

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
PACIFIC ONLINE SYSTEMS CORPORATION

May 31, 2017 at 2:00 P.M.  
at Ballroom 1, City of Dreams Manila, Parafaque City

TOTAL NUMBER OF SHARES OUTSTANDING	433,673,087
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	333,104,065

Before the start of the meeting, the following members of the Board of Directors present were introduced:

WILLY N. OCIER  
FREDERIC C. DYBUNCIO  
MA. VIRGINIA V. ABO-HAMDA  
TARCISIO M. MEDALLA  
JERRY C. TIU  
REGINA O. REYES  
LAURITO E. SERRANO  
HENRY N. OCIER

The presence of the following executive officers of the Corporation was likewise acknowledged:

A. BAYANI K. TAN (Corporate Secretary)  
JASON C. NALUPTA (Assistant Corporate Secretary)

The other executive officers of the Corporation as well as of its subsidiaries were likewise in attendance:

ANNA JOSEFINA G. ESTEBAN (Assistant Vice President -Internal Auditor)  
MISCHEL GABRIELLE O. MENDOZA (Assistant Vice President-Administration)  
GRACE L. GATDULA (Compliance Officer/Contact for Stakeholders' Concerns)  
CARMELITA D.L. CHAN (President - Total Gaming Technologies, Inc.; Chairman – Lucky Circle Corporation)  
LUCILA A. TAGUBA (Vice President – Loto Pacific Leisure Corp.)  
ANTONIO P. REYES (Chief Operating Officer – Total Gaming Technologies, Inc.)

Finally, the presence of Ms. Gemma Pascual of Alberto, Pascual, and Associates, independent party in charge of validating the results of the voting by poll in the 2017 Annual Stockholders' meeting, was acknowledged.

#### CALL TO ORDER

The Chairman, Mr. Willy N. Ocier, called the meeting to order and presided over the same. The Corporate Secretary, Mr. A. Bayani K. Tan, recorded the minutes of the proceedings.

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## CERTIFICATION OF QUORUM

Upon the request of the Chairman, the Corporate Secretary certified that, based on the certification of mailing, notices of the meeting were sent to all shareholders of record as of April 21, 2017 in accordance with the provisions of the By-Laws. The Chairman instructed the Corporate Secretary to append the Certificate attesting to the mailing of notices to the original Minutes of the Meeting.

The Corporate Secretary certified that, based on the register of attendees and proxies as tabulated by the Corporation's Stock Transfer Agent, out of the Four Hundred Thirty Three Million Six Hundred Seventy Three Thousand Eighty Seven (433,673,087) shares of the total outstanding capital stock of the Corporation, Two Hundred Twenty Four Million Two Hundred Eighty Thousand Four Hundred Three (224,280,403) shares were represented by proxy and holders of One Hundred Eight Million Eight Hundred Twenty Three Thousand Six Hundred Sixty Two (108,823,662) shares were present in person, or a total of Three Hundred Thirty Three Million One Hundred Four Thousand Sixty Five (333,104,065) shares, representing 76.81% of the total outstanding capital stock of the Corporation. Accordingly, the Secretary certified that a quorum existed for the transaction of business at hand.

## APPROVAL OF THE PREVIOUS MINUTES

Upon motion duly made and seconded, the reading of the minutes of the previous Annual Shareholder's Meeting held on May 24, 2016 was dispensed with as the same had been previously distributed to shareholders. The Chairman opened the floor for questions about the Minutes of the 2016 Annual Stockholders' Meeting but none were raised.

The Minutes of the said meeting was thereafter approved as circulated, with the shareholders voting as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	333,104,065	0	0

The following resolution was likewise approved:

"RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of Pacific Online Systems Corporation held on May 24, 2016 be approved."

## MANAGEMENT REPORT ON 2016 OPERATIONS AND RESULTS

At the request of the Chairman, Ms. Mischel Gabrielle O. Mendoza, the Assistant Vice President for Administration, presented the highlights of the Corporation's operations for Year 2016 and reported as follows:

"In 1996, Pacific Online Systems Corporation's (Pacific Online) vision to become a purveyor of hope was set into motion. Through cycles of incubation and timely executions, Pacific Online proved adaptable and resilient to the changing times. Fast-forward to 2016, the company reached its 20<sup>th</sup> anniversary milestone, setting forth another cycle of exciting potentials. With two decades of gaming expertise under its belt, Pacific

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Online is more than ready and able to take its vision to the next level of gaming.

“Your company’s performance in 2016 was generally favorable. Revenues increased to Php 1.88 billion in 2016, representing a 10 percent growth from Php 1.71 billion in 2015. Net income also rose to Php 400 million in 2016, up 16 percent from Php 345 million in 2015.

“As much as we are in business to survive, we are also in business to thrive. We are taking the company to the next level of what it could achieve, armed with our new vision to become the gaming partner choice, and our mission to remind our stakeholders that our reason for being is to create hope. We are not here to simply offer products – we are here to offer benefits that transcend the tangible. We want to provide better service to our customers, to give our lottery players more chances of hitting their jackpot dreams, which in turn increases the contribution to PCSO’s charity fund, thereby effecting a cycle of change that would improve people’s quality of life.

“In our efforts to reach more players throughout the archipelago, our subsidiary, Total Gaming Technologies, Inc. (TGTI), ramped up its Keno (Lotto Express) rollout to 2,020 terminals in 2016, versus 1,770 terminals in 2015. Our distribution network arm, Lucky Circle Corporation (LCC), increased its retail network outlets by 3 percent, representing a jump to 268 outlets in 2016, from 260 outlets in 2015.

“In line with our serious investments in infrastructure, technology, and people, we transferred our Data Recovery System (DRS) to a high-grade facility; upgraded our back-office support systems for full implementation this year; expanded our logistics centers; and through an extensive audit, retained our ISO 9001:2008 Quality Management Systems and ISO/IEC 27001:2013 Information Security Management certifications.

“For us, technology is not limited to the physical equipment and network we provide to our principal client, the Philippine Charity Sweepstakes Office (PCSO). We take technology a step further, and view it as a means for making things better and creating value: the value of synergy with the PCSO in generating more funds for its charitable causes, which now includes drug rehabilitation; the value of providing exciting new games and platforms for their distribution; and the value of providing meaningful employment for our current and potential employees.

“We believe that with the support of the PCSO, our business partners, and shareholders, coupled with an attitude centered on progress and proactivity, Pacific Online can take gaming to the next level, and provide exciting new avenues for lottery players and churn out more funds for charity. Good things can be done alone, but greater things can be achieved together.

On behalf of our board of directors, management, and employees, we thank you for the trust and support.”

The President then thanked the Board of Directors for its valuable guidance, the employees for their tireless dedication, and the shareholders for their continued trust and support in the corporation and the management.

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Thereafter, the Chairman opened the floor for questions to be raised on the report on the Corporation's operations. No questions, however, were raised by the shareholders present on the report on the Corporation's operations and its Audited Financial Statements. No questions having been raised, the President's Report for the year ended December 31, 2016 together with the Audited Financial Statements for the Fiscal Year ended December 31, 2016, upon motion duly made and seconded, was approved as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2016 Operations and Results and 2016 Audited Financial Statements	333,104,065	0	0

The following resolution was likewise approved:

"RESOLVED, that the President's Report on Pacific Online Systems Corporation's Operations and Results for 2016, together with the Audited Financial Statements for the year ended December 31, 2016 be approved."

#### RATIFICATION OF CORPORATE ACTS

The next item in the agenda was the ratification of the corporate acts.

After the motion to confirm, ratify, and approve all the acts of the Board of Directors and Officers of the Corporation from the date of the last meeting up to date of the present meeting was duly made and seconded, the Chairman opened the floor for issues to be taken up pertaining to the ratification of all corporate acts. No questions or issues, however, were raised about the corporate acts. Accordingly, the motion was then approved as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of Corporate Acts	333,104,065	0	0

The following resolution was likewise unanimously approved:

"RESOLVED, that all acts of the Board of Directors and Officers of Pacific Online Systems Corporation from the date of the last meeting of the shareholders on May 24, 2016 up to the date of this meeting, are hereby confirmed, ratified and approved."

#### ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year. He noted that the profiles of those nominated for election as members of the Board were included in the Company's Information Statement, as well as in the Annual Report. The information included their age, nationality, qualifications, dates of first appointment and other directorships in publicly-listed companies.

The Chairman likewise announced that the Company was advised by Mr. Wilson L. Sy of his decision to withdraw himself from consideration for re-election as one of the Corporation's independent directors. Accordingly, the 3<sup>rd</sup> seat in the Board allocated for independent directors was left vacant to enable the Nomination Committee to convene and

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deliberate on another candidate for election as an independent director of the Corporation.

After their nominations were duly made and seconded from the floor, the following stockholders receiving the votes indicated opposite their names were elected as directors for the year 2017-2018, to serve as such until their successors shall have been duly elected and qualified:

NOMINEE	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
WILLY N. OCIER	333,104,065	0	0
MA. VIRGINIA V. ABO-HAMDA	333,104,065	0	0
FREDERIC C. DYBUNCIO	333,104,065	0	0
TARCISIO M. MEDALLA	333,104,065	0	0
HENRY N. OCIER	333,104,065	0	0
REGINA O. REYES	333,104,065	0	0
LAURITO E. SERRANO	333,104,065	0	0
JERRY C. TIU	333,104,065	0	0

Messrs. Serrano and Tiu were elected to serve as the Corporation's Independent Directors.

#### APPOINTMENT OF EXTERNAL AUDITOR

The Body next considered the appointment of the Corporation's external auditors for Year 2017-2018. The Chairman announced that the Corporation's Audit Committee has recommended, and the Board of Directors has endorsed for the consideration of the shareholders, the re-appointment of R.G. Manabat & Co. as the Corporation's external auditor for Year 2017-2018.

No questions or objections having been raised by the shareholders present despite opportunity having been given by the Chairman, the proposal to re-appoint R.G. Manabat & Co. as the Corporation's external auditor for Year 2017-2018 was approved by the shareholders as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Appointment of R.G. Manabat & Co. as External Auditor for 2017-2018	333,104,065	0	0

The stockholders likewise unanimously approved the following resolution:

“RESOLVED, that the auditing firm of R.G. Manabat & Co., be appointed as the Company's external auditor for the year 2017-2018.”

#### OTHER MATTERS

Before the meeting was adjourned, the Chairman again opened the floor questions on other matters that its stockholders wish to discuss.


Ms. Nora Barja, a stockholder of record, inquired as to what the book value of the Corporation's share is. The Chief Financial Officer, Ms. Ma. Virginia V. Abo-Hamda, responded that the book value of the Corporation as of the end of the First Quarter of 2017 is P4.84 per share, an improvement from the book value as of end of December 2016 which was P4.43 per share.

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**ADJOURNMENT**

There being no other matter to discuss, the meeting was thereupon adjourned.

Attested by:

  
**WILLY N. OCIER**  
Chairman

  
**A. BAYANI K. TAN**  
Corporate Secretary *u*

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