

**MINUTES OF THE
ANNUAL STOCKHOLDERS' MEETING
OF
STI EDUCATION SYSTEMS HOLDINGS, INC.**
29 September 2017, 3:00 P.M.
7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total Number of Shares Represented In Person and By Proxy	7,282,196,473
Total Outstanding Shares:	9,904,806,924
Attendance Percentage to Total Outstanding Shares	74%

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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 25 September 2017 and that a quorum consisting of 74% 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 25 September 2017 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 30 September 2016.

IV. PRESENTATION OF MANAGEMENT REPORT

The President, Mr. Monico V. Jacob, rendered the Management Report for fiscal year 2016-2017. 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 (Php 0.02) per share or an aggregate amount of One Hundred Ninety Eight Million Ninety Six Thousand One Hundred Thirty Eight Pesos and 48/100 (Php 198,096,138.48) from the unrestricted retained earnings of the Corporation as of 31 March 2017 based on the Audited Financial Statements as of 31 March 2017. He stated that the cash dividends would be payable to stockholders of record as of 16 October 2017 and that the dividends would be payable on 13 November 2017 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 2017**

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 2017 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 30 September 2016 Annual Stockholders' Meeting up to 29 September 2017 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 Corporate Governance 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 Corporate Governance Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Corporate Governance 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. Johnip G. Cua
3. Robert G. Vergara

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

In response to a question from a stockholder, the Chairman explained the accounting loss in connection with the investment of the Corporation in Maestro Holdings, Inc.


In response to a question from a stockholder, the Chairman stated that STI ESG had decided to maintain current tuition fee levels in order for the STI schools to remain competitive.

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 29 September 2017 were delivered by special messengerial service to all shareholders of record of the company as of 5 September 2017.

Issued this 25th day of September 2017, upon the request of STI HOLDINGS, INC.

RIZAL COMMERCIAL BANKING CORP.
Stock Transfer Department



ANTONIO MADRID, JR.
Operations Manager



JOEL S. CRUZ
Junior Assistant Manager

STOCKHOLDER'S MEETING

Print Date: September 29, 2017

Quorum:	74%
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Total no of Present:	7,282,196,473
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Total no of Shares:	9,904,806,924
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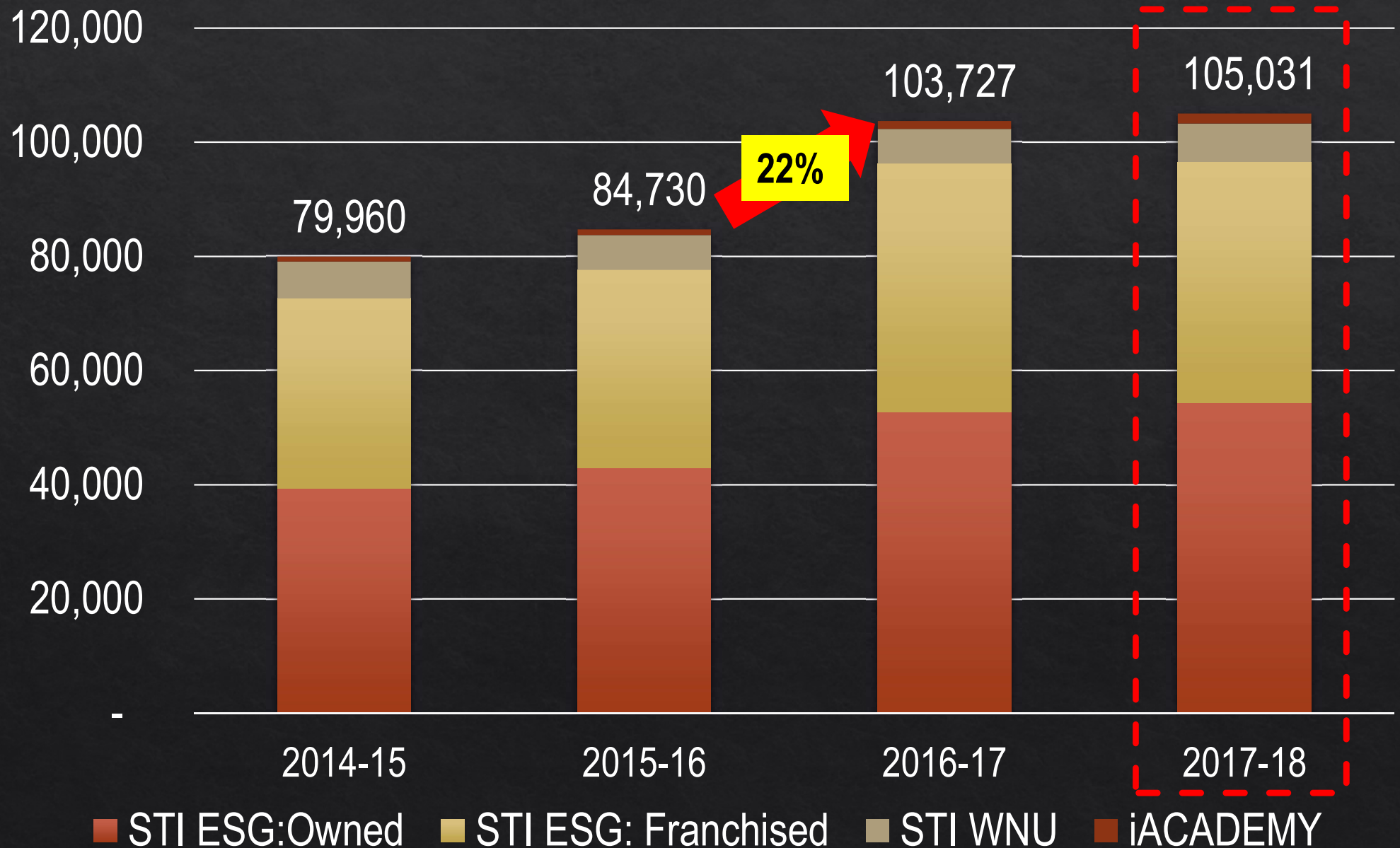
Annual Shareholders' Meeting STI EDUCATION SYSTEMS HOLDINGS, INC.

29 September 2017
Makati City

ENROLLMENT HIGHLIGHTS

*Full Years 2015 to 2017 and
First Quarter ending 30 June 2017*

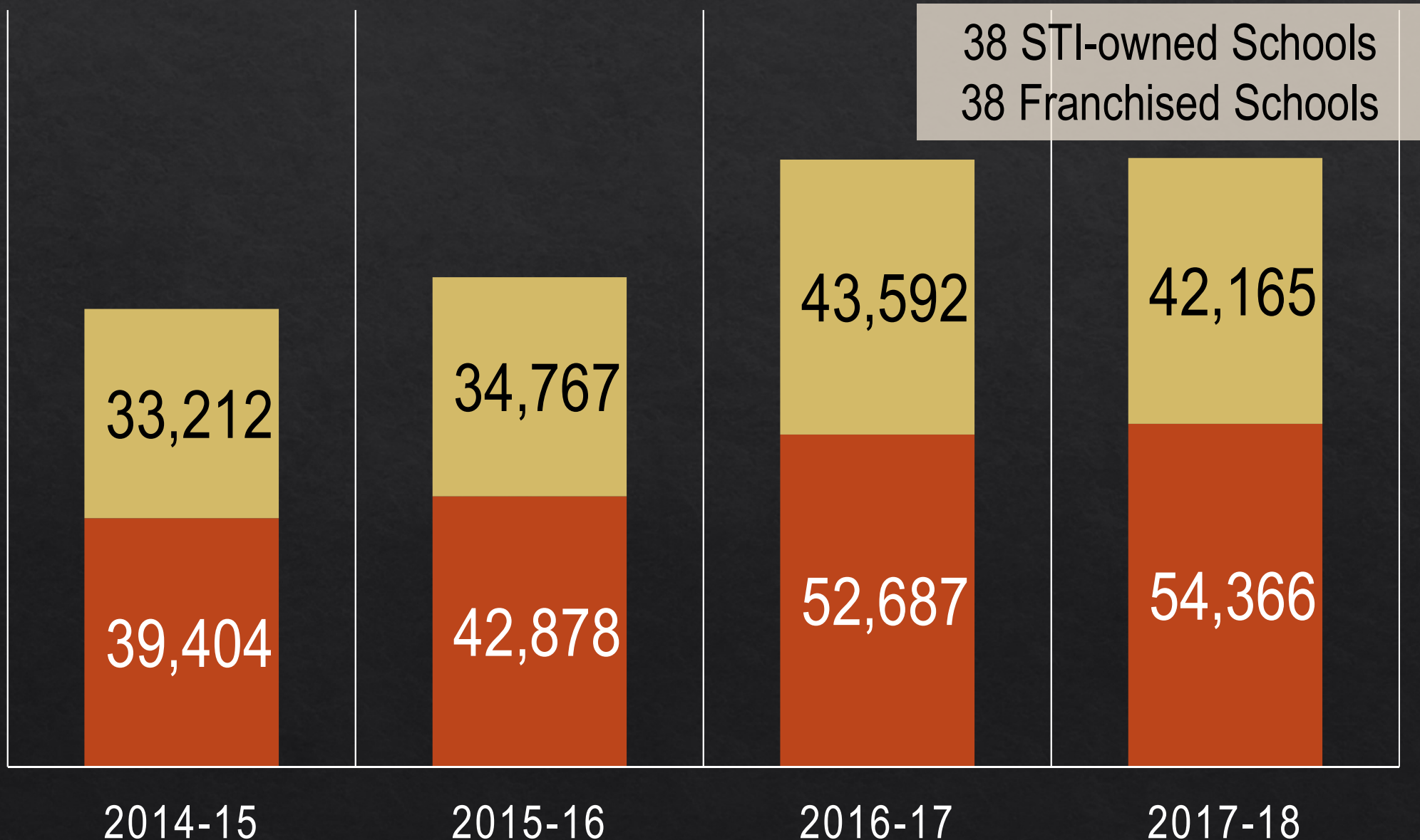
Combined Student Enrollment





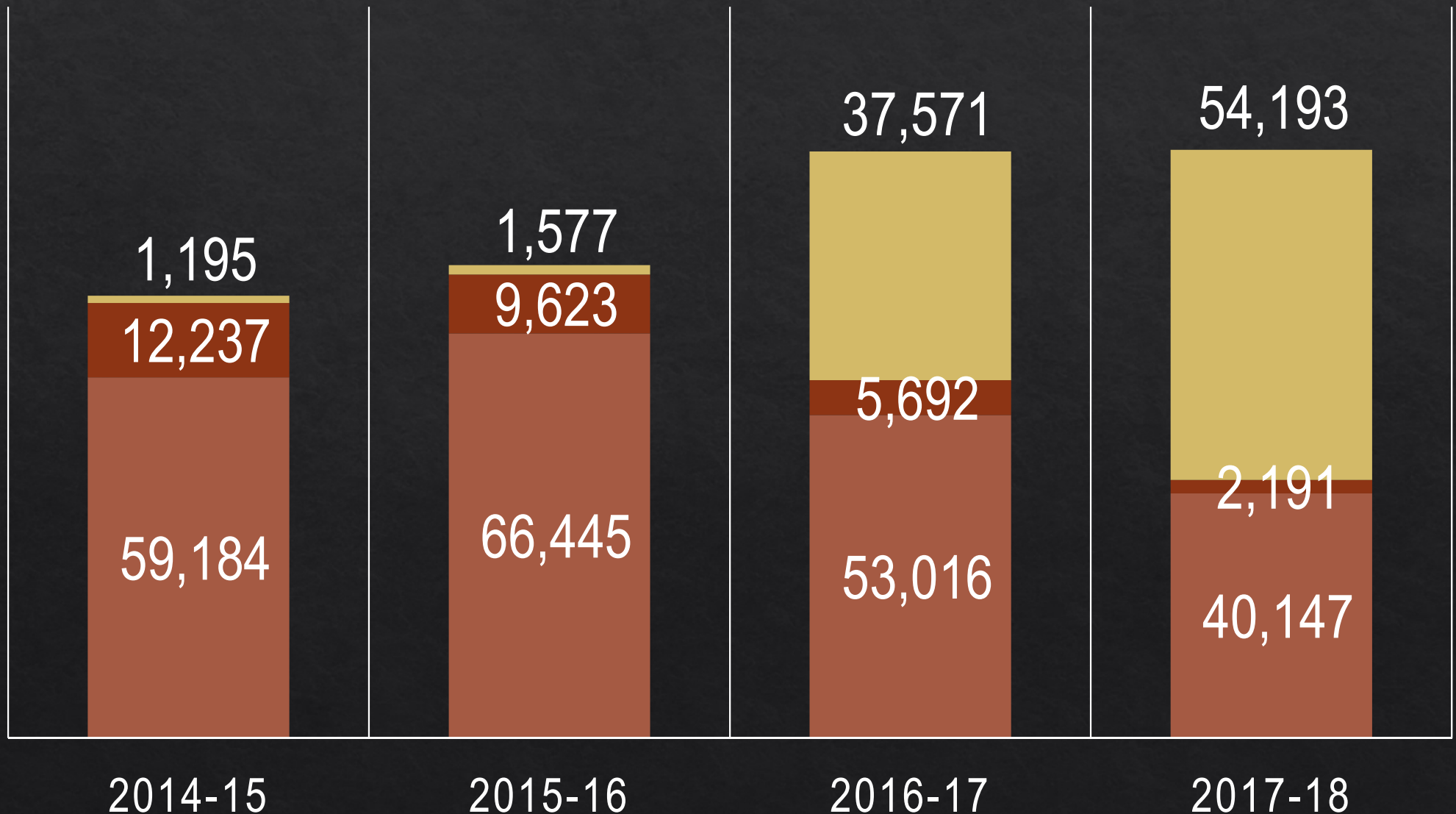
STI ESG Enrollment Distribution

Owned Franchised



STI ESG Enrollment Breakdown

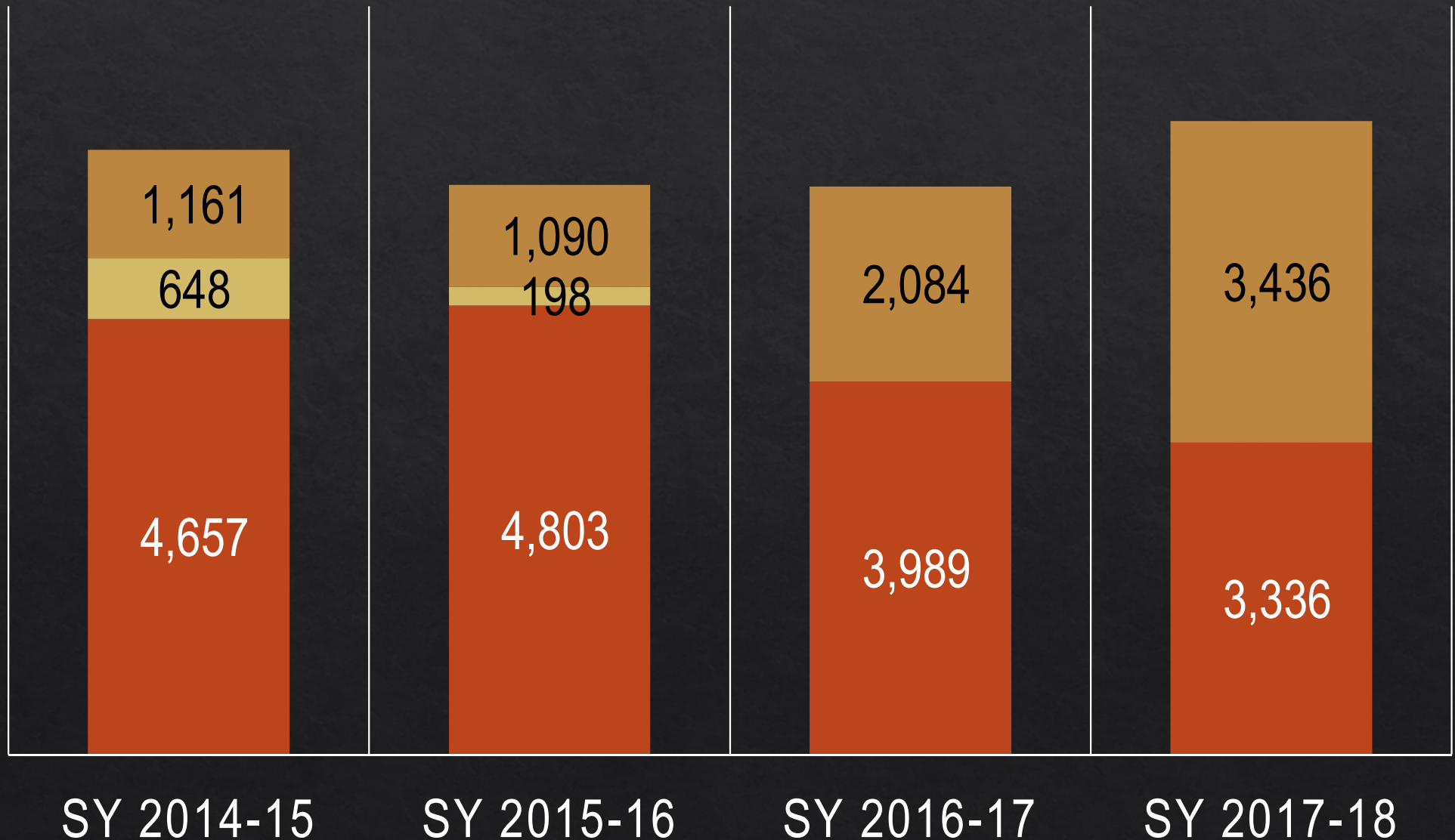
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STI WNU Enrollment Distribution

■ CHED ■ TESDA ■ DepEd





iACADEMY

SCHOOL OF COMPUTING • SCHOOL OF BUSINESS • SCHOOL OF DESIGN

iACADEMY Enrollment Distribution

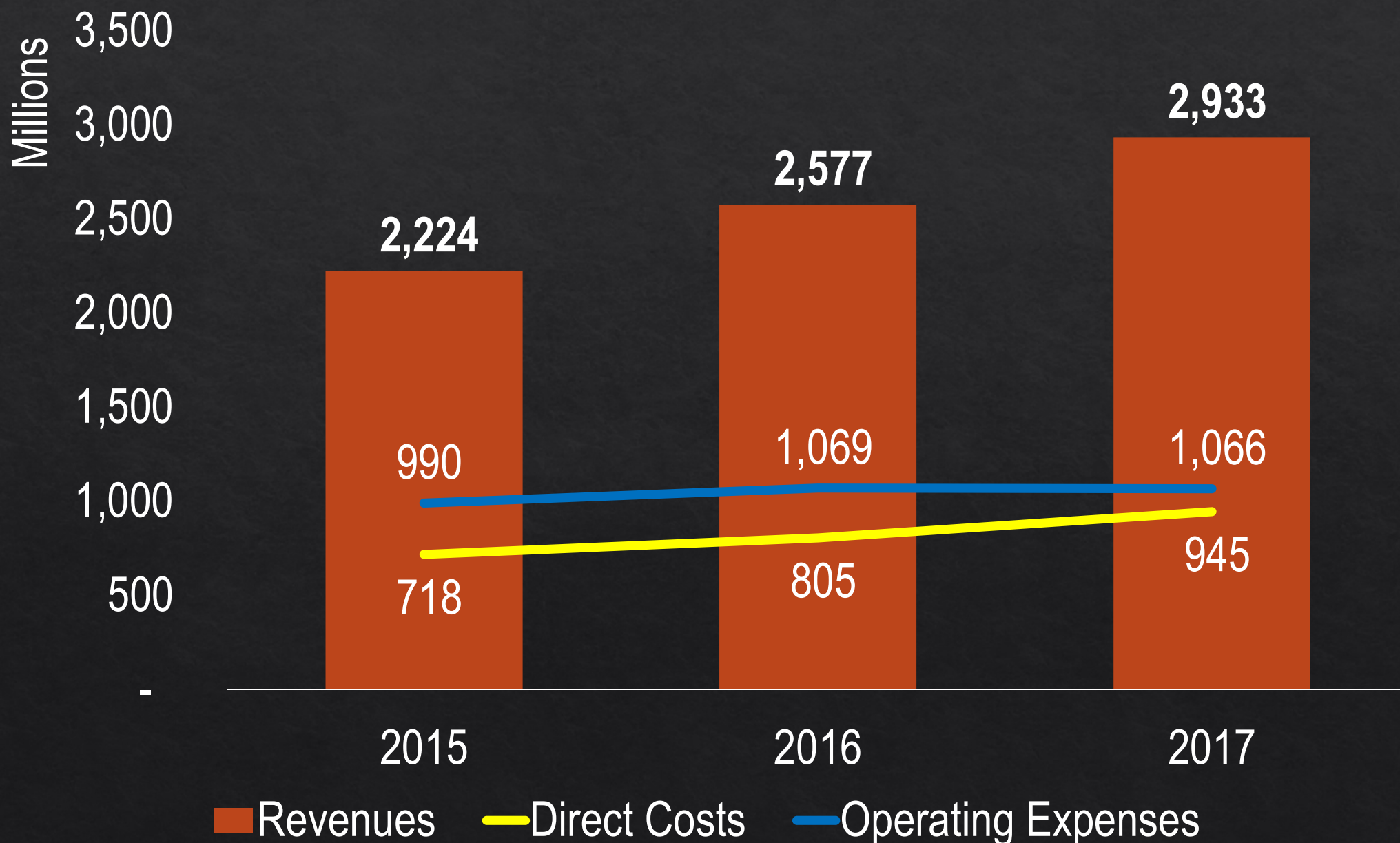
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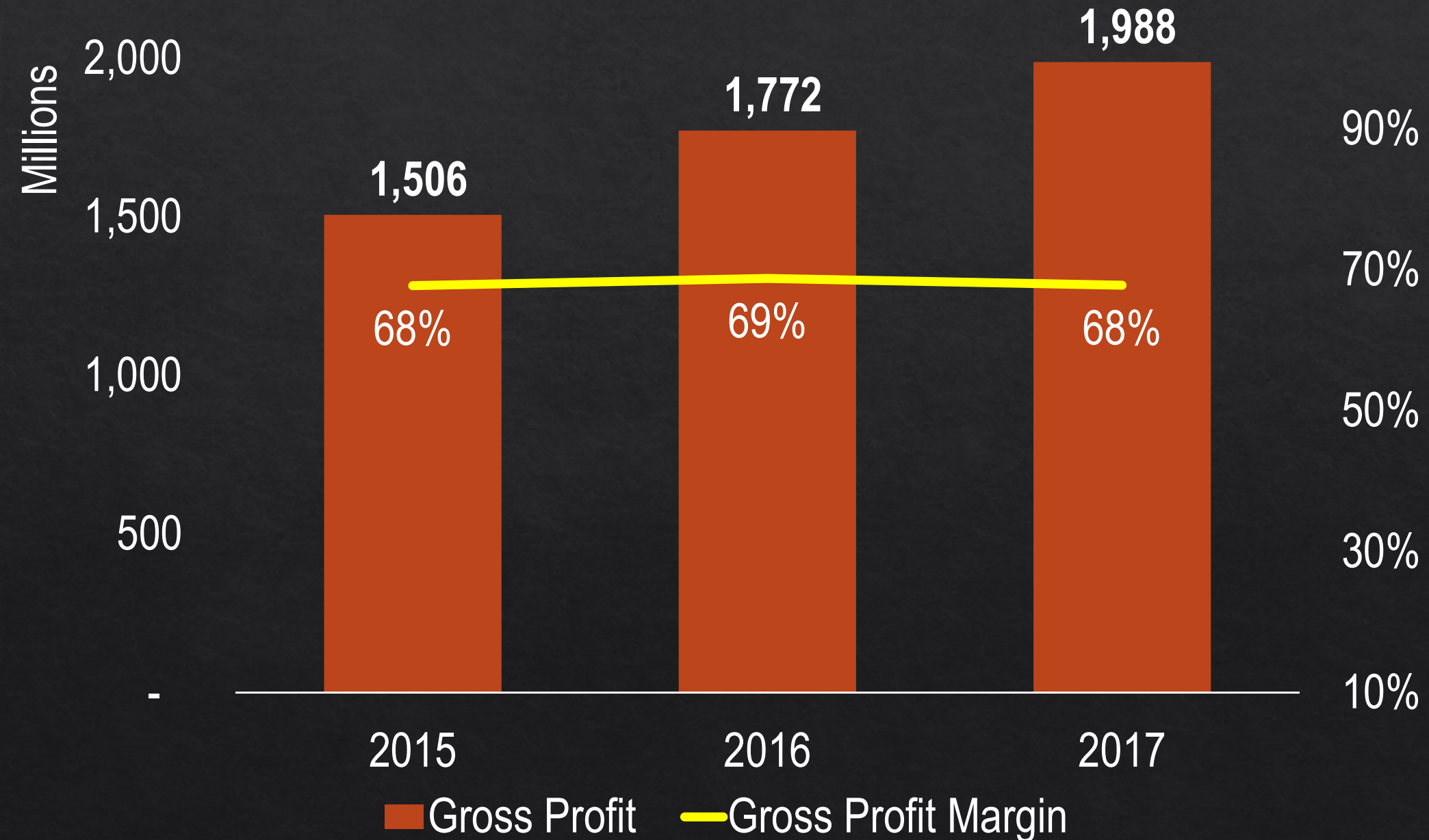
FINANCIAL RESULTS

For the year ended 31 March 2017

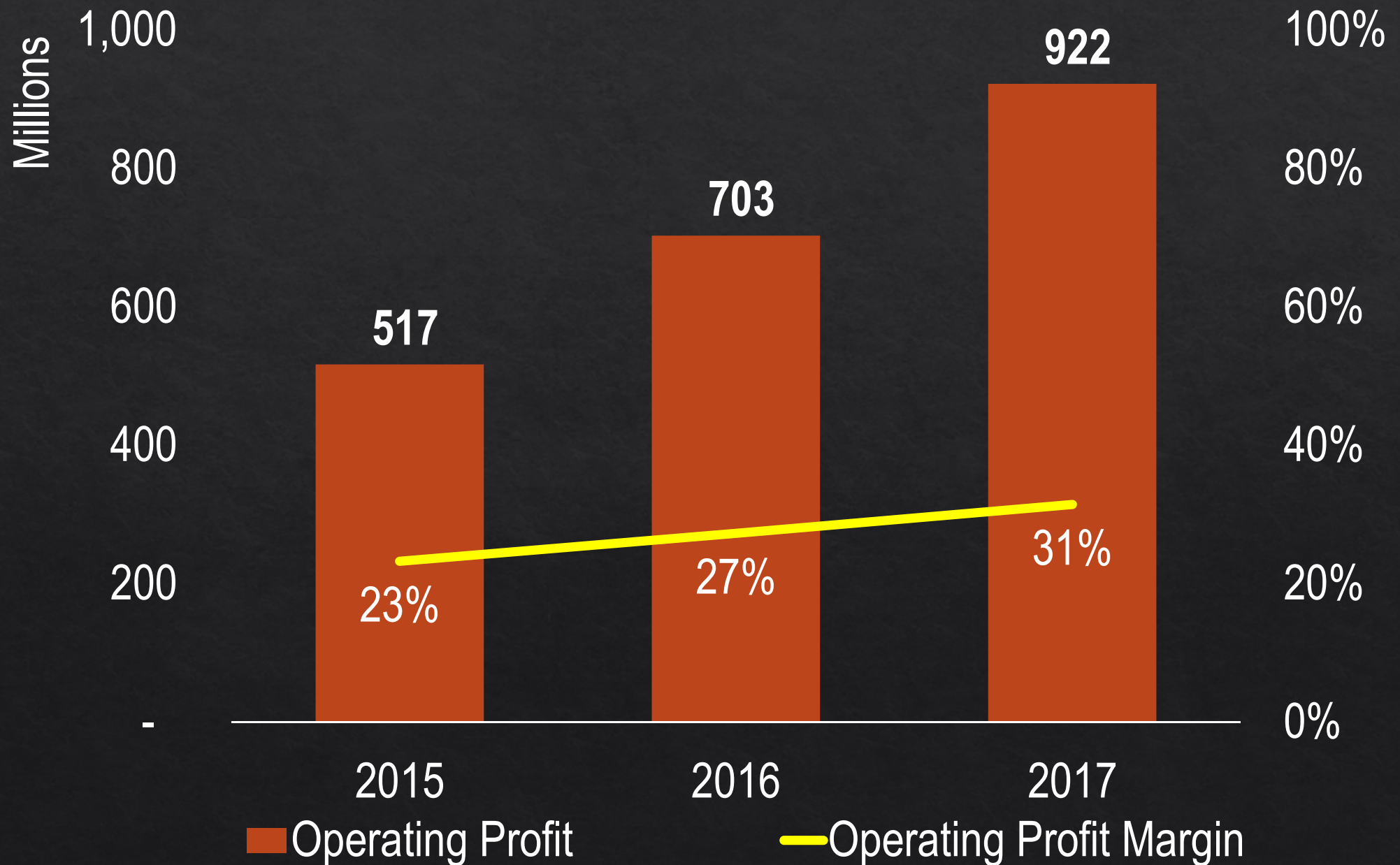
Gross Revenues/ Direct Costs/ OPEX



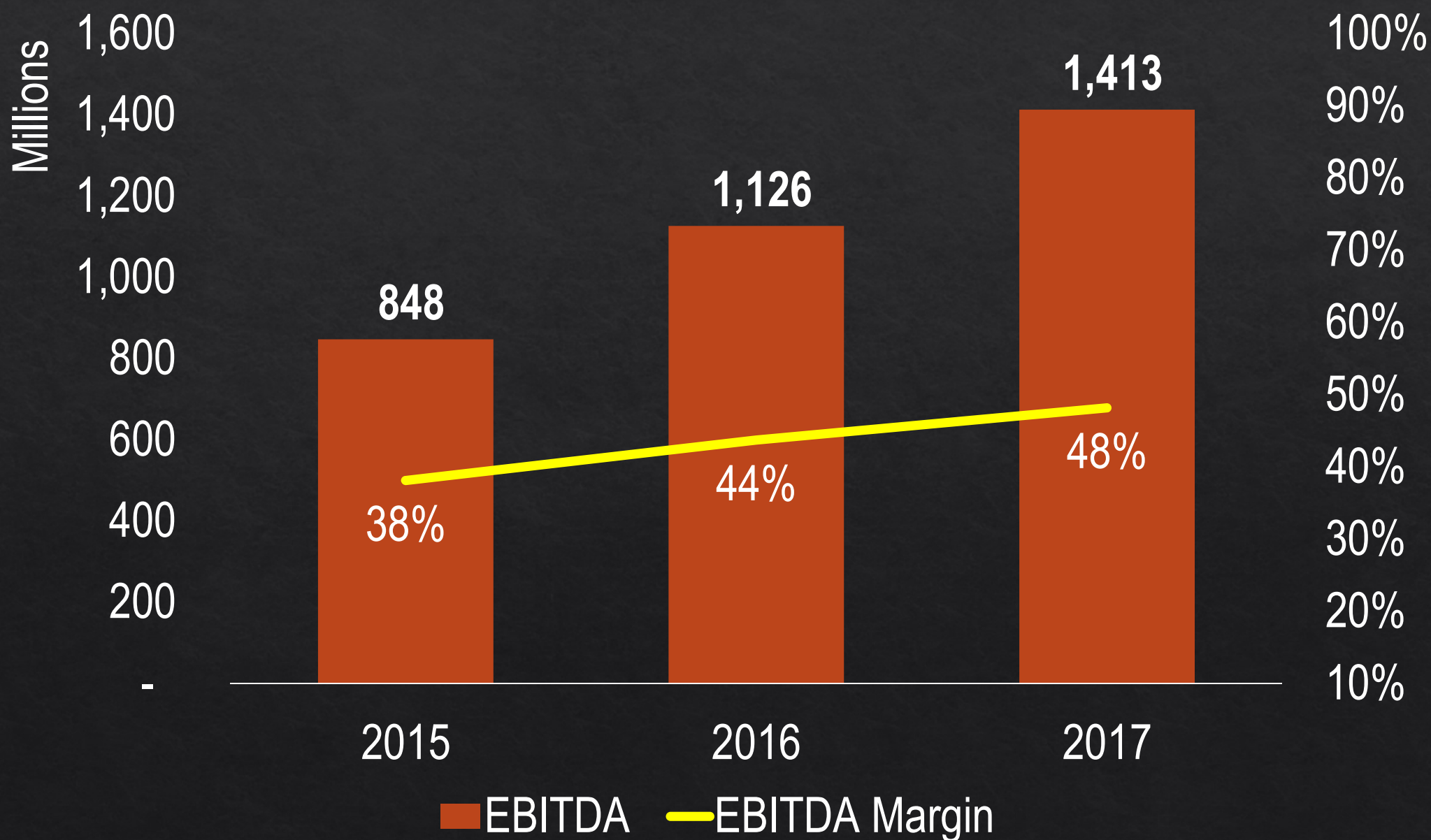
Gross Profit/ Gross Profit Margin



Operating Profit/ Operating Profit Margin



EBITDA/ EBITDA Margin



NETWORK EXPANSION

STI ESG Bond Issuance

Tenure	Principal Amount (in millions)	Interest rates	Quarterly Interest Payments (in millions)
7-year bond due Mar 2024	₱ 2,180	5.8085%	₱ 32
10-year bond due Mar 2027	820	6.3756%	13
Total	₱ 3,000		₱ 45

- ❖ Listed on 23 March 2017 with the Philippine Dealing and Exchange Corp.
- ❖ The bond issuance is the first tranche of a Php 5.0 Billion fixed-rate bonds program under a 3-year shelf registration with the SEC.
- ❖ The proceeds of the bond issuance will be used to finance STI ESG's network expansion, refinancing of short-term loans used in the acquisition of land and other general corporate requirements.
- ❖ The Philippine Rating Services Corporation issued a credit rating of PRS Aa for the STI Bonds, denoting STI's bond issuance is of "high quality and is subject to very low credit risk."

CAPEX Distribution

Location	Project Cost (in millions)		Student Capacity		
	Land	Building	Existing	New	Increment
EDSA	₱ 602	₱ 863	2,820	12,400	9,580
San Jose del Monte	-	558	-	6,000	6,000
Sta. Mesa	-	708	980	10,000	9,020
Lipa	115	548	740	6,000	5,260
Davao	400	466	1,100	5,000	3,900
Total	₱ 1,117	₱ 3,143	5,640	39,400	33,760

STI Academic Center EDSA



18,847 square meters of usable space
Capacity for 12,400 students
Land and building at Php 1.465 Billion
Occupancy by SY 2018-2019

STI Academic Center San Jose del Monte



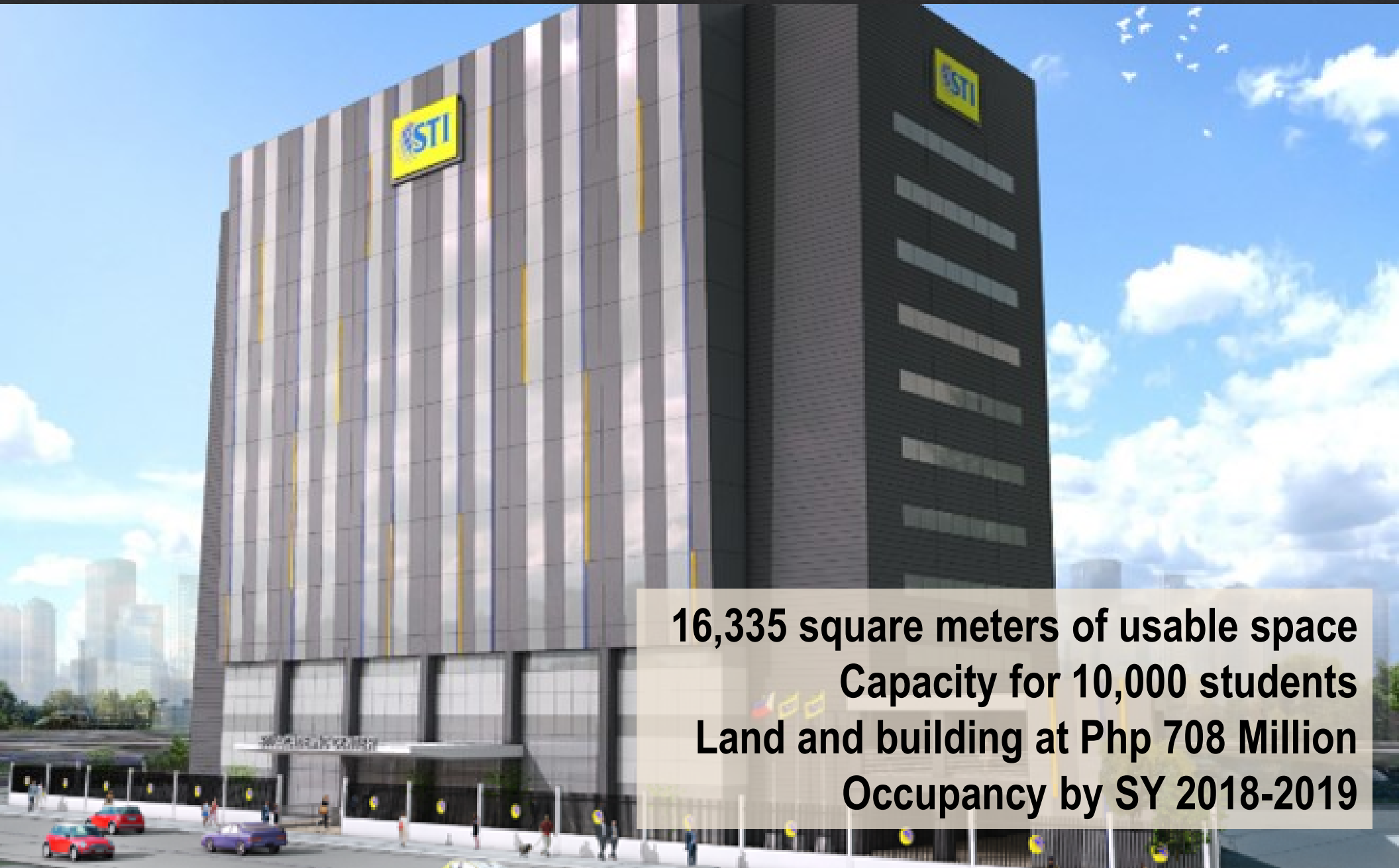
11,914 square meters of usable space
Capacity for 6,000 students
Land and building at Php 558 Million
Occupancy by SY 2018-2019

STI Academic Center Lipa



11,328 square meters of usable space
Capacity for 6,000 students
Land and building at Php 663 Million
Occupancy by SY 2018-2019

STI Academic Center Sta. Mesa



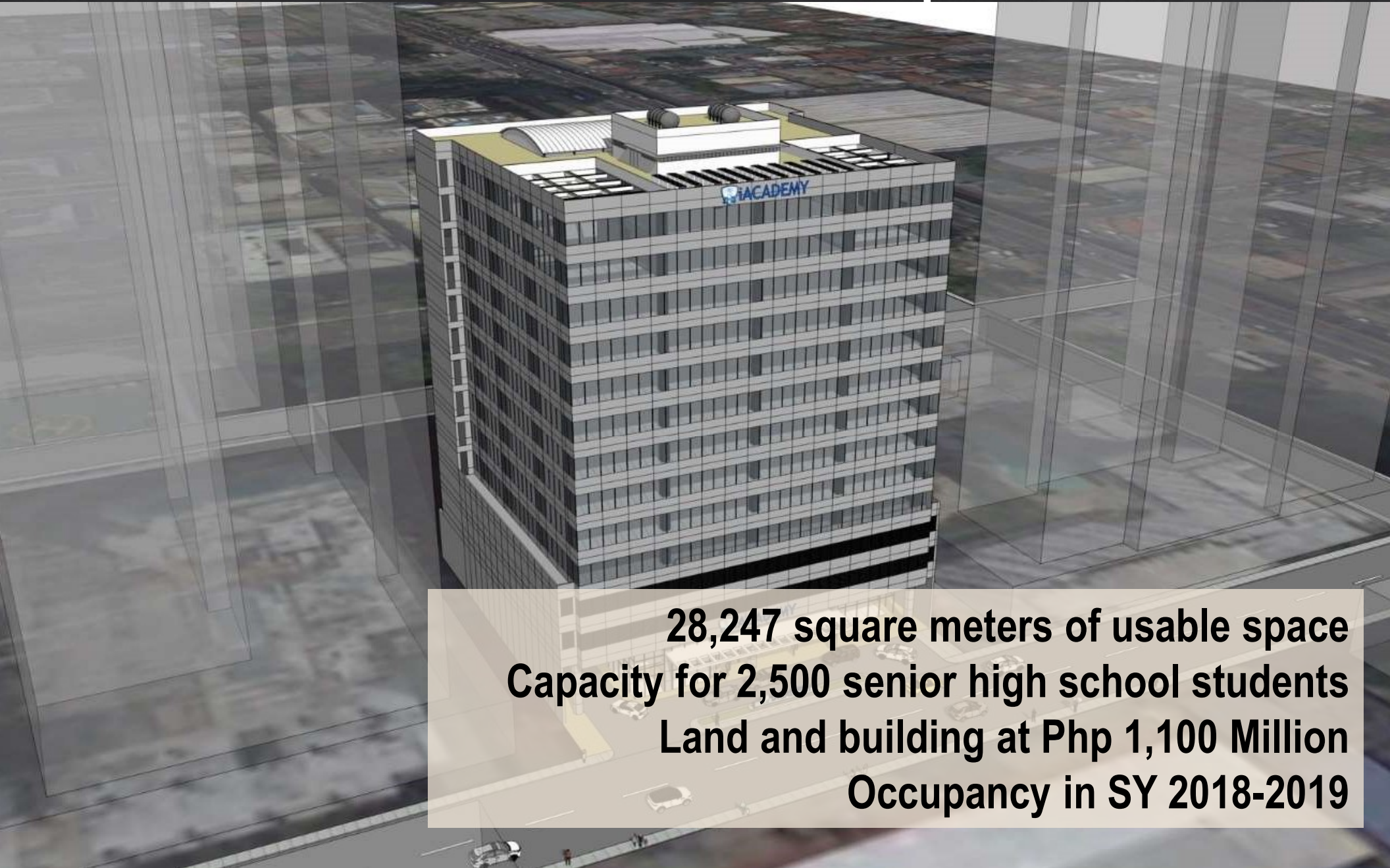
16,335 square meters of usable space
Capacity for 10,000 students
Land and building at Php 708 Million
Occupancy by SY 2018-2019

STI Academic Center Davao



9,552 square meters of usable space
Capacity for 5,000 students
Land and building at Php 866 Million
Occupancy by SY 2018-2019

iACADEMY Yakal Campus



28,247 square meters of usable space
Capacity for 2,500 senior high school students
Land and building at Php 1,100 Million
Occupancy in SY 2018-2019

COMPANY UPDATE

Post 31 March 2017 Annual Report

Joint Venture Agreement for STI Tanauan



Eusebio Tanco
(STI Holdings)

Tony Tan Caktiong
(Jollibee)

Injap Sia
(Injap Investments)

Proposed Ownership Structure

60%
STI ESG

25%
Tony Tan Caktiong

15%
Injap Investments

STI tertiary
programs for co-
development under
the Joint Venture
Agreement

Agro-Entreprise Management

Supply Chain Management for the Food Industry

Quick Service Restaurant Management

Culinary Arts

Agricultural Technology

Agribusiness and Finance

STI Tanauan:

a farm-to-table school offering courses ranging from farm production to food services.

STI Academic Center Tanauan



10,674 square meters of usable space
Capacity for 5,000 students
Target Construction Date is 4Q 2017

Disposal of STI ESG Stake in Maestro Holdings

- In June 2017, the Board of STI Education Services Group, Inc. (“STI ESG”) authorized the disposition of its 20% stake in Maestro Holdings, Inc.
- The company is currently in negotiations with a third party on the acquisition of the stake.
- With the decision to dispose of the investment in Maestro, STI ESG’s investment in Maestro has been classified under the “Current Assets” section of the Statement of Financial Position of STI ESG.
- Going forward, STI ESG will not be recognizing its share in the gains/losses of Maestro in its Statement of Comprehensive Income.

DIVIDEND DECLARATION

In the meeting of the Board of Directors of STI Education Systems Holdings, Inc. held on 29 September 2017, the Board approved the declaration of cash dividends in the amount of Php 0.02 per share from the unrestricted retained earnings of the Company based on the Audited Financial Statements as of 31 March 2017.

The Cash Dividends are payable to stockholders of record as of October 16, 2017 and shall be payable on November 13, 2017.

DIVIDEND DECLARATION POLICY

In the same board meeting of STI ESH on 29 September 2017, the Board likewise approved the Policy on Declaration of Dividends equivalent to not less than 25% of the core income of the Company from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/ or restrictions, terms and conditions which may be imposed on the Company by lenders or other financial institutions, and the Company's investment plans and financial condition.

Core income is defined as consolidated income derived from the Company's main business, education, and other recurring income.

The Dividend Declaration Policy will start with the core income earned in FY 2017-2018.

Annual Shareholders' Meeting

STI EDUCATION SYSTEMS

HOLDINGS, INC.

29 September 2017
Makati City