

Section 9 STOCKHOLDERS' RIGHTS AND PROTECTION

Subject 1 Commitment to Respect Stockholders' Rights

STOCKHOLDERS' RIGHTS AND PROTECTION

The Company recognizes that the most cogent proof of sound corporate governance is that which is visible to the eyes of its investors. Therefore the provisions of this Section on stockholders' rights and protection shall serve as a guide for all internal and external parties, as a means of corporate governance covenant between the Company and all its stockholders.

COMMITMENT TO RESPECT STOCKHOLDERS' RIGHTS

The Articles of Incorporation and all resolutions adopted by the Board establishing and designating series of serial preferred stock, fixing the number of shares to be included in each series and the rights, preferences and limitations of the shares of each series as filed with the Commission, which are deemed part of the Articles of Incorporation, shall lay down the specific rights and powers of stockholders with respect to the particular shares of stock they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

The Board shall be committed to respect the voting right, right to information, right to dividends and appraisal rights of the stockholders.

Subject 2 Voting Right

Owners of shares of common stock of the Company shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the Articles of Incorporation and the By-Laws.

At every meeting of the stockholders for the election of directors, owners of shares of common stock of the Company are entitled to one vote for each share of common stock owned by him. He may vote such number of shares for as many persons as there are directors to be elected or to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall think fit.

A director shall not be removed without cause if such removal will deny minority stockholders their representation in the Board.

Subject 3 Pre-Emptive Right

All stockholders shall have pre-emptive rights or the right to subscribe to or purchase any unissued shares of stock of the Company offered for subscription or purchase, except as provided in Section 39 of the Corporation Code which states that pre-emptive right shall not

extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares to be issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Subject 4 Inspection Right

All stockholders shall be allowed to inspect corporate books and records including minutes of board Meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Company such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the Company if such records were made available for inspection.

Subject 5 Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the Company with the Commission (e.g. proxy statement/information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof and the By-Laws, the minority stockholders shall be granted the right to propose the holding of a meeting and to propose items in the agenda of such meeting, provided that such items are for legitimate business purposes. The determination of whether any proposed item in the agenda of the proposed meeting is for a legitimate business purpose shall rest solely upon the discretion of the Board.

Subject 6 Right to Dividends

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof and the Articles of Incorporation, owners of share of stock with cumulative fixed dividend feature, as of the record date fixed by the Board in the resolutions declaring dividends on such shares, shall have the right to receive payment of such dividends on such shares. In all other cases, the Board shall determine, using its best judgment and taking into consideration, among other factors, the circumstances specified under the Company's Dividend Policy and the availability of unrestricted retained earnings whether dividends will be declared by the Board.

The Company shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except: (i) when justified by

definite corporate expansion projects or programs approved by the Board; or (ii) when the Company 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 (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

Subject 7 Appraisal Right

The stockholders 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, in any of the following instances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or 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 or corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets; provided that, a sale or other disposition shall be deemed to cover substantially all of the corporate property or assets if thereby the Company would be rendered incapable of continuing the business or accomplishing the purpose for which it was organized;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the Company was organized and such investment is not reasonably necessary to accomplish the Company's primary purpose.

Subject 8 Duty to Promote Stockholders' Rights

It shall be the duty of the Board to promote stockholder's rights, remove impediments to the exercise thereof and allow possibilities of seeking redress for violation of such rights. The Board shall encourage the exercise of stockholders' voting rights and the collective action towards solution of problems through appropriate mechanisms.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject of the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholder's favor.

They shall likewise be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The

Board shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions in accordance with applicable laws, rules and regulations.

Subject 9 Commitment to Disclose Material Information

The Board shall, at all times commit to fully disclose all material information about the corporation, its dealings and/or transactions which could adversely affect its viability or the interest of its stockholders and stakeholders could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to the Securities Code and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and remuneration of Directors and Officers and related party transactions.

The Board shall cause the filing with the Commission and the Exchange of all written disclosures, reports and all required information and/or transactions through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders in accordance with the Securities Code and its Implementing Rules and Regulations, the Disclosure Rules, and similar regulations, for the interest of its stockholders and other stakeholders.

All disclosures shall be released by means of the established procedure of the Exchange for corporate announcements as well as through the Company's annual report for the interest of the stockholders and the public in general.

Subject 10 Disclosure of Company's Corporate Governance Policies

The reports or disclosure required under this Manual shall be prepared and submitted to the Commission by the responsible Board Committee or Officer through the Company's Compliance Officer.