

PrimeOrion Philippines, Inc.

26 October 2015

SECURITIES AND EXCHANGE COMMISSION

SEC Bldg., EDSA, Greenhills
Mandaluyong City

Attention : **ATTY. JUSTINA F. CALLANGAN**
Director
Corporate Governance and Finance Department

Re : **Prime Orion Philippines, Inc. (POPI)**
- Updates to the Annual Corporate Governance Report (ACGR)

Gentlemen:

In compliance with *Securities and Exchange Commission Memorandum Circular No. 1, Series of 2014*, please be advised that the stockholders of POPI approved the following items during their Special Stockholders' Meeting (SSM) held on 20 October 2015:

1. Minutes of the Meeting of the Stockholders dated 2 December 2014;
2. The Increase in the Corporation's Authorized Capital Stock from P2.4 Billion to P7.5 Billion and the Subscription by Ayala Land, Inc. ("ALI") to P2.5 Billion shares of stock of the Corporation (out of the said increase) (the "ALI Subscription");
3. The following amendments to the Corporation's Articles of Incorporation:
 - a. Increase in the Authorized Capital Stock from P2.4 Billion to P7.5 Billion; and
 - b. Increase in the Number of Directors from Seven (7) to Nine (9); and
4. The Application for Listing of the ALI Subscription with the Philippine Stock Exchange.

In this connection, the following changes have been reflected as updates in POPI's ACGR:

In Section J (Rights of Stockholders)

- a. In Item d (Stockholders' Participation), the answers to following questions were updated:
 - Questions 1-7 (Measures adopted to promote stockholder participation), 8 (Policy of asking stockholders to actively participate in certain corporate decisions), 9 (Period to give out notices of the SSM), 10 (Questions and Answers during the SSM), 11-23 (Results of the SSM Resolutions) and 24 (Date of disclosure of results of vote at the SSM).
- b. In item (e), the Explanation of the items in the agenda was included.
- c. In Item (f),
 - (i) In item (i), the attendance of the Board and Officers during the SSM on 20 October 2015 was updated.
 - (ii) In item (ii), the Stock and Transfer Agent, BDO Unibank, Inc. was designated as independent party to tabulate the votes at the SSM.
- d. In Item (h), information on the distribution of the Explanation of the Agenda items together with the Notice/agenda and Definitive Information Statement sent to the POPI stockholders, was included.
- e. In Item (i), the information on the Definitive Information Statement and Management Report (such as the number of stockholders entitled to the Definitive Information Statement, date of sending out/distribution of the Definitive Information Statement) was updated.

- f. In Item (j), a statement that the agenda of the SSM did not include the election of directors and appointment of auditors was included.

Attached are the relevant pages of the ACGR (The changes have been underscored for easy reference). The above updates to the ACGR and the minutes of the SSM dated 20 October 2015 may also be accessed or viewed at our website: www.primeorion.com.

Very truly yours,



ATTY. DAISY L. PARKER
Corporate Secretary/Compliance Officer

[advisement letter- updates to the acgr (25 oct 2015)]- popi corp gov-acgr

6) *Company Website*

Does the Company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	NA
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (By-laws and Articles of Incorporation)	Yes

7) *Disclosure of Related Party Transactions (RPT)*

RPT	Relationship	Nature	Value (in Thousands) (FY 1 July 2013- 30 June 2014)
Lepanto Ceramics, Inc.	Subsidiary	Advances	P 9
Orion I Holdings Philippines, Inc.	Subsidiary	Advances	199,002
OE Holdings, Inc.	Subsidiary	Advances	34,018
FLT Prime Insurance Corp.	Subsidiary	Charges	30,948
Orion Property Development, Inc.	Subsidiary	Charges	138
Orion Maxis Inc.	Subsidiary	Charges	10,991
Tutuban Properties, Inc.	Subsidiary	Charges	56

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the Company and in particular of its minority shareholders and other stakeholders?

Section 7.2 of the Manual states:

“All material information, i.e., anything that could potentially adversely affect the viability of the Corporation or interests of the stockholders shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.” (Emphasis supplied)

J. RIGHTS OF STOCKHOLDERS

1) *Right to participate effectively in and vote in Annual/Special Stockholders' Meetings*

(a) *Quorum*

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-Laws.

Quorum Required	Majority of the issued and outstanding stock of the Corporation having voting powers. (Art. III, Sec. 5 of the Company's By-Laws)
------------------------	-----------------------------------------------------------------------------------------------------------------------------------

(b) *System used to approve corporate acts*

Explain the system used to approve corporate acts.

System Used	Stockholders' affirmative vote during a regular or special Stockholders' Meeting
Description	Majority vote of the stockholders are required to approve corporate acts.

(c) *Stockholders' Rights*

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under the Corporation Code	Stockholders' Rights <u>not</u> in the Corporation Code
Notice period of 2 weeks for regular stockholders' meetings and 1 week for special stockholders' meetings. (Section 50)	In practice, the Company provides its stockholders with the notice and agenda of the Annual Stockholders' Meeting at least 15 business days from the date thereof.
No provision on the right of minority stockholders to propose holding of stockholders' meetings.	Minority stockholders may propose the items for discussion in the agenda that relate directly to the business of the Corporation.

Dividends

The Corporation has not declared any dividends in the last five (5) years.

(d) *Stockholders' Participation*

1-7. *State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.*

During Annual or Special Stockholders' Meetings, after the Chairman has completed his report, stockholders are encouraged to ask questions and to give comments on any matter involving the Company. The Company ensures the attendance of the external auditors and relevant personnel during such meetings so that any and all answers that may be asked by stockholders may be given the appropriate response.

Before the end of the meeting, the Chairman asks if the stockholders have any questions.

8. *State the Company policy of asking shareholders to actively participate in corporate decisions regarding:*

(a) *Amendments to the Company's constitution;*

(b) *Authorization of additional shares; and*

(c) *Transfer of all or substantially all assets, which in effect results in the sale of the Company*

The Company complies with the procedures set forth in its By-laws and the provisions of the Corporation Code and other regulations implemented by the SEC and the PSE.

For the Special Stockholders' Meeting on 20 October 2015, notice/agenda of the meeting and the explanation of each item to be taken up during the meeting were sent out to all the stockholders together with the Definitive Information Statement (SEC Form 20-IS). For this meeting, the Definitive Information Statement explained the purpose of the proposed

<p><u>shares of stock of the Corporation for a total consideration of P5.625 billion (the "ALI Subscription"), subject to certain terms and conditions;</u></p> <p><u>WHEREAS,</u> <u>upon fulfillment of the terms and conditions, ALI shall proceed with the ALI Subscription;</u></p> <p><u>WHEREAS,</u> <u>the Corporation has, at present, an authorized capital stock of P2.4 billion divided into 2.4 billion common shares of stock with par value of P1.00 per share; hence, the need to increase its authorized capital stock to cover the ALI Subscription;</u></p> <p><u>NOW THEREFORE, BE IT RESOLVED,</u> <u>as it is hereby resolved, That the Corporation increase the Corporation's authorized capital stock from P2.4 billion (divided into 2.4 billion common shares with par value of P1.00 per share) to P7.5 billion (divided into 7.5 billion common shares with par value of P1.00 per share), and for this purpose, to amend Article VII of the Corporation's Articles of Incorporation;</u></p> <p><u>RESOLVED FURTHER,</u> <u>That the Stockholders of the Corporation approve the subscription of Ayala Land, Inc. ("ALI") to Two Billion Five Hundred Million (2,500,000,000) common shares of stock of the Corporation (the "ALI Subscription"), out of the increase in authorized capital stock from 2.4 billion shares to 7.5 billion shares, for a total consideration of P5.625 billion;</u></p> <p><u>RESOLVED FURTHER,</u> <u>That the Corporation secure confirmation from the Securities and Exchange Commission of the exemption of the ALI Subscription from the mandatory tender offer rules of the Securities Regulation Code;</u></p>			
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

<p>RESOLVED FURTHER, That the Corporation authorize and empower its President and/or Corporate Secretary to file the application for increase in authorized capital stock and request for exemption from the mandatory offer rules and such other documents as may be required to implement the foregoing resolutions.”</p>			
<p>“RESOLVED, That Prime Orion Philippines, Inc. (the “Corporation”) increase its authorized capital stock from P2.4 billion (divided into 2.4 billion common shares with par value of P1.00 per share) to P7.5 billion (divided into 7.5 billion common shares, with par value of P1.00 per share), and for this purpose, hereby amend Article Seventh of the Corporation’s Articles of Incorporation, to read as follows:</p> <p style="padding-left: 40px;">‘SEVENTH: That the capital stock of said Corporation is SEVEN BILLION FIVE HUNDRED MILLION PESOS (P7,500,000,000.00) Philippine currency, divided into Seven Billion Five Hundred Million (7,500,000,000) Common Shares, with par value of One Peso (P1.00) per share.’</p> <p>The second paragraph of Article Seventh is hereby deleted while the third and last paragraphs of Article Seventh remain unchanged.</p> <p>RESOLVED FURTHER, That the Corporation increase the number of Directors of the Corporation from seven (7) to nine (9) directors, and pursuant thereto, amend Article Sixth of the Corporation’s Articles of Incorporation, to read as follows:</p> <p style="padding-left: 40px;">‘SIXTH: That the number</p>	<p>100% of capital stock present in person or by proxy</p>	<p>0</p>	<p>0</p>

<p><u>of directors of the said corporation shall be nine (9) xxx'</u></p> <p><u>and the remaining portion of Article Sixth remain unchanged;</u></p> <p>RESOLVED FURTHER, That the Corporation authorize and empower its President and/or Corporate Secretary to file the application for amendment of the Articles of Incorporation and such other documents as may be required to implement the foregoing resolutions.”</p>			
<p>“RESOLVED, That Prime Orion Philippines, Inc. (the “Corporation”) upon approval of the increase in its authorized capital stock to P7.5 billion and the issuance of the ALI Subscription, apply for listing the ALI Subscription with the Philippine Stock Exchange (“PSE”);</p> <p>RESOLVED FURTHER, That the Corporation authorize and empower its President and/or Corporate Secretary to file the application for listing of the ALI Subscription with the PSE, and such other documents as may be required to implement the foregoing resolutions.”</p>	<p>100% of capital stock present in person or by proxy</p>	<p>0</p>	<p>0</p>

There were no dissenting votes.

24. *Date of publishing of the result of the votes taken during the most recent Annual/Special Stockholders’ Meeting for all resolutions:*

The results were disclosed to the SEC and PSE on 20 October 2015.

(e) *Modifications*

State, if any, the modifications made in the Annual/Special Stockholders’ Meeting regulations during the most recent year and the reason for such modification.

Except for the inclusion of an Explanation of the items in the agenda (as required by the corporate governance guidelines of the SEC and sent out with the Notice of Meeting), no modifications were made in the regulations of the Special Stockholders’ Meeting on 20 October 2015.

(f) *Stockholders' Attendance*

(i) *Details of Attendance in the Annual/Special Stockholders' Meeting held on 20 October 2015:*

Type of Mtg.	Names of Board Members/ Officers Present	Date of Mtg.	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH present
Special	All of the seven Directors of the Board attended the meeting.	20 October 2015	Voting is by poll of votes.	1.74%	75.36%	77.10%

(ii) *Does the Company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSM?*

Yes. The validation of the votes is conducted by the Company's stock transfer agent, BDO Unibank, Inc..

(iii) *Do the Company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the Company has more than one class of shares, describe the voting rights attached to each class of shares.*

The Company only has one class of shares -- common -- which carry one vote for one share.

(g) *Proxy Voting Policies*

State the policies followed by the Company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The Company has a prescribed proxy form but does not strictly enforce it as long as the proxy submitted is in writing, signed by the stockholder and timely submitted.
Notary	There is no need for the proxy to be notarized.
Submission of proxy	The proxy has to be submitted at the office of the Company, prior to the date of the validation of proxies indicated in the Notice/Agenda
Several proxies	Several proxies are acceptable, but only one can vote on behalf of the principal during the meeting.
Validity of proxy	A proxy is valid only for the meeting for which it was intended, unless otherwise stated therein. However, as provided in the Corporation Code, no proxy can be valid for a period longer than 5 years.
Proxies executed abroad	Proxies executed abroad are acceptable subject to the Company's validation process.
Invalidated proxy	The Company does not have any established policy on invalidated proxies, except that such proxies would not be recognized or entitled to vote.
Validation of proxy	Proxies are validated on the date, time, and at the place indicated in the Notice/Agenda by representatives of the Company's stock transfer agent and external auditor.

Violation of proxy	The Company does not have any established policy at this time concerning violation of proxy. However, in such case, the Company would take it on a case-to-case basis in determining whether to count the votes of the proxy.
--------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(h) *Sending of Notices*

State the Company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
The Company's By-Laws provide that Notices shall be sent by personal delivery, mail, telegraph, cable, or electronically to stockholders of record at his last known address at least 10 days prior to the date of meeting, if annual meeting, or at least 5 days prior to date of meeting, if special meeting. Pursuant to the Implementing Rules of the Securities Regulation Code, the notice/agenda <u>together with the Explanation of the items to be taken up</u> and the Information Statement are distributed at least 15 business days before the date of the meeting.	The Company transmits Notices to brokers in Pasig and Makati by hand or by fax. It transmits Notices to stockholders in Metro Manila by messengerial service or by ordinary mail. Notices to stockholders outside Metro Manila were sent via ordinary mail.

(i) *Definitive Information Statement and Management Report*

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and other Materials	<u>877 stockholders + 82 PCD/trading participants</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials Held by Market Participants/Certain Beneficial Owners	<u>29 September 2015</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and other Materials held by Stockholders	<u>29 September 2015</u>
State whether CD format or hard copies were distributed	<u>Hard copies of the Notice/Agenda and Explanation, Definitive Information Statement and Management Report were distributed.</u>
If yes, indicate whether requesting stockholders were provided hard copies	<u>Not Applicable. There were no requests for hard copies during the SSM.</u>

(j) *Does the Notice of Annual/Special Stockholders' Meeting include the following:*

Each resolution to be taken up deals with only one item.	Yes.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/ re-election.	No. This information is already indicated in the Definitive Information Statement which is likewise transmitted to the stockholders of record. <u>The agenda of the SSM on 2 October 2015 does not include election of directors.</u>

amendments to the Articles of Incorporation, specifically, (a) increase in the authorized capital stock from P2.4 billion to P7.5 billion, and (b) increase in the number of directors from 7 to 9.

9. *Does the Company observe a minimum of 21 business days for giving out of notices to the Annual/Special Stockholders' Meeting where items to be resolved by shareholders are taken up?*

(a) *Date of sending out notices:* 29 September 2015 (Notice sent out with the Definitive Information Statement)

(b) *Date of the Annual/Special Stockholders' Meeting:* 20 October 2015

10. *State, if any, questions and answers during the Annual/Special Stockholders' Meeting (SSM) (held on 20 October 2015).*

The following questions were raised by two (2) stockholders during the SSM:

Question 1: What is the percentage of ownership of the Corporation in Cyber Bay Corporation?

Answer : The Corporation used to have majority in CBC but a few years ago, a new investor came in and took over CBC- the investor bought the loans of CBC and converted the loans to equity. As result, the Corporation's ownership in CBC is down to 10%.

Question 2: How much is the price for which ALI will buy the Corporation's shares?

Answer : ALI's entry price is P2.25 per share or a total of P5.625 billion representing about 51% of the Corporation. In other words, ALI will infuse about P5.6 billion and did not buy out any stockholder and will have 51% control of the Corporation.

Question 3: What is the term of payment of ALI for the Corporation's shares?

Answer : The payment is by cash. As soon as the initial payment is made, the Corporation will apply for increase in capital.

11-23. Results of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
<u>"RESOLVED. That considering that copies of the minutes of the previous meeting of the stockholders have been earlier distributed to the stockholders, let the reading of the minutes of the previous stockholders' meeting dated 2 December 2014, be dispensed with and that the same be approved without reading."</u>	<u>100% of capital stock present in person or by proxy</u>	<u>0</u>	<u>0</u>
<u>"WHEREAS, Ayala Land, Inc. ("ALI") entered into an agreement with Prime Orion Philippines, Inc. (the "Corporation"), whereby ALI agreed to subscribe to 2.5 billion</u>	<u>100% of capital stock present in person or by proxy</u>	<u>0</u>	<u>0</u>

The auditors to be appointed or re-appointed.	No. This information is already indicated in the Definitive Information Statement which is likewise transmitted to the stockholders of record. <u>The agenda of the SSM on 2 October 2015 does not include appointment of auditors.</u>
An explanation of the dividend policy, if any dividend is to be declared.	No. This information is already indicated in the Management Report which is likewise transmitted to the stockholders of record. However, the Company has not declared any dividend in the last several years.
The amount payable for final dividends.	No dividends were declared.
Documents required for proxy vote.	Yes.

2) *Treatment of Minority Stockholders*

(a) *State the Company's policies with respect to the treatment of minority stockholders*

Policies	Implementation
A director shall not be removed without cause if it will deny minority shareholders representation in the Board. (Sec. 8.1.2.3 of the Manual)	N/A. No director was removed during the year.
Although all stockholders should be treated equally or without discrimination, the Board should, as far as practicable, give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation. The Board shall determine which matters are proper for inclusion in the agenda for stockholders' meetings. (Sec. 8.1.8 of the Manual)	During the year, no minority shareholder has proposed the holding of a meeting or the inclusion of any item for discussion in the agenda.

(b) *Do minority stockholders have a right to nominate candidates for Board of Directors?*

Yes.

K. INVESTORS RELATIONS PROGRAM

1) *Discuss the Company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major Company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.*

The Company's internal and external communications policies are reviewed by key officers as may be required and practicable. The Corporate Secretary reviews any external communication to be released. Internal communication is handled by Compliance Officer in coordination with the top management and/or the President.

2) *Describe the Company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.*