

Article VII

Shareholders' Rights and Protection of Minority Shareholder

1. Shareholder Rights

The Board shall be committed to respect the following rights of the shareholders:

1.1 Voting Right

All stockholders have the right to vote on the election, removal and replacement of Directors and vote on certain corporate acts in accordance with the Corporation Code. Each common share is entitled to one vote. Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.

The procedure for nomination shall be clearly explained to the stockholders. The information on the background and experience of candidates shall be provided to enable the stockholders to study and candidates' qualifications and credibility.

Shareholders also have the individual right to participate in corporate decisions such as but not limited to:

- a) Amendments to the company's constitution;
- b) Authorization of additional shares;
- c) Transfer of all or substantially all assets, which in effect results in the sale of the company; and
- d) Approval of remuneration matters.

Any stockholder may nominate candidates for election to the Board of Directors by sending a nomination letter to the Nomination Committee within the relevant deadline as may be approved by the Board and disclosed pursuant to the rules of the Philippine Stock Exchange. All nominations will be reviewed and deliberated upon by the Nomination Committee prior to endorsing the qualified candidates for ratification and approval by the Board

1.2 Pre-emptive Right

All shareholders have pre-emptive rights, unless there is a specific denial of this right 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 may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code.

1.3 Right of Inspection

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meeting and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

1.4 Right to Information

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 holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the SEC.

The minority shareholders shall have 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 and relate directly to the business of the Corporation.

In accordance with existing law and jurisprudence, 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 should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.

1.5 Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board and the availability of unrestricted retained earnings. However, the Commission may direct the corporation to declare dividends when its retained earnings is 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.

1.6 Appraisal Right

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- i. 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;
- ii. 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
- iii. In case of merger or consolidation.