

# COVER SHEET

A S 0 9 3 - 0 0 5 2 7 7

S.E.C. Registration Number

L B C   E X P R E S S   H O L D I N G S ,  
I N C , ( f o r m e r l y   F E D E R A L  
R E S O U R C E S   I N V E S T M E N T  
G R O U P   I N C . )

(Company's Full Name)

L B C   H A N G A R ,   G E N E R A L  
A V I A T I O N   C E N T R E ,   D O M E S T I C  
A I R P O R T   R O A D ,   P A S A Y   C I T Y  
M E T R O   M A N I L A

(Business Address : No. Street/City/Province)

**Mahleene G. Go**

Contact Person

**8880999**

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

**SEC Form 20-IS**

FORM TYPE

**2<sup>nd</sup> Monday of June  
of each year**

Month

Annual Meeting

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-15  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter

LBC EXPRESS HOLDINGS, INC.  
(Formerly Federal Resources  
Investment Group, Inc.)  
("LBCEH" or the "Company")

3. Province, country or other jurisdiction of incorporation  
or organization

Philippines

4. SEC Identification Number

AS093-005277

5. BIR Tax Identification Number

002-648-099-000

6. Address of Principal Office

LBC Hangar, General Aviation Centre,  
Domestic Airport Road, Pasay City,  
Metro Manila

Postal Code

1300

7. Registrant's telephone number, including area code

(632) 856 8510

8. Date, time and place of the meeting of security holders

29 August 2017  
2:00 P.M.  
Marriott Manila Hotel at Resorts World  
2 Resorts Drive, Pasay City, Metro  
Manila

9. Approximate date on which the Information Statement is first  
to be sent or given to security holders

4 August 2017

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor:

Not applicable

Address and Telephone No.

Not applicable

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA  
(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of each class

Number of Common Stock Outstanding  
or Amount of Debt Outstanding  
(as of 30 June 2017)

Common Shares

1,425,865,471

12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein.

The Common Shares of LBC Express Holdings, Inc. are listed on the Philippine Stock  
Exchange.

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

### GREETINGS:

Please take notice that the Annual Meeting of Stockholders of LBC EXPRESS HOLDINGS, INC. will be held on **29 August 2017**, **2:00 P.M.** at **Marriott Manila Hotel at Resorts World, 2 Resorts Drive, Pasay City, Metro Manila**, to discuss the following:

### A G E N D A

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 July 2016
5. Ratification of all acts of the Board of Directors and Officers since the 2015 Annual Stockholders' Meeting adopted in the ordinary course of business
6. Approval of the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2016
7. Report of Management
8. Election of the Members of the Board of Directors including the Independent Directors for the Ensuing Year and the Directors for the Newly Created Board Seats
9. Appointment of the Company's External Auditors for Fiscal Year 2017
10. Amendment of the By-Laws of the Company
11. Issuance of Secured Convertible Instrument in the aggregate amount of USD50,000,000 in favor of CP Briks Pte. Ltd. due 2024
12. Creation of Pledge over the Shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd.
13. Re-filing of the Registration Statement in relation to the public offering by the Company (the Follow-on Offering) of up to 69,101,000 common shares
14. Other Matters

For purposes of the meeting, only stockholders of record as of **2 August 2017** are entitled to attend and vote in the said meeting.

For your convenience in registering your attendance, please have some form of identification such as a passport, driver's license or voter's I.D.

**The Company is not soliciting proxies.**



**MAHLEENE G. GO**  
Assistant Corporate Secretary

## INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### **Item 1. Date, Time, and Place of Meeting of Security Holders**

Date : 29 August 2017  
Time : 2:00 P.M.  
Place : Marriott Manila Hotel at Resorts World  
2 Resorts Drive, Pasay City, Metro Manila

Complete mailing address of the principal office of the Company : LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila

Approximate date when the Information Statement is first to be sent out to stockholders of record: : 4 August 2017

**WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY.**

#### **Item 2. Dissenter's Right of Appraisal**

Those stockholders who voted against the creation of pledge over the shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd. will be entitled to exercise their appraisal rights as provided in Title X of the Corporation Code. For details, please see pages 13 to 14 hereof.

#### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

Other than the election to office to include the nomination and election of directors and independent directors, there are no matters to be acted upon in which any director or executive officer is involved or had a direct, indirect, or substantial interest. Furthermore, no director has informed the registrant, in writing or otherwise, that he/she intends to oppose any action to be taken by the registrant at the Meeting.

### B. CONTROL AND COMPENSATION INFORMATION

#### **Item. 4 Voting Securities and Principal Holders Thereof**

As of 30 June 2017, the number of shares outstanding of LBC Express Holdings, Inc. ("LBCEH" or the "Company") is 1,425,865,471 shares with par value of One Peso (Php1.00) per share.

All stockholders of record at the close of business hours on **2 August 2017** (the "Record Date") are entitled to notice and to vote at the Annual Stockholders' Meeting.

A common stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of the Company as of the Record Date. With respect to the election of directors, said stockholder may vote such number of shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

### **Security Ownership of Certain Record and Beneficial Owners as of 30 June 2017**

The Company has no knowledge of any person who, as of 30 June 2017, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power of investment with respect to shares comprising more than five percent (5%) of the Company's outstanding shares of common stock except as stated below:

<b>Title of Class</b>	<b>Name</b>	<b>Address</b>	<b>No. of Shares Held</b>	<b>Name of Beneficial Owner</b>	<b>Citizenship</b>	<b>%</b>
Common Shares	LBC Development Corporation	LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City	1,206,080,632	The record owner is the beneficial owner of the shares indicated	Filipino	84.59%
<b>TOTAL</b>			<b>1,206,080,632</b>			<b>84.59%</b>

### **Security Ownership of Directors and Management as of 30 June 2017**

The following table shows the shareholdings beneficially held by the directors and executive officers of the Company as of 30 June 2017.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>		<b>Citizenship</b>	<b>% of Total Outstanding Shares</b>
		<b>Direct</b>	<b>Indirect</b>		
Common	Rene E. Fuentes	1	N/A	Filipino	0.0
Common	Enrique V. Rey, Jr.	1	N/A	Filipino	0.0
Common	Augusto Gan	1	N/A	Filipino	0.0
Common	Miguel Angel A. Camahort	1	N/A	Filipino	0.0
Common	Mark Werner J. Rosal	1,000	N/A	Filipino	0.0
Common	Solita V. Delantar	1	N/A	Filipino	0.0
Common	Luis N. Yu, Jr.	1	N/A	Filipino	0.0
<b>TOTAL</b>		<b>1,006</b>			<b>0.0</b>

### **Voting Trust Holders of 5% or More**

As of 30 June 2017, the Company is not aware of any voting trust or similar agreements involving the securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

### **Change in Control**

On May 18, 2015, LBC Development Corporation subscribed to 59,101,000 common shares of the Company (equivalent to 59.10% of the total issued and outstanding capital stock of the Company as of said date) which resulted in LBC Development Corporation acquiring control of the Company.

On September 18, 2015, LBC Development Corporation subscribed to an additional 1,146,873,632 common shares which were issued on October 12, 2015 following the approval by the SEC of the Company's application to increase its authorized capital stock from ₱100,000,000.00 divided into 100,000,000 common shares with par value of ₱1.00 per share, to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with par value of ₱1.00 per share. As of the date of this Report, LBC Development Corporation holds a total of 1,206,080,632 common shares of the Company or 84.59% of the Company's total issued and outstanding capital stock of the Company.

## **Item 5. Directors and Executive Officers**

The following served as Directors of the Company for the year 2016:

<b>Name</b>	<b>Nationality</b>	<b>Age</b>	<b>Position</b>
Miguel Angel A. Camahort	Filipino	54	Chairman of the Board
Rene E. Fuentes	Filipino	42	Director
Enrique V. Rey, Jr.	Filipino	46	Director
Augusto G. Gan	Filipino	52	Director
Mark Werner J. Rosal	Filipino	40	Director
Solita V. Delantar	Filipino	73	Independent Director
Luis N. Yu, Jr.	Filipino	61	Independent Director

The business experience of each of the directors is set forth below.

### **Miguel Angel A. Camahort**

*Chairman of the Board, Chief Executive Officer, and President*

Mr. Miguel Angel A. Camahort is a Director, Chairman of the Board, and President of the Company. He is also the President of LBC Express Corporate Solutions, Inc, the subsidiary operating the "Print and Mail" business of LBC Express, Inc. Mr. Camahort concurrently serves on the Board of Directors of the United Football League. Prior to joining the LBC Group, Mr. Camahort was a Senior Vice President and the Chief Operating Officer of Aboitiz One, Inc. from 2007 to 2009 and Aboitiz Transport System Corporation (ATSC) Solutions Division from 2004 to 2007. He also served as a Senior Vice President and the Chief Operating Officer of Aboitiz Transport System Corp. (formerly, William, Gothong & Aboitiz, Inc.) in the Freight Division from 1999 to 2003, prior to which he was the President of Davao Integrated Stevedoring Services Corporation (DIPSCCOR) from 1999 to 2003.

Mr. Camahort holds a Bachelor of Science degree in Business Administration and Economics from Notre Dame de Namur University (formerly, the College of Notre Dame) in California, U.S.A.

### **Rene E. Fuentes**

*Director*

Mr. Rene E. Fuentes is currently the Senior Vice President for Global Retail Operations of LBC Express, Inc. Prior to joining the Company, Mr. Fuentes served as President of Documents Plus, Inc. from 1996 to 2001, and as Regional Manager, Vice President of EFC Food Corporation from 1996 to 2001.

Mr. Fuentes attended De La Salle University and completed a Key Executive Program in November 2013 at the Harvard Business School.

### **Enrique V. Rey, Jr.**

*Director and Investor Relations Officer  
Acting Treasurer and Acting Chief Finance Officer*

Mr. Enrique V. Rey, Jr. assumed the position of Investor Relations Officer of the Company in September 2015. On 1 December 2015, Mr. Rey assumed the positions of acting Treasurer and acting Chief Finance Officer of the Corporation.

Mr. Rey, Jr. was also a director of LBC Systems, Inc. from 2008 to 2010 and LBC Mundial Inc. from 2005 to 2008. Prior to joining the Company, Mr. Rey, Jr. worked for Coca-Cola Phil ATS, where he was the Senior Head of Sales from 2003 to 2005 and the Associate Vice President for Institutional Sales from 2000 to 2003.

Mr. Rey, Jr. attended De La Salle University and completed a Management program at the Ateneo Business School. He has also received training in Finance. Since 2010, Mr. Rey, Jr. has been a member of the Institute of Internal Auditors.

**Augusto Gan**  
*Director*

Mr. Augusto G. Gan was appointed Director of the Company in November 2013. Mr. Gan concurrently serves as a Director of Atlantic Gulf and Pacific Company, Investment and Capital Corp of the Philippines, Pick Szeged ZRT and Sole-Mizo Zrt. He is also the Managing Director of Ganesp Ventures and the Chairman of the Board of Anders Consulting Ltd. Previously, Mr. Gan was the President of the Delphi Group from 2001 to 2012 and the Chief Executive Officer of Novasage Incorporations (HK) from 2006 to 2007. He has also served as a Director of AFP Group Ltd. (HK) from 2005 to 2007 and ISM Communication from 2003 to 2004, as well as the Chairman of the Boards of Cambridge Holdings from 1995 to 2000 and Qualibrand Industries from 1988 to 2001.

Mr. Gan holds a Master in Business Management degree from the Asian Institute of Management.

**Mark Werner J. Rosal**  
*Director*

Atty. Rosal became a director of the Company on 28 April 2015. Born in Cebu City, Atty. Rosal, prior to taking up law, has a Bachelor's Degree in Physical Therapy from Cebu Velez College and is a licensed Physical Therapist.

Atty. Rosal graduated in the top 5% of his law school batch at the University of San Carlos, Cebu City, in 2002 and was admitted to the Philippine Bar in 2003. He spent his early years in the practice of law at Balgos and Perez Law Offices and Angara Cruz Concepcion Regala and Abello (ACCRALAW). Currently, he is the Managing Partner of Rosal Diaz Bacalla and Fortuna Law Offices, a Cebu-based law firm. As part of his law practice as retained counsel of private corporations, he is a director (holding nominal shares) of Cebu Agar Motors Inc., Wide Gain Property Holdings, Inc., and Sem-Ros Food Corp. (a non-operational corporation).

**Solita V. Delantar**  
*Independent Director*

Ms. Solita V. Delantar was appointed Director of the Company in March 2014. She was an Independent Director on the Board of Directors at Anchor Land Holdings, Inc. (2007-2015), and is concurrently the Executive Director at PMAP Human Resources Management Foundation (since July 2013) and Vice President at PONTICELLI, Inc. (since 2006). Previously, Ms. Delantar served as Vice President, Human Resources Management & Development Administration (November 1999 to September 2003), Consultant (July 1997 to July 1998), Vice President, Finance & Administration (May 1988 to June 1996) and various other positions at Honda Philippines, Inc.

Ms. Delantar is a Certified Public Accountant, Fellow in Personal Management, and professional business mediator. From September 1998 to March 2007, she served as a Member of the Professional Board of Accountancy, which administers licensure examinations for CPAs. Ms. Delantar received her Bachelor of Science degree in Commerce with a major in Accounting from Far Eastern University and participated in a Bachelor of Laws program at Ateneo de Manila University.

**Luis N. Yu, Jr.**  
*Independent Director*

Mr. Luis Yu, Jr. is the Founder and Chairman *Emeritus* of the 8990 Holdings, Inc. Mr. Yu is also the Chairman *Emeritus* of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present).

Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. He has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

The following served as Officers of the Company for the year 2016:

<b>Name</b>	<b>Nationality</b>	<b>Age</b>	<b>Position</b>
Miguel Angel A. Camahort	Filipino	54	Chief Executive Officer and President
Enrique V. Rey, Jr.	Filipino	46	Investor Relations Officer, Acting Treasurer <sup>1</sup> and Acting Chief Finance Officer <sup>2</sup>
Cristina S. Palma Gil-Fernandez	Filipino	48	Corporate Secretary
Mahleene G. Go	Filipino	37	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer
Ma. Eloisa Imelda S. Singzon	Filipino	30	Assistant Corporate Information Officer

The business experience of each of the Company's officers is set forth below.

**Miguel Angel A. Camahort**

*Chief Executive Officer and President*

Please refer to the table of directors above.

**Enrique V. Rey Jr.**

*Investor Relations Officer*

Please refer to the table of directors above.

**Cristina S. Palma Gil-Fernandez**

*Corporate Secretary*

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2015. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a *Juris Doctor* degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has more than 20 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate.

**Mahleene G. Go**

*Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer*

Atty. Mahleene G. Go assumed the position of Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer of the Company in September 2015. Born on 25 April 1980, Atty. Go graduated with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2001, and with the degree of *Juris Doctor* from Ateneo De Manila University-School of Law in 2005. She also received a Certificate of Mandarin Language Training for International Students from 2011 to 2012 in Peking University, Beijing, China. She served as a Junior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2007 to 2010 and 2012 and is currently a Senior Associate at the same office. She currently serves as Trustee and Corporate Secretary for Center for Empowerment and Resource and Development, Inc.

<sup>1</sup> Assumed position starting 1 December 2015.

<sup>2</sup> Assumed position starting 1 December 2015.



**Maria Eloisa Imelda S. Singzon**  
*Alternate Corporate Information Officer*

Atty. Maria Eloisa Imelda S. Singzon assumed the position of Alternate Corporate Information Officer of the Company in April 2015. Born on 18 September 1986, Atty. Singzon graduated *cum laude* with the degree of Bachelor of Science, Business Economics, from the University of the Philippines in 2008, and with the degree of Juris Doctor from Ateneo de Manila School of Law in 2012. She is a Junior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2013 to present.

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

	<b>Audit Committee</b>	<b>Nomination Committee</b>	<b>Remuneration Committee</b>
Miguel Angel A. Camahort	M	M	M
Rene E. Fuentes			
Enrique V. Rey, Jr.	M	M	M
Augusto G. Gan			
Mark Werner J. Rosal			
Solita V. Delantar	C	C	C
Luis N. Yu, Jr.			

**Information Required of Directors and Executive Officers**

**Directors and Executive Officers**

As of the date of this Information Statement, the following persons have been nominated to the Board for election at the Annual Stockholders' Meeting and have accepted their nomination:

MIGUEL ANGEL A. CAMAHORT	RENE E. FUENTES
ENRIQUE V. REY, JR.	AUGUSTO G. GAN
MARK WERNER J. ROSAL	LUIS N. YU, JR. as independent director
SOLITA V. DELANTAR as independent director	
ANTHONY A. ABAD as independent director	
ALEXANDER FRANCIS D. DEATO	

The nominees were formally nominated to the Nomination Committee of the Board by a shareholder of the Company, LBC Development Corporation. Ms. Solita V. Delantar and Mr. Luis N. Yu, Jr. are being nominated as independent directors. Mr. Abad is also being nominated as an independent director but his term will be effective from the time the Securities and Exchange Commission approves the amendment to the by-laws of the Corporation providing for a third independent director. The nominated independent directors, having possessed the qualifications and none of the disqualifications of an independent director, were nominated by Klarence Tan Dy in accordance with the guidelines for the nomination and election of independent directors pursuant to Rule 38 of the Securities Regulation Code (SRC). Klarence Tan Dy is not related to any of the nominees including Ms. Solita V. Delantar, Mr. Luis N. Yu, Jr., and Mr. Abad.

The qualifications of all nominated directors, including the nominated independent directors, have been pre-screened in accordance with the Corporate Governance Manual and By-Laws of the Company. Only the nominees whose names shall appear on the final list of candidates are eligible for election as directors (independent or otherwise), in accordance with the procedure set forth in the By-Laws of the Company. No other nominations will be entertained after the preparation of the final list of candidates and no further nominations shall be entertained or allowed during the Annual Stockholders' Meeting.

Below are information on Mr. Abad and Mr. Deato:

### **Alexander Francis D. Deato**

Mr. Alexander Francis D. Deato is currently the Senior Vice President – Information Technology of LBC Express, Inc. He previously served as the Senior Vice President of HSBC Philippines. Mr. Deato graduated from De La Salle University in 1993 with a degree in BS Electronics and Communications Engineering.

### **Anthony A. Abad**

Atty. Anthony A. Abad is currently the CEO and Managing Director of TradeAdvisors, as well as a partner of Abad Alcantara & Associates. He graduated from the Harvard University – John F. Kennedy School of Government with a Master's Degree in Public Administration. He also graduated from the Ateneo de Manila School of Law with a Juris Doctor degree.

Certifications of Independent Directors are attached hereto as **Annexes “A”, “A-1”, and “A-2”**. The Curriculum Vitae of Mr. Deato is attached as **Annex “A-3”**.

The Secretary's Certificate attesting to the fact that none of the directors and officers of the Corporation holds any position in any capacity in any government agency or instrumentality is hereto attached as **Annex “B”**.

### **Significant Employees**

None at the moment. The intention, however, is to build a workforce to support the Company's intended expansion in operations or investment activity.

### **Family Relationships**

None amongst the directors, executive officers and persons nominated to be directors and executive officers of the Company have family relationships up to the fourth civil degree either by consanguinity or affinity.

### **Involvement in Certain Legal Proceedings**

The Company believes that none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Report: (1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Due to the nature of the Company's business, however, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. Such litigation involves, among others, claims against the Company for non-delivery, loss or theft of packages and documents, mis-release of remittances, labor disputes, as well as cases filed by the Company against employees and others for theft and similar offenses.

Except as disclosed below, neither the Company nor any of its subsidiaries have been or are involved in, or the subject of, any governmental, legal or arbitration proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

On November 2, 2015, LBC Development Bank, Inc., through PDIC, filed a case against LBC Express, Inc. and LBC Development Corporation, among other respondents, for a total collection of Php1.82 billion. The case is in relation to the March 17, 2014 demand letter representing collection of unpaid service fees due from June 2006 to August 2011 and service charges on remittance transactions from January 2010 to September 2011. The increase in the amount from the demand letter to the amount contained in the case was explained by PDIC in the complaint as attributable to their discovery that the supposed payments of LBC Express, Inc. seem to be unsupported by actual cash inflow to LBC Development Bank.

On December 28, 2015, the summons, together with a copy of the Complaint of LBC Development Bank, Inc., and the writ of preliminary attachment were served on the former Corporate Secretary of LBC Express, Inc. The writ of preliminary attachment resulted to the (a) tagging of the 1,205,974,632 shares of LBC Express Holdings, Inc. owned by LBC Development Corporation and; (b) the attachment of various bank accounts of LBC Express, Inc. totaling 6.90 million. The tagging of the shares in the record of the stock transfer agent has the effect of preventing the registration or recording of any transfers of shares in the records, unless the writ of attachment is lifted, quashed or discharged.

On January 12, 2016, LBC Express, Inc. filed with the regional trial court, its Motion to Dismiss the Complaint for the collection of the sum of 1.82 billion and on January 21, 2016, filed its Urgent Motion to Approve the Counterbond and Discharge the Writ of Attachment.

On February 17, 2016, the regional trial court issued the order to lift and set aside the writ of preliminary attachment. The order to lift and set aside the preliminary attachment directs the sheriff of the court to deliver to LBC Express Inc. and LBC Development Corporation all properties previously garnished pursuant to the writ of preliminary attachment. The counterbond delivered by LBC Express, Inc. and LBC Development Corporation shall stand in place of the properties so released and shall serve as security to satisfy any final judgment in the case.

On 15 June 2017, the regional trial court issued a resolution denying the Third Motion for Extension of Time to File Answer filed by defendants, LBC Express, Inc., LBC Development Corp. Monica G. Araneta, Ofelia F. Cuevas, Apolonia L. Ilio, Jeffrey Rodriguez, and Arlan F. Jurado, in relation to LBC Development Bank vs. LBC Express, Inc. et al. The resolution declared the defendants in default and allowed LBC Development Bank, as represented by its receiver/liquidator, Philippine Deposit and Insurance Corporation, to present before the court its evidence ex parte on 21 July 2017, at 1:30 P.M.

On 20 July 2017, the regional trial court issued a joint resolution, which resolution set aside the order of default against defendants, LBC Express Inc., LBC Development Corp., Monica G. Araneta, Ofelia Cuevas, Apolonia Ilio, Arlan Jurado, and Joseph Jeffrey Rodriguez. The said joint resolution also granted the motion of the said defendants for the presiding judge of RTC Branch 143, Makati City to inhibit himself from the said case. With the judge inhibiting himself, the case will be raffled to a new branch and a new judge, whereby the case will proceed to pre-trial and trial.

As of date, there is no outcome yet of the Motion to Dismiss the Complaint for collection of the sum of 1.82 billion. The ultimate outcome of the case cannot be presently determined.

The PDIC has filed various criminal and administrative complaints against certain members of the Araneta Family in relation to the receivership of LBC Bank, which are described below:

Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Ms. Ma. Monica G. Araneta (the "Araneta Siblings") were named as respondents in their capacity as stockholders and/or directors LBC Bank in a complaint for estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the prosecutor's office. PDIC alleged that the Araneta Siblings, in conspiracy with the other respondents, made it appear that they infused capital into LBC Bank in the amount of approximately 39 Million Pesos to cover a capital deficiency as required by the BSP. On 18 April 2016, the complaint against all the respondents was dismissed. The PDIC filed a Petition for Review with the Department of Justice ("DOJ") to appeal the dismissal. The appeal is currently pending with the DOJ.

Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the prosecutor's office. PDIC alleged, among others, that LBC Bank took out a 30 Million Peso loan from Chinabank "to generate funds for the purpose of remittance." The loan, however, was not recorded as "Bills Payable" nor as any other liability in LBC Bank's books, but was used to credit 30 Million Pesos from "Miscellaneous Assets," which is one of the accounts used to record the advances. It further alleged that the loan proceeds were then transferred to LBC Development Corporation, which then issued a check in favor of LBC Bank for the same amount supposedly as payment for the advances. LBC Bank then allegedly paid its loan to Chinabank prior to maturity date using LBC Bank's own funds. The case was submitted for resolution on 28 March 2016.

Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the prosecutor's office. PDIC alleged that LBC Bank obtained three loans from Chinabank in the amount of approximately 50 Million Pesos, which were secured by a Hold-Put Agreement on LBC's existing Foreign Currency Deposit Unit Time Deposits with Chinabank. The loans all indicated that the proceeds were intended for LBC Bank's "working capital" and yet were not recorded as "Bills Payables" or liabilities in the books of LBC Bank. The proceeds from the loan were allegedly credited by Chinabank to LBC Bank's Current/Savings Bank Account, and then used as partial payment to the "advance to affiliates". Thereafter, LBC Bank used the proceeds of the matured time deposits to pay the loans to Chinabank. The case was submitted for resolution on 25 May 2016.

Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and unsound business practices that was filed by the PDIC with the prosecutor's office. PDIC alleged that Foreign Currency Remittances received by LBC Mabuhay were not deposited to LBC Bank's Dollar Account with CalBank resulting in Funding Gaps or "short remittances." Despite this, LBC Bank continued to pay the full amount of the remittance instructions resulting in Advances by LBC Bank in favor of LBC Mabuhay, supposedly in violation of the Memorandum of Understanding between LBC Bank and the BSP. The case was submitted for resolution on 25 May 2016.

Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Mr. Carlos G. Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for unsafe and unsound business practices that was filed by the PDIC with the prosecutor's office. PDIC alleged that the respondents committed acts or omissions constituting unsafe and unsound business practice by entering into Service Agreements with LBC Express, Inc., whose terms were supposedly manifestly and grossly disadvantageous to Bank. The Respondents allegedly failed to enforce payment of service fees, thereby causing undue injury and/or unwarranted benefits, advantage, or preference to LBC Express, Inc. through manifest partiality and bad faith that resulted in a material loss or damage to the liquidity or solvency of LBC Bank and to the latter's depositors, creditors, and the general public. The case was submitted for resolution on 11 August 2016.

An administrative complaint was filed by the PDIC before the BSP against Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Mr. Carlos G. Araneta in their capacity as stockholders and/or directors of LBC Bank. PDIC alleged that the respondents had caused LBC Bank to enter into manifestly and grossly disadvantageous Service Agreements with LBC Express, inc.. In these Service Agreements, the LBC Bank would act as a payout or distribution agent for the remittances to the beneficiaries of LBC Express Inc.. In return, LBC Express would pay LBC Bank service fees on a per transaction basis. PDIC accused the respondents of not enforcing the payment of the service fees due from LBC Express in favor of LBC Bank. These actions allegedly amount to "commission of any other irregularities and/or conducting business in an unsafe or unsound manner," which violate Section 21(f) of RA 3591. The case was submitted for resolution on 27 September 2016.

## Certain Relationships and Related Transactions

The Company and its subsidiaries in their ordinary course of business, engage in transactions with related parties and affiliates consisting of its parent company (LBC Development Corporation) and entities under common control. These transactions include royalty, service and management fee arrangements and loans and advances.

It is a policy of the Company that related party transactions are entered into on terms which are not more favorable to the related party than those generally available to third parties dealing at arm's length basis and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving authority, as may be determined by the board of directors. In the event of a related party transaction involving a director, the relevant director should make a full disclosure of any actual or potential conflict of interest and must abstain from participating in the deliberation and voting on the approval of the proposed transaction and any action to be taken to address the conflict.

Please refer to Note 14 (Related Party Disclosures) of the Notes to the 2016 Consolidated Financial Statements.

The Company has the following major transactions with related parties:

### *Royalty Fee and Licensing Agreement with Parent Company*

LBC Express, Inc. and LBC Development Corporation have entered into a trademark licensing agreement dated November 29, 2007 under which LBC Development Corporation has granted the Company the full and exclusive right within the Philippines to use LBC Marks including the names "LBC Express, Inc.," "LBC Express," "LBC", "Hari Ng Padala" (Tagalog for "King of Forwarding Services"), "We Like to Move It", and "WWW.LBCEXPRESS.COM" as well as the "LBC" corporate logo, the "Team LBC Hari Ng Padala" logo, and the "We Like to Move It" logo.

### *Cash Advances to and from Related Parties*

The Company regularly makes advances to and from related parties to finance working capital requirements and as part of their cost reimbursements arrangement. These unsecured advances are non-interest bearing and payable on demand.

### *Delivery Fee*

In the normal course of business, the Company fulfills the delivery of *balikbayan* boxes on behalf of its international affiliates. The Company charges delivery fees for the fulfillment of this service.

## Resignation of Directors

No director has resigned from, or declined to stand for re-election to the Board since the date of the 2016 Annual Stockholders' Meeting due to any disagreement with the Company relative to its operations, policies and practices.

## Item 6. Compensation of Directors and Executive Officers

### Executive Compensation

The following are the Company's four most highly compensated executive officers for the year ended 31 December 2016:

<u>Name</u>	<u>Position</u>
Miguel Angel A. Camahort	Chief Executive Officer and President
Enrique V. Rey, Jr.	Investor Relations Officer, Acting Treasurer, Acting Chief Finance Officer

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers of the Company in fiscal years 2014, 2015, and 2016:

	<u>Year</u>	<u>Total<sup>(1)</sup></u> <u>(P)</u>
President and the four most highly compensated executive officers named above .....	2014	n/a
	2015	n/a
	2016	n/a
	2017 (est.)	n/a
Aggregate compensation paid to all other officers as a group unnamed .....	2014	n/a
	2015	n/a
	2016	n/a
	2017 (est.)	n/a

*Note:*

(1) Includes salary, bonuses, and other income.

Due to minimal operations following the change in the Company's primary purpose to that of a holding company, there are no compensation/salaries for the preceding fiscal year as the directors/officers have voluntarily declined their compensation/salaries. Likewise, there are no projected compensation/salaries for the year 2017 as the Company is still in the process of transitioning as a result of the change in management.

### **Standard Arrangements**

Other than payment of reasonable *per diem* as may be determined by the board of directors for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2010 up to the present.

### **Other Arrangements**

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2015 for any service provided as a director.

### **Employment Contracts**

The Company has no special employment contracts with the named executive officers.

### **Warrants and Options Outstanding**

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

### **Item 7. Independent Public Accountants**

The external auditor of the Company is the accounting firm of SyCip Gorres Velayo & Co. ("SGV & Co."). The Board, upon the recommendation of the Company's Audit Committee, approved the reappointment of SGV & Co. as the Company's independent auditor for 2017 based on their performance and qualifications.

The reappointment of SGV and Co. will be presented to the stockholders for their approval at the Annual Stockholders' Meeting.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The consolidated financial statements of the Company as of and for the year ended 31 December 2016, 2015, and 2014 were audited by SGV & Co., a member firm of Ernst & Young Global Limited. The consolidated financial statements as of and for the years ended 31 December 2012 and 2013 were audited by Isla Lipana & Co., the Philippine Member Firm of the PriceWaterhouseCoopers Global Network.

SGV & Co. has acted as the Company's independent auditor since fiscal year 2014. Cyril Jasmin B. Valencia is the current audit partner for the Company and has served as such since fiscal year 2014. The Company has not had any material disagreements on accounting and financial disclosures with its current independent auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

During the annual stockholders' meeting of the Company held on 4 September 2015, the stockholders of the Company delegated to the Board of Directors the authority to appoint the Company's external auditor for the fiscal year 2015.

Pursuant to the authority granted by the stockholders of the Company, the Board of Directors, in a meeting held on 15 October 2015, appointed SGV & Co. as external auditor of the Company for the fiscal year 2015. The said change in external auditor was only brought about by the change in control and management of the Company. Likewise, there had been no disagreement with the previous external auditor.

Pursuant to SRC Rule 68 3(b)(ix), the Company observes the five (5)-year schedule on rotation of the signing partner of its external auditor. LBCEH is not due to rotate the signing partner of its external auditor until the end of the said five (5)-year period of engagement – *i.e.*, in 2019.

### Audit and Audit-related Fees

The following table sets forth the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.:

	<u>2016</u>	<u>2015</u>
In millions (Php)		
Audit and Audit-Related Fees <sup>(1)</sup>	PhP7,987,500	PhP8,035,000
Total .....	<u>PhP7,987,500</u>	<u>PhP8,035,000</u>

(1) *Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements, and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.*

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, provides that the audit committee shall, among other activities, (i) review the reports submitted by the internal and external auditors; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) coordinate, monitor and facilitate compliance with laws, rules and regulations.

The Audit Committee consists of at least three members of the board of directors, at least one of whom is an independent director, including the chairman of the committee. The Audit Committee, with respect to an external audit, shall:

- (i) Perform oversight functions over the Company's external auditors. The Audit Committee should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- (ii) Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- (iii) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- (iv) Review the reports submitted by the external auditors.

#### **Item 8. Compensation Plans**

During the Annual Stockholders' Meeting held on 13 August 2007, the stockholders owning or representing at least two thirds (2/3) of the outstanding capital stock approved the stock option for the Company's deserving employees, officers and board members to be derived from the Company's unissued authorized capital stock up to the extent of ten percent (10%) of the outstanding capital stock of the Company, subject for approval by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The terms and conditions governing the stock option plan still have to be determined and approved by the Board of Directors. The application for said stock option plan has not been filed yet with the SEC and PSE. There are no stock warrants or options outstanding.

While the Company currently does not have any intention of issuing stock option plans, it reserves the right to issue the same in the future subject to applicable regulations.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the authorization or issuance of any securities.

##### *Follow-on Offering*

On 10 July 2017, the Board of Directors of the Company resolved to approve the re-filing with the SEC of the Company's Registration Statement in relation to the public offering by the Company (the "Follow-on Offering") of up to 69,101,000 common shares (the "Offer Shares"), consisting of 10,000,000 new common shares to be issued and offered by the Company by way of a primary offer and of 59,101,000 existing common shares to be offered by selling shareholders pursuant to a secondary offer. The indicative offer price for the Follow-on Offering is up to Php22.00 per share. Philippine Commercial Capital, Inc. is the lead underwriter and issue manager for the Follow-on Offering.



The Company expects to use the net proceeds from the offering for general corporate purposes and working capital, including the expansion of retail and corporate business, information technology development, and other corporate purposes.

The Follow-on Offering is subject to the approvals of the SEC and The Philippine Stock Exchange, Inc.

#### **Item 10. Modification or Exchange of Securities**

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

#### **Item. 11 Financial and Other Information**

- (i) Management's Discussion and Analysis of Financial Condition and Results of Operations, market price of shares and dividends, and other data related to the Company's financial information are attached hereto as **Annex "C"**.
- (ii) The Annual Report for the year ended 31 December 2016 are attached hereto as **Annex "D"**.
- (iii) The Quarterly Report for the Quarterly Period ended 31 March 2017 is attached hereto as **Annex "E"**.

#### **Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters**

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to mergers, consolidations, acquisitions, sales, or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

#### **Item 13. Acquisition or Disposition of Property**

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the acquisition or disposition of any significant Company property.

##### *Pledge of Shares owned by Company in LBC Express, Inc.*

On 20 June 2017, the Board of Directors of the Company approved, among others, the creation of a pledge over all of the Company's shares in LBC Express, Inc. in favor of CP Briks Pte. Ltd., to secure its obligations under the issuance of the LBC Convertible Instrument in the aggregate amount of USD50,000,000.00, in favor of CP Briks Pte. Ltd. (the "Transaction"). The creation of the pledge shall be subject to the approval of the shareholders of the Company during the annual meeting to be held on 29 August 2017. Attached as **Annex "F"** is the term sheet for the Transaction. In the event that common shares will be converted pursuant to the Transaction, the Company will comply with the rules and regulations of the Securities Regulation Code.

The creation of the pledge may give rise to a possible exercise by the stockholders of their appraisal rights under the Corporation Code as it involves a pledge of substantially all of the assets of the Company.

Any stockholder who wishes to exercise his appraisal right must have voted against the proposed corporate action. The said stockholder must make a written demand on the Company, within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of such appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair

value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

#### **Item 14. Restatement of Accounts**

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

The following are to be submitted for approval during the Annual Stockholders' Meeting:

- (i) Minutes of the Annual Stockholders' Meeting held on 29 July 2016;
- (ii) President's Report based on the Annual Report and 2016 Audited Consolidated Financial Statements of the Company;
- (iii) Approval of the Annual Report and Audited Financial Statements for the fiscal year ended 31 December 2016;
- (iv) Election of Directors, including Independent Directors;
- (v) Election/appointment of External Auditor;
- (vi) Amendment of the By-Laws of the Company;
- (vii) Issuance of Secured Convertible Instrument in the aggregate amount of USD50,000,000 in favor of CP Briks Pte. Ltd. due 2024;
- (viii) Creation of Pledge over the Shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd.;
- (ix) Re-filing of the Registration Statement in relation to the public offering by the Company (the Follow-on Offering) of up to 69,101,000 common shares; and
- (x) General ratification of all the acts and proceedings of the incumbent Board of Directors and Management from the date following the last annual stockholders' meeting which are covered by resolutions duly adopted in the normal course of trade or business such as:
  - a. Approval of the minutes of previous meetings;
  - b. Approval of the audited financial statements;
  - c. Changing of bank account signatories; and

- d. Approval of the schedule, venue, and agenda of the Annual Stockholders' Meeting.

**Item 16. Matters Not Required to be Submitted**

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

**Item 17. Amendment of Charter, By-Laws, or Other Documents**

The following are for discussion in the Annual Stockholders' Meeting with respect to the amendment of the Company's By-Laws to implement the provisions of the Corporation's Revised Manual on Corporate Governance revised and updated pursuant to the requirements of SEC Memorandum Circular No. 19, Series of 2016 on Code of Corporate Governance for Publicly Listed Companies. The amendments to the Company's By-Laws shall enable the Company to implement its proposed changes to the role of its officers, as well as the composition of its directors and committees :

- (a) Amendment of Section 1, Article III of the By-Laws to require the election of independent directors, as follows:

1. Qualification and Elections — The general management of the corporation shall be vested in a Board of Nine (9) Directors, **three (3) of whom shall be independent directors**, who shall be stockholders holding common shares and who shall be elected annually by the stockholders entitled to vote and to serve until the election and qualification of their successors. **As a publicly listed company, the Corporation shall conform to the requirement to have three (3) independent directors or such number of independent directors who are possessed of such qualifications as may be required by law and the Corporation's Revised Manual on Corporate Governance.** Any vacancy in the Board of Directors except by removal or expiration of term may be filled by a majority vote of the remaining directors constituting a quorum at a meeting specially called for that purpose, and the director or directors so chosen shall serve for the unexpired term. (As approved by the Board of Directors on 29 July 2015 and by the stockholders on 4 September 2015)'

- (b) Amendment of Section 2.2(a), Article III of the By-Laws to replace "Nomination" with "Corporate Governance" as the Committee in charge of promulgating the guidelines for the election of directors, as follows:

'2.2 In the nomination and election of directors, the following rules shall apply:

a) The **Corporate Governance** Committee shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the Commission.'

- (c) Amendment of Section 4, Article III to include the option of the Board of Directors to attend meetings through teleconferencing or videoconferencing, as follows:

'4. Meeting — The Board of Directors shall hold a meeting for organization, immediately after their election, of which no notice shall be required. Thereafter, the Board of Directors shall hold regular meeting at such particular place and hour as the Board may fix. Special meetings

of the Board of Directors may be called by the President on one day's notice to each directors either personally or in writing, or on the written request of any two directors. The directors shall attend and actively participate in all meetings of the Board in person or through tele-videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.'

- (d) Amendment of the By-Laws to include Section 8, Article III on the establishment by the Board of Directors of the Company's Committees, as follows:

'8. Board Committees – The Board of Directors shall constitute an Audit Committee, Corporate Governance Committee, Board Risk Oversight Committee and Related Party Transaction Committee, and such other Committees that the law and Corporate Governance Code may mandate. In addition, the Board of Directors may create other internal committees with the powers determined by the Board of Directors. All established committees shall be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information, including the standards for evaluating the performance of the Committees.'

- (e) Amendment of Section 1, Article IV of the By-Laws to include as officers the positions "Chairman", "Chief Executive Officer", and "Compliance Officer", as follows:

'1. General — The officers of the corporation shall consist of a Chairman, a Chief Executive Officer, a President, a Vice-President, a General Manager, a Treasurer, a Secretary, a Compliance Officer, and such other officers whose positions the Board of Directors may create, all of whose powers and duties shall be as provided by the Board and in conformity with the provisions of these By-Laws. All officers shall be elected to their officers by a majority vote of the Board of Directors. Two or more offices may be vested in the same person whenever deemed convenient or expedient, provided that their functions are not incompatible with each other'

- (f) Amendment of Section 2, Article IV of the By-Laws to include the functions and duties of the Chairman of the Corporation, as follows:

'2. Chairman - The Chairman, who shall be a member of the Board of Directors, shall have the following duties and responsibilities:

(i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;

(ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer, Management and the directors;

(iii) Maintain qualitative and timely lines of communication and information between the Board and Management;

(iv) Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

(v) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

(vi) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

(vii) Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

(viii) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

(ix) Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.'

- (g) Amendment of Section 3, Article IV of the By-Laws to include the duties and responsibilities of the Chief Executive Officer of the Corporation, as follows:

'3. Chief Executive Officer – The Chief Executive Officer, who may or may not be the Chairman, shall assume the leadership of the Corporation. He shall report to, and take instructions from, the Board of Directors. He is responsible for leading the development and execution of the Corporation's policy and long-term strategy in accordance with the Board's mandate. He is also responsible for implementing the Corporation's long and short-term strategic plans and shall have oversight over the President, in case held by a different person. In addition, the Chief Executive Officer shall have the following duties and responsibilities:

(i) Determine the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;

(ii) Communicate and implement the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

(iii) Oversee the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;

(iv) Shall have a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;

(v) Direct, evaluate and guide the work of the key officers of the corporation;

(vi) Manage the Corporation's resources prudently and ensures a proper balance of the same;

(vii) Provide the Board with timely information and interfaces between the Board and the employees;

(viii) Build the corporate culture and motivates the employees of the corporation; and

(ix) Serve as the link between internal operations and external stakeholders.'

- (h) Amendment of the By-Laws to renumber Section 2, Article IV, to Section 4, Article IV.
- (i) Amendment of the By-Laws to renumber Section 3, Article IV, to Section 5, Article IV.
- (j) Amendment of the By-Laws to renumber Section 4, Article IV to Section 6, Article IV.
- (k) Amendment of the By-Laws to renumber Section 5, Article IV to Section 7, Article IV.
- (l) Amendment of the By-Laws to renumber Section 6, Article IV to Section 8, Article IV as well as to include additional duties and responsibilities of the Corporate Secretary, as follows:

'8. Secretary — The Secretary who shall be a separate individual from the Compliance Officer and a resident and a citizen of the Philippines, shall be elected by the Board of Directors, and he may or may not be a stockholder of the company. He shall hold office at the pleasure of the Board, and shall perform the following duties:

a. Keep full minutes of all meetings of the Board of Directors and of the Stockholders;

b. Keep the stock and transfer book and the corporate seal which he shall stamp on all documents requiring such seal of the corporation;

c. Fill and countersign all the certificates of stocks issued making the corresponding annotation on the margin or stub of such certificates upon issuance;

d. Give or cause to be given, all notices required by law or the By-Laws of this Corporation, as well as notices of all meetings of the Board of Directors and the stockholders.

e. Perform such other duties as maybe prescribed by the Board of Directors or the President;

f. Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar and assisting the chairs of the Board and its committees to set agendas for those meetings;

g. Safe keep and preserves the integrity of the minutes of the committees of the Board, as well as other official records of the corporation;

h. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;

i. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;

j. Advise on the establishment of board committees and their terms of reference;

k. Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

l. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

m. Perform required administrative functions;

n. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and

j. Performs such other duties and responsibilities as may be provided by the Securities and Exchange Commission. '

- (m) Amendment of the By-Laws to include Section 9, Article IV on the duties and responsibilities of the Compliance Officer of the Company, as follows:

'9. Compliance Officer – The Board of Directors shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. The Compliance Officer shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation. The Compliance Officer shall not be a member of the Board of Directors, and shall annually attend a training on corporate governance. He shall perform the following duties:

a. Ensure proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

b. Monitor, review, evaluate and ensure the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;

c. Report the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

d. Ensure the integrity and accuracy of all documentary submissions to regulators;

e. Appear before the Securities and Exchange Commission when summoned in relation to compliance with law;

f. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;

g. Identify possible areas of compliance issues and work towards the resolution of the same;

h. Ensure the attendance of board members and key officers to relevant trainings; and

i. Perform such other duties and responsibilities as may be provided by the Securities and Exchange Commission.'

(n) Amendment of the By-Laws to renumber Section 7, Article IV to Section 10, Article IV.

(o) Amendment of the By-Laws to renumber Section 8, Article IV to Section 11, Article IV.

#### **Item 18. Other Proposed Actions**

- (i) Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year;
- (ii) Reappointment of external auditors;
- (iii) Issuance of a Secured Convertible Instrument in the aggregate amount of USD50,000,000 in favor of CP Briks Pte. Ltd. Due 2024;
- (iv) Re-filing of the Registration Statement in relation to the public offering by the Company (the Follow-on Offering) of up to 69,101,000 common shares; and
- (v) Creation of Pledge over the Shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd.

#### **Item 19. Voting Procedures**

##### *Manner of Voting*

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies.

##### *Vote Required*

With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.



With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2016, as well as the approval or ratification of the other actions set forth under item nos. (i) (*Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year*), (ii) (*Reappointment of external auditors*), (iii) (*Issuance of a Secured Convertible Instrument in the aggregate amount of USD50,000,000 in favor of CP Briks Pte. Ltd. Due 2024.*); and (iv) (Re-filing of the Registration Statement in relation to the public offering by the Company (the Follow-on Offering) of up to 69,101,000 common shares) under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters. With respect to the amendment of the Company's By-Laws and item no. (v) (*Creation of Pledge over the Shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd.*) under the heading "Other Proposed Actions", the vote of the stockholders representing two-thirds (2/3) of the outstanding capital stock entitled to vote and represented in the meeting shall be required to approve such matters. Item no. (iv) *Creation of Pledge over the Shares of the Company in LBC Express, Inc. in favor of CP Briks Pte. Ltd.*) under the heading "Other Proposed Actions" shall be subject to a dissenting stockholders' appraisal right under the Corporation Code.

#### *Method*

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

**UNDERTAKING**

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO:

THE OFFICE OF THE CORPORATE SECRETARY  
Penthouse, Liberty Center,  
104 H.V. dela Costa Street,  
Salcedo Village, Makati City

**UNDERTAKING**

WE UNDERTAKE TO FURNISH THE STOCKHOLDERS DURING THE ANNUAL STOCKHOLDERS' MEETING ON 29 AUGUST 2017 A COPY OF THE COMPANY'S QUARTERLY REPORT ON SEC FORM 17-Q FOR THE QUARTER ENDED 30 JUNE 2017.

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on ~~02 AUG 2017~~.

**LBC EXPRESS HOLDINGS, INC.**

By:



---

**MIGUEL ANGEL A. CAMAHORT**  
*President*