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J A C K S T O N E S , I N C . F O R M E R L Y

N E X T S T A G E , I N C .

(Company's Full Name)

5 9 3 A N T O N I O D R I V E

B A G U M B A Y A N T A G U I G

C I T Y

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

**ANTHONY B. PERALTA**  
Contact Person

817-3081  
Company Telephone Number

Month

Day

Fiscal Year

Form Type

Month

Day

Annual Meeting

**SEC FORM ACGR**  
(Annual Corporate Governance Report)

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

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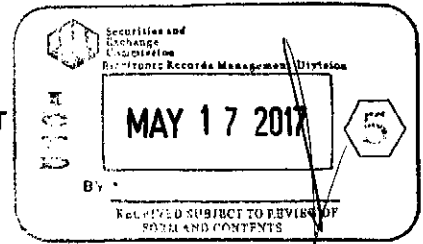
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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**



1. Report is Filed for the Year **2016**
2. Exact Name of Registrant as Specified in its Charter: **Jackstones, Inc. (formerly NextStage, Inc.)**
3. **593 Antonio Drive, Bagumbayan, Taguig City**  
Address of Principal Office **1630**  
Postal Code
4. SEC Identification Number **24956**
5.   
(SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **000-275-073**
7. **+63 2 2779455**  
Issuer's Telephone number, including area code
8. \_\_\_\_\_  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Article of Incorporation:	9 inclusive of the 2 independent directors
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Annual number of Directors for the year	9
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator to the last election (ED); state the relationship with the nominator	Date first elected	Date last elected (ID); state the number of years served as (ID)	Meeting held (Annual Meeting)	No. of years served as Director
Mariano Chua Tanenglian	ED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Aleta So Tanenglian	NED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Maximilian So Tanenglian	ED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Vandermir Carnegie Tan Say	ED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Jonathan A. Ong Carranceja	NED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Beryl Fayette Tanenglian Say	NED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Adaline Daryl T. Ong Carranceja	NED		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Stilwell Tan Sy	ID		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5
Amando Musni Velasco	ID		Consultants and Advisors of the Company	11/21/14	06/20/16	Annual Meeting	1.5

#### Profiles of the Board of Directors

**Mariano Chua Tanenglian** – 77 years old, Filipino, reelected for the term 2016 to 2017. He has been the Chairman of the Board of Jackstones, Inc. since November 2014, and he has been an Executive Director for the same period.

Mr. Tanenglian is currently the CEO of Wonderoad Corp. and the Chairman of Ketton Holdings, Inc. He obtained his Bachelor of Science in Commerce from the Far Eastern University.

Mr. Tanenglian was a Director and a former Treasurer of Allied Banking Corporation. He was also the Chairman of the Board of Oceanic Holdings (BVI) Ltd., a former Vice Chairman and former Treasurer of Philippines Airlines, Inc., as well as a former Vice Chairman of MacroAsia Corporation. Mr. Tanenglian was also a former Treasurer of several companies, including Foremost Farms, Inc., Manufacturing Services and Trade Corporation, Dominion Realty and Construction Corporation, Asia Brewery, Inc., Progressive Farms, Inc., Himmel Industries, Inc., Grandspan Development Corporation, Allied Commercial Bank, Fortune Tobacco Corporation, Shareholdings, Inc., The Charter House, Inc., and Lucky Travel Corporation. He was also a Treasurer/Director of Allied Bankers Insurance Corporation, Allied Leasing and Finance Corporation, and Pan-Asia Securities Corporation. Mr. Tanenglian was a former Director of Abacus Distribution System Phils., Inc.,

Tanduay Distillery, Inc., Asian Alcohol Corporation, Allied Banking Corporation (HK) Ltd., Oceanic Bank, Maranaw Hotels and Resort Corporation, Basic Holdings Corporation, Allied Bank Phils., (UK) PLC and Macroasia Eurest Catering Services, Inc.

**Aleta So Tanenglian** – 68 years old, Filipino, reelected for the term 2016 to 2017. She has been the Vice Chairman of the Board of Jackstones, Inc. since November 2014, and she has been a Non-Executive Director for the same period.

Ms. Tanenglian holds a Bachelor's degree in Accountancy. She is the current president of Wonderoad Corp.

**Maximilian So Tanenglian** – 39 years old, Filipino, reelected for the term 2016 to 2017. He has been the President of Jackstones, Inc. since November 2014, and he has been an Executive Director for the same period.

Mr. Tanenglian is the general manager for the Swiftstar group of companies since 2008 to present. The group is involved in the logistics and security industries providing products and services like but not limited to third party logistics services, security system design and supply and business continuity program consultancy.

**Vandermir Carnegie Tan Say** – 43 years old, Filipino, reelected for the term 2016 to 2017. He has been the Executive Vice President of Jackstones, Inc. since November 2014, and he has been an Executive Director for the same period.

Mr. Vandermir Carnegie Tan Say, CFA, MCom (Hons)(Fin), Grad Dip (Bkg & Fin), is currently the President of Wimax Philippines Inc. He is also a Director of Toaster BrainWorks Lab Inc., and Sevenofus Foods Inc. Aside from being a Director and the Executive Vice President of Jackstones, Inc., Mr. Say is also currently the Vice President, Ketton Holdings Inc., was the President of the CFA Society of the Philippines in 2008, and Treasurer of the same society in 2007. Mr. Say is a Chartered Financial Analyst of the CFA Institute and a Director of the BEVA Pte Ltd in Singapore.

Mr. Say was previously the Vice President of Citigroup, an Associate Director of UBS AG, an Analyst for Corporate Finance of UBS Warburg, an Equity Analyst for SBC Warburg Dillon Read, and a Research Assistant for Cualoping Securities Corporation.

He received his Master of Commerce in Finance and graduated with honours from the Melbourne Business School, of The University of Melbourne. He also received a Graduate Diploma in Banking and Finance from Monash University. He attained his Bachelor of Science in Management, Major in Legal Management, from the Ateneo de Manila University and was a Merit Scholar.

**Jonathan A. Ong Carranceja** – 45 years old, Filipino, reelected for the term 2016 to 2017. He has been the Vice President of Jackstones, Inc. since November 2014, and he has been a Non-Executive Director for the same period.

Mr. Ong Carranceja is the current President of SG&D Global Transport Inc., a freight forwarding company. He is also the President of Reach High Dig Deep General Merchandising Corp., a company dealing with industrial products.

Mr. Ong Carranceja was the Former Assistant Manager of Far Eastern Diesel Supply Co. and the Former Asst. Manager of Kirsiphider Co. Inc. He obtained a Bachelor of Arts in Asian Studies.

**Beryl Fayette Tanenglian Say** – 41 years old, Filipino, reelected for the term 2016 to 2017. She has been the Treasurer of Jackstones, Inc. since November 2014, and she has been an Executive Director for the same period.

Aside from being the current President of Toaster Brainworks Lab Inc., Arch. Beryl Fayette Tanenglian Say, EnP, is also a Director and officer of several other companies. She is also currently a Director and the Treasurer of Jackstones Inc., a Director and the Corporate Secretary, Ketton Holdings Inc., a Director and the CFO of Wimax Philippines Inc., and a Director of BEVA Pte Ltd in Singapore.

Arch. Say was the former SAVP Treasury and Finance Officer of Philippine Airlines, she was also the Admin Architect of RR Payumo & Partners Architects. She previously worked with Architect

Martha Ong in 1998 to 1999. In 2000, Arch. Say was among the top 3 passers of the Licensure Board Exam for Environmental Planner and in 1999, she was among the top 10 passers of the Architect Licensure Board Exam. She received her Bachelor of Science in Architecture from the University of Santo Tomas.

**Adaline Daryl T. Ong Carranceja** – 44 years old, Filipino, reelected for the term 2016 to 2017. She has been the Assistant Corporate of Jackstones, Inc. since April 2015, and he has been a Non-Executive Director since November 2014.

Ms. Ong Carranceja is the current President of Spyder Creative Works, Inc. – a graphic design company and supplier of social invitation. She is also the current Corporate Secretary of SG&D Global Transport Inc. Ms. Ong Carranceja obtained a Bachelors degree in Fine Arts.

**Stilwell Tan Sy** (Independent Director) – 68 years old, Filipino, reelected for the term 2016 to 2017. He has been an Independent Director of Jackstones, Inc. since November 2014.

Mr. Sy is the current President of Stilwell Commercial Corporation and an Independent Director of Quality Investments & Securities Corporation.

**Amando Musni Velasco** (Independent Director) – 67 years old, Filipino, reelected for the term 2016 to 2017. He has been an Independent Director of Jackstones, Inc. since November 2014.

Mr. Velasco is the current Corporate Secretary of Parisson Development Corporation.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.***

In accordance with the Revised Manual on Corporate Governance of Jackstones, Inc. (the "Company") submitted to the Commission on August 11, 2014, Atty. Anthony B. Peralta has been designated as Compliance Officer, and Atty. Ma. Christina Reyes was elected as Assistant Compliance Officers, to insure the Company's adherence to corporate principles and best practices.

It is the Company's policy to make timely disclosures of material information and transactions that 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 Regulation Code ("SRC") and its Implementing Rules and Regulations.

As stated in Section 7 of the Company's Revised Manual on Corporate Governance, the Company is committed to respect the rights of stockholders as mandated by the Corporate Code and other laws, including but not limited to voting rights, pre-emptive rights, power of inspection, right to dividends and appraisal rights.

Likewise, the Board of Directors shall protect the shareholder's right to information. Upon request, shareholders shall be provided with periodic reports, which disclose personal and professional information about directors and officers, in so far as the same has been disclosed by to the Company by the director or officer concerned, and other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. Moreover, stockholders are encouraged to personally attend annual and special stockholders' meetings. They shall be appraised, ahead of time, of their right to appoint a proxy if they are unable to attend. The exercise of the right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

Under Section 7.2.3 of the Company's Revised Manual on Corporate Governance, minority shareholders have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the meeting and the items in the agenda are for legitimate business purposes. In addition, under Section 7.2.4, 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.

It shall be the duty of the Directors to promote shareholder rights, remove impediments to the

exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights.

**(c) How often does the Board review and approve the vision and mission?**

The Company has revised its Manual of Corporate Governance to include a Vision and Mission Statement. The Board undertakes to periodically review and evaluate, at least once a year, the Company's vision and mission.

**(d) Directorship in Other Companies**

**(i) Directorship in the Company's Group<sup>1</sup>**

There are no members of the Company's Board of Directors who hold the office of director in other companies within its Group.

**(ii) Directorship in Other Listed Companies**

There are no members of the Company's Board of Directors who are also directors of publicly-listed companies outside of its Group.

**(iii) Relationship within the Company and its Group**

Maximilian So Tanenglian	Ketton Holdings Inc.	Director and Treasurer of Ketton Holdings Inc. which owns 54% of Jackstones, Inc. common stock.
Mariano Chua Tanenglian	Ketton Holdings Inc.	Director of Ketton Holdings Inc. which owns 54% of Jackstones, Inc. common stock.
Aleta So Tanenglian	Ketton Holdings Inc.	Director of Ketton Holdings Inc. which owns 54% of Jackstones, Inc. common stock.
Adaline Daryl Ong Carranceja	Ketton Holdings Inc.	Director of Ketton Holdings Inc. which owns 54% of Jackstones, Inc. common stock.
Beryl Fayette Tanenglian Say	Ketton Holdings Inc.	Director of Ketton Holdings Inc. which owns 54% of Jackstones, Inc. common stock.

**(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously?**

The Company currently adheres to the guidelines set forth in the Corporation Code, the Securities Regulation Code and relevant issuances of the Securities and Exchange Commission on multiple directorships.

<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.



**(e) Shareholding in the Company**

<b>Name of Director</b>	<b>Number of Direct shares</b>	<b>Number of Indirect shares / Through (name of record owner)</b>	<b>% of Capital Stock</b>
Mariano Chua Tanenglian		10,053,540	5.99999653
Aleta So Tanenglian		8,377,950	4.99999711
Maximilian so Tanenglian		1,675,590	0.99999942
Vandermir Carnegie Tan Say		1,675,590	0.99999942
Jonathan A. Ong Carranceja		1,675,590	0.99999942
Beryl Fayette Tanenglian Say		1,675,590	0.99999942
Adaline Daryl T. Ong Carranceja		1,675,590	0.99999942
Stilwell Tan Sy	1000		0.00059680
Amando Musni Velasco	1000		0.00059680

**2) Chairman and CEO**

**(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.**

Yes  No

Identify the Chair and CEO:

<b>Chairman of the Board</b>	Mariano Chua Tanenglian
<b>CEO/President</b>	Maximilian so Tanenglian

Among the checks and balances laid down to ensure that the Board gets the benefit of independent views are: (i) only three of the nine directors are executive directors and the powers and responsibilities of directors are clearly delineated from the powers and responsibilities of management; and (ii) two of the nine directors are independent directors.

**(b) Roles, Accountabilities and Deliverables**

**Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.**

	<b>Chairman</b>	<b>President/Chief Executive Officer</b>
<b>Role</b>	He shall preside over all meetings of the stockholders and the Board of Directors. He shall advise and counsel the President and work with him to develop plans and proposals for presentation to the Board.	<p>He shall exercise general supervision over all other officers of the Company and in all cases, where and to the extent that, the duties of the other officers, agents, and employees of the Corporation are not specifically prescribed by the By-Laws, or by the rules and regulations of the Board of Directors, the President may prescribe such duties.</p> <p>The President shall also have the following powers:</p> <ol style="list-style-type: none"> <li>To preside at all meetings of the stockholders and of the directors, in the absence of the Chairman;</li> <li>To execute the resolutions of</li> </ol>

		<p>the Stockholders' meeting and the Board of Directors;</p> <p>3. To sign, in accordance with said resolutions, such contracts, instruments and power of attorney as may be necessary in the conduct of the business of the Company;</p> <p>4. To sign, together with the Secretary, all Certificates of Stock issued by the Company;</p> <p>5. To represent the Company in any negotiation, which may be necessary to make in the usual course of business of the Company or which the Board may specifically authorize him to do and in connection therewith sign, execute and deliver such contract, documents or other instruments as may be necessary and proper.</p>
Accountabilities	To the Board and Management	To the stockholders and to the Board
Deliverables	Plans and proposals for presentation to the Board.	Annual report concerning the operation and status of the business of the Company during the preceding fiscal year.

**3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

In accordance with Section 2 of Article III of the Company's Amended By-Laws, the President, Chairman, Vice-President, one or more Assistant Vice-Presidents, Secretary, and Treasurer are elected by the newly elected Board of Directors at its first meeting after the annual meeting of the stockholders.

**4) Other Executive, Non-Executive and Independent Directors**

**Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.**

In Section 3.2.2.1 and 3.2.3.1 of the Revised Manual on Corporate Governance, the Board is tasked to install a process of selection to ensure a mix of competent directors and officers adopt and effective succession planning program for Management. The Nomination Committee is responsible for pre-screening and to shortlist all candidates nominated to become a member of the board of directors in accordance with the qualification and disqualifications as provided in the Revised Manual on Corporate Governance. The membership of the Board shall be a combination of executive and non-executive directors (which include independent directors) in order that no small group of directors can dominate the decision-making process. Currently, the Board has a mix of directors with expertise in the fields of business development, finance, marketing, property, real estate and information technology.

**Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.**

No. However, the Company's Revised Manual on Corporate Governance provides that the non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. In addition, a Director shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education. A Director shall also be proven to possess integrity and probity and shall be assiduous.

**Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:**

It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Please refer to the immediately preceding explanation on the Board's role.	Please refer to the immediately preceding explanation on the Board's role.	Please refer to the immediately preceding explanation on the Board's role.
<b>Accountabilities</b>	A director's office is one of trust and confidence. He or she shall act in a manner characterized by transparency, accountability and fairness.	A director's office is one of trust and confidence. He or she shall act in a manner characterized by transparency, accountability and fairness.	A director's office is one of trust and confidence. He or she shall act in a manner characterized by transparency, accountability and fairness.
<b>Deliverables</b>	<p>To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;</p> <p>To devote time and attention necessary to properly discharge his or her duties and responsibilities;</p> <p>To act judiciously;</p> <p>To exercise independent judgment;</p> <p>To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</p> <p>To observe confidentiality;</p> <p>To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.</p>	<p>To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;</p> <p>To devote time and attention necessary to properly discharge his or her duties and responsibilities;</p> <p>To act judiciously;</p> <p>To exercise independent judgment;</p> <p>To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</p> <p>To observe confidentiality;</p> <p>To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.</p>	<p>To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;</p> <p>To devote time and attention necessary to properly discharge his or her duties and responsibilities;</p> <p>To act judiciously;</p> <p>To exercise independent judgment;</p> <p>To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</p> <p>To observe confidentiality;</p> <p>To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.</p>

***Provide the company's definition of "independence" and describe the company's compliance to the definition.***

The Company's definition of "independence" is in accordance with the definition of "Independent Director" as stated in the Revised Code of Corporate Governance, free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment.

**Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.**

The Company complies with the provisions of SEC Memorandum Circular No. 9, Series of 2011, on term limits for independent directors.

**5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)**

**(a) Resignation/Death/Removal**

**Indicate any changes in the composition of the Board of Directors that happened during the period:**

There has been no change in the composition of the Board of Directors during the period.

**(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension**

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors. Then to be elected by ballot at the annual meeting of stockholders	1. Holder of at least 1 share of the Company; 2. At least a college graduate or has sufficient experience in managing the business to substitute for such formal education; 3. At least 21 years old; 4. Proven to possess integrity and probity; and 5. He/She shall be assiduous.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors. Then to be elected by ballot at the annual meeting of stockholders	1. Holder of at least 1 share of the Company; 2. At least a college graduate or has sufficient experience in managing the business to substitute for such formal education; 3. At least 21 years old; 4. Proven to possess integrity and probity; 5. He/She shall be assiduous.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications listed in the Company's Revised Manual of Corporate Governance.	Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that involves the purchase or sale of securities, as defined in the SRC; or arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>commission merchant, commodity trading advisor or floor broker; or arises out his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>Any person who, by reason of 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: acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; or engaging in or continuing any conduct or practice in any of the capacities mentioned above or willfully violating the laws that govern securities and banking activities.</p> <p>Any persons finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;</p> <p>Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induce or procured the violation of, any provisions of the Securities Regulation Code, The Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP;</p> <p>Any person judicially</p>
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		<p>declared to be insolvent;</p> <p>Any person finally 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; and</p> <p>Conviction by the final judgment of an offence punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to date of his or her election</p>
<b>B. Temporary Disqualification</b>		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors	<p>The Board may provide for the temporary disqualification of a director, in accordance with the Company's Revised Manual of Corporate Governance.</p>	<p>Refusal to comply with the disclosure requirements of the SRC and its implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>Dismissal or termination for cause as director of any corporation covered by the Corporation 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.</p> <p>If the beneficial equity ownership of an independent director in the</p>

		<p>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.</p> <p>If any of the judgment or orders cited in the grounds for permanent disqualification has not yet become final.</p>
<b>e. Removal</b>		
(i) Executive Directors	A temporarily disqualified director shall, within 60 days business days from such disqualification, take the appropriate action to remedy or correct the disqualification.	If the temporarily disqualified director fails to take the appropriate action to remedy or correct the disqualification, within 60 days business days from such disqualification, the disqualification shall become permanent.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Reinstatement</b>		
(i) Executive Directors		If the temporarily disqualified director takes the appropriate action to remedy or correct the disqualification, within 60 days business days from such disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	<i>Not Applicable</i>	
(ii) Non-Executive Directors		
(iii) Independent Directors		

**Voting Result of the last Annual General Meeting**

<b>Name of Director</b>	<b>Votes Received</b>
Mariano Chua Tanenglian	13,032,597
Aleta So Tanenglian	13,032,596
Maximilian So Tanenglian	13,032,597
Vandermir Carnegie Tan Say	13,032,597
Jonathan A. Ong Carranceja	13,032,596
Beryl Fayette Tanenglian Say	13,032,596
Adaline Daryl T. Ong Carranceja	13,032,596
Stilwell Tan Sy	13,032,596
Amando Musni Velasco	13,032,596

**6) Orientation and Education Program**

**(a) Disclose details of the company's orientation program for new directors, if any.**

The new directors are furnished with copies of the relevant documents and information relating to the

Company and its policies, including the Amended Articles of Incorporation, Amended By-laws, Annual Report, and Jackstones, Inc.'s Revised Manual on Corporate Governance as well as the relevant regulations issued by the Securities and Exchange Commission and Philippine Stock Exchange relating to publicly-listed companies.

The Company intends to include in its Revised Manual on Corporate Governance a requirement for new directors to attend a seminar on corporate governance at least once a year in compliance with SEC regulations.

**(b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:**

Due to the change of control of the Company in November 2014, the Senior Management has not had any opportunity for in-house training or external courses.

**(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.**

Date and Venue	Topic	Provider
<b>For the year 2016</b>		
<i>For the Board of Directors and Compliance Officers</i>		
November 10 and 11, 2016 The Tower Club, Makati City	Annual Disclosure Rules Seminar	Philippine Stock Exchange (PSE)
<b>For the year 2015</b>		
<i>For the Board of Directors and Compliance Officers</i>		
November 9 and 10, 2015 Romulo Executive Lounge 25/F Tower One and Exchange Plaza, Ayala Triangle Ayala Avenue, Makati City	Annual Disclosure Rules Seminar	Philippine Stock Exchange (PSE)
April 23, 2015 Crowne Plaza, Manila Galleria Ortigas Center, Quezon City	Corporate Governance Workshop on the ASEAN Corporate Governance Scorecard for Publicly-Listed Companies	Securities and Exchange Commission (SEC)
<b>For the year 2014</b>		
<i>For the Board of Directors and Compliance Officers</i>		
October 21, 2014 Makati Shangri-la Hotel Rizal Ballroom,	Corporate Governance Forum	Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE)

**B. CODE OF BUSINESS CONDUCT & ETHICS**

**1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:**

Due to the change of control of the Company in November 2014, the Company is still in the process of formulating a Code of Business Conduct and Ethics. The said policy is scheduled to be finalized in the second half of 2017.

**2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

As the Code of Business Conduct and Ethics has not been finalized, no such code has been previously disseminated to directors, senior management and employees.

<sup>2</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.



**3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

The manner of implementation and monitoring of compliance with the Company's Code of Business Conduct and Ethics will be finalized in the second half of 2017.

**4) Related Party Transactions**

**(a) Policies and Procedures**

*Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.*

The Company is still in the process of developing such policies and procedure, which will be finalized in the second half of 2017. In the interim, the Compliance Officer shall monitor related party transactions.

**(b) Conflict of Interest**

**(i) Directors/Officers and 5% or more Shareholders**

*Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.*

None at this time.

**(ii) Mechanism**

*Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.*

Under the Company's Revised Manual on Corporate Governance, a Compensation and Remuneration Committee shall be constituted by the Board, which shall cause the preparation of Human Resource Development or Personnel Handbook covering, among others, provisions on conflict of interest. Such Personnel Handbook will be drafted and finalized in 2017.

**5) Family, Commercial and Contractual Relations**

**(a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:**

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
Mariano Chua Tanenglian	Family relationship with other shareholders	Married to Aleta So Tanenglian; and the father of Beryl Fayette Tanenglian Say, Maximilian So Tanenglian, and Adaline Daryl T. Ong Carranceja.

**(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:**

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

None.

(c) **Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:**

None.

**6) Alternative Dispute Resolution**

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
<b>Corporation &amp; Stockholders</b>	The Company ceased operations on 1 January 2008, and it was only on March 2013 that the Company was revitalized. The Company had no operations during the past three (3) years. Thus, the Company has no record of conflicts or differences with its stockholders, regulatory authorities and other third parties.
<b>Corporation &amp; Third Parties</b>	
<b>Corporation &amp; Regulatory Authorities</b>	

**C. BOARD MEETINGS & ATTENDANCE**

1) **Are Board of Directors' meetings scheduled before or at the beginning of the year?**

The Board of Directors shall hold a meeting for organization and for election of officers immediately after their election at the annual meeting of stockholders, which has been scheduled on June 13, 2017, pursuant to the Company's Amended By-laws.

2) **Attendance of Directors**

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Mariano Chua Tanenglian	06/20/2016	3	0	0
Member	Aleta So Tanenglian	06/20/2016	3	0	0
Member	Maximilian So Tanenglian	06/20/2016	3	3	100
Member	Vandermir Carnegie Tan Say	06/20/2016	3	3	100
Member	Jonathan A. Ong Carranceja	06/20/2016	3	1	33
Member	Beryl Fayette Tanenglian Say	06/20/2016	3	3	100
Member	Adaline Daryl T. Ong Carranceja	06/20/2016	3	2	66
Independent	Stilwell Tan Sy	06/20/2016	3	3	100
Independent	Amando Musni Velasco	06/20/2016	3	3	100

3) **Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

No.

4) **Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

No. The Amended By-Laws of The Company provide that at any meeting of the Board of Directors of the Company, a majority of directors shall be necessary to constitute a quorum for the transaction of business.

5) **Access to Information**

- (a) **How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?**

The Company's Amended By-Laws provide that notices of special meetings of the Board of Directors shall be mailed to each Director at his last known post-office address, or delivered to him personally or left at his office, or transmitted by telephone at least five (5) days previous to the date of the meeting. Any such board papers are distributed with the notices.

- (b) **Do board members have independent access to Management and the Corporate Secretary?**

Yes, the Company's Revised Manual on Corporate Governance provides that members have independent access to Management and the Corporate Secretary.

- (c) **State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?**

The Corporate Secretary's duties include loyalty to the mission, vision and specific business objectives of the Company. Under the Company's Amended By-Laws, the Secretary shall: (a) keep full minutes of all meetings of the Board of Directors and of the Stockholders; (b) keep the stock and transfer book and the Corporation seal which he shall stamp on all documents necessitating seal; (c) fill and countersign all certificates of stock issued, making the corresponding annotations on the margin or stub of such certificates upon issuance; (d) give, or cause to be given, all notices required by law or these by-laws of the Corporation as well as notice of all meetings of the Board of Directors and Stockholders; and (e) in general, perform such other duties as may be prescribed by the Board of Directors or the President.

- (d) **Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.**

Yes.

- (e) **Committee Procedures**

**Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:**

Yes

No

6) **External Advice**

**Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:**

The Company's Revised Manual on Corporate Governance provides that the members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense. The procedure for the same is still to be decided upon by the Board and will be finalized in the second half of 2017.

7) **Change/s in existing policies**

**Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:**

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<sup>4</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

There have been no changes in the policies during the most recent term.

#### D. REMUNERATION MATTERS

##### 1) Remuneration Process

**Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:**

Under the Company's Revised Manual on Corporate Governance, a Compensation and Remuneration Committee shall be constituted by the Board, which shall establish formal policies and procedures over remuneration of senior management and other key personnel. Such remuneration process will be drafted and finalized in 2017.

##### 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

**Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.**

The Company's By-Laws were amended to state that the Directors shall receive a per diem of Two Thousand Pesos (Php2,000.00) for each meeting of the Board attended by them. Such amendment was approved by the Board of Directors on March 23, 2015 and was ratified by the Shareholders during the Annual Shareholders Meeting held on April 30, 2015. The Amended By-laws was approved by the SEC on July 06, 2015.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

The Company had no operations in the last three years and was only revitalized in March 2013.

##### 3) Aggregate Remuneration

**Complete the following table on the aggregate remuneration accrued during the most recent year:**

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	0	0	0
(b) Variable Remuneration	0	0	0
(c) Per diem Allowance	16,000	12,000	8,000
(d) Bonuses	0	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
<b>Total</b>	<b>16,000</b>	<b>12,000</b>	<b>8,000</b>

Other Benefits	Executive Directors	Non-Executive Director (other than Independent directors)	Independent Directors
1) Advances	0	0	0
2) Credit granted	0	0	0
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred	0	0	0
(e) Life Insurance Premium	0	0	0
(f) Hospitalization Plan	0	0	0
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
<b>Total</b>	0	0	0

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

None.

##### (b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

None.

#### 5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

The Company had no operations in the year 2012 and no transactions in 2013. Consequently, there was no management team, which received any remuneration.

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Comm. Charter	Functions	Key Responsibilities	Power
	Exec. Director or (ED)	Non-exec. Director (NED)	Independent Director (ID)				
Executive	Not Applicable						

Audit	2	1	No.	<ol style="list-style-type: none"> <li>1. Check all financial reports against its compliance with both the internal financial management handbook/guidelines and pertinent accounting standards, including regulatory requirement.</li> <li>2. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation and crisis management.</li> <li>3. Pre-approve all audit plans and scope at least one (1) month before the conduct of an external audit to ensure its conformity with the objectives of the corporation.</li> <li>4. Perform direct interface functions with the internal and external auditors.</li> <li>5. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.</li> <li>6. Organize an internal audit department.</li> <li>7. Review the reports submitted by the internal and external auditors.</li> <li>8. Review the quarterly, half-year and annual financial statement before their submission to the Board.</li> <li>9. Coordinate, monitor and facilitate compliance with laws, rules and regulations.</li> <li>10. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities.</li> </ol>
Nomination	3			It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors
Remuneration	2	1		<ol style="list-style-type: none"> <li>1. Establish formal policies and procedures and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</li> <li>2. Provide in the Corporation's annual reports, information and</li> </ol>

				proxy statements a clear, concise and appropriate disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year. 3. Cause the preparation of Human Resource Development or Personnel Handbook covering, among others, provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel I concerned with all statutory requirements that must be periodically met in their respective posts.
Others (specify)	Not Applicable			

## 2) Committee Members

### (a) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Absent	%	Length of Service (in months)
Chairman	Maximilian So Tanenglian	06/20/2016	0	0	0	11 months
Member	Beryl Fayette Tanenglian Say	06/20/2016	0	0	0	11 months
Member (ID)	Stilwell Tan Sy	06/20/2016	0	0	0	11 months

#### **Disclose the profile or qualifications of the Audit Committee members.**

**Maximilian So Tanenglian (Chairman)** - Mr. Tanenglian is the general manager for the Swiftstar group of companies since 2008 to present. The group is involved in the logistics and security industries providing products and services like but not limited to third party logistics services, security system design and supply and business continuity program consultancy.

**Beryl Fayette Tanenglian Say (Member)** - Aside from being the current President of Toaster Brainworks Lab Inc., Arch. Beryl Fayette Tanenglian Say, EnP, is also a Director and officer of several other companies. She is also currently a Director and the Treasurer of Jackstones Inc., a Director and the Corporate Secretary, Ketton Holdings Inc., a Director and the CFO of Wimax Philippines Inc., and a Director of BEVA Pte Ltd in Singapore.

Arch. Say was the former SAVP Treasury and Finance Officer of Philippine Airlines, she was also the Admin Architect of RR Payumo & Partners Architects. She previously worked with Architect Martha Ong in 1998 to 1999. In 2000, Arch. Say was among the top 3 passers of the Licensure Board Exam for Environmental Planner and in 1999, she was among the top 10 passers of the Architect Licensure Board Exam. She received her Bachelor of Science in Architecture from the University of Santo Tomas.

**Stilwell Tan Sy (Member/Independent Director)** – Mr. Sy possesses all the qualifications and none of the disqualifications of an Independent Director of Jackstones, Inc.

#### **Describe the Audit Committee's responsibility relative to the external auditor.**

The Audit Committee shall pre-approve all audit plans and scope at least one (1) month before the conduct of an external audit, and it shall review reports submitted by the external auditor.

**(b) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service to the Committee
Chairman	Mariano Chua Tanenglian	06/20/2016	0	0	0	11 months
Member	Adaline Daryl T. Ongcarranceja	06/20/2016	0	0	0	11 months
Member	Aleta So Tanenglian	06/20/2016	0	0	0	11 months

**(c) Compensation Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service to the Committee
Chairman	Vandermir Carnegie Tan Say, CFA	06-20-2016	0	0	0	11 months
Member	Jonathan A. Ongcarranceja	06-20-2016	0	0	0	11 months
Member (ID)	Amando Musni Velasco	06-20-2016	0	0	0	11 months

**(d) Others (Specify)**

None.

**3) Changes in Committee Members**

**Indicate any changes in committee membership that occurred during the year and the reason for the changes:**

None.

**4) Work Done and Issues Addressed**

**Describe the work done by each committee and the significant issues addressed during the year.**

None since their election on June 20, 2016.

**5) Committee Program**

**Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.**

No plans or programs were presented during the annual meeting held on June 20, 2016.

**F. RISK MANAGEMENT SYSTEM**

**1) Disclose the following:**

**(a) Overall risk management philosophy of the company;**

The Company is still in the process of establishing its risk management system to be finalized in the second half of 2017. However, the Company's Revised Manual on Corporate Governance obliges that Board to identify key risk areas and key performance indicators and monitor these factors with due diligence. In line with this, the Audit Committee is tasked with performing oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company and crisis management.



- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;**

The Risk Management program is still being drafted and will be finalized in the second half of 2017. The Board will have an opportunity to review the same when it is submitted to the Board for approval.

- (c) Period covered by the review;**

Kindly refer to the explanation above.

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and**

The Risk Management Programs shall be reviewed annually and all material changes to the Company's risk profile shall be noted. However, no review has been performed pending the finalization of the Risk Management Program by second half of 2017.

- (e) Where no review was conducted during the year, an explanation why not.**

The Company had no operations in 2012 and was only revitalized in March 2013. Due to the current reorganization and change in control of the Company, there was no implemented Risk Management Program in 2015 and 2016 as it is currently being developed.

## **2) Risk Policy**

- (a) Company**

**Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:**

The Company is still in the process of establishing its risk management policy and system, which is to be finalized in the second half of 2017.

- (b) Group**

**Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:**

The Company is still in the process of establishing its risk management policy and system, which is to be finalized in the second half of 2017.

- (c) Minority Shareholders**

**Indicate the principal risk of the exercise of controlling shareholders' voting power.**

The Company is still in the process of establishing its risk management policy and system, which is to be finalized in the second half of 2017.

## **3) Control System Set Up**

- (a) Company**

**Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:**

The Company is still in the process of establishing its risk management policy and system, including a control system set up, which is to be finalized in the second half of 2017.

**(b) Group**

**Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:**

The Company is still in the process of establishing its risk management policy and system, including a control system set up, which is to be finalized in the second half of 2017.

**(c) Committee**

**Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:**

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Audit Committee shall:  1. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation and crisis management.; and  2. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.	

**G. INTERNAL AUDIT AND CONTROL**

**1) Internal Control System**

**Disclose the following information pertaining to the internal control system of the company:**

**(a) Explain how the internal control system is defined for the company;**

The Company is still in the process of establishing its internal control system, which shall be finalized by the second half of 2017. Nevertheless, the Company's Revised Manual on Corporate Governance provides that the independent internal audit function shall be performed by an Internal Auditor or a group of Internal Auditors. Further, the minimum internal control mechanisms for management's operational responsibilities shall center on the 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 authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

**(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;**

The internal control system is still being drafted and will be finalized in the second half of 2017. The Board will have an opportunity to review the same when it is submitted to the Board for approval.

**(c) Period covered by the review;**

Kindly refer to the explanation above.

**(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and**

The internal control system shall be reviewed annually. However, no review has been performed pending the finalization of the internal controls by the second half of 2017.

**(e) Where no review was conducted during the year, an explanation why not.**

The Company had no operations in 2012 and was only revitalized in March 2013. Due to the current reorganization and change of control of the Company, there was no implemented internal control system in 2015 and 2016 as it is currently being developed.

**2) Internal Audit**

**(a) Role, Scope and Internal Audit Function**

**Give a general description of the role, scope of internal audit work and other details of the internal audit function.**

Due to the current reorganization and change of control of the Company, the details of the internal audit function are yet to be finalized by the second half of 2017.

**(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?**

Yes, however, such approval may also be obtained from the Board of Directors.

**(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?**

Under Section 3.2.6.2 of the Revised Company's Revised Manual on Corporate Governance, the Internal Auditor shall report to the Audit Committee.

**(d) Resignation, Re-assignment and Reasons**

**Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.**

There are no resignations or re-assignments of the internal audit staff for 2016.

**(e) Progress against Plans, Issues, Findings and Examination Trends**

**State the internal audit's progress against plans, significant issues, significant findings and examination trends.**

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

**(f) Audit Control Policies and Procedures**

**Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."**

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
The Board shall constitute an Audit Committee with oversight duties. Likewise, an Internal Auditor or a group of Internal Auditors shall also have independent internal audit function.	The Audit Committee was constituted on June 20, 2016.

**(g) Mechanisms and Safeguards**

**State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):**

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
The external auditor of the Company shall not at the same time provide the services of an internal auditor. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.	The mechanism to safeguard the independence of financial analysts shall be finalized in the second half of 2017.	The mechanism to safeguard the independence of investment banks shall be finalized in the second half of 2017.	The mechanism to safeguard the independence of rating agencies shall be finalized in the second half of 2017.
The Corporation's external auditor shall be rotated or the handling partner shall be change every five (5) years or earlier			

**(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.**

The Annual Corporate Governance Report was signed and attested to by the President, Mr. Maximilian Tanenglian, the Corporate Secretary/Compliance Officer, Atty. Anthony B. Peralta and an Independent Director. The Compliance Officer shall likewise execute the necessary Certification with regards the Company's compliance with its Revised Manual of Corporate Governance.

**H. ROLE OF STAKEHOLDERS**

**1) Disclose the company's policy and activities relative to the following:**

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	As the Company has no commercial operations, there are no policies or activities relative to customer welfare, supplier/contractor selection practice, value chain, community interaction and anti-corruption programs and procedures.	
Supplier/contractor selection practice		
Environmentally friendly value-chain		

Community interaction		
Anti-corruption programs and procedures?		
Safeguarding creditors' rights	The Company is committed to honoring its obligations financial obligations and loan covenants.	Timely settlement of financial obligations and faithful compliance with loan covenants.

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

No.

3) **Performance-enhancing mechanisms for employee participation.**

**(a) What are the company's policy for its employees' safety, health, and welfare?**

The Company is still in the process of developing its policies on employees' safety, health, and welfare, which are to be finalized in the second half of 2017.

**(b) Show data relating to health, safety and welfare of its employees.**

Due to the current reorganization and change of control of the Company, there is no sufficient data on health, safety and welfare of its employees.

**(c) State the company's training and development programmes for its employees. Show the data.**

Due to the current reorganization and change of control of the Company, no training and development program is in place.

**(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures**

Under Section 10 of Article II of the Company's Amended By-Laws, the Directors and Management officials shall be entitled to an annual bonus of not more than 12% of the net profits of the Company after taxes, of which 7% shall be given to the members of the Board of Directors and 5% to be given to the officials of the Corporation.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.**

The Company is still in the process of developing procedures for employee's complaints, which shall be finalized in the second half of 2017.

**I. DISCLOSURE AND TRANSPARENCY**

1) **Ownership Structure**

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp. - Filipino	53,743,119	32.07%	
Estate of David T. Fernando	20,824,419	12.42%	
Ketton Holdings, Inc.	90,481,927	54.00%	

2) **Does the Annual Report disclose the following:**

Key risks	No
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

3) **External Auditor's fee**

There are no details to be disclosed as to auditor's fees in 2016.

4) **Medium of Communication**

**List down the mode/s of communication that the company is using for disseminating information.**

Electronic mail, snail mail, telephone.

5) **Date of release of audited financial report:**

The 2016 Audited Financial Statements were submitted to the BIR on 11 April 2017 and to the SEC on 17 April 2017.

6) **Company Website**

**Does the company have a website disclosing up-to-date information about the following?**

Business operations	No.
Financial statements/reports (current and prior years)	No.
Materials provided in briefings to analysts and media	No.
Shareholding structure	No.
Group corporate structure	No.
Downloadable annual report	No.
Notice of AGM and/or EGM	No.
Company's constitution (company's by-laws, memorandum and articles of association)	No.

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

The Company is currently transitioning due to the change in control of the Company. Thus, the new website has not been launched. The Company will meet at a later time to discuss management's internal accessibility to the website.

7) **Disclosure of RPT**

**When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?**

Not applicable.

J. **RIGHTS OF STOCKHOLDERS**

1) **Right to participate effectively in and vote in Annual/Special Stockholders' Meetings**

(a) **Quorum**

**Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.**

<b>Quorum Required</b>	Majority of the subscribed capital stocks of record entitled to vote at any meeting of stockholders
------------------------	---

(b) **System Used to Approve Corporate Acts**

Explain the system used to approve corporate acts.

<b>System Used</b>	In accordance with the Corporation Code.
<b>Description</b>	

(c) **Stockholders' Rights**

**List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.**

None.

**Dividends**

None.

(d) **Stockholders' Participation**

**1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

None.

**2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:**

- 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**

In accordance with the Corporation Code, the amendment of the Company's Articles of Incorporation and the transfer of all or substantially all the assets of the Company require the vote of 2/3 of the outstanding capital stock in a meeting duly called for the purpose.

**3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

**a. Date of sending out notices:**

Under Section 3 of the Company's Amended By-Laws, notices shall be given at least ten (10) days and not more than thirty (30) days prior to the date of the annual and any special meeting of stockholders.

**b. Date of the Annual/Special Stockholders' Meeting: 30 April**

**4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.**

There were no questions from the floor during the 2016 Annual Stockholders' Meeting.

**5. Result of Annual/Special Stockholders' Meeting's Resolutions**

Resolution	Approving	Dissenting	Abstaining
Approval of Financial Statements for the years 2016	117,337,367		
Ratification of acts of the board, officers and management	117,337,367		
Appointment of Isla Lipana & Co. (Pricewaterhouse Coopers) as external auditor	117,337,367		

**6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**

The results of the AGM held last June 20, 2016 was disclosed to the PSE on the same day and to the SEC on June 21, 2016.

**(e) Modifications**

**State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:**

None.

**(f) Stockholders' Attendance**

**(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:**

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH Attendance
Annual	Maximilian So Tanenglian Vandermir Carnegie Tan Say	June 20, 2016	By poll	5.75%	94.25%	70.03%



	Jonathan A. Ongcarranceja					
	Beryl Fayette Tanenglian Say					
	Stilwell Tan Sy					
	Amando Musni Velasco					
	Anthony B. Peralta					
	Ma. Christina Reyes					
Special						

(ii) **Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?**

No.

(iii) **Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.**

Yes.

**(g) Proxy Voting Policies**

**State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.**

	Company's Policies
Execution and acceptance of proxies	The exercise of the right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.
Notary	For corporate shareholders, the Company requires notarized secretary's certificate as to authority of the representative to attend the meeting.
Submission of Proxy	Must be submitted not later than 10 days prior to the date of the stockholders' meeting
Several Proxies	No policy. However, in case of several proxies, the latest validated one will prevail.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time(
Proxies executed abroad	In accordance with Corporation Code and jurisprudence.
Invalidated Proxy	Invalidated proxies are not allowed to vote.
Validation of Proxy	Validation of proxies should not be less than 5 days prior to the stockholders' meeting.
Violation of Proxy	In accordance with Corporation Code and jurisprudence.

**(h) Sending of Notices**

**State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.**

<b>Policies</b>	<b>Procedure</b>
Notices shall be given at least 10 days and not more than 30 days prior to the date of the annual and any special meeting of stockholders.	By posting in a postage pre-paid envelope addressed to each stockholder of record entitled to vote, at the address left by such stockholder with Secretary of the Company or at his last know post office address, or by delivering the same to him in person.

**(i) Definitive Information Statements and Management Report**

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	565
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants or beneficial owners</b>	May 21, 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	May 21, 2016
<b>State whether CD format or hard copies were distributed</b>	Hard Copies
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes.

**(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:**

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	<i>Not Applicable</i>
The amount payable for final dividends.	<i>Not Applicable</i>
Documents required for proxy vote.	<i>Not Applicable</i>

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

Not applicable.

**2) Treatment of Minority Stockholders**

**(a) State the company's policies with respect to the treatment of minority stockholders.**

Policies	Implementation
Minority shareholders have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the meeting and the items in the agenda are for legitimate business purposes.	The Company strictly adheres with its policies with respect to the treatment of minority stockholders.
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.	

**(b) Do minority stockholders have a right to nominate candidates for board of directors?**

Yes.

#### **K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.**

The Company's announcements and periodic and annual reports are disclosed to the SEC and PSE. The Corporate Secretary is responsible for external communications of the Company. Major company announcements are to be reviewed and approved by the Chairman and President/CEO prior to release to the public.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.**

The Company has designated Atty. Anthony B. Peralta as the Investor Relations Officer (IRO), however, it is still in the process of developing an investor relations program, which shall be finalized in the second half of 2017.

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?**

The Company ensures that acquisition, mergers, sales of substantial portions of corporate assets, if any, are properly evaluated. The Company may consider the appointment of an independent party to assist and evaluate the fairness of the transaction price.

#### **L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

**Discuss any initiative undertaken or proposed to be undertaken by the company.**

None.

#### **M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

**Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.**

The Company is still in the process of developing the process to be followed and criteria to be used in assessing the annual performance of the board and its committees, individual director, and the President, which shall be finalized in the second half of 2017.

## N. INTERNAL BREACHES AND SANCTIONS

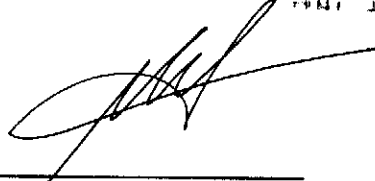
*Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees*

Violations	Sanctions
First violation	Reprimand
Second violation	Suspension from office The duration of the suspension shall depend on the gravity of the violation.
Third violation	Removal

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on MAY 15 2017

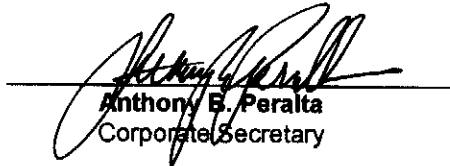
By:



**Maximilian So Tanenglian**  
President



**Amando Musni Velasco**  
Independent Director




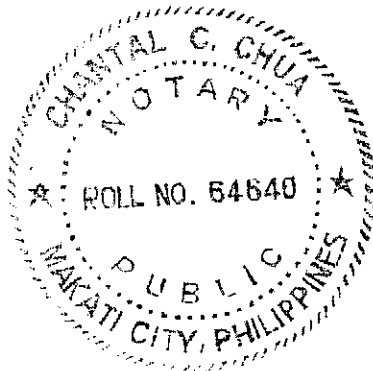
**Anthony B. Peralta**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 15 2017, affiant exhibited to me their Government Issued Identifications with the dates and the places of issue, to wit:

<b>Name</b>
Maximilian So Tanenglian
Amando Musni Velasco
Anthony B. Peralta

<b>Valid Identification</b>
Tax Identification No. 199-391-243
Tax Identification No. 103-900-426
Tax Identification No. 107-447-390

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Series of 2017.



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