

Minutes of the 2017 Annual Stockholders Meeting
SPC Power Corporation
Held on 28 May 2018 at 10:00 A.M.
At the Sinulog Ballroom 1, City Sports Club
Archbishop Reyes Avenue, Cebu City

PRESENT:

ALSO PRESENT:

(See attached Record of Attendance)

Jaime M. Balisacan
Maria Luz L. Caminero
Corazon L. Gamez
Cesar O. Villegas
Mishelle Anne R. Rubio-Aguinaldo

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 10:15 A.M. The Assistant Corporate Secretary, Ms. Mishelle Anne R. Rubio-Aguinaldo, recorded the proceedings of the meeting.

2. Certification of Due Notice and Presence of a Quorum

Ms. Rubio-Aguinaldo certified that notices of the meeting were given to stockholders of record as of 7 May 2018 pursuant to the By-Laws of the Corporation, and that with 1,467,725,046 shares, equivalent to 98.07% of the total issued and outstanding shares in attendance, either in person or by proxy, a quorum was present to transact business.

3. Approval of Minutes of the Previous Meeting (30 May 2017)

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy agreed to dispense with the reading of the minutes of the annual stockholders meeting on 30 May 2017, and unanimously approved the said minutes.

4. Report of the Chairman and Presentation of the Audited Financial Statements as of and for the Year Ended 31 December 2017

The Chairman, Mr. Henares, started his report saying that despite a challenging environment, the Group again delivered a relatively strong performance with a total comprehensive income that amounted to Php1,677.4 million in 2017. While this was 6.2% lower compared to what was achieved the year before due mainly to power system disturbances that hit the Visayas region in July 2017 and the expiration of the income tax holiday previously enjoyed by a major associate, the results still translated to a respectable double-digit return on average equity of 18.35%; total assets increased by 4.3% to Php10,872.1 million; and free cash flows remained robust enabling the prepayment of long-term debt and the payment of the highest annual cash dividend representing a payout of 71.4% of earnings. The Chairman added that the details of the company's financial performance are in the financial report to be presented by SVP for Finance Jaime Balisacan. He continued with his report on the operating performances of the power generating plants (Panay Diesel Power Plant, Bohol Diesel Power Plant, and KSPC Power Plant) and the Distribution Utilities (Bohol Light Company, Inc. and Mactan Electric Company, Inc.), during the year 2017. He also discussed briefly the status of the Cebu Diesel Power Plant 1 (CDPP1), which remains under SPC pending the turnover of the Naga Power Plant Complex (NPPC) to PSALM, and the status of the Power Barge 104 (PB104) which is expected to be in commercial operation within the year. Going forward, the Chairman said that the Group expects continued growth in terms of operating results and in the benefits it gives to shareholders with: (i) the sustained improvements in the reliability and availability of

existing power generation and distribution facilities, (ii) the anticipated commercial operation of PB 104, and (iii) the vigorous but careful pursuit of new opportunities. With the development of a new coal-fired power plant at the NPPC already halted due to the adverse Supreme Court decision, the Chairman said that new hydro power plant projects are presently being considered in the Visayas and other parts of Luzon. The Chairman expressed his gratitude to the stockholders for their continued confidence and support; and to management and staff of the parent company and the subsidiaries, for their excellent performance in 2017.

Thereafter, the Senior Vice President for Finance and Administration, Mr. Jaime M. Balisacan, reported on the highlights of the consolidated financial performance of the parent company and the subsidiaries as of and for the year ended 31 December 2017. He said that for reasons already mentioned by the Chairman, the group's total comprehensive income of Php1,677.4 million was 6.2% lower compared to the previous year but still translated to a double-digit return on average equity of 18.35% versus 21.09% the year before. Group-wide revenues decreased by 19.5% to Php2,350.1 million due mainly to the calamity that affected power generation and distribution in the third quarter of 2017. However, the impact of lower revenues was curbed by significant reduction in operating costs and expenses, along with higher other income. Mr. Balisacan also said that despite the decline in total comprehensive income, the group's financial position remained robust to support long-term plans. He cited the increase in total assets, slight reduction in total liabilities, continued increase in stockholders' equity due to recurring net income, healthy cash flows, and financial ratios that remained favorable. The group again supported its liquidity during the year mainly from cash generated from operating activities and from cash dividends received from investee companies. Mr. Balisacan likewise reported that the group ended the year with Php1,445.3 million in cash and cash equivalents and a receivable from PSALM amounting to Php1,143.2 million representing the amount paid for the acquisition of the NPPC in 2014.

The Chairman opened the floor to questions. None was raised.

5. Approval of Directors Fees and Bonus for CY 2017

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy approved the payment of (1) a Director's Fee of P600,000.00 to each Director who served the full year of 2017 and a pro rata thereof if his service was less than a year, (2) an extra payment of P200,000.00 for the Chairman, and (3) an aggregate compensation of P12,486,000.00 to Directors who performed executive functions during CY 2017.

6. Ratification of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting

The Chairman referred to the list of previous actions to be ratified which was included in the Definitive Information Statement distributed to all stockholders.

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy ratified all the past acts of the Board of Directors and of the management and officers during CY 2017.

7. Election of Directors for CY 2018-2019

The Chairman informed the stockholders that they were going to elect eleven (11) Directors in accordance with the Articles of Incorporation and By-Laws. He then opened the floor for nominations.

Upon motion duly made and seconded, the stockholders present or represented by proxy unanimously elected the following persons to serve as Directors for CY 2018-2019 and to act as such until their successors shall have been elected:

- i. Dennis T. Villareal
- ii. Alfredo L. Henares
- iii. Alberto P. Fenix, Jr.
- iv. Go, Jae-Han
- v. Ahn, Soon-Chan
- vi. Shin, Dong-Woo
- vii. Guillermo P. Dabbay, Jr.
- viii. Ramon Y. Sy
- ix. Roberto F. De Ocampo
- x. Enrique L. Benedicto
- xi. Sergio R. Ortiz-Luis, Jr.

Messrs. Sy, De Ocampo, Benedicto, and Ortiz-Luis, Jr. were elected as Independent Directors.

The Chairman congratulated the newly-elected members of the Board of Directors and announced that the Organizational Meeting of the Board would be held immediately after the stockholders meeting.

8. Appointment of External Auditor

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy reappointed the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the CY 2018.

9. Other Matters

No other matter was discussed.

10. Adjournment

The meeting was adjourned at 11:00 A.M.

ATTESTED BY:


ALFREDO L. HENARES
Chairman


MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

**SPC POWER CORPORATION
ANNUAL STOCKHOLDERS MEETING
28 May 2018**

RECORD OF ATTENDANCE

STOCKHOLDER	PROXY	NO. OF SHARES	%
KEPCO Philippines Holdings, Inc.	Go, Jae-Han	568,098,817	37.96
Intrepid Holdings, Inc.	Dennis T. Villareal	118,047,145	7.89
JAD Holdings, Inc.	Dennis T. Villareal	64,492,545	4.31
KV Holdings, Inc.	Dennis T. Villareal	74,749,847	4.99
Cancorp, Inc.	Dennis T. Villareal	41,000,000	2.74
Rowell Plastic Corporation	Dennis T. Villareal	38,864,638	2.60
Mali Ni	Dennis T. Villareal	10,000,000	0.67
PCD Nominee (Fil/Non-Fil Corp.)		548,226,673	36.63
Dennis T. Villareal		6,425,501	0.43
Alberto P. Fenix, Jr.		855,933	0.06
Cesar O. Villegas		685,492	0.05
Corazon L. Gamez		826,797	0.06
Lorenzo D. Inocando		330,196	0.02
Stanley Krug	Dennis T. Villareal	299,196	0.02
Dennis Lawrence N. Villareal	Dennis T. Villareal	274,196	0.02
James Roy N. Villareal	Dennis T. Villareal	274,196	0.02
Victor Anthony N. Villareal	Dennis T. Villareal	274,196	0.02
Total (Outstanding – 1,496,551,803)			

ATTESTED BY:


ALFREDO L. HENARES
Chairman


MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary