

**MINUTES OF THE  
ANNUAL STOCKHOLDERS' MEETING  
OF  
STI EDUCATION SYSTEMS HOLDINGS, INC.  
30 September 2016, 3:00 P.M.  
7<sup>th</sup> Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City**

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
<b>Total Number of Shares Represented In Person and By Proxy</b>	<b>6,980,990,304</b>
<b>Total Outstanding Shares:</b>	<b>9,904,806,924</b>
<b>Attendance Percentage to Total Outstanding Shares</b>	<b>70.48%</b>

=====

**I. CALL TO ORDER**

The Chairman, Mr. Eusebio H. Tanco, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Arsenio C. Cabrera, Jr., recorded the minutes of the meeting.

**II. CERTIFICATION OF NOTICE AND QUORUM**

Based on the certification provided by Mr. Joel S. Cruz and Mr. Antonio B. Madrid, Jr. of RCBC Stock and Transfer Agency, the stock and transfer agent of the Corporation, the Corporate Secretary certified that notices for the meeting were duly sent to all stockholders of record as of 30 August 2016 and that a quorum consisting of 70.48% of the Corporation's issued and outstanding capital stock existed for the valid transaction of business.

The certification of Mr. Cruz and Mr. Madrid regarding the due sending of notices to stockholders of record as of 30 August 2016 is attached hereto as Annex "A". The attendance tabulation reflecting the abovementioned quorum is attached hereto as Annex "B".

**III. APPROVAL OF PREVIOUS MINUTES**

Upon motion made and duly seconded, the stockholders approved the Minutes of the Annual Stockholders' Meeting held on 25 September 2015.

**IV. PRESENTATION OF MANAGEMENT REPORT**

The President, Mr. Monico V. Jacob, rendered the Management Report for fiscal year 2015-2016. A copy of the Management Report is attached hereto as Annex "C".

The Chairman announced the declaration of cash dividends in the amount of Two Centavos (Php0.02) per share or an aggregate amount of One Hundred Ninety Eight Million Ninety Six Thousand One Hundred Thirty Eight Pesos and 48/100 (Php198,096,138.48). He stated that the cash dividends would be payable to stockholders of record as of 14 October 2016 and that the dividends would be payable on 10 November 2016 and upon compliance with all necessary regulations.

Upon motion made and duly seconded, the stockholders noted and approved the Management Report rendered by Mr. Monico V. Jacob.

**V. APPROVAL OF AUDITED FINANCIAL STATEMENTS AS OF 31 MARCH 2016**

Upon motion made and duly seconded, the Corporation's Consolidated Audited Financial Statements and Parent Company Audited Financial Statements for the period ending 31 March 2016 were noted and approved.

**VI. RATIFICATION OF LEGAL ACTS, PROCEEDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND OF MANAGEMENT**

Upon motion made and duly seconded, all acts, proceedings and resolutions of the Board of Directors and of Management since the 25 September 2015 Annual Stockholders' Meeting up to 30 September 2016 were approved, confirmed and ratified.

**VII. ELECTION OF DIRECTORS**

The Chairman stated that under the Articles of Incorporation, the Company provides for eleven (11) directors, two (2) of whom must be independent directors.

The Corporate Secretary also stated that under the Corporation's By-Laws and Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Nomination Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the

Nomination Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Nomination Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

Upon motion duly made and seconded, the following individuals were elected as Directors to serve as such for the ensuing year and until the election and qualification of their successors:

1. Eusebio H. Tanco
2. Monico V. Jacob
3. Martin K. Tanco
4. Joseph Augustin L. Tanco
5. Maria Vanessa Rose L. Tanco
6. Rainerio M. Borja
7. Paolo Martin O. Bautista
8. Teodoro L. Locsin, Jr.

Independent Directors:

1. Jesli A. Lapus
2. Ernest Lawrence L. Cu
3. Johnip G. Cua

#### **VIII. APPOINTMENT OF EXTERNAL AUDITOR**

Upon motion made and duly seconded, the stockholders approved the appointment of SyCip Gorres Velayo and Co. as the external auditor of the Corporation.

#### **IX. OTHER MATTERS**

##### **A. Co-Maker and Surety for the Term Loan of iACADEMY**

The President presented the plan of Information and Communications Technology Academy, Inc. ("iACADEMY") to obtain a term loan from China Banking Corporation ("China Bank") in an amount not exceeding One Billion Pesos (Php1,000,000,000.00) for the purpose of financing the construction of the new building of iACADEMY on Yakal Street, Makati City.

In response to a question from a shareholder, the Chairman noted that iACADEMY needed to obtain the term loan in order to expand its facilities as well as its student population.

Upon motion made and duly seconded, shareholders holding at least two-thirds (2/3) of the outstanding capital stock of the Corporation authorized the Corporation to act as the Co-Maker and Surety for the term loan to be obtained by from China Banking Corporation in an amount not exceeding One Billion Pesos (Php1,000,000,000.00) for the purpose of financing the construction of the new building of iACADEMY on Yakal Street, Makati City.

B. Other Matters

In response to the suggestion of one shareholder that the Coporation install wi-fi in STI Cubao for the use of students, the President clarified that wi-fi access is limited to certain areas only and that there is no wi-fi access in classrooms.

The Board also took note of the suggestion of a shareholder to use the vacant space near STI Cubao as an office for PhilPlans First, Inc.

In response to a question as to whether the Corporation invested in Roosevelt College, the Chairman explained that the Corporation had decided not to invest in Roosevelt College after considering certain factors such as location of campuses and cost of renovations.

The Board also took note of the suggestion of a shareholder to establish an annex at Guadalupe Tulay since this area has many students.

X. ADJOURNMENT

There being no other business to transact, the meeting was adjourned upon motion duly made and seconded.

  
ARSENIO C. CABRERA, JR.  
Corporate Secretary

ATTEST:

  
EUSEBIO H. TANCO  
Chairman

## CERTIFICATION

As Stock Transfer Agent of **STI Holdings Inc.**, this is to certify that copies of the Notice of the Annual General Meeting of stockholders of STI Holdings Inc., (the "Company") to be held on 30 September 2016 were delivered by special messengerial service to all shareholders of record of the Company as of 05 September 2016.

Issued this 27th day of September 2016 upon the request of **STI Holdings Inc.**

**RIZAL COMMERCIAL BANKING CORP.**  
Stock Transfer Department



**ANTONIO B MADRID JR**  
Operations Manager



**JOEL CRUZ**  
Assistant Manager

## **ANNUAL STOCKHOLDERS' MEETING**

Print Date: September 30, 2016

Print Time: 3:05:35 PM

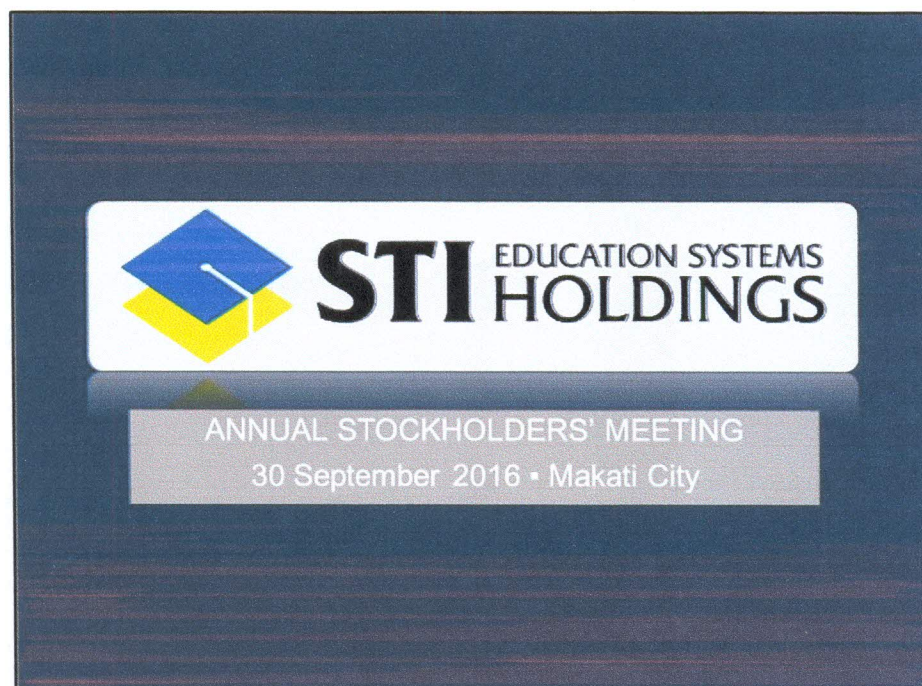
---

**Quorum: 70.48%**

**Total No. of Present: 6,980,990,304**

**Total No. of Shares: 9,904,806,924**

---



Good afternoon, ladies and gentlemen, and thank you for joining us this afternoon for the annual stockholders' meeting of STI Education Systems Holdings.

## STI ACADEMIC CENTER LAS PIÑAS



The latest addition to our roster of academic centers is STI Academic Center in Las Piñas. We inaugurated the campus last September 28.





These are photos of the façade showing all four sides of the building.



STI Las Piñas students have started enjoying the facilities of the campus from the automated gate system, to the front office area, to the classrooms.



The campus is equipped with up-to-date technologies for the computer, speech, and hotel and restaurant management laboratories.



Students also have access to elevators, lounges, and a multipurpose area on the top floor.

To date, we now have 11 wholly-owned Academic Centers:

- Global City
- Naga
- Fairview
- Novaliches
- Ortigas-Cainta
- Calocan
- Batangas
- Calamba
- Lucena
- Cubao, and
- Las Piñas



In addition, we have encouraged the franchisees to invest in their facilities and be classified as Colleges of Excellence . Twelve have responded to the call. Of the twelve, seven are now classified as Colleges of Excellence.

- STI College Santa Rosa
- STI College Dasmariñas
- STI College Balagtas
- STI College General Santos
- STI College Rosario
- STI College Tanay
- STI College Bohol

Other franchisees that have responded to the call are as follows:

- STI College Koronadal
- STI College Tacurong
- STI College Alabang
- STI College Malolos, and
- STI College Vigan

Recent Acquisition:

## **STI COLLEGE – SANTA MARIA**

On May 18, 2016, STI ESG entered into an agreement to acquire the business of STI College Sta. Maria, a school located in Sta. Maria, Bulacan, which is operated by a franchisee of STI ESG.

With the expansion of facilities, we now have a total of **119,191** student capacity across the STI ESG Network.



STI West Negros University continues to enhance the learning experience of its students with the launch of the construction of the firing range and the swimming pool for use by its Criminology and Maritime students, respectively.

These are in addition to renovations completed in the school year 2014-15 including a façade that reflects the new University Signage, new offices and renovated buildings and the air-conditioning of classrooms.





The university has acquired a maritime simulator which will be utilized by courses geared towards seafarer accreditation.



iACADEMY, our premier school for computing, business and design, occupies 8 of 11 floors of its new home in Makati City. In addition to top-of-the-line computer suites and other renovations completed in the school year 2014-15, iACADEMY Plaza has an auditorium which can seat 450 to 500 people.

iACADEMY has Multimedia Arts laboratories and Computer laboratories that have been improved for use of the students. All the other laboratories, such as Cintiq and the iMAC, were also developed to satisfy all the needs of the students. All laboratories are equipped with high speed internet as well as the latest software and hardware.

All the classrooms and lecture rooms are fully equipped with the latest teaching aids.

AUG  
2016

Acquired 100% ownership of Neschester Corporation, a company that owns a 2,300 square meter property on Yakal St., Makati that will be the future site of the iACADEMY Yakal Campus.

On August 2, 2016, STI Holdings acquired 100% ownership of Neschester Corporation, a company that owns a 2,300 square meter property on Yakal Street, Makati that will be the future site of the iACADEMY Yakal Campus.



*Disclaimer: Above Image is for illustration purposes only. Actual outcome may differ from the above image.*

This slide shows a perspective of the future iACADEMY Yakal Campus.



A groundbreaking ceremony for the site of the future iACADEMY Yakal Campus was held on September 20, 2016.

AUG  
2016

Acquired 100% ownership of Neschester Corporation a company that owns a 2,300 square meter property on Yakal St., Makati that will be the future site of the iACADEMY Yakal Campus

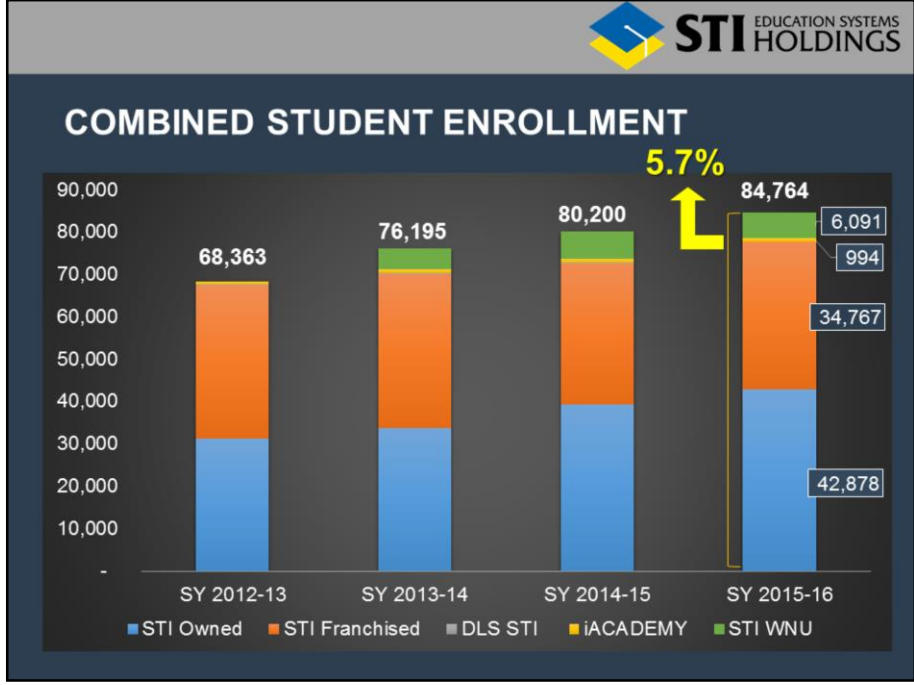
SEPT  
2016

Purchased 100% of STI ESG's ownership of iACADEMY and made further subscription to unissued shares of iACADEMY

On September 20, 2016, STI Holdings subscribed to 100 million shares of the increase in the authorized capital stock of iACADEMY. The latter filed with the SEC for an increase in authorized capital from 100 million shares to 500 million shares.

On September 27, 2016, STI Holdings purchased one hundred percent (100%) of the issued and outstanding shares of iACADEMY from STI ESG.

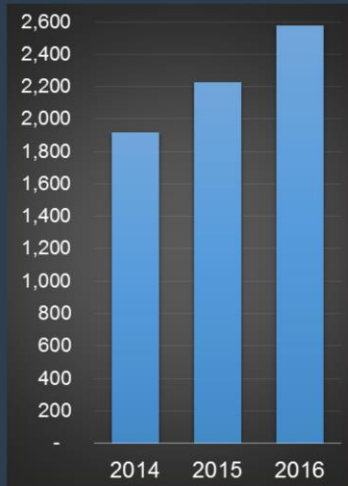
This makes iACADEMY a 100% subsidiary of STI Holdings. With this move, iACADEMY can now further differentiate itself as the premier school for animation and multimedia arts within STI Holdings. STI Holdings shall focus on expanding operations of iACADEMY to target specialized information technology fields in multimedia arts and animation as well as the offer of transnational education.



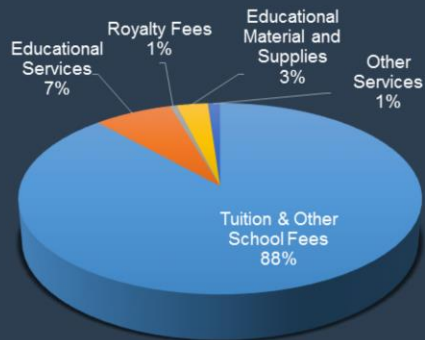
As with the previous year, our efforts have been rewarded with an increase in consolidated student enrollment of 4,564 students from last year’s 80,200 to 84,764. This represents an increase of 5.7 percent for the year under review.

The STI Education Services Group or STI ESG represented by the STI Owned and STI Franchised portions of the columns contributed 92% of student enrollment.

## COMBINED REVENUES



Breakdown of Core Revenues for SY 2015-16

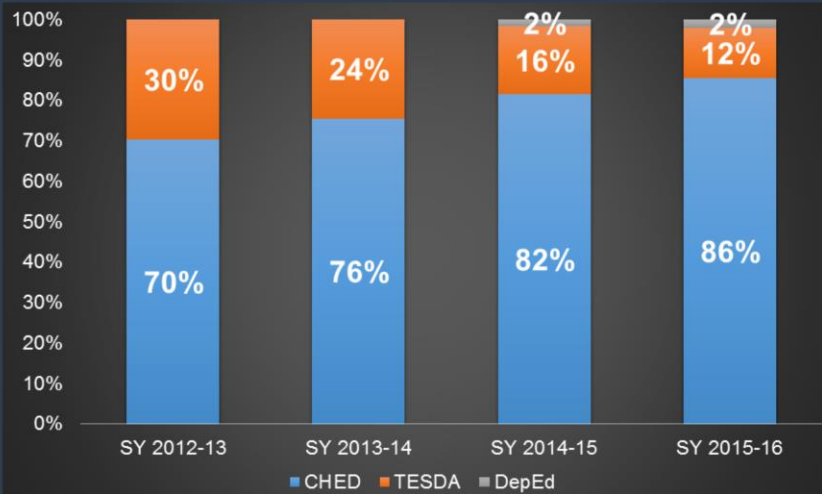


As a result of the continued increase in enrollment, combined revenues increased by 16% for the period under review, from 2.22 Billion pesos last year to 2.58 Billion pesos this year.

Tuition and other school fees make up 88% of STI's core revenues. The remainder is generated from educational services, royalty fees, educational materials and other services.



### STI ESG ENROLLMENT MIX

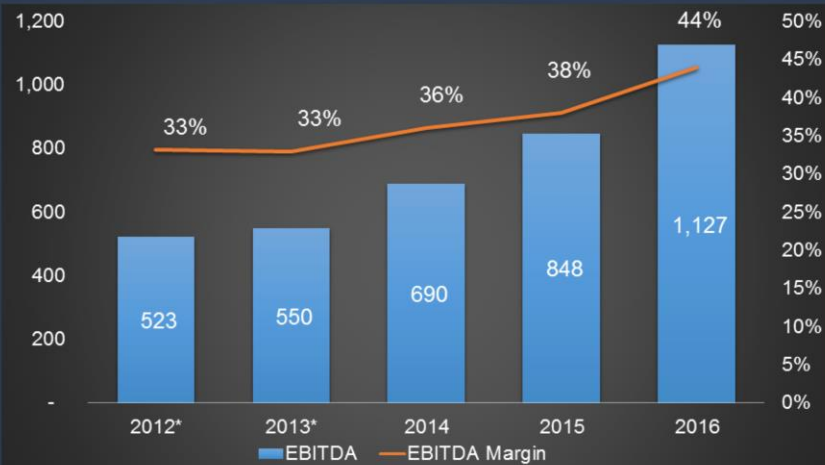


STI ESG's enrollment mix was more favorable in school year 2015-2016 than in school year 2014-2015, as enrollment continued to lean more towards STI network's Commission on Higher Education (CHED) four-year programs than the two-year programs.

Students in CHED programs accounted for 86% of enrollment. Students in TESDA programs accounted for 12% of enrollment while DepEd students who joined the early implementation of the Senior High School program accounted for 2% of enrollment.

This mix compares to 82% CHED, 16% TESDA and 2% DepEd enrollment in school year 2014-15. The four-year CHED programs charge higher tuition and bring in more revenue per student.

## PROFITS AND MARGINS

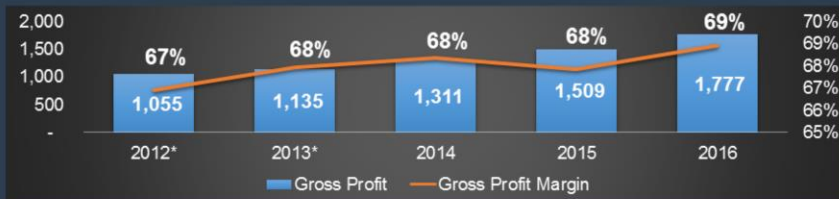


\* The March 31, 2012 and 2013 comparative information was restated to reflect the adjustments on the application of the Revised PAS 19 – Employee Benefits.

STI Holdings' EBITDA has been steadily growing since school year 2011-12. EBITDA has grown from 523 Million pesos in school year 2011-12 to 1.1 Billion pesos in SY 2015-16 or a compounded annual growth rate of 21%.

Within the same period, EBITDA margin grew from 33% to 44% in school year 2015-16.

### ANNUAL GROSS PROFIT



### ANNUAL OPERATING PROFIT



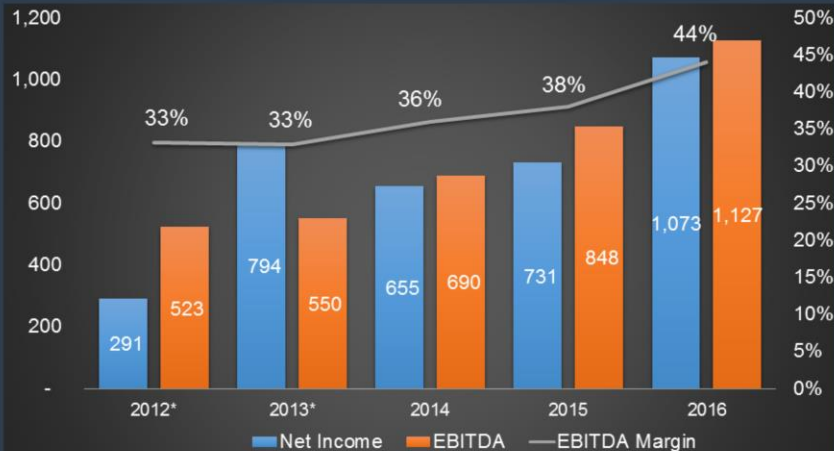
\* The March 31, 2012 and 2013 comparative information was restated to reflect the adjustments on the application of the Revised PAS 19 – Employee Benefits.

STI has increased its gross profit from 1.06 Billion pesos in school year 2011-12 to 1.78 Billion in school year 2015-16 or a compounded annual growth rate of 14%.

Operating profit has increased from 367 Million in school year 2011-12 to 703 Million in school year 2015-16 or a compounded annual growth rate of 18%.

The increases in gross profit, operating profit and EBITDA margins are primarily attributable to the economies of scale that STI enjoys as revenues increase.

## NET INCOME AND EBITDA



\* The March 31, 2012 and 2013 comparative information was restated to reflect the adjustments on the application of the Revised PAS 19 – Employee Benefits.

STI Holdings posted a net income of 1.07 Billion pesos during the one year period ending March 31, 2016, which is 47 percent – or 341.3 Million – higher than the 731.4 Million it recorded during the same period in 2015.

This growth is due to the increase in enrolments, as well as the courses students took up in schools owned by STI ESG and other franchised schools.

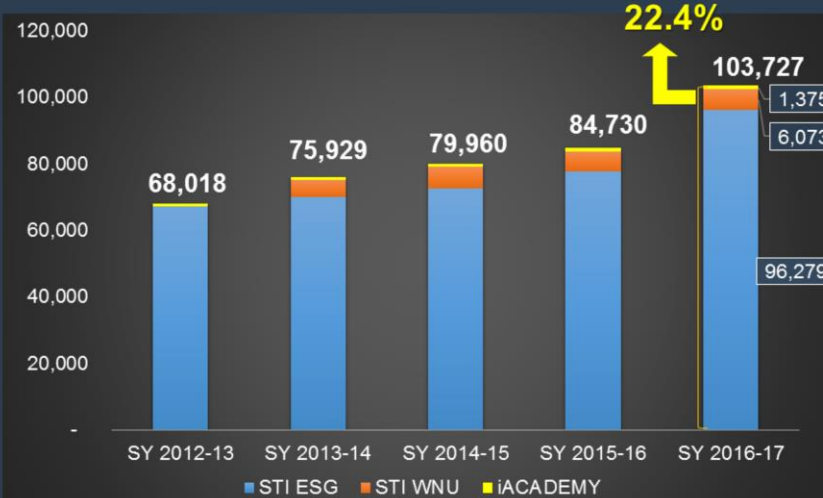
Also over the past years, EBITDA has grown from 623 Million pesos in school year 2011-12 to 1.1 Billion pesos in school year 2015-16 at a compounded annual growth rate of 21%.

The graph also shows that EBITDA margin has been growing steadily from 33% in school year 2011-12 to 44% in school year 2015-16.



Senior High School Program

## ENROLLMENT BOOST FROM SENIOR HIGH



We are pleased to report that STI Holdings has breached the 100,000 mark in student enrollment, taking in a total of 103,727 students during the start of academic year 2016 – 2017, representing a 22.4 percent increase compared to the same period last year.

A total of 96,279 students were enrolled in STI Education Services Group (STI ESG) campuses, while 6,073 were enrolled in STI West Negros University (WNU). iACADEMY, meanwhile, attracted 1,375 students.

The enrollments received a tremendous boost from the high turnout of senior high school enrollees—a total of 39,206 students—despite the decrease in the number of enrollees for STI’s colleges because of the full implementation of the K to 12.



We reached another milestone in school year 2015-16 when STI ESG celebrated its 1st Senior High School Graduation with 706 graduates from 36 campuses nationwide. The network graduation was held on April 8, 2016 at the STI Academic Center Global City in Taguig.

In 2014, the Department of Education or DepEd granted STI ESG permit to offer SHS to sixty-seven (67) STI schools out of a total of ninety-two (92) schools. As of today, all 76 schools in the STI ESG network have been granted the DepEd permit to offer Senior High School.

On August 10, 2015, DepEd granted iACADEMY's permit to offer Senior High School starting in the school year 2016-17.

On October 5, 2015, DepEd granted STI WNU the Permit to Operate Senior High School Program for all tracks. On May 11, 2016, DepEd also granted STI WNU permit to offer ICT Strand and certain specializations.



STI ESG also actively participated in DepEd's nationwide Career Guidance Program and Early Registration for incoming Senior High School students in October 2015.

STI ESG collaborated with DepEd and conducted career guidance and orientation seminars for Grade 10 students in various public and private high schools nationwide.



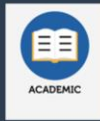


In June 2015, STI ESG was given a plaque of recognition for being one of DepEd's partners during its K to 12 Anniversary.



STI ESG also developed a tool called the Student's Career Opportunity and Personality Evaluator or SCOPE which electronically analyzes incoming Senior High students' individual strengths, interests, and personality, to help them determine which track to take for their education.

## K TO 12 FULL IMPLEMENTATION



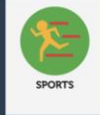
ACADEMIC

**39,206**  
Senior High School  
Enrollees



TECHNICAL-  
VOCATIONAL-  
LIVELIHOOD

**STI** 37,571



SPORTS

**STI** 1,205  
STI WEST NEGROS  
UNIVERSITY



ARTS & DESIGN

**iACADEMY** 430



With the full implementation of K to 12 in the current school year 2016-17, we are pleased to report that 39,206 senior high school enrollees nationwide signed up with STI.

Of these, 37,571 enrolled in STI ESG, 1,205 enrolled in STI West Negros University and 430 enrolled in iACADEMY.

As we await the impact of the full implementation of K to 12, it is our hope that we maintain the trust of our students and retain them as we deliver our unique brand of education.

THANK YOU



**STI** EDUCATION SYSTEMS  
HOLDINGS