

**DRAFT**  
**FOR SHAREHOLDERS' APPROVAL**

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

May 31, 2018 at 2:00 P.M.  
at Ballroom 1, City of Dreams Manila, Parañaque City

TOTAL NUMBER OF SHARES OUTSTANDING 433,673,087

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED  
AND ENTITLED TO VOTE 324,567,164

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

WILLY N. OCIER  
MA. VIRGINIA V. ABO-HAMDA  
ARMIN ANTONIO B. RAQUEL-SANTOS  
TARCISIO M. MEDALLA  
HENRY N. OCIER  
REGINA O. REYES  
JERRY C. TIU (Independent Director)  
LAURITO E. SERRANO (Independent Director)  
JOSEPH C. TAN (Independent Director)

The presence of the following 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 and of its subsidiaries were likewise in attendance:

ANNA JOSEFINA G. ESTEBAN (Assistant Vice President -Internal Auditor)  
MISCHEL GABRIELLE O. MENDOZA (Assistant Vice President-Administration/Risk Officer)  
MA. MELIZA C. ROMILLO (MIS-IT Department Head/Data Privacy Officer)  
CARMELITA D.L. CHAN (President - Total Gaming Technologies, Inc.; Chairman – Lucky Circle Corporation)  
LUCILA A. TAGUBA (President – Lucky Circle Corporation)  
ANTONIO P. REYES (Chief Operating Officer – Total Gaming Technologies, Inc.)

Representatives of Alberto, Pascual and Associates, an independent party engaged to validate the results of the voting by poll for the 2018 Annual Stockholders' meeting, were likewise in attendance.

**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.

## **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 20, 2018 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, Three Hundred Twenty-Four Million Five Hundred Four Thousand One Hundred Sixty-Four (324,567,164) shares, representing 74.84% of the total outstanding capital stock of the Corporation were present in person or otherwise represented by proxy. 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 31, 2017 was dispensed with as the same had been previously distributed to shareholders. The Chairman opened the floor for questions about the Minutes of the 2017 Annual Stockholders' Meeting but none were raised.

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

<b>AGENDA ITEM</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
Approval of Minutes of the Previous Meeting of Stockholders	324,567,164	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 31, 2017 be approved.”

## **MANAGEMENT REPORT ON 2017 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 2017 and reported as follows:

Every company's existence is rooted in unique circumstances, starting at stage one. During its inception in 1993, Pacific Online Systems Corporation (POSC) was ushered into an area of a more traditionalist thought, when principles of business were akin to the art of war. More than two decades later, POSC's performance through time points to the paradigm shift where each operational year represents the unlocking of a new level for the company.

Our business in 2017 upgraded our standards of a banner year. Revenues in 2017 hit Php 2.3 billion, breaking past revenue records of

Php1.8 billion and Php 1.7 billion in 2016 and 2015, respectively. In accordance with our expansion efforts, operating expenses increased by 28% from Php 1.2 billion in 2016, to Php 1.6 billion in 2017. Net income also rose to Php 492.8 million in 2017, an upswing of 23% from Php 400.3 million in 2016.

Our momentum is also driven by the deployment of upgraded Lotto and Keno (Lotto Express) terminals, and this resulted in positive outcomes for our affiliated companies. Our subsidiary, Total Gaming Technologies, Inc. (TGTI), installed 2,410 terminals in 2017, versus 2,020 terminals in 2016. TGTI saw a 24% growth in Keno (Lotto Express) sales. Lotto sales likewise increased by 11% in 2017 compared to 2016.

Pacific Online maintains its stance as a purveyor of hope as it serves its primary client, the Philippine Charity Sweepstakes Office (PCSO), in generating more funds for charity. Recognizing technology as a new and better way of doing things, we develop from within and leverage on that latitude for our stakeholders. As part of our commitment to credibility, we retained our ISO 9001:2008 Quality Management Systems and ISO/IEC 27001:2013 Information Security Management certifications. We also implemented an Enterprise Resource Planning (ERP) system to streamline internal processes.

Aside from our responsibility to our stakeholders, we also value the trust extended to us by our shareholders. From 2013 to 2017, Pacific Online returned a total of Php 1.2 billion to its stockholders, in addition to a 50% stock dividend per share worth Php 149.0 million in 2016. Moving forward, our board of directors and management team will continue to review our dividend program.

2017 was a favorable year for the Company, but these results would not have been achieved without the dedication of our employees, management team, and board of directors, support from our primary partner, the PCSO; the assistance from our external providers; and the backing of our shareholders. It is through the cooperation among all these parties that Pacific Online Systems Corporation can level up and propel itself towards sustainable profitability in the future.

We thank everyone for all your support and we shall level up together in 2018.

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.

Thereafter, the Chairman opened the floor for questions to be raised on the report on the Corporation's operations.

No questions having been raised, the President's Report for the year ended December 31, 2017, together with the Audited Financial Statements for the Fiscal Year ended December 31, 2017, upon motion duly made and seconded, was approved as follows:

<b>AGENDA ITEM</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
Approval of 2017 Operations and Results and 2017 Audited Financial Statements	324,567,164	0	0

The following resolution was likewise approved:

“RESOLVED, that the President’s Report on Pacific Online Systems Corporation’s Operations and Results for 2017, together with the Audited Financial Statements for the year ended December 31, 2017 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:

<b>AGENDA ITEM</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
Ratification of Corporate Acts	324,567,164	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 31, 2017 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 requested the Chairman of the Corporate Governance Committee, Mr. Joseph C. Tan to announce the names of those nominated for election as members of the Board. Mr. Tan likewise informed the Body 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.

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 2018-2019, to serve as such until their successors shall have been duly elected and qualified:

<b>NOMINEE</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
WILLY N. OCIER	324,567,164	0	0
MA. VIRGINIA V. ABO-HAMDA	324,567,164	0	0

ARMIN ANTONIO B. RAQUEL-SANTOS	324,567,164	0	0
TARCISIO M. MEDALLA	324,567,164	0	0
HENRY N. OCIER	324,567,164	0	0
REGINA O. REYES	324,567,164	0	0
JERRY C. TIU	324,567,164	0	0
LAURITO E. SERRANO	324,567,164	0	0
JOSEPH C. TAN	324,567,164	0	0

Messrs. Tiu, Serrano and Tan 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 2018-2019. 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 2018-2019.

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 2018-2019 was approved by the shareholders as follows:

<b>AGENDA ITEM</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
Appointment of R.G. Manabat & Co. as External Auditor for 2018-2019	324,567,164	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 2018-2019.”

#### **OTHER MATTERS**

There were no other matters taken up during the meeting.

#### **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