

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

Held on 22 June 2020, 9:00 AM
via Videoconference
(in accordance with SEC regulations on Meetings by Remote Communication)

TOTAL NUMBER OF SHARES OUTSTANDING 895,330,946

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED
AND ENTITLED TO VOTE 734,376,420

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
TARCISIO M. MEDALLA
HENRY N. OCIER
REGINA O. REYES
ARMIN ANTONIO B. RAQUEL-SANTOS
LAURITO E. SERRANO (Independent Director)
JERRY C. TIU (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)

Executive Officers of POSC and Representatives of R.G. Manabat & Co., the Corporation's External Auditor, were likewise in attendance.

CALL TO ORDER

After the Invocation and the National Anthem, the Chairman, Mr. Willy N. Ocier, called the meeting to order and presided over the same. The Corporate Secretary, Atty. 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 30, 2020 in accordance with the provisions of the By-Laws. The Chairman instructed the Corporate Secretary to ensure that the Certificate attesting to the mailing of notices to the original Minutes of the Meeting shall form part of the records of the meeting.

The Corporate Secretary then certified that, based on the register of attendees and proxies as tabulated by the Corporate Secretary and validated by Alberto Pascual and Associates (APA), out of the Eight Hundred Ninety-Five Million Three Hundred Thirty

Thousand Nine Hundred Forty-Six (895,330,946) shares of the total outstanding capital stock of the Corporation, Seven Hundred Thirty-Four Million Three Hundred Seventy-Six Thousand Four Hundred Twenty (734,376,420) shares, representing 82.02% 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 the business at hand.

RULES OF CONDUCT AND VOTING PROCEDURES

The Chairman then informed the Body that, while the meeting is being held in a virtual format, the Corporation is extending the shareholders every opportunity to participate therein to the same extent as if they were in an in-person meeting. He then requested the Corporate Secretary to briefly explain the rules of conduct and the voting procedures.

The Corporate Secretary explained as follows:

- 1. Stockholders who notified the Corporation of their intention to participate in this meeting by remote communication have sent their questions or comments through the e-mail address provided for the purpose. Question can continue to be sent throughout the duration of the meeting through the Q&A function of Zoom Webinar.
- 2. Some of the questions or comments received will be read out during the Open Forum, after all matters in the agenda are concluded. However, as the time dedicated for the meeting is not unlimited, the questions and comments which will not be read out and responded to during the meeting will be answered by the appropriate officers of the Corporation concerned.
- 3. Resolutions will be proposed for adoption by the stockholders for each of the items in the Agenda. Each proposed resolution will be shown on the screen as the same is being taken up.
- 4. The proxies received and the votes cast have been tabulated by the Corporate Secretary and validated by APA, the third-party independent validator.

APPROVAL OF MINUTES OF 2019 ASM

As requested by the Chairman, the Secretary advised the Body that the minutes of the last stockholders' meeting held on 30 May 2019 was immediately made available for the stockholders to view soon after the last meeting when it was posted on the Corporation’s website. The same was also made part of the documents that were recently made available to the stockholders in connection with the 2020 meeting.

The Corporate Secretary then presented the Resolution as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following Resolution:

“RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of Pacific Online Systems Corporation held on 30 May 2019 is hereby approved.”

The votes for the Resolution on the approval of the Minutes of 2019 Annual Stockholders’ Meeting are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of	734,368,420	0	8000

Stockholders			
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**MANAGEMENT REPORT ON
2019 OPERATIONS AND RESULTS**

The next item on the agenda is the approval of the operation and results for the Year 2019.

Upon the request of the Chairman, Ms. Carmelita Chan, the Head of the Online Lottery Division, presented the Message to the Shareholders as follows:

Pacific Online Systems Corporation with its over two decades of experience in the industry has consistently provided a reliable lottery gaming system to the Philippine Charity Sweepstakes Office (PCSO). It has harnessed advances in technology to meet the demands of a market that continuously evolved for decades.

The fiscal year of 2019 had many challenges for your Company as the following events reduced revenues.

These are the temporary closure of lotto and keno operations, competition from the nationwide expansion of Small Town Lottery (STL) operations, the proliferation of illegal games, the mandated lower payout for keno, and the imposition of higher prize and documentary sales taxes (DST) on lottery.

As a result, your Company’s revenues fell by 49% to ₱990 million in 2019. This decline resulted to a net loss of ₱318 million in 2019, from a net income of ₱304 million from the previous year. Lotto continues to be a key source of revenue with your Company maintaining its market presence of 3,785 terminals with subsidiaries Total Gaming Technologies, Inc. providing 1,833 keno terminals and Lucky Circle Corporation with 233 outlets.

Even if setbacks in the current lottery climate persist, Pacific Online remains confident that the recent hampered performance will not persist in the medium term.

We are looking forward to a better year as there is now no legal impediment for the Company to install lotto terminals to agents in Luzon whose per capita sales are more than double than the average VISMIN agent, which since November 2019 was our principal territory.

Pacific Online has been upholding its performance standards maintaining its ISO certification for Quality Management and Information Security Management.

It also stands by its duty to steward the nation and environment by initiating its maiden Sustainability Report presenting its performance on economic, social, environmental and governance issues.

Due to our steadfast commitment to full transparency and accountability, we emphasize that Pacific Online’s network offers the most efficient and transparent online lottery system promoting responsible gaming.

This will ensure the remittance of the proper dues to enable PCSO to fulfill its mandate for charity works and taxes to the government, which we believe is the backbone of a sustainable and legitimate program for the government’s charity work.

At Pacific Online, our greatest asset has always been our people. Your Company would not have achieved our greatest heights without them, and that by renewing our commitment to them, the Company can re-affirm its position as a market leader in the gaming industry.

As we look forward to serve you and the public in these uncertain times, we count on you, our dear stockholders for your continued trust and support. Thank you.

Upon request of the Chairman, the Corporate Secretary presented the Resolution, as proposed by Management, and based on the votes received, reported the approval of the stockholders of the following Resolution:

“RESOLVED, that the 2019 Annual Report on the operations of Pacific Online Systems Corporation together with the Audited Financial Statements and accompanying notes thereto for the year ended 31 December 2019, be approved.”

The votes for the adoption of the Resolution for the approval of the Annual Report for the year ended 31 December 2019, together with the Audited Financial Statements for the Fiscal Year ended 31 December 2019, are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2019 Operations and Results and 2019 Audited Financial Statements	734,368,420	0	8000

RATIFICATION OF CORPORATE ACTS

The next item in the agenda was the ratification of all acts of the Board of Directors and Officers of the Corporation, from the date of the last Annual Stockholders’ Meeting up to date of the present meeting.

Upon the Chairman’s request, the Corporate Secretary explained that the Board and Management sought the stockholders’ ratification for all the acts of the Board of Directors and Officers of the Corporation, from 30 May 2019 until the present date.

The Corporate Secretary then presented the Resolution, as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following resolution:

“RESOLVED, that all acts of the Board of Directors and Officers of PACIFIC ONLINE SYSTEMS CORPORATION from the date of the last stockholders’ meeting on 30 May 2019 up to the date of this meeting, are hereby confirmed, ratified and approved.”

The votes for the adoption of the Resolution for the ratification of the acts and resolutions of the Board of Directors and Officers of the Corporation are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of Corporate Acts	734,368,420	0	8000

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 and until the next election. He requested the Chairman of the Corporate Governance Committee, Atty. Joseph C. Tan, to discuss this matter.

Atty. Tan announced the names of those nominated for election as members of the Board. Atty. 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 Chairman then requested the Corporate Secretary to present the results of the election.

The Corporate Secretary stated that each of the nominees has garnered sufficient votes for election as Director. He then presented the Resolution on the election of the nominees to the Board, as proposed by Management, and based on the votes received, reported the approval of the following Resolution:

“RESOLVED, to elect the following nominees, receiving the votes indicated opposite their names, as directors of Pacific Online Systems Corporation for the year 2020-2021, to serve as such until their successors shall have been duly elected and qualified:

Nominees	No. of Votes Received
Mr. Willy N. Ocier	734,406,420
Ms. Ma. Virginia V. Abo-Hamda	734,386,420
Mr. Tarcisio M. Medalla	734,356,420
Mr. Henry N. Ocier	734,366,420
Ms. Regina O. Reyes	734,356,420
Mr. Armin Antonio B. Raquel Santos	734,366,420
Mr. Laurito E. Serrano (<i>Independent</i>)	729,379,770
Mr. Jerry C. Tiu (<i>Independent</i>)	734,364,420
Atty. Joseph C. Tan (<i>Independent</i>)	734,356,420

The President then thanked the shareholders for their continued trust and support in the Board of Directors.

APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next item in the agenda is the appointment of the Corporation’s external auditor for Year 2020-2021. He requested the Chairman of the Audit Committee, Mr. Laurito E. Serrano, to explain this item.

Mr. Serrano announced that the Audit Committee has recommended, and the Board of Directors has endorsed for the consideration of the stockholders, the re-appointment of R.G. Manabat & Co. as the Corporation’s external auditor for Year 2020-2021.

The Corporate Secretary, upon the request of the Chairman, presented the Resolution as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following Resolution:

“RESOLVED, that the auditing firm of R.G. Manabat & Co., be appointed as the Company's external auditor for the year 2020-2021.”

The votes for the adoption of the Resolution for the re-appointment of R.G. Manabat & Co. as the Corporation’s external auditor for Year 2020-2021 are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Appointment of R.G. Manabat & Co. as External Auditor for 2020-2021	734,376,420	0	0

OTHER MATTERS

After confirming with the Corporate Secretary that there are no other remaining matters on the agenda, the Chairman requested Ms. Chan to read aloud the questions and comments sent by the stockholders.

The first question read by Ms. Chan was an inquiry on when Lotto operations will start, given that it has been suspended since the start of the Enhanced Community Quarantine. In response, the Chairman said that there is no information yet as to when lotto will start. The Chairman stressed, however, that the Company is ready to start as soon as PCSO gives the notice to proceed.

The second question was regarding the Company’s plans to survive and thrive in the coming years, especially with the pandemic crisis. The Chairman responded that the Corporation is in close coordination with PCSO to explore the adoption of alternative systems that will allow bettors to place bets on lottery games from the confines of their homes or with the least human-to-human contact.

Ms. Chan, thereafter, announced that other questions sent by the stockholders have been noted and will be responded to via e-mail by the Corporation’s officers concerned.

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

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