

NOTICE OF SPECIAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be a special meeting of the stockholders of **PACIFIC ONLINE SYSTEMS CORPORATION** on Tuesday, **September 25, 2018**, at 2:00 o'clock in the afternoon, at the Auditorium, G/F Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila to consider the following:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the 2018 Annual Stockholders' Meeting
5. Approval of Stock Dividend
6. Increase in Authorized Capital Stock
7. Other Matters
8. Adjournment

In accordance with the rules of the Philippine Stock Exchange, the close of business on August 31, 2018 has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 1:00 p.m. and end promptly at 2:00 p.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign the Attached Proxy Form and send a proxy to the Corporation at the 28th Floor, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. All proxies should be received by the Corporation at least **six (6) business days** before the meeting, or on or before **September 17, 2018**. Proxies submitted shall be validated by a Committee of Inspectors on **September 18, 2018** at 10:00 in the morning at 28th Floor, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid any inconvenience in registering your attendance at the meeting, you (or your proxy) are requested to bring identification paper(s) containing a photograph and signature, e.g. passport or driver's license.

City of Pasig, Metro Manila, August 17, 2018.



Atty. Jason C. Nalupta
Asst. Corporate Secretary

Access to Pacific Online's Rationale for Agenda Items, Definitive Information Statement, Minutes of the Annual Meeting of Stockholders (May 31, 2018), Proxy Form and Secretary's Certificate proforma can be downloaded by scanning the QR code provided herewith:



Likewise, you may access or download thru the following:

- 1) By downloading thru the following link: <https://bit.ly/2LCNa6R>
- 2) Via our website : www.loto.com.ph (under the Investor Relations tab)
- 3) By requesting for a Soft or Hard Copy thru an email request at contactus@pacificonline.com.ph or by calling us at (+632) 584-1700. Please provide your complete name and postal address.

**Use of QR Code was approved by the SEC on 23 August 2018

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on May 31, 2018

Copies of the Minutes of the May 31, 2018 Annual Stockholders' Meeting will be made available during the Special Stockholders' Meeting. It is likewise currently posted on the Corporation's website (www.loto.com.ph) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2018 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of Stock Dividend

On August 14, 2018, the Board of Directors approved the recommendation for the Corporation to declare a One Hundred Percent (100%) stock dividend to the Corporation's shareholders as of a Record Date to be set when the increase in the Corporation's authorized capital stock, from which the stock dividends will be issued, shall have been approved by the Securities and Exchange Commission.

The Corporation Code mandates that no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose. Accordingly, the stock dividend declaration approved by the Board shall be presented for approval by the shareholders during the special shareholders' meeting.

Agenda Item No. 6. Approval of Increase in the Corporation's Authorized Capital Stock

In connection with the stock dividend declaration, the Board of Directors likewise approved an increase in the Corporation's authorized capital stock, from the current Five Hundred Million Pesos (₱500,000,000.00) divided into Five Hundred Million (500,000,000) Common Shares to Two Billion Two Hundred Eighty-Eight Million Pesos (₱2,288,000,000.00) divided into Two Billion Two Hundred Eighty-Eight Million (2,288,000,000) Common Shares. The stock dividend shares will be issued out of the increase in capital.

The Corporation Code likewise mandates that an increase in a corporation's authorized capital stock shall be approved by the stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose. For this purpose, the increase in the Corporation's authorized capital stock approved by the Board shall also be presented for approval by the shareholders during the special shareholders' meeting.