

COVER SHEET

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S.E.C. Registration Number

A B A C O R E C A P I T A L H O L D I N G S , I N C .

(Company's Full Name)

N O . 2 8 N . D O M I N G O S T . N E W M A N I L A

Q U E Z O N C I T Y

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

ATTY. JOAQUIN E. SAN DIEGO

Contact Person

725-7875; 724-5055

Company Telephone Number

1 2

Month

3 1

Day

REVISED MANUAL ON
CORPORATE GOVERNANCE

FORM TYPE

0 7

Month

2nd Thurs.

Day

Annual Meeting

(PC) LISTED SECURITIES

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CERTIFICATION

KNOW ALL MEN BY THESE PRESENTS:

I, JOAQUIN E. SAN DIEGO, of legal age, Filipino, and with office address at No. 28 N. Domingo St., New Manila, Quezon City, after being sworn to in accordance with law, depose and state that:

1. I am the incumbent Corporate Secretary of AbaCore Capital Holdings, Inc. (the "Company"), a corporation duly organized and existing in accordance with the laws of the Republic of the Philippines, with office address at No. 28 N. Domingo St., New Manila, Quezon City;
2. The Company's Board of Directors, by written referendum, has approved its Revised Manual on Corporate Governance, as prescribed by SEC Memorandum Circular No. 9, Series of 2014.

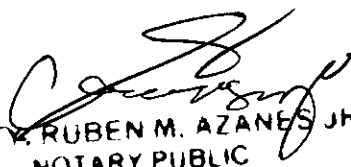
IN WITNESS WHEREOF, I hereby sign this Certification this 31 JUL 2014 day of July 2014 at QUEZON CITY, Philippines.


JOAQUIN E. SAN DIEGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 31 JUL 2014 of July, 2014, at QUEZON CITY, Philippines, affiant having exhibited to me his Phil. Passport No. EB4542487 issued on 26 January 2012 at DFA, Manila which is valid until 25 January 2017.

WITNESS my hand and notarial seal on the date and place above written.

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Book No.: 1
Series of 2014


ATTY. RUBEN M. AZANES JR.
NOTARY PUBLIC
VALID UNTIL DECEMBER 31, 2014
PTR NO. 7551655-01-04-2013, QC
MCLE NO. 0022246
TIN NO. 140394386

REVISED MANUAL ON CORPORATE GOVERNANCE

ABACORE CAPITAL HOLDINGS, INC.

(Revised in compliance with SEC Memorandum Circular No.6 Series of 2009 as amended by SEC MC No. 9 Series of 2014)

The Board of Directors and Management of **ABACORE CAPITAL HOLDINGS, INC.** ("**ABACORE**" for brevity) hereby, adopt and promulgate this **MANUAL ON CORPORATE GOVERNANCE** ("**MANUAL**" for brevity) as its guide in the attainment of its corporate goals. The Board, its officers and staff, adhere to the principles and practices contained in this Manual.

1. OBJECTIVE

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

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

2. COMPLIANCE OFFICER

2.1. Appointment. To insure adherence to corporate principles and best practices, the Board of Directors shall appoint a Compliance Officer who shall have the rank of at least a Vice President or its equivalent. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer. He shall report directly to the Chairman of the Board.

2.2. Duties and Responsibilities. The Compliance Officer shall perform the following duties:

- (i) Monitor compliance by the Corporation with the provisions and requirements of the Revised Code of Corporate Governance (the "Code"), the rules and regulations of regulatory agencies and this Manual;
- (ii) Appear before the Securities and Exchange Commission (the "Commission") when summoned in relation to compliance with the Code.

- (iii) Determine violation/s of the Manual and recommend imposition of appropriate penalties or disciplinary actions for violations thereof, if any, and adopt measures to prevent a repetition of the violation subject to review and approval of the Board;
- (iv) 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 of the latter's deviation from the same; and
- (v) Identify, monitor and control compliance risks.

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 Officer.

3. BOARD OF DIRECTORS

The Board of Directors (the "Board") is primarily responsible for the governance of the Corporation. Compliance with principles of good corporate governance shall start with it. Corollary to setting the policies for the accomplishment of corporate objectives, it shall provide an independent check on Management.

3.1. Composition of the Board

The Board of Directors shall be composed of at least five (5) but not more than fifteen (15) members who are elected by the stockholders . 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 lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process.

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

3.2. Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The

optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The President/Chief Executive Officer (CEO) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

3.3 The Chairman of the Board and President/Chief Executive Officer

As much as practicable, the roles of Chairman of the Board and President/Chief Executive Officer (CEO) should be separate from each other 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 President/CEO upon their election.

If the positions of Chairman and President/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.

The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:

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

3.4 Responsibilities, Duties and Functions of the Board

3.4.1 General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

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

3.4.2. Specific Duties and Functions

To insure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- (i) Implement a process for the selection of directors 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. Adopt an effective succession planning program for Management.
- (ii) Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- (iii) Ensure that the Corporation faithfully complies with all applicable laws, regulations and best business practices;
- (iv) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's President/CEO or chief financial officer shall exercise oversight responsibility over this program.
- (v) Identify the corporation's stakeholders 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.
- (vi) Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- (vii) 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;

- (viii) 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;
- (ix) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- (x) Establish and maintain an alternative dispute resolution system in the company that can amicably settle conflicts or differences between the company and its stockholders, and the company and third parties, including the regulatory authorities.
- (xi) Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
- (xii) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- (xiii) 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.

3.5 Internal Control Responsibilities of the Board

The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- a) Definition of the duties and responsibilities of the President/CEO who is ultimately accountable for the corporation's organizational and operational controls;
 - b) Selection of the person who possesses the ability, integrity, and expertise essential for the position of President/CEO
 - c) Evaluation of proposed senior management appointments
 - d) Selection and appointment of qualified and competent management officers; and
 - e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (ii) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and business culture; volume, size and complexity of transactions, degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
 - (iii) An internal audit system shall be established that can reasonably assure the Board, Management, and stockholders that its key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and require him to report to a level in organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

3.6 Qualifications of Directors

The qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws shall be observed. Additional qualifications may be provided for by the Board which include, among others, the following:

- (i) Holder of at least one (1) share of stock of the Corporation;
- (ii) He shall be at least a college graduate or equivalent academic degree or have sufficient experience in managing the business to substitute for such formal education;

- (iii) Practical understanding of the business of the corporation;
- (iv) He shall be at least twenty one (21) years old;
- (v) He shall have proven to possess integrity and probity; and
- (vi) He shall be assiduous in the performance of his duties.
- (vii) Membership in good standing in relevant industry, business, or professional organization
- (viii) Previous business experience

3.7. Disqualifications of Directors

3.7.1 Permanent Disqualification

The following shall be grounds for permanent disqualification of a Director:

- (i) Any person convicted 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;
- (ii) Any person who, by reason of any misconduct, after hearing, is permanently enjoined by a final judgment, or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker, (b) acting as a 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 laws governing securities, and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission 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 Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving

securities and banking; or such person is currently 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;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated or willfully aided, abetted, counseled, induced or procured the violation of the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or BSP, or any of its rules, regulation or order;
- (v) Any person earlier elected as an independent director who becomes an officer, employee, consultant of the same corporation;
- (vi) Any person judicially declared to be insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in subparagraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporate Code committed within five (5) years prior to the date of his election or appointment.

3.7.2 Temporary Disqualification

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

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as his refusal persists;
- (ii) Absence in more than fifty percent (50%) of all regular and special meetings 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;

- (iii) Dismissal or termination for a cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

3.8 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A Director shall have the following duties and responsibilities:

- (i) To conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

- (ii) To devote time and attention necessary to properly and effectively discharge his duties and responsibilities;

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- (iii) To act judiciously;

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- (iv) To exercise independent judgment;

A director should view each problem or situation objectively. If a disagreement with other director arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.

- (v) To 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 and regulations of the Commission, and where applicable, the requirements of other relevant regulatory agencies;

A director should keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

- (vi) To observe confidentiality

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

- (vii) To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment

4. BOARD MEETINGS AND QUORUM REQUIREMENT

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 Commission.

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 Commission on or before January 30 of the following year, a sworn certification about the director's record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

5. 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. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

The corporation's annual reports and information and proxy statements shall include 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.

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

6. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees.

6.1. Nomination Committee

The Board shall create a Nomination Committee which shall have at least three (3) voting (one of whom must be independent) and one (1) non-voting Director.

6.1.1. Duties and Responsibilities

- (i) To review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval
- (ii) To assess the effectiveness of the Board's processes and procedures in the election or replacement of directors
- (iii) In consultation with the appropriate executive or management committee/s, redefine the role, duties and responsibilities of the President/CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

The Nomination Committee shall consider the following guidelines in the determination of the number of directorships which a member of the Board may hold:

- (i) The nature of the business of the Corporations of which he is a director;
- (ii) Age of the director;
- (iii) Number of directorships/active memberships and officerships in other corporations or organizations; and
- (iv) Possible conflict of interest

The optimum number should take into consideration the capacity of the directors to diligently and efficiently perform his duties and responsibilities.

6.2. Compensation and Remuneration Committee

The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

6.2.1. Duties and Responsibilities

- (i) Establish a formal and transparent procedure for developing a policy on remuneration of directors and corporate officers to ensure that compensation is consistent with corporation's culture, strategy and business environment in which it operates.
- (ii) Designate amount of remuneration which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.

- (iii) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.
- (iv) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- (v) Disallow any director to decide his or her own remuneration.
- (vi) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- (vii) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- (vii) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

6.3 Audit Committee

The Audit Committee shall be composed of at least three (3) members of the Board preferably with finance and accounting backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

6.3.1 Duties and Responsibilities

- (i) 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;
- (ii) Provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risks of the Corporation. This function includes regular receipt from Management of information on risk exposures and risk management activities;

- (iii) Perform oversight functions over the Corporation's 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;
- (iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include audit scope, resources and budget necessary to implement it;
- (v) 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;
- (vi) Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- (vii) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- (viii) Review the reports submitted by the internal and external auditors;
- (ix) Review the quarterly, half year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- (x) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (xi) 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 total annual income of the external auditor and to the company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the external auditor's duties or may pose a threat to independence. The non-

audit work, if allowed, should be disclosed in the corporation's annual report;

- (xii) 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.

- (xiii) 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 International Accounting Standard (IAS) compliant.
- b) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.

7. CORPORATE SECRETARY

The Corporate Secretary is an officer of the company. He must be a Filipino citizen and a resident of the Philippines. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

7.1. Duties and Responsibilities

- (i) 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 the other official records of the corporation;
- (ii) Be loyal to the mission, vision and objectives of the corporation;
- (iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- (iv) Have appropriate administrative and interpersonal skills;
- (v) If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Have a working knowledge of the operations of the corporation

- (vii) Inform all the members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (viii) As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;
- (ix) Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- (x) Attend all Board meetings except when justifiable causes such as illness, death in the immediate family and serious accidents prevent him from doing so;
- (xi) Ensure that all Board procedures, rules and regulations are strictly followed by members;
- (xii) If he is also the compliance officer, perform all the duties and responsibilities of said officer as provided in the Code and in this Manual; and
- (xiii) Submit to the Commission, on or before January 30th of every year, an annual certification as to the attendance of the directors during Board meetings for the preceding calendar year.

8. 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.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members shall be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

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.

9. ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders. It should 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.

Thus, 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 the stockholders.

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

- (i) The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should 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, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations;
- (iv) The corporation should consistently comply with the financial reporting requirements of the Commission
- (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should 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 should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The internal auditor should 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.

10. EXTERNAL AUDITOR

An external auditor duly accredited by the Commission shall enable an environment of good corporate governance as reflected in the financial records and reports of the company. He shall be selected and appointed by the stockholders upon recommendation of the Audit Committee. However, the authority to appoint the external auditor may be delegated by the stockholders to the Board. The Board, after having been authorized by the stockholders, shall appoint an external auditor upon the recommendation of the Audit Committee.

The external auditor 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.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor. 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.

The company's external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, shall be changed with the same frequency.

If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

11. 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 should 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 should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The internal auditor should 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.

The Internal Auditor shall report to the Audit Committee.

The minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, 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 business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of the authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

12. COMMUNICATION PROCESS

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

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of printed copies of this Manual must be reproduced and a copy of the same shall be provided to each department.

13. TRAINING PROCESS

If necessary, funds shall be allocated by the CEO/President or responsible officer of the company for the purpose of conducting an orientation program or workshop to operationalize this Manual.

A director shall, before assuming as such, may be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

14. REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATION'S CORPORATE GOVERNANCE POLICIES

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

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

15.SHAREHOLDERS' RIGHTS AND PROTECTION OF MINORITY SHAREHOLDERS' INTERESTS

15.1 The Board shall respect the rights of the shareholders as provided for in the Corporation Code, namely:

- (i) Right to vote on all matters that require their consent or approval;

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

Cumulative voting shall be used in the election of directors.

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

- (ii) Pre-emptive right to all stock issuances of the Corporation;

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular share they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

(iii) Right to inspect the Corporation's books and records;

All shareholders shall be allowed to inspect corporate books and records including minutes of the Board meeting and stock registry in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without costs or restrictions.

(iv) Right to information;

The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers in certain other matters such as their holdings of the company's shares, dealing with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The minority shareholders shall be granted the right to propose the holding of the meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose.

The minority shareholders shall have access to any and all information relating the matters for which the management is accountable for and those relating to matters for which the management shall include for legitimate purposes 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"

(v) Right to dividends

Shareholder shall have the right to receive dividend subject to the discretion of the Board.

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 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.

(vi) 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 Code of the Philippines under any of the following circumstances:

**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 outstanding shares of any class, or of extending or shortening the term of 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

15.2. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The shareholders 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 to the requirement 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 the shareholders' favor.

It is the duty of the Board to promote the rights of the shareholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the shareholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of

meetings and the items for discussion in the agenda that relate directly to the business of the company.

16. MONITORING AND ASSESSMENT

Each Committee shall report regularly to the Board of Directors.

The Compliance Officer shall establish an evaluation system to determine compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 17 of this Manual.

The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

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 ABACORE CAPITAL HOLDINGS, INC. that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

17. 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 company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provisions of this Manual.

- In case of first violation, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- 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 or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

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

18. GOVERNANCE SELF-RATING SYSTEM

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Code.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the corporation's annual report.

19. DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

20. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The corporate governance rules embodied in this Manual shall be used as reference by the members of the Board and Management. The Manual shall be submitted to the Commission for its evaluation to enable the Commission to determine its compliance with the Code taking into consideration the nature, size, and scope of the business of the corporation.

The Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

21. REGULAR REVIEW OF THE CODE AND THE SCORECARD

To monitor compliance with the Code, the Commission may require that the corporation accomplish annually a scorecard on the scope, nature and extent of the actions it has taken to meet the objectives of the Code.

The Commission shall periodically review the Code to ensure that it meets its objectives.

22. ADMINISTRATIVE SANCTIONS

A fine of not more than Two Hundred Thousand Pesos (P200,000.00) shall, after due notice and hearing, be imposed for every year that a covered corporation violates the provisions of the Code, without prejudice to other sanctions that the Commission may be authorized to impose under the law; provided however, that any violation of the Securities Regulation Code punishable by a specific penalty shall be assessed separately and shall not be covered by the abovementioned fine.

Approved by the Board of Directors of ABACORE CAPITAL HOLDINGS, INC.


HERMILANDO I. MANDANAS
Chairman of the Board


JOAQUIN E. SAN DIEGO
Compliance Officer

Adopted on 7/31/14