

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of SBS Philippines Corporation will be held on 22 June 2018, Friday at 3:00 o' clock in the afternoon at the Gabaldon Room, Club Filipino located at Corner Eisen Hower St. Club Filipino Avenue, San Juan, 1502 Metro Manila, for the purpose of considering the following:

### A G E N D A


1. Proof of Notice, Determination of Quorum
2. Rules of Conduct and Procedures
3. Approval of Minutes of the Annual Stockholders' Meeting held on 9 June 2017
4. Presentation of the 2017 Annual Report of Management to the Stockholders and Approval of the 2017 Audited Financial Statements
5. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Stockholders
6. Election of Directors
7. Appointment of Independent Auditors
8. Consideration of Such Other Business as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record at the close of business on 22 May 2018 are entitled to notice of, and to vote at, this meeting. For this purpose and in accordance with Section 8, Article II of the Company's Amended By-Laws, the Stock and Transfer Book of the Company will be closed from May 22, 2018 to June 22, 2018.

WE ARE NOT SOLICITING YOUR PROXY. However, if you cannot personally attend the meeting and would like to be represented thereat, you are requested to accomplish the attached proxy form (to appoint a proxy and/or representative to attend, speak and vote at the meeting in your behalf) and submit the same to the office of the Corporate Secretary at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City for inspection, validation and recording at least seven (7) days before the opening of the Annual Stockholders' meeting, or on or before June 15, 2018.

Registration will begin at 1:00 pm and will close at 3:00 pm. For your convenience in registering your attendance, you are requested to present some proof of identification, such as a passport, company ID, driver's license, or other government issued ID upon registration. If your shares of stock are held through PCD Nominee Corporation and its trading participants, kindly also bring with you an authorization letter from your registered holder signed by its duly authorized officer. Representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity.

22 May 2018, Quezon City.

  
CHRISTINE P. BASE  
Corporate Secretary

## EXPLANATORY NOTES TO AGENDA / ITEMS:

### 1. Proof of notice and determination of quorum

**Rationale:** *To inform the stockholders that the notice requirements for the 2018 Annual Stockholders' Meeting have been complied with in accordance with the Company's By-Laws and applicable laws and regulations, that a quorum exists for the transaction of business*

The Corporate Secretary will certify the date the notice of the meeting was sent to all stockholders and the date of publication of the notice in newspaper of general circulation.

The Corporate Secretary will further certify the existence of a quorum. The stockholders present, in person or by proxy, representing a majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

### 2. Rules of conduct and procedures

**Rationale:** *To inform the stockholders of the procedures to govern the conduct of voting for the agenda items being put to a vote.*

The following are the rules of conduct and procedures at the meeting:

- (i) Stockholders (or proxies) shall register their attendance at the registration counter provided near the entrance of the designated meeting room.
- (ii) Upon registration, the stockholders will be presented with a pre-numbered ballot which will be used to cast their votes in writing. The ballot would state the proposed action items in the Agenda for consideration of the stockholders
- (iii) The stockholders may cast their votes any time before and during the meeting. No re-casting of votes shall be allowed.
- (iv) To vote, the stockholder shall manually fill up ballot provided to him upon registration, indicating the name of the registered stockholder, the number of shares owned and the votes cast per item of the Agenda. Once completed, the stockholder shall place the ballot with the votes cast in the ballot boxes located at the registration table and inside the meeting hall.
- (v) Each outstanding share of stock entitles the registered holder to one vote, except for the election of the directors, where a stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected. The total number of votes cast should not exceed the total number of shares a stockholder owns.
- (vi) Except for items under special business, all other items in the Agenda requiring approval of the stockholders will require the affirmative vote of stockholders representing at least a majority of the outstanding and voting capital stock present in the meeting. [Items as special business requiring approval of the stockholders will require the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding and voting capital stock of the Corporation.]
- (vii) All votes received shall be tabulated by the Office of the Corporate Secretary, and the results of the tabulation shall be validated by Punongbayan & Araullo, the Company's Independent Auditors.
- (viii) During the meeting, as the stockholders take up an item on the Agenda, the Corporate Secretary will report the votes received and tabulated for the Agenda item and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval under the Agenda will be flashed on the projector screen during the meeting.
- (ix) Any stockholder who wishes to make a comment during the meeting shall first identify himself after being acknowledged by the Chairman and shall limit his comments to the Agenda item under consideration.

### 3. Approval of minutes of previous meeting

**RATIONALE:** *To allow the stockholders to confirm that the proceedings of the Annual Stockholders Meeting held on 9 June 2017 were recorded accurately and truthfully.*

The minutes of the meeting held on 9 June 2017 are posted at the Company website, [www.sbsph.com](http://www.sbsph.com). Copies of the minutes will also be distributed to the stockholders before the meeting.

A resolution approving the minutes will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

4. Annual Report by Management and Audited Financial Statements for 2017

*RATIONALE: To apprise the stockholders of the Company's operating performance, financial condition and outlook and present to the stockholder the audited financial results of the Company's operations in 2017, in accordance with Section 75 of the Corporation Code.*

The Chairman, Mr. Necisto U. Sytengco, and the President & Chief Executive Officer, Mr. Gerry D. Tan, will render a report to the stockholders on the highlights of the Company's operating performance and financial condition in 2017 and its business outlook for 2018. Such performance results are summarized in the Company's 2017 Annual Report by Management to the Stockholders, copies of which will be distributed to the stockholders before the meeting and will be posted at the Company's website as of the meeting date.

The Company's audited financial statements (AFS) as of December 31, 2017 will be included in the Information Statement to be sent to the stockholders at least 15 business days prior to the meeting. The AFS has been reviewed by the Audit and Risk Management Committee and by the Board of Directors and were audited by the Independent Auditors who have expressed an unqualified opinion.

The Stockholders will be given an opportunity to ask questions about the Company's performance and financial results before the AFS is presented for consideration and approval of the stockholders.

A resolution noting the annual report and approving the audited financial statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

5. Ratification of all acts and resolutions of the Board of Directors and Management since the last meeting of the stockholders to the date of this meeting

*RATIONALE: To allow the stockholders to ratify the acts and resolutions of the Board and Management in the conduct of business of the Corporation*

The Company regularly discloses material transactions approved by the Board and these disclosures are available and posted at the Company's website, [www.sbsph.com](http://www.sbsph.com). Other resolutions approved by the Board since the annual stockholders' meeting of 9 June 2017 are described in the Information Statement sent to all stockholders.

A resolution to ratify the acts and resolutions of the Board of Directors and Management since the meeting of the stockholders on 9 June 2017 to up to the date of the meeting shall be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

6. Election of directors (including the independent directors)

*RATIONALE: To allow stockholders to elect the Company's Board of Directors in the exercise of their rights as stockholder in accordance with Section 24 of the Corporation Code and the Company's By-Laws.*

The following persons have been nominated for election to the Board of Directors and have accepted their nominations:

Mr. Necisto U. Sytengco  
Mr. Gerry D. Tan

Mr. Esmeraldo A. Tepage  
Ms. Aylene Y. Sytengco  
Mr. Necisto Y. Sytengco II  
Mr. Ricardo Nicanor N. Jacinto  
Mr. Roberto F. Anonas, Jr., Independent Director  
Ms. Lilian S. Linsangan, Independent Director  
Mr. Geocel D. Olanday, Independent Director

The nominees were formally nominated by shareholders to the Nomination and Corporate Governance Committee who reviewed their qualifications. All nominee-directors have been found to possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations. Of the nominees, Mr. Roberto F. Anonas, Jr. Ms. Lilian S. Linsangan and Mr. Geocel D. Olanday are eligible for election as independent directors in accordance with SRC Rule 38 and its implementing rules and regulations.

The directors may be elected by plurality of votes using the cumulative voting method. A stockholder may distribute his voting shares for as many nominees as there are directors to be elected, or he may cumulate his voting shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

The election to the Board of Directors will be submitted for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock of the Corporation.

7. Election of independent auditor

*RATIONALE: To appoint an independent auditor that can provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls, as evaluated and endorsed by the Company's Audit and Risk Management Committee and to authorize the Board of Directors to fix their remuneration.*

The Board of Directors, acting through its Audit and Risk Management Committee, will endorse to the stockholders the appointment of an independent auditor for the current fiscal year. The profile of the Punongbayan & Araullo who is recommended for appointment as independent auditor is provided in the Information Statement and in the Company website for examination by the stockholders.

A resolution for the appointment of the independent auditor and authority of the Board of Directors to fix their remuneration will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

8. Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.