**SHAREHOLDER’S RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS’**

**INTEREST**

 The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. The company treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of their rights. The following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

1. The Board shall be committed to respect the following rights of the stockholders:

**i. Right to nominate candidates to the Board of Directors**

 All shareholders must be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws. The procedures of the nomination process are expected to be discussed clearly by the Board. The company is encouraged to fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates’ qualification and credibility.

**ii. Voting Right**

 a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.

 b. Shareholders are entitled to vote for each share held as of the established record date. A stockholder entitled to vote at the meeting shall have the right to vote in person
 or by proxy. Cumulative voting shall be used in the election of directors.

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

 d. Shareholders are also encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as:

 (1) amendments to the Articles of Incorporation and By-Laws of the company;
 (2) the authorization on the increase in authorized capital stock; and
 (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders’ voting rights.

 **iii. Right to propose the holding of meetings and to include in agenda items ahead of the scheduled Annual and Special Shareholders’ Meeting**

 All shareholders, including minority and foreign shareholders, 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. However, to prevent the abuse of this right, companies may require that the proposal be made by shareholders holding a specified percentage of shares or voting rights. On the other hand, to ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.

 **iv. Pre-emptive Right**

 The Company’s Amended Articles of Incorporation do not provide for pre-emptive rights to shareholders.

 **v. Power of Inspection**

 Shareholders are allowed to inspect corporate books and records including minutes of Board meetings at reasonable hours during business days in accordance with Section 74 of the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

 **vi. Right to Information**

 a. The Shareholders shall be provided, upon request with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holding of the Company’s shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

 b. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders’ meeting, being within the definition of “legitimate purposes”.

 **vii. Right to Dividends**

 a. Shareholders shall have the right to receive dividends as may be determined by the
 Board in accordance with the company’s By-Laws.

 b. The Company shall be compelled to declare dividends when its retained earnings shall
 be 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 Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its content, 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 Company, such as when there is a need for special reserve for probable contingencies.

 **viii. Appraisal Right**

 The 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 under any of the following circumstances:

 a. 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 of corporate existence;

 b. 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

 c. In case of merger or consolidation.

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