Phoenix's overseas operations as its LPG brand expands into Central and South Vietnam. Volume sales grew 20% and revenues were higher by 10%, the Company managed to bring down its OPEX per liter and grew operating income by 12%. It will continue expanding its portfolio with asphalt and gas offerings to commercial customers.
- Phoenix capped off 2019 being hailed as the Marketing Company of the Year at the prestigious Agora Awards of the Philippine Marketing Association, putting the Company in the league of the best local and multinational consumer brands of the country.
- As founder, the CEO has gone with the Company and the team through various crises of different magnitude and nature. Each crisis is different but the Company's core values of humility, honesty, hard work, hunger and being holy by keeping to one's faith remain constant.
- While uncertainties still abound, the Company is focused on delivering the basics and continues to be of service to customers. At this point, more than business performance, it is about responding to the call of a higher purpose and sense of duty and service to the country, the communities and families it serves.

- While circumstances may be tough, Phoenix is built to survive, and remains positioned to thrive.

The Chief Operating Officer, Mr. Fadullon reported the following:

- Overseas petroleum trading operations in Singapore and LPG business in Vietnam contributed 56% of the year's sales volume increase on the back of increased trade in fuels and LPG along with good growth from our new LPG Marketing business in Vietnam.
- Retail business had its best year ever delivering 126 New to Industry service stations and continued investment on retail site branding, upgrading 275 sites to date. A total of 655 service stations were opened at the end of 2019. Overall volume grew 23% while average volume turnover per site went up by 4.5%.
- Domestic LPG business delivered another solid year growing 25% year-on-year following strong performance in core Visayas and Mindanao markets and continued success of the Company's push into Luzon. Investments were made in new LPG Super Hubs and delivery hotline and service were introduced. Aggressive conversions amassed new B2B customer wins especially with renowned celebrity, Sarah Geronimo, leading the marketing campaign. Gas business grew to almost three times since acquisition in 2017.
- Investments in Retail and Gas are paying off. The Company's B2B businesses continue to deliver stable volumes especially now that Aviation soared higher closing the year with a 20% volume increase after securing new contracts from PAL and AirAsia.
- On market share, Phoenix again grew from 6.91% to 7.06%.
- In Convenience Retailing, FamilyMart launched its "Coffee Creations" in partnership with UCC Coffee and introduced a new range of Japanese Food like Onigiri and Japanese Ramen as part of its pivot to food program.
- On brand health, Phoenix brand took the #3 spot in terms of customer loyalty for the second year running based on an independent survey among 1000 consumer respondents.
- During the first quarter of 2020, Phoenix was able to sustain volume growth in Retail and LPG despite presence of price volatility due to the trade war between the US and China, and geopolitical tensions between the US and Iran.
- As the COVID-19 crisis enveloped the Company in March, it began to focus on three key priorities:

First, keeping its people safe by ensuring the health and safety of its people by coming up with a workforce protocol. Except for critical staff whose roles cannot be performed virtually and are not considered high risk or without existing pre-conditions, everyone else was required to work from home. PPEs were immediately issued to staff on duty and modified protocols and procedures for the terminal like 9 days on lockdown duty and 9 days off duty were implemented. The Company also provided for the immediate financial needs of all staff by advancing a portion of their 13th month pay.

Thereafter, the Company held its first virtual townhall meeting attended by over 750 staff and their families across the 3 markets where it operates - Philippines, Vietnam and Singapore - to communicate its plan and expectations while reassuring them that all is well. Communications were also cascaded to the external stakeholders, including its partners and franchisees, customers and suppliers around how the Company is adapting to the crisis. More importantly, the Company mobilized emergency support to the communities.

Second, by maintaining operations running. Because the Company continued to have a healthy and motivated workforce and partners, its supply chain continues to run 100%. 95% of its retail sites and LPG stores are open – LPG domestic cylinder sales are at an all time high of 39% growth versus same period last year. 60% of the FamilyMart stores are open.

The Company continues to deliver LPG and Family Mart items directly to its customers' households.

Recently the Company also started accepting fuel orders for delivery to first time customers thru its new consumer hotline manned by its customer service representatives who are working remotely and safely from home. Its Commercial business continues to supply products to critical industries kept open during this time.

Activity has started to pick up with the opening up of more sectors in B2B. The Company's business efforts are all supported by social media across multiple platforms and all are broadcasting at full blast.

Third, preserve Company resources. To adjust to the expected slowdown in demand, the Company immediately delayed imports for finished products to lower inventory levels resulting in inventory levels at only 50% of terminal capacity.

- The first full month on lockdown last April was brutal with sales hovering around 50-60% of pre-lockdown levels, nonetheless, its LPG business continued to post strong growth during the crisis.
- The Company observed heightened activity which reflected on very strong sales for the first half of May as the World market prices have been firming up.
- Internally, the Company kept its employees and partners engaged digitally through online town hall meetings and continued to roll out programs that help make working safe and efficient while work-from-home and other flexible working arrangements are in place. Despite adjustment, about 79% of them expressed positive sentiments towards their current work disposition.
- Post lockdown, majority of the workforce will continue working from home except for critical roles that cannot be performed virtually. A healthy and safe workforce is a key priority and will be a critical enabler for the business to thrive in the new normal.

The Company's Chief Finance Officer, Ms. Ma. Concepcion de Claro summarized the financial performance of the Company for the year 2019 with reference to the Audited Financial Statements of the Company for the year ended 31 December 2019, as follows:

- 2019 was a resilient year amidst industry challenges.
- Phoenix's overall sales volume was up 20% year-on-year, led by retail, LPG, and its overseas operations.
- Domestic volume grew by 11% overall, while overseas volume surged by 43%. The overseas volume from its petroleum trading operations in Singapore and the new LPG business in Vietnam accounted for 33% of total volume. Volume growth, however, was tempered by the overall decline in global oil prices, with the Dubai crude average lower by 9% during the year.
- As a result, consolidated revenues for the year reached 98 billion pesos, which was 10% higher year-on-year.
- Phoenix continued to focus on cost discipline in 2019 and was able to bring down its per unit OPEX during the year which enabled it to grow its EBITDA by 17% to 5.93 Billion Pesos.
- The past three years of the Company have been marked by major investments in its B2C businesses such as retail and LPG, as well as in supply chain and infrastructure. This was funded primarily by debt, thus adding to our financing costs. Average interest rates also increased during the year. All these considered, 2019 net income was lower year-on-year. Excluding the non-recurring gains on property revaluations in 2018, net income was down by 30%.

- The Company was able to bring down the Debt to equity ratio at year end to 2.28x from 2.5x the prior year. This was in part from the Seven Billion Pesos in preferred equity raised in the 4th quarter of 2019, which was in line with the Company's long term strategy of raising financing with longer maturities. For this purpose and for clarity, debt is defined as total interest bearing loans and borrowings.
- The Company's current debt levels reflect previous borrowings to fund expansions of its terminal and depots, its acquisitions of consumer-oriented businesses such as FamilyMart and Posible, a digital platform company, and additional equity infusion in subsidiaries, specifically PNX SG Trading, PFL Petroleum Management for its retail expansion via strategic partnerships, and PNX Energy for our LPG investment in Vietnam. Though the debt load has increased over the years, it remains in line with the earnings potential of the Company over time.
- While currently operating in unprecedented times, on the financial front, Phoenix's priority is to preserve resources while keeping an eye on liquidity and leverage as well as cash flow and capital discipline. Inventories were reduced in light of the demand changes which effectively freed up cash tied to the Company's inventories as well as reduced burden on working capital.
- Phoenix likewise adjusted its cost structure. In 2019, the Company already implemented structural cost reductions, including the rationalization of its lubricants and FamilyMart supply chains. Road transport assets and a number of company-owned retail sites have been spun off as well into strategic partnerships.
- Additionally, Phoenix is taking about 800 million pesos in savings mostly sourced from marketing, advertising, and travel as the Company shifts its resources from traditional channels to digital. These cost actions will help keep its OPEX in line with the expected weakness in demand this year.
- The Company is prioritizing only projects that are immediately revenue generating, thus, cutting its Capex this year to 1.5 billion pesos.
- Phoenix remains committed to achieving its deleveraging goal of less than 2.25x Debt to equity and Current ratio of 1.1x by focusing on the following:

First, shortening its cash cycle, which as of end 2019 is at 66 days, by progressing on collections, incentivizing early payments, and bringing down inventory days.

Second, by raising long term financing to align its debt maturities with its long term assets and to give the Company more flexibility, as originally planned prior to the pandemic and the ECQ.

- Phoenix will continue to work to put the Company on firmer financial footing, as we have done over the past year. Despite the near term pressures and the uncertainties today, Phoenix is confident that its business plan, which is investing more on higher margin and high growth businesses such as retail and LPG, and the financial discipline it has put in place will not only preserve resources but also ensure that it will remain well positioned and will thrive when the industry recovers.

After the reports were concluded by the presenters, stockholders representing **1,230,265,718** shares voted for the approval of the Annual Report of the President and the Audited Financial Report of the Company for 2019 (until December 31, 2019) by sending their ballots downloaded from the Phoenix website to pnx.corpsec@phoenixfuels.ph.

“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 2019.”

V. Corporate Actions for Approval and Ratification

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

The corporate matters were contained in the Definitive Information Statement available and posted in the Corporation’s website. Each matter was submitted for approval by the stockholders via online voting until 12 noon of the same day.

The First item for approval is the proposal to organize, form, and register, a 100% Phoenix Petroleum-owned corporation to manage, own, invest, and operate a road transport business. Approval is also sought for the investment of P57 million as initial capital as well as for the transfer and assignment of the Company’s road transport assets and operations to the new corporation.

Stockholders representing **1,230,460,918 shares** voted online for the (i) approval of the proposed creation and organization of 100% Phoenix Petroleum-owned corporation to manage, own, invest, and operate road transport business, (ii) investment of Php 57,000,000.00 initial capital, and (iii) transfer and

assignment of the Company's road transport assets and operations to the new corporation.

“RESOLVED, as it is hereby resolved, to approve and authorize the creation and organization of a wholly-owned subsidiary of the Corporation to manage, own, invest, and operate the Corporation's road transport business with initial capital investment of Php 57,000,000.00 and assignment of the Company's road transport assets and operations to the new corporation.”

The Second item for approval is the proposed authority to invest up to P4.9BN into the Company's 100%-owned subsidiary Duta, Inc. over a period of three years.

Stockholders representing **1,230,458,918 shares** voted online for the approval of the 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 4.9 billion for the Company's 100% owned subsidiary, DUTA, INC., over a period of three (3) years.”

Third item for approval the proposed amendments to Article IV of the Articles of Incorporation that the corporate term from fifty years be amended to a perpetual existence from and after the date of incorporation, as allowed in the Revised Corporation Code.

Stockholders representing **1,230,460,918 shares** voted online for the approval of the proposed amendments in the Corporation's Articles of Incorporation and By Laws.

“RESOLVED, as it is hereby resolved, to amend the Company's corporate term under Article IV of the Company's Articles of Incorporation from fifty years, from and after the date of incorporation, to a perpetual existence.”

The Fourth item for approval is the Amendment in Article II, Section 1 of the Corporation's By-Laws that the Annual Meeting of Stockholders be scheduled from the Last Friday of March every year to the Last Friday of April every year.

Stockholders representing **1,230,460,918 shares** voted online for the approval of the proposed amendments in the Corporation's Articles of Incorporation and By Laws.

“RESOLVED, as it is hereby resolved, to approve, authorize and ratify the amendment of Article II Section 1 of the Corporation's By-Laws to move the schedule of the Annual Stockholders' Meeting from the Last Friday of March every year to the Last Friday of April every year.”

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 from February 01, 2019 until February 05, 2020.

The acts and resolutions consist of authorizations of the Company's representative to enter into Contracts or biddings or other corporate transactions such as but not limited to Lease, Dealership Agreements, Sale and Purchase of Service Vehicles and other real and personal properties, opening of bank accounts as well as bank credit facilities, acquisitions and investments and such other acts which are incidental and necessary to the purpose of the Company as well as advancement and protections 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 to all stockholders of record as of May 7, 2020.

Stockholders representing **1,230,265,718 shares** voted online for the approval of the ratification and confirmation of acts and resolutions covering February 1, 2019 to February 5, 2020.

“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 1, 2019 to February 5, 2020 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 2020-2021 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, 2020-2021:

1. Mr. Domingo T. Uy
2. Mr. Dennis A. Uy
3. Mr. Romeo B. de Guzman
4. Atty. JV Emmanuel A. de Dios
5. Atty. Monico V. Jacob
6. Ms. Cherylyn C. Uy
7. Mr. Stephen CuUnjieng
8. Mr. Henry Albert R. Fadullon
9. Mr. Nicasio I. Alcantara - Independent Director
10. Retire Justice Consuelo Ynares Santiago - Independent Director
11. Mr. Minoru Takeda - Independent Director
12. Mr. Frederic Dybuncio

The following were the results of the voting for the members of the Company's Board of Directors, as submitted by the stockholders through pnx.corpsec@phoenixfuels.ph:

	NO. OF VOTES
1. Dennis A. Uy	1,230,498,090
2. Cherylyn C. Uy	1,223,817,090
3. Romeo B. de Guzman	1,223,817,090
4. Henry Albert R. Fadullon	1,223,817,090
5. J.V. Emmanuel A. de Dios	1,223,817,090
6. Monico V. Jacob	1,223,817,090
7. Frederic C. DyBuncio	800
8. Stephen T. CuUnjieng	1,223,817,090
9. Consuleo Ynares-Santiago (Ind. Director)	1,230,476,090
10. Nicaso I. Alcantara (Ind. Director)	1,230,476,090
11. Minoru Takeda (Ind. Director)	1,230,476,090
12. Domingo T. Uy	1,224,009,490

VIII. Appointment of External Auditors

Punongbayan & Araullo was nominated as the Company's External Auditors for 2020.

Stockholders representing **1,230,458,918 shares** voted online in favor of *Punongbayan and Araullo* as the Company's External Auditors for the ensuing fiscal year 2020-21.

The shareholders adopted the following resolution:

“RESOLVED, that the stockholders approve, as they hereby approve, the appointment of *Punongbayan & Araullo* as the external auditor of P-H-O-E-N-I-X Petroleum Philippines, Inc. for the year 2020, under such terms and conditions as may be approved by the Board of Directors.”

IX. Other Matters

The Chairman then asked whether there are questions or any other matters which the stockholders would like to take up. Three questions were raised and addressed during the meeting.

First question was “What are the reasons for the increase in debt over the last few years and what are the plans to improve your debt ratios?”

Over the past years, we have been investing heavily in consumer-facing businesses, in line with our pivot to B2C.

These include LPG whose 60% of the business is selling to households, convenience store retailer FamilyMart, and digital transactions services platform Posible. These add to our network of retail stations and complete our platform of retail assets in different formats. We also upgraded our terminals and depots and opened a trading arm in Singapore to support supply.

All these spending on capex and investments, which were primarily funded by debt, are expected to improve our long term profitability.

Today, the focus is on preserving resources. Going forward, the plan is to reduce the need for borrowings by shortening our cash cycle and generating more cash. We are also working on our capital structure and are planning to raise financing with longer tenors to give us flexibility. For these, we have ongoing discussions and are just waiting for further government guidelines to determine adjustments to our fundraising programs.

The second question, “In the 2019 Audited Financial Statements, there was a mention of a waiver by one of our banks. Can you elaborate on this and how does this affect our loan covenants?”

The waiver mentioned in the AFS refers to the testing date of one of our financial covenants. It was agreed with the bank that the testing date be moved from December 2019 to August 2020, based on the Company’s operations and performance between January and June 2020.

With the changes in the market today, we continue to proactively discuss plans with the bank regarding this and we are prepared to raise funds and adjust our programs accordingly. For avoidance of doubt, we want to state that there was no payment demand by the bank.

For the third question, “How has COVID affected the demand for our business and how do you see this evolving for the rest of the year?”

The slowdown in economic activities starting mid-March weighed on demand significantly, with April being the hardest hit. May meanwhile, has been showing signs of recovery because restrictions now are being lifted and some businesses are starting to reopen. Yet, a lot of uncertainties remain and it’s holding back spending and dampening sentiment, in particular of consumers, who are the biggest drivers of our economy. So, let me echo the message of

our COO earlier that we are cautiously optimistic.

One bright spot however, that emerged from this downturn is our LPG business. It was once considered a convenience, non essential item in the kitchen, but during the ECQ as home/in dining became the norm, it turned into an essential household product and demand increased. We expect this to go beyond ECQ as health and safety practices such as social distancing stick and change consumer behavior for the long term.

The stockholders were encouraged further to email more of their questions to investors@phoenixfuels.ph. Thereafter, the Chairman invited all the stockholders and the rest of the viewers to watch the video prepared by the Company on how it adapted and improved amidst pandemic.

X. Adjournment

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

Certified Correct:


Atty. Socorro Ermac Cabreros
Corporate Secretary

Attested:


Domingo T. Uy
Chairman