

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

Held on 28 May 2021, 11:00 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	720,199,850

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)

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

JASON C. NALUPTA (Corporate Secretary)

Executive Officers of POSC and Representatives of R.G. Manabat & Co. (Mr. Enrico E. Baluyut), the Corporation's External Auditor for 2020, 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. Jason C. Nalupta, 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 30 April 2021 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 then certified that, based on the register of attendees and proxies as tabulated by the Corporate Secretary and validated by Ms. Cristina Naguit (CPA), 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 Twenty Million One Hundred Ninety-Nine Thousand Eight Hundred Fifty (720,199,850) shares, representing 80.44% 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.

Upon the Chairman’s request, the Corporate Secretary discussed the rules of conduct and procedures for the meeting.

APPROVAL OF MINUTES OF 2020 ASM

The Chairman proceeded with the next agenda item, the approval of the Minutes of the Annual Stockholders’ Meeting held on 22 June 2020. The reading of the minutes of the previous Annual Stockholders’ Meeting was dispensed with as the same had been previously distributed to shareholders.

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 22 June 2020 is hereby approved.”

The votes for the Resolution on the approval of the Minutes of 2020 Annual Stockholders’ Meeting are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	720,199,850	0	0

**MANAGEMENT REPORT ON
2020 OPERATIONS AND RESULTS**

The next item on the agenda is the approval of the operation and results for the Year 2020.

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

The year 2020 was an unprecedented time worldwide, featuring new challenges that crippled many businesses under the weight of the COVID-19 pandemic. The year began with our Company gaining ground in the first quarter, until the pandemic struck the Philippines. This resulted in a nationwide shutdown of lotto and keno operations for more than four months, coupled with intermittent closures by retail outlets as they try to cope with the government’s varying quarantine regulations.

Our Company, has responded readily to the crisis, making it a priority to protect and safeguard our employees with financial and medical assistance extended. They were critical to our ability to operate continuously during the pandemic period and eventual recovery. We kept our central servers operating so that when the suspension of lottery games was eventually lifted, the online gaming system could run again seamlessly. With prompt action taken after the lifting of the lockdowns, we were able to reach about ninety percent (90%) of our pre-COVID level monthly sales by December 2020.

Due to the crisis, our Company’s revenues fell from ₱707 Million to ₱299 Million in 2020, representing a 58% decline. Operating loss increased from ₱248 Million to ₱495 Million in 2020. Net loss increased by ₱60 Million, from ₱321 Million in 2019 resulting to a net loss of ₱381 Million in 2020.

The PCSO commenced the re-bidding for its nationwide online lottery system, known as PCSO Lottery System (PLS) in February 2021. Your Company is participating in the bidding, in a joint venture with Philippine Gaming Management Corporation (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS). It is confident that the joint venture will be able to meet all the bidding’s Terms of Reference given its history of performance in the Philippine lottery business and its leading technology partners.

Despite all the shifts in market demands, rapid technological developments, regulatory changes and all the environmental and social hurdles of the industry, our Company is still committed to its vision of being the gaming partner of choice.

Even though next year is foreseen to be a challenging period, our Company is hopeful for better financial results than the past year. Lottery players and agents have started to adjust to the new normal.

To ensure stability and sustainability in the long term, our Company is determined to push forward with business strategies that will be responsive to the requirements and demands of the Philippine gaming market. Thank you.

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

“RESOLVED, that the 2020 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 2020, be approved.”

The votes for the adoption of the Resolution for the approval of the Annual Report for the year ended 31 December 2020, together with the Audited Financial Statements for the Fiscal Year ended 31 December 2020, are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2019 Operations and Results and 2019 Audited Financial Statements	720,199,850	0	0

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 Chairman’s request, the Corporate Secretary stated that the Board and Management sought the stockholders’ ratification for all the acts of the Board of Directors and Officers of the Corporation, from 22 June 2020 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 on 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 22 June 2020 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	720,199,850	0	0

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 Corporate Governance Committee Member, Mr. Laurito E. Serrano, to discuss this matter.

Mr. Serrano announced the names of those nominated for election as members of the Board. Mr. Serrano 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 2021-2022, to serve as such until their successors shall have been duly elected and qualified:

Nominees	No. of Votes Received
Mr. Willy N. Ocier	720,359,850 (80.46%)
Ms. Ma. Virginia V. Abo-Hamda	720,179,850 (80.44%)
Mr. Tarcisio M. Medalla	720,179,850 (80.44%)
Mr. Henry N. Ocier	720,179,850 (80.44%)
Ms. Regina O. Reyes	720,179,850 (80.44%)
Mr. Armin Antonio B. Raquel Santos	720,179,850 (80.44%)
Mr. Laurito E. Serrano (<i>independent</i>)	720,179,850 (80.44%)
Atty. Ma. Gracia Pulido Tan (<i>independent</i>)	720,179,850 (80.44%)
Atty. Roberto C.O. Lim (<i>independent</i>)	720,179,850 (80.44%)

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 Corporation’s external auditor for Year 2021. He requested the Chairman of the Audit Committee, Mr. Laurito 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 appointment of Reyes Tacandong & Co. as the Corporation’s external auditor for Year 2021.

The Corporate Secretary, upon 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 Reyes Tacandong & Co. be appointed as the Company's external auditor for the year 2021.”

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

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Appointment of R.G. Manabat & Co. as External Auditor for 2021	720,199,850	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 as follows: “Since the start of the COVID Pandemic, the PCSO has been forced to stop its lottery operations several times for long stretches of time. Since Pacific Online generates its own revenues depending on the sales of PCSO, has Pacific Online thought of ways for PCSO’s lottery operations to continue even if there are lockdowns or other restrictions on people’s movements?”. In response, the Chairman and President remarked that there have been plans to create an online platform for people to be able to play lotto without going to traditional lotto outlets. He explained further that the Company is currently talking to technology partners to develop a gaming platform and payment system for online lotteries.

The second question was regarding the Company’s participation in the PCSO Philippine Lottery System (PLS) Bidding, specifically the status thereof. The Chairman responded that the Company is participating in the PCSO Bidding as part of a joint venture with PGMC, the current equipment lessor of PCSO mainly for its Luzon operations. Our joint venture has passed the first stage of the bid evaluation process and we have been declared “eligible” by the Special Bids & Awards Committee. Our bid is now going through the second phase of evaluation, and we should be knowing the outcome of the bidding very soon. We are sorry, however, that we cannot say anything more beyond this because of certain restrictions in the bidding rules.

Ms. Chan stated that other questions sent by the stockholders beyond the cut-off, if any, will be responded to via e-mail.

ADJOURNMENT

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

Attested by:

WILLY N. OCIER
Chairman

JASON C. NALUPTA
Corporate Secretary

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