

# ACKNOWLEDGMENT COPY

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SEC Registration Number \_\_\_\_\_  
File Number \_\_\_\_\_

JTH DAVIES HOLDINGS, INC.  
(FORMERLY: JARDINE DAVIES INC.)

\_\_\_\_\_  
(Company's Full Name)

222 Sen. Gil J. Puyat Ave., Makati City, M.M.

\_\_\_\_\_  
(Company's Address)

843-60-11

\_\_\_\_\_  
(Telephone Number)

December 31st

\_\_\_\_\_  
(Fiscal Year Ending)  
(month & day)

AMENDED MANUAL ON CORPORATE GOVERNANCE

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Amendment Designation (If applicable)

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Report Period

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(Secondary License Type and File Number)

# JTH DAVIES HOLDINGS, INC.

(Formerly: Jardine Davies Inc.)  
222 Sen. Gil J. Puyat Avenue  
Makati City



SEC REG. NO. 1746

9 January 2008

**Securities and Exchange Commission**  
EDSA, Greenhills, Mandaluyong City  
Metro Manila

Attention: **Ms. Justina F. Callangan**  
**Director, Corporation Finance Department**

Dear Sirs:

Re: **JTH DAVIES HOLDINGS, INC.**

Further to our letter of 28 December 2007, we attach herewith a copy of the Amended Manual on Corporate Governance as approved by the Board of Directors of JTH Davies Holdings, Inc. at the Regular Meeting of the Board of Directors held on 9 January 2008.

We trust that you will find the attached in order.

Very truly yours,

**JTH DAVIES HOLDINGS, INC.**  
(Formerly: Jardine Davies Inc.)  
By:

  
**BENJAMIN C. SANTOS**  
Corporate Secretary

Enclosure



## AMENDED MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management of JTH Davies Holdings, Inc. (the "Company") hereby commit themselves to the principles and best practices contained in this Manual, for the attainment of the Corporation's goals and objectives.

### I. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

### II. COMPLIANCE SYSTEM, DIRECTORS AND CERTAIN OFFICERS

#### 1. Compliance Officer

1.1. To insure adherence to corporate principles and best practices, the Board of Directors shall designate a Compliance Officer. He shall have direct reporting responsibilities to the Board.

1.2. He shall perform the following duties:

- Monitor compliance with the provisions and requirements of this Manual;
- Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified;
- Determine violation/s of this Manual and recommend possible penalty for violation thereof for further review and approval of the Board;
- Issue a certification every January 30<sup>th</sup> of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s for its deviation/s if any; and
- Identify, monitor and control compliance risks.

1.3. The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Compliance Officer.

#### 2. The Board of Directors

2.1. Compliance with the principles of good corporate governance shall start with the Board of Directors.

The Board of Directors shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.

*[As amended at the Regular Meeting of the Board of Directors of the Corporation held on 09 January 2008.]*

- 2.2. It shall be the Board's responsibility to foster the success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders, management and staff. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.3. *General Responsibility*

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

2.4. *Duties and Functions of the Board*

To insure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers;
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Formulate a clear policy on communicating or relating with shareholders and other persons holding securities of the Corporation through an effective investor relations program;
- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly covered by minutes; and
- Keep Board authority within the powers of the Corporation as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

2.5. *Specific Duties and Responsibilities of Each Director*

A director shall have the following duties and responsibilities:

- Act with fairness in all its dealings with the Corporation and ensure that his own personal interests do not affect his decisions in the Board level;
- Devote sufficient time and attention to properly discharge his duties and responsibilities;
- Act judiciously and exercise independent judgement;
- Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the

Securities and Exchange Commission, and where applicable, the requirements of other regulatory agencies;

- Observe confidentiality except in matters already disclosed publicly; and
- Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

#### 2.6. *Qualifications of a Director*

Each Director of the Corporation must possess all the following qualifications:

- A holder of at least one (1) share of stock of the Corporation;
- At least a college graduate;
- At least twenty one (21) years of age;
- Possessing proven integrity and probity; and
- Of good moral character

#### 2.7. *Permanent Disqualification of a Director*

Anyone of the following shall be a ground for permanent disqualification of a Director of the Corporation:

- Conviction by final judgment of a crime involving moral turpitude or fraudulent act or transgressions;
- Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- Willfully violating, or aiding, abetting, counseling, inducing or procuring the violation of any provision of the Securities and Exchange Commission ("SEC") or Bangko Sentral ng Pilipinas ("BSP"), or any rule, regulation or order of the SEC or BSP, as finally found by the SEC or any government agency having jurisdiction;
- Insolvency, receivership, or assignment of assets for the benefit of creditors;
- Being found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- (In the case of independent directors) upon employment with the Corporation (which shall be a ground for disqualification as independent director).

## 2.8. Temporary Disqualification of a Director

Any of the following shall be a ground for the temporary disqualification of a Director of the Corporation:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Being under preventive suspension by the Corporation, if an executive Director, during the period of suspension; and
- Conviction at first instance of any crime constituting grounds for the disqualification of a director, and during the pendency of any appeal.

## 3. The Chief Executive Officer and Executive Directors

The Chief Executive Officer and executive directors of the Corporation shall limit the number of directorships and officerships held outside the Corporation or its subsidiaries and affiliates. In any case, the capacity of directors to serve the Corporation with diligence shall not be compromised.

## 4. Independent Directors

Independent, non-executive directors who serve as full-time executive in other corporations shall limit the number of directorships and officerships held outside the Corporation or its subsidiaries and affiliates. In any case, the capacity of directors to serve the Corporation with diligence shall not be compromised.

## 5. The Corporate Secretary

The Corporate Secretary is an officer of the Corporation. As such, he owes loyalty to the Corporation and the Board.

### 5.1. Qualification of the Corporate Secretary

- A Filipino Citizen;
- With adequate administrative and interpersonal skills; and
- If not the general counsel, must be trained in law and preferable, a lawyer, or at least have some legal, financial or accounting skills.

## 5.2 Duties and Responsibilities of the Corporate Secretary

The Corporate Secretary shall have the following duties and responsibilities:

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- Prepare the agenda and sent out notices for all shareholders and Board meetings, whether regular or special, within the relevant period in accordance with the requirement of the By-Laws of the Corporation;
- Whenever required, assist the Board in making business judgment in good faith and in the performance of its responsibilities and obligations;
- Attend all Board meetings and maintain records of the same; and
- Submit and file with the SEC all required periodic reports and disclosures of material events, and if required by the SEC, an annual certification as to the attendance of the directors during the Board meetings.

## III. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute **Committees**, which shall report directly to the Board:

### 1. Composition

- a. The Audit Committee shall be composed of five (5) members of the Board, one (1) of whom shall be an Independent Director who shall act as the Chairman. Each member should have an adequate understanding of the Corporation's financial management systems and environment.
- b. The Nomination Committee shall be composed of three (3) members of the Board, one (1) whom shall be an independent director. Actions of the Nominations Committee shall be approved by a majority of the members thereof.

*[As amended at the Regular Meeting of the Board of Directors of the Corporation held on 09 January 2008.]*

### 2. Duties and Responsibilities

- a. The Audit Committee shall have the following duties and responsibilities:
  - Check all financial reports for compliance with internal financial management requirements, general accounting standards, and regulatory requirements;



- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Pre-approve all audit plans, scope and frequency at least (1) month before the conduct of external audit;
- Perform direct interface functions with the internal and external auditors;
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization; and
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
  - a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
  - b. An accountability statement that will specifically identify officers and personnel directly responsible for the accomplishment of such task.

**b. The Nominations Committee shall have the following duties and responsibilities:**

- It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors. Nominees to the Board of Directors (including the independent director) shall be submitted to the Nominations Committee for consideration by the latter prior to the annual meeting of the stockholders or a special meeting called for the purpose of electing the Company's Directors. All such submissions shall be signed by the stockholder/s nominating a particular nominee together with the written acceptance of such nominee.
- The Nominations Committee shall review the qualifications of the nominees for directors and, prepare a final list of candidates.
- All nominations for election of Directors by stockholders must be submitted in writing to the Board of Directors at least thirty (30) Business Days prior to the date of the relevant stockholders' meeting.
- After such nomination process, the Nominations Committee shall prepare a Final List of Candidates containing all information about all nominees for directors, which list shall be made available to the SEC and to all stockholders through the Information or Proxy Statement. The name of the person or group of persons who submitted a particular nominee's



name shall be identified in such report including any relationship with the nominee.

- Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nominations shall be entertained or allowed on the floor during the annual stockholders' meeting.
- Subject to existing laws, rules and regulations of the SEC or any stock exchange having jurisdiction over the Company, the conduct of election of directors shall be made in accordance with the standard election procedures contained in the By-Laws.
- Specific slots for independent directors shall not be filled up by unqualified nominees.
- In the event of a failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

*[As amended at the Regular Meeting of the Board of Directors of the Corporation held on 09 January 2008.]*

#### IV. EXTERNAL AUDITOR

1. An external auditor shall maintain an environment of good corporate governance in the preparation of financial records and reports of the Corporation and shall be appointed by the shareholders at each Annual Meeting of the Corporation upon the recommendation of the Audit Committee.
2. The external auditor shall not at the same time serve as an internal auditor of the Corporation. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
3. The Corporation's external auditor, or the handling partner in case the external auditor is an auditing firm, shall be rotated or changed every five (5) years or often.
4. If an external auditor believes that any of the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his view in such reports.
5. In case of resignation, dismissal or cessation from service of the Corporation's external auditor, the same shall be reported in the Corporation's annual and current reports, including the effectivity date thereof. The report shall include a discussion of any disagreement with such former external auditor or any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

#### V. SHAREHOLDERS' RIGHTS

The Corporation recognized that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all parties concerned, as a governance covenant between the Corporation and all its shareholders:

1. Voting Right

1.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

1.2 Cumulative voting shall be used in the election of directors.

1.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

2. Pre-emptive Rights

All shareholders shall have pre-emptive rights to acquire new shares from the capital stock of the Corporation, unless the same is denied in the Articles of Incorporation or an amendment thereto. The Articles of Incorporation provide for the specific rights and powers of shareholders with respect to the shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

Shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, for a legitimate purpose within reasonable business hours and in accordance with the Corporation Code. They shall also be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to Information

4.1 Shareholders shall be entitled, upon request, to receive copies of all reports submitted or required to be submitted to the SEC and Philippine Stock Exchange ("PSE"), and such other information they may request in connection with their shareholdings or the operations and financial results of the Corporations.

4.2 Shareholders owning one-third (1/3) or more of the Corporation's outstanding shares entitled to vote shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

5. Right to Dividends

5.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board and the compliance with requirements under the Corporation Code.

5.2 The Corporation shall declare dividends when its retained earnings are in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

## 6. Appraisal Right

Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of shareholder or any class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Corporation's corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation of the Corporation with another corporation.

## 7. Directors' Duties in Protection of Shareholder's Rights

It shall be the duty of the directors of the Corporation to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and allow opportunities for them to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall employ all possible means to minimize costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall also pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

# VI. REPORTS AND DISCLOSURES

1. Reports or disclosures required under this Manual and under the regulations of the SEC and PSE shall be prepared and submitted to the SEC and PSE by the Corporation's Compliance Officer.
2. All material information, i.e., those which could potentially affect the Corporation's share price, shall be publicly disclosed. Such information shall include, among others, earnings results, acquisition or disposal of all or substantially all of the assets of the Corporation, changes in the composition of the Board, related party transactions, shareholdings of directors and change of control.

All such material information about the Corporation shall not be disclosed to any person, unless proper and simultaneous disclosure is made to the PSE and the SEC for the information of the public. This however shall not apply to disclosures made to (i) a person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investments bankers, fund or plan trustees and financial advisers; and (ii) a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain. All disclosures of material information shall be made known to the Compliance Officer. *[As amended during the meeting of the Board of Directors of the Corporation held on 17 March 2004.]*

3. All disclosures of material information, as well as regular and periodic reports required of the Corporation, shall be submitted and filed in such form and in accordance with the manner and procedure set out in the regulations of the PSE and the SEC.

## VII. INSPECTION AND DISSEMINATION OF INFORMATION

### 1. Inspection by Shareholders

This manual shall be available for inspection by any shareholder of the Corporation at reasonable hours on business days.

### 2. Dissemination of Information

2.1 All Directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and to enjoin compliance in the process.

2.2 An adequate number of printed copies of this Manual shall be reproduced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.

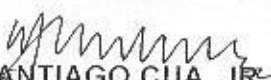
2.3 If necessary, the President of the Corporation shall cause the conduct of orientation programs or workshops within the Corporation for the purpose of disseminating the contents of this Manual and providing opportunity for familiarization by management and other officers of the Corporation of the content hereof. Such workshops shall also be used for the purpose of reviewing existing business processes and practices to determine compliance with this Manual. If inconsistent with this Manual, all such existing business processes and practices shall be amended to comply with the terms of the Manual.

## VIII. APPROVAL AND EFFECTIVITY

This Amended Manual was approved this 9th day of January 2008 and shall take effect immediately.

## IX. REVIEW AND AMENDMENTS

This Manual shall be subject to annual review by the Board of Directors. All amendments, to be effective, shall be approved by the majority vote of the Board.

  
**SANTIAGO CUA, JR.**  
Acting Chairman of the Board  
President and CEO

  
**BENJAMIN C. SANTOS**  
Corporate Secretary and  
Compliance Officer