

27 August 2019

The Philippine Dealing & Exchange Corp.

37/F, Tower 1, The Enterprise Center
6766 Ayala Ave. corner Paseo de Roxas
Makati, 1226 Metro Manila, Philippines

Attention: **Atty. Joseph B. Evangelista**
Head – Issuer Compliance and Disclosure Department

Sir:

We would like to submit our response to the Exchange query for additional information in relation to the subscription of RCBC Capital Corporation of the Company's preferred shares last December 4, 2018 and the partial redemption of 500,000 preferred shares for your reference and information.

Thank you and best regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

27 August 2019

The Philippine Stock Exchange

6/F Disclosure Department
PSE Tower
5th Ave. corner 28th St., Bonifacio Global City
Taguig City, Metro Manila

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Dear **Ms. Encarnacion**:

We write in response to your letter dated 23 August 2019 seeking additional information on the following:

1. The subscription by RCBC Capital Corporation (“RCBC Capital”) of 2,000,000 preferred shares via private placement, at the issue price of Php1,000.00 per share; and
2. The partial redemption of 500,000 preferred shares out of the 2,000,000 preferred shares subscribed by RCBC Capital.

Please find our relevant reply to your query below:

1. Date of approval by the Company’s Board of Directors of the subscription by RCBC Capital of 2,000,000 preferred shares;

The Company’s Board of Directors approved the subscription of RCBC Capital of 2,000,000 preferred shares on 04 December 2019. The Subscription Agreement was signed on 04 December 2019.

2. Rationale for the issuance of the 2,000,000 preferred shares, as well as features of the preferred shares issued to RCBC Capital;

Since the Company is still in its expansion mode, the proceeds shall be used to finance capital expenditure and working capital requirements.

The subject preferred shares has the following basic features:

- i) Non-convertible into common shares;

- ii) Non participating in any other corporate activities or other further dividends, non-voting except in cases specified by law;
- iii) No pre-emptive rights to any issue of the Company's share but shall enjoy preference over the holders of common shares as to distribution of net assets in the event of dissolution or liquidation and in the payment of dividends at a specified rate. The Board of Directors shall determine its issued value at the time of issuance and shall determine its dividend rates and the dividends shall be paid cumulatively;
- iv) The preferred shares shall be redeemable at the Company's option under such terms as the Board of Directors may provide at the time of issuance. It shall also be re-issuable when fully redeemed.

3. Basis upon which the offered price and redemption price were determined;

The issue price which is the same as the redemption price was determined at a premium to the Offer share's value per share of Php1.00. The Offered Price was arrived at by dividing the desired gross proceed of Php2,000,000,000 by the amount of the Offer Shares allocated in the said transaction.

4. Redemption price and redemption date of the 500,000 preferred shares;

The redemption price is the same as the issue price which is Php1,000.00 per share. Redemption date of 500,000 preferred shares was on 05 June 2019. Hence, approval of Company's Board was a ratification.

5. Effect(s) on the capital structure:

	Before	After subscription of 2,000,000 preferred shares	After partial redemption of 500,000 preferred shares
Issued Shares			
Common Shares	1,436,876,232	1,436,876,232	1,436,876,232
Preferred Shares	30,000,000	32,000,000	31,500,000
Outstanding Shares			
Common Shares	1,405,876,232	1,405,876,232	1,405,876,232
Preferred Shares	20,000,000	22,000,000	21,500,000

Treasury Shares			
Common Shares	31,000,000	31,000,000	31,000,000
Preferred Shares	10,000,000	10,000,000	10,500,000
Listed Shares			
Common Shares	1,436,876,232	1,436,876,232	1,436,876,232
Preferred Shares	25,000,000	25,000,000	25,000,000

6. Effect(s) on foreign ownership level and public float, if any;

There is no significant effect on the foreign ownership level since the subscription is privately placed. Moreover, foreign ownership is still within the limits allowed by law as follows:

Voting Shares					
Security Type	Description of Security Type	Stock Symbol	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Voting Shares
Common	Common Shares	PNX	208,206,681	1,197,669,551	1,405,876,232
			208,206,681	1,197,669,551	1,405,876,232
Foreign Ownership Level of Total Outstanding Voting Shares (in %)			14.81		
Non-Voting Shares					
Security Type	Description of Security Type	Stock Symbol	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Non-Voting Shares
Preferred	Preferred Shares	PNX3A	29,430	12,470,570	12,500,000
Preferred	Preferred Shares	PNX3B	20,730	7,479,270	7,500,000
Preferred	Preferred Shares	-	0	1,500,000	1,500,000
			50,160	21,449,840	21,500,000
Foreign Ownership Level of Total Outstanding Shares (in %)			14.59		
Foreign Ownership Limit (in %)			40		

On the matter of public float, there is no significant change considering that what was issued was preferred shares and hence will not affect the public float which is based on common shares.

*To be an indispensable partner in the journey of everyone
whose life we touch*



7. Any other relevant information.

None.

We hope we have sufficiently provided the necessary information needed from our end.

Thank you and best regards.

Very truly yours,

Atty. Socorro Ermac Cabrerros
Corporate Secretary

HEAD OFFICE: Phoenix Bulk Depot, Lanang, Davao City
8000 Philippines
Trunkline: +63 82 235 8888
Fax: +63 82 233 0168

MANILA OFFICE: 15th-17th Floors, UDENNA Tower, Rizal Drive cor. 4th Avenue,
Bonifacio Global City, Taguig 1634 Philippines
Trunkline: +63 2 403 4013
Fax: +63 2 403 4009

CEBU OFFICE: Phoenix Maguikay Gasoline Station, M.C. Briones Street,
National Highway, Maguikay, Mandaue City, Cebu 6014 Philippines
Telephone: +63 32 236 8168 / 236 8198