

**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. 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.

2.3. 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

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.

2.10 Remuneration of 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 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**

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:

- 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;
- 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;
- 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;
- 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;

