

MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS
OF
ISM COMMUNICATIONS CORPORATION

Held at the Big Function Room, Manila Golf & Country Club
Harvard Road, Forbes Park, Makati City
on July 17, 2017 at 2 p.m.

ATTENDANCE:

<u>STOCKHOLDERS PRESENT / REPRESENTED</u>	<u>NO. OF SHARES</u>	<u>%</u>
PROXIES	579,247,294	53.92%
IN PERSON	53,529,165	4.98%
TOTAL ATTENDANCE	632,776,459	58.90%

PROCEEDINGS

I. CALL TO ORDER

The Chairman of the Board, Mr. Eric O. Recto, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Jovita D.S. Larrazabal, recorded the proceedings.

Also in attendance were the following members of the Board of Directors:

Craig Ehrlich
Roberto V. San Jose
Alberto M. Montilla
Ignacio R. Ortigas
Gregorio T. Yu
Luis Y. Benitez

II. PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Corporate Secretary reported that notice of the meeting had been sent to all the stockholders as provided in the By-Laws of ISM Communications Corporation (the "Corporation" or the "Company") and that there were present, in person and by proxy, stockholders owning at least 58.90% of the outstanding capital stock. (The list of attendees and proxies is available at the offices of the Corporation). She then certified that there was a quorum for the transaction of business.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The next item on the agenda was the approval of the minutes of the previous meeting of the stockholders held on May 24, 2017, copies of which had been earlier distributed to the stockholders.

Upon motion duly made and seconded, the reading of the minutes of the previous meeting of stockholders was dispensed with and the same were unanimously approved.

IV. MANAGEMENT REPORT

The Chairman made a report on the financial highlights of the Corporation since the last stockholders' meeting. This report is reflective of the management reports and audited financial statements of the Corporation for the year ended 31 December 2016 and 1st Quarter of 2017 .

Below is a summary of the transactions that the Chairman reported:

1. **November 2016** – ISM fully paid the €7.9M HSBC Loan using the collateral cash deposits.

The Chairman explained that this loan was taken out when ISM first acquired its stake in Acentic GmbH. It was the right time to pay off the loan given the favorable exchange rate, with the depreciation of the euro in 2016. With the payment of this obligation, ISM was able to extinguish its only existing loan and did away with the payment of any interest expense.

2. **Q1 2017** - ISM was able to collect ₱48M for the balance of the purchase price for the sale of 37.7% of ETPI in 2011.

By the end of 2016, the income statement of ISM shows a much reduced net loss as compared to 2016. It is hoped that in 2017, ISM will show a positive income statement since ISM no longer has any interest to pay. Also, by the end of 2016, ISM now has a very simple balance sheet showing cash of almost PHP1.4B and liquid financial assets available for sale (1% of PBCOM and market placements with Security Bank and PBCOM). The Chairman also discussed the remaining investment in Acentic, which at this point he has a very positive outlook on because of the improving market conditions in Europe.

Upon motion duly made and seconded, the stockholders unanimously approved the report of the Chairman and made it part of the corporate records.

V. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

The next item in the agenda was the approval of the audited financial statements of the Corporation as of December 31, 2016. Copies of the Audited Financial Report were previously distributed to all stockholders. Upon motion duly made and seconded, all stockholders present or represented in the meeting approved the audited financial statements of the Corporation as of

December 31, 2016.

VI. RATIFICATION OF THE ACTS & PROCEEDINGS OF THE BOARD OF DIRECTORS & THE CORPORATE OFFICERS FOR THE PERIOD COVERING THE YEAR 2016

The Chairman announced that the next item on the agenda was the ratification of the acts and proceedings of the Board of Directors and corporate officers for the period covering the fiscal year 2016, as they appear in the minutes of the Board meetings and the different committees and in disclosures and reports made to the Securities and Exchange Commission and the Philippine Stock Exchange. Upon motion duly made and seconded, all stockholders present and represented in the meeting approved and ratified all the acts and proceedings of the Board of Directors, its committees and corporate officers for the period covering the fiscal year 2016.

VII. ELECTION OF DIRECTORS

The Corporate Secretary advised the body of the nominations he received for the Board of Directors. The Corporate Secretary then announced the nominations to the Board of Directors, as follows:

For Regular Directors:

1. Eric O. Recto
2. Craig E. Ehrlich
3. Alberto M. Montilla
4. Ignacio R. Ortigas
5. Rafael B. Ortigas
6. Roberto V. San Jose

For Independent Directors:

1. Luis Y. Benitez
2. Jesus S. Jalandoni, Jr.
3. Gregorio T. Yu

There being no other nominees, and since there were only nine (9) nominees for nine (9) positions, on motion duly made and seconded, the Corporate Secretary was directed by the Chairman to cast the votes of all those present and represented at the meeting equally among the above-named individuals who were thereby unanimously elected as members of the Board of Directors for a term of one (1) year or until their successors have been elected and qualified.

VIII. AMENDMENT OF THE ARTICLES OF INCORPORATION

The next item in the agenda is the approval for the proposed amendment to the articles of incorporation of the Corporation to change the corporate name of the Corporation to ISM HOLDINGS, INC. as approved by the Corporation's board of directors last June 1, 2017. The

Corporation has been required to change its corporate name by the SEC in line with the change in its primary purpose to that of a holding company. The Chairman explained that since the stockholders' present and represented does not represent 67% of the total outstanding capital stock of the Corporation, the proposal for the amendment won't be passed successfully. However, in spite of the lack of quorum to pass this particular proposal, the proposed name change will still be put to a vote.

Upon motion made and duly seconded, the stockholders, present and represented, unanimously approved the following:

“RESOLVED, that ISM Communications Corporation (the “Corporation”) be hereby authorized to amend Article I of its Articles of Incorporation to change its corporate name to ISM HOLDINGS, INC.;

“RESOLVED, FURTHER, that any one (1) of the Chief Executive Officer, Corporate Secretary or any Director of the Corporation be authorized and empowered to submit or cause the submission of a copy of the Amended Articles of Incorporation of the Corporation, certified by majority of the directors and the Corporate Secretary, to the Securities and Exchange Commission and such other regulatory agencies, to sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.”

IX. APPOINTMENT OF EXTERNAL AUDITORS

Upon motion duly made and seconded, the stockholders approved the appointment of KPMG Manabat Sanagustin & Co. as the external auditor of the Corporation for the fiscal year ending December 31, 2017.

X. OPEN FORUM

The Chairman then opened the floor for any questions or comments from the stockholders.

One shareholder asked about the plans of the Company in using the abundant cash it has. The Chairman explained that the Company is looking for opportunities by talking to bankers and other channels of investment to find good investments where it can deploy its cash. He explained however that he doesn't want to send the message that the Company is impatient in dispensing with its cash. He wants to continue to patiently look for the right investment to give the shareholders multiples, not just one time, returns to its shareholders.

One shareholder asked for clarification on whether ISM still had any of its mining rights or assets. The Chairman confirmed that ISM no longer has any mining rights or assets. Upon further questioning, the Chairman also confirmed that ISM no longer has any investment in the telecommunications industry. He clarified that Acentic is not a telecommunications company but is a company engaged in the provision of in room entertainment. ISM has not been received any form of dividends from Acentic but is actually receiving payment for the shareholder advances that it has

provided to it.

XI. OTHER MATTERS AND ADJOURNMENT

There being no other matters to be discussed, upon motion duly made and seconded, the meeting was adjourned.

(original signed)
JOVITA D.S. LARRAZABAL
Corporate Secretary