

JTH DAVIES HOLDINGS, INC.

7th Floor, Phil First Building
6764 Ayala Avenue, Makati City

7 March 2011

Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re: **Amended Manual on Corporate Governance**

Gentlemen

Please find attached a copy of the "Amended Manual on Corporate Governance" of JTH Davies Holdings, Inc., which was filed with the Securities and Exchange Commission on 4 March 2011.

Very truly yours,

ARSENIO C. CABRERA, JR.
Corporate Secretary/Corporate
Information Officer



103042011000901

**SECURITIES AND EXCHANGE COMMISSION**

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J T H D A V I E S H O L D I N G S , I N C .

(Company's Full Name)

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A Y A L A A V E N U E M A K A T I C I T Y

(Business Address : No. Street City / Town / Province)

ARSENIO C. CABRERA, JR.

Contact Person

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Company Telephone Number

1 2

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3 1

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AMENDED MANUAL ON CORPORATE
GOVERNANCE

FORM TYPE

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28 February 2011

Securities and Exchange Commission
Corporate Finance Department
6th Floor, SEC Building
EDSA, Greenhills
Mandaluyong City

Attention: **MS. JUSTINA F. CALLANGAN**
Director, Corporation Finance Department

Re: **JTH Davies Holdings, Inc.**

Gentlemen:

We write on behalf of our client, JTH Davies Holdings, Inc. (the "Company"), in connection with your letter dated 26 January 2011 regarding the submission of a revised Manual on Corporate Governance, a copy of which was received by our client on 4 February 2011.

In compliance with the Revised Code of Corporate Governance (*SEC Memorandum Circular No. 6, Series of 2009*), we respectfully submit that our client has incorporated Article 3 (A) of the Revised Code of Corporate Governance in its Manual on Corporate Governance dated 23 June 2010.

Article 3 (A) of the Revised Code of Corporate Governance requires all companies covered by the Code to have at least two (2) independent directors. While the Revised Code of Corporate Governance merely requires at least two (2) independent directors or such number that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, our client has required a higher number as provided in II. (4.) of its Manual on Corporate Governance, which reads:

II. COMPLIANCE SYSTEM, DIRECTORS AND CERTAIN OFFICERS

xxx

4. Independent Directors

The Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent

(20%) of the members of the Board, whichever is higher, but in no case less than two (2).

Furthermore, our client is not a Philippine branch or subsidiary of any foreign corporation. Hence, the last paragraph of Article 3 (K)(i)(I) of the Revised Code of Corporate Governance does not apply to our client:

Article 3: Board Governance

xxx

K] Board Committees

xxx

For Philippine branches or subsidiaries of foreign corporations covered by this Code, their Internal Auditor should be independent of the Philippine operations and should report to the regional or corporate headquarters.

In view of the foregoing, we respectfully submit that our client did not violate the aforesaid provisions of the Revised Code of Corporate Governance and, hence, cannot be penalized thereunder.

In any event, our client is submitting three (3) copies of the Amended Manual on Corporate Governance incorporating the directory provisions of the Revised Code of Corporate Governance.

Very truly yours,

HERRERA TEEHANKEE & CABRERA

By:

ARSENIO C. CABRERA, JR.

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

AMENDED MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management of JTH Davies Holdings, Inc. (the "Corporation") 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. The Compliance Director shall hold, at the minimum, the position of Vice-President or its equivalent. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer. He shall have direct reporting responsibilities to the Board.
- 1.2. He shall perform the following duties:
 - Monitor compliance by the Corporation with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies. If any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties in accordance with the provisions of this Manual and the adoption of measures to prevent a repetition of the violation;
 - Appear before the Securities and Exchange Commission when summoned in relation to compliance with this Manual;
 - Issue a certification every January 30th 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.

2.2. Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.

2.3. General Responsibility of the Board

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

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.

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

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 and implement a process for the selection of directors to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- Appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for Management;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with shareholders and other persons holding securities of the Corporation through an effective investor relations program that will keep them informed of important developments in the Corporation;
- Adopt a system of internal checks and balances. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;

- 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;
- Provide sound strategic policies and guidelines to the Corporation on major capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children, and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- Constitute an Audit Committee and such other committees as it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities; and
- Appoint a Compliance Officer who shall have the rank of at least a Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

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 nor conflict with the interests of the Corporation;
- Devote sufficient time and attention to properly discharge his duties and responsibilities;
- Act judiciously and exercise independent judgment;
- 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 rules, regulations and 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*

The directors shall possess such qualifications for membership in the Board as prescribed by the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations.

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

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- 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 Regulation Code, the Corporation Code or any other law administered by the Securities 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;

- Conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- Being permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction, by reason of misconduct, after hearing from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;
- The disqualification shall also apply if such person is currently the subject of an order of the SEC or any or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or the BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained from engaging in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- 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;
- 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 or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 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;
- Conviction at first instance of any crime constituting grounds for the disqualification of a director, and during the pendency of any appeal;
- If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries or affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

2.9 *Board Meetings and Quorum Requirements*

- The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the SEC.
- Independent directors should always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.
- To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the SEC on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certificate of attendance shall be signed by the Corporate Secretary and countersigned by the Chairman of the Board.

2.10 *Remuneration of Directors and Officers*

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers.

No director shall participate in deciding his remuneration. The Corporation's annual reports and information and proxy statements shall contain a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its

directors and top four (4) management officers during the preceding fiscal year.

2.11 *Penal Sanctions*

A corporate director/ officer shall be removed from office, in the manner provided by law, if he commits any of the following acts:

- When he willfully and knowingly votes or assents to a patently unlawful act;
- When he is guilty of gross negligence or bad faith in the conduct of the corporate affairs;
- When he acquires personal or pecuniary interest which is in conflict with his duty as such officer;
- When he commits acts in violation of the pertinent and material provisions of the Corporation Code, the Securities Regulation Code, its implementing rules and regulations, and corresponding amendments on the fiduciary duties of a corporate director or officer; and

The corporate director or officer shall be personally liable for acts committed under the first three paragraphs of this Section.

The penalty of removal from office imposed hereunder shall be without prejudice to the Corporation's right to file the appropriate civil or criminal case against the corporate director or officer involved.

3. The Chairman and Chief Executive Officer

The roles of Chairman and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and CEO upon their election.

If the positions of Chairman and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

In addition to the duties imposed under the By-Laws, the Chairman shall perform the following duties and responsibilities in relation to the Board:

- Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;
- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- Maintain qualitative and timely lines of communication and information between the Board and Management.

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

The Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher, but in no case less than two (2). The independent directors shall possess such qualifications for membership in the Board as prescribed by the Securities Regulation Code, its implementing rules and regulations and other relevant laws, rules and regulations.

An "independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation and includes, among others, any person who:

- (a) is not a director or officer of the Corporation or of its related companies or any of its substantial shareholders, except when an independent director of any of the foregoing;
- (b) does not own more than two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial shareholders;
- (c) is not related to any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include the spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- (d) is not acting as a nominee or representative of any director or substantial shareholder of the Corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- (e) has not been employed in any executive capacity by the Corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
- (f) is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Corporation, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
- (g) has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

A "related company" means another company which is: (a) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company. A "substantial shareholder" means any person who is, directly or indirectly, the beneficial owner of more than ten percent (10%) of any class of its equity security.

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 and a resident of the Philippines; and
- With adequate administrative and interpersonal skills and if he/she is not the general counsel, then he/she must be aware of the laws, rules and regulations necessary in the performance of his/her duties and responsibilities. The Corporate Secretary must also have a working knowledge of the operations of the Corporation. He must be loyal to the mission, vision and objectives of the Corporation and be able to work fairly and effectively with the Board, Management and stockholders.

5.2 Duties and Responsibilities of the Corporate Secretary

The Corporate Secretary shall have the following duties and responsibilities:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees as well as all the other documents, records and information essential to the conduct of his/her duties and responsibilities to the Corporation as set out in the By-Laws;
- 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 send 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, and ensure that the members of the Board have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 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, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him or her from doing so;
- Submit and file with the SEC all required periodic reports and disclosures of material events, and as required by the SEC, an

annual certification every January 30, as to the attendance of the directors during the Board meetings, countersigned by the Chairman; and

- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- If he is also the Compliance Officer, perform all the duties and responsibilities of said officer as provided for in this Manual.

6. Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings. Members of the Board shall be given independent access to Management and the Corporate Secretary.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Corporation's expense.

7. Accountability and Audit

The Board is primarily responsible to the stockholders. Thus, management shall provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. It is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to its stockholders.

Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (a) Management shall state the extent of its responsibility in the preparation of the financial statements of the Corporation, with a clear explanation of the corresponding delineation of the responsibilities that pertain to the external auditor;
- (b) There shall be an effective system of internal control that will ensure the integrity of the financial reports and will continue to protect the assets of the Corporation;
- (c) On the basis of the approved audited plans, internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and
- (d) The Corporation shall consistently comply with the financial and reporting requirements of the SEC.

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 three (3) members of the Board, who shall preferably have accounting and finance backgrounds, and one (1) of whom shall be an Independent Director who shall act as the Chairman. Each member should have at least an adequate understanding or competence of most 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.

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, pertinent accounting standards, including laws 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. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
 - Pre-approve all audit plans, scope and frequency at least (1) month before the conduct of external audit;
 - Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
 - Perform oversight functions with the internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 - 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;
 - Elevate to international standards the accounting and auditing processes, practices and methodologies of the Corporation, 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;
- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
 - Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 - Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
 - Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
 - Review the reports submitted by the internal and external auditors;
 - Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - any changes in accounting policies and practices;
 - major judgmental area;
 - significant adjustments resulting from the audit;
 - going concern assumptions;
 - compliance with accounting standards; and
 - compliance with tax, regulatory and legal requirements;
 - Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that may conflict with the duties of the external auditor as such or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's annual report; and
 - Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

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 and the Corporate Secretary at least forty-five (45) days prior to the date of 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. It shall put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for directors.
- After such nomination process, the Nominations Committee shall prepare a Final List of Candidates containing all the information about the background and experience of the nominees for directors required to be ascertained and made known under the Securities Regulation Code and relevant rules and regulations of the SEC. The Final List of Candidates 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 nomination shall be entertained after the Final List of Candidates shall have been prepared. No other nominations shall be entertained or allowed on the floor during the annual stockholders' meeting.
- It shall be the responsibility of the Chairman of the stockholders' meeting to inform all stockholders in attendance of the mandatory qualifications and procedures for nominating and electing directors.
- 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.
- Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the SEC by appointing independent directors from the list of nominees submitted by the stockholders.
- In the event of a failure of election, resignation, disqualification or cessation of independent directorship, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum. Otherwise, said vacancy shall be filled only by candidates approved by the Nominations Committee. An independent director so

elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

IV. EXTERNAL AUDITOR

1. The Board, after consultations with the Audit Committee, shall recommend to the stockholders, an external auditor duly accredited by the SEC, who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
2. 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.
3. The external auditor shall not at the same time provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor or does not pose a threat to his independence.
4. 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 earlier.
5. If the external auditor believes that any of the statements made in the Corporation's annual report, information statement or proxy statement, or any report filed with the Commission or any regulatory board during the period of his engagement is incorrect or incomplete, he shall present his view in such reports.
6. In case of resignation, dismissal or cessation from service of the Corporation's external auditor, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between such former external auditor and the Corporation on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which the Corporation and the former auditor failed to resolve satisfactorily. A preliminary copy of said report shall be given by the Corporation to the external auditor before its submission.

V. INTERNAL AUDITOR

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The Internal Auditor shall report to the Audit Committee.

The minimum internal control mechanisms for management's operational responsibility shall center on the President, being ultimately accountable for the Corporation's organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the business and

business culture; the volume, size and complexity of transactions; the degree of risk; the centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

The Internal Auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

VI. 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. 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.

3. Right to Information

3.1 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.

3.2 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.

3.3 The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among

directors and key officers, and the aggregate compensation of directors and officers.

4. Right to Dividends

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

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.

5. 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.

6. 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.

VII. 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.

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.

VIII. 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.

IX. MONITORING AND ASSESSMENT

Each committee shall report regularly to the Board of Directors.

This Manual shall be subject to quarterly review unless the same frequency is amended by the Board.

All business processes and practices being performed within any department or business unit of the Corporation that are inconsistent with any portion of this Manual shall be deemed revoked unless upgraded to the compliant extent.

X. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers and staff in case of violation of any of the provisions of this Manual:

- (a) In case of first violation, the subject person shall be reprimanded;
- (b) Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- (c) For third violation, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the applicable penalty for such violation, for further review and approval of the Board.

XI. APPROVAL AND EFFECTIVITY

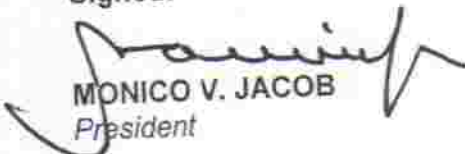
This Amended Manual was approved this 21st day of February 2011 and shall take effect immediately.

XII. 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.

Signed this 21st day of February 2011 at Makati City.

Signed:


MONICO V. JACOB
President