

MANUAL ON CORPORATE GOVERNANCE
OF
OPTIMUM QUALITY HEALTH VENTURES INC.
Doing business under the name and style of Camarin Doctors Hospital

PREAMBLE

The Board of Directors and Management of **OPTIMUM QUALITY HEALTH VENTURES INC.** *Doing business under the name and style of Camarin Doctors Hospital* (the "Company") hereby commit themselves to the principles and best practices of corporate governance as contained in this Manual, and acknowledge that the same may guide the attainment of the Company's corporate goals.

1. DEFINITIONS

Board of Directors- the collegial body that exercises the corporate powers of all corporations formed under the Corporation Code of the Philippines. It conducts all business and controls or holds all property of the Company. The Board of Directors may sometimes be referred to in this Manual as the "Board".

Commission- the Securities and Exchange Commission of the Republic of the Philippines.

Corporation Code- Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.

Executive Director- a director who is at the same time appointed to head a department or unit within the Company organization.

Independent Director- a person other than an officer or employee of the Company, its parent company or subsidiaries, or any other individual having any relationship with the Company, which would interfere with the exercise of independent judgment on carrying out the responsibilities of a Director. This means that apart from the directors' fees and shareholdings, the independent director should be independent of management and free from any business or any other relationship that could materially interfere with the exercise of his independent judgment.

Management- the body given the authority to implement the policies determined by the Board of Directors in directing the course of business or business activities of the Company.

Non-Executive Director- a member of the Board with non-executive functions.

2. OBJECTIVE

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

The Board of Directors and Management 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 and the shareholders of the Company

3. COMPLIANCE

3.1 Compliance Officer

3.1.1 In order to ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position or a Vice President or its equivalent. The Compliance Officer shall have direct reporting responsibilities to the Chairman of the Board.

3.1.2 The Compliance Officer shall perform the following duties:

- a. Monitor the Company's compliance with the provisions and requirements of this Manual;
- b. Appear before the Commission upon summon on related matters that need to be clarified by the Commission;
- c. Determine any violation of the Manual and recommend penalty for such violation, subject to the review and approval of the Board;
- d. Issue a certification no later than February 15 of every year on the extent of the Company's compliance with this Manual for the preceding completed year, and explaining the reasons for the Company's deviation from the Manual; and
- e. Identify, monitor, and control compliance risks.

3.1.3 The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC form 17-C. All correspondences relative to the functions of the Compliance Officer shall be addressed to the Compliance Officer.

3.2 Plan of Compliance

3.2.1. The Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of 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 the Board's fiduciary responsibility, which the Board shall exercise in the best interest of the Company, its shareholders, and stakeholders. The Board shall conduct itself with the utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

3.2.1.1. General Responsibility

A director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability, and fairness.

3.2.1.2. Specific Duties and Functions

To ensure a high standard of best practice for the Company, its shareholders, and stakeholders, the Board shall:

- a. Install, through the Nomination and Remuneration Committee, a process of selection that will ensure a mix of competent directors and officers;
- b. Determine the Company's purpose, mission, vision, and strategies to carry out the Company's objective;
- c. Ensure that the Company complies with all relevant laws, rules and regulations, and codes of best business practices;
- d. Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relating them through an effective investor relations program;
- e. Adopt a system of internal checks and balances;
- f. Identify key risk areas and key performance indicators, and monitor these factors with due diligence;
- g. Properly discharge Board functions by meeting regularly. Independent views during the Board meetings shall be given due considerations and all such meetings will be duly minuted; and
- h. Keep Board authority within its powers, as prescribed in the Articles of Incorporation and By-Laws of the Company and in relevant laws, rules, and regulations.

3.2.1.3. Duties and Responsibilities of a Director

A director shall have the following duties and Responsibilities:

- a. Conduct fair business and transactions with the Company, and ensure that personal interest does not bias Board decisions;
- b. Devote time and attention necessary to properly discharge his duties and responsibilities;
- c. Act judiciously;
- d. Exercise independent judgment;
- e. Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of the Company's Articles of Incorporation and By-Laws, the requirements of the Commission, and the requirements of their regulatory agencies;
- f. Observe confidentiality; and
- g. Ensure the continuing soundness, effectiveness, and adequacy of the Company's control environment.

3.2.2. Board Committees

In order to ensure the compliance by the Company with the principles of the good corporate governance, the Board shall constitute the following committees:

3.2.2.1. Nomination and Remuneration Committee

The Board shall create a Nomination and Remuneration Committee, which shall have at least three (3) members of the Board, one (1) of whom must be an independent Director and one (1) non-voting member in the person of the Human Resource Director or Manager.

- 3.2.2.1.1. The Nomination and Remuneration Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, in accordance with the minimum qualifications and disqualifications hereunder set forth. The Nomination and Remuneration Committee may include additional qualifications and disqualifications as it may deem fit for good corporate governance.

Qualifications

- a. The candidate shall be a holder of at least one (1) share of stock of the Company;
- b. The candidate shall be at least a college graduate, or shall have sufficient experience in managing the business the of the Company to substitute and compensate for such formal education;
- c. The candidate shall be at least twenty-one (21) years of age;
- d. The candidate shall possess proven integrity and probity; and
- e. The candidate shall be assiduous.

Disqualifications

- a. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions;
- b. Any person finally found by the Commission or a court of law or administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or the Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or the Bangko Sentral ng Pilipinas;

- c. Any person judicially declared to be insolvent;
- d. Any person finally found guilty by a foreign court or tribunal or equivalent financial regulatory authority of acts, violation, or misconduct similar to any of the act, violations, or misconduct enumerated in the foregoing paragraphs a, b and c;
- e. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Securities Regulation Code or the Corporation Code committed within five (5) years prior to the date of the director's nomination, election, or appointment; and
- f. If the independent director becomes an officer or employee of the Company, such independent director shall be automatically disqualified from being an independent director.

Temporary Disqualification

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

- a. Refusal to fully disclose the extent of his business interests as required by the Securities Regulation Code and its implementing rules and regulations. The disqualification shall be in effect as long as the director's refusal persists;
 - b. Absence or non-participation for whatever reason for more than fifty percent (50%) of all Board meetings, both regular or special, of a member of the Board of Directors during his incumbency, or any twelve (12) -month period during the said incumbency. This disqualification applies for purposes of the succeeding election;
 - c. Dismissal or termination from directorship in other listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
 - d. Being under preventive suspension by the Company, if an executive director; and
 - e. Conviction of any of the grounds for the disqualification of directors that has not yet become final.
- 3.2.2.1.2. In consultation with the Board or the executive or the management committee, re-define the roles, duties, or responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and further expansionary prospects of the Company within the realm of good corporate governance at all times, if the need arises;

3.2.2.1.3. The Nomination and Remuneration Committee shall consider the following in the determination of the number of directorships in other corporations for the members of the Board;

- a. The nature of the business of the corporation in which the director is also a member of the Board;
- b. The age of the director;
- c. The numbers of directorships or active memberships and officerships in other corporations or organizations; and
- d. Possible conflict of interest.

The optimum number shall be related to the capacity of a director, on a case to case basis, to perform his duties diligently in general.

3.2.2.1.4. The Chief Executive Officer and other executive directors of the Company shall submit themselves to law-indicative limit on membership in other corporate boards. The same law limit shall apply to independent, non-executive directors who serve as fully time executives in other corporations. An exemption to this rule may be applied to membership in the corporate boards of the subsidiaries or affiliates of the Company. In any case, the capacity of directors to serve the Company with diligence shall not be compromised.

3.2.2.1.5. The Nomination and Remuneration Committee shall further have the following duties and responsibilities relating to compensation and remuneration of the directors, corporate officers, and senior management;

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration packages of individual corporate officers and directors;
- b. Provide oversight over remuneration for senior management and other key personnel;
- c. Ensure that the compensation and remuneration for the directors, officers, and senior management is consistent with the Company's culture, strategy, and control environment;
- d. Designate amount of remuneration that shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully;
- e. Develop a form of full business interest disclosure as a part of pre-employment requirements for all incoming officers. It shall, 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;

- f. Disallow any director to decide his or her own remuneration;
- g. Provide in the Company's annual report and information or proxy statements as a clear, concise, and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
- h. Regularly review the existing personnel policy manual of the Company in order to strengthen the provisions on conflict of interests, salaries and benefit policies, promotion and career advancement directives, and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

3.2.2.2. Audit Committee

3.2.2.2.1. The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have an adequate understanding at least or competence at most of the Company's financial management systems and environment. The chairman of the Audit Committee must be an independent director of the Company.

3.2.2.2.2. Duties and Responsibilities

- a. Check all the financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- b. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal, and other risks of the Company, and crisis management;
- c. Preapprove all audit plans, scope, and frequency one (1) month before the conduct of external audit;
- d. Perform direct interface functions with the internal and external auditors;
- e. Elevate to prevalent international standards the accounting and auditing processes and practices and methodologies of the Company, and develop the following in relation to this duty:
 - i. A definitive timetable within which the accounting system of the Company will be one hundred percent (100%) compliant with the International Accounting Standard (IAS); and

- ii. An accountability statement that will specifically identify officers and personnel directly responsible for the accomplishment of such task.
- f. Regularly review and improve, if necessary, the Company's Controller's Policies and Procedures Manual in order to provide for a transparent financial management system that will ensure the integrity of internal control activities throughout the Company and the entire organization; and
- g. Recommend to the stockholders the external auditor of the Company.

3.2.3. The Corporate Secretary

3.2.3.1. The Corporate Secretary is an officer of the Company, and perfection in performance and no surprises are expected of him. As a corporate officer, his loyalty to the mission, vision, and specific business of the Company come with his duties.

3.2.3.2. The Corporate Secretary shall be a Filipino citizen.

3.2.3.3. The Corporate Secretary must possess administrative and interpersonal skills. The Corporate Secretary must also possess some financial and accounting skills as well as some legal skills, if not a lawyer.

3.2.3.4. The Corporate Secretary must possess a working knowledge of the statutory and regulatory requirements applicable to and affecting the Company, including the contents of the Company's Articles of Incorporation and By-Laws, as may be amended from time to time, the requirements of the Commission, and, when applicable, the requirements of the other regulatory agencies.

3.2.3.5. Duties and Responsibilities

3.2.3.5.1. Gather and analyze all documents, records, and other information essential to the conduct of his duties and responsibilities to the Company;

3.2.3.5.2. As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;

3.2.3.5.3. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;

3.2.3.5.4. Attend all Board meetings and maintain a record of the same; and

3.2.3.5.5. Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

3.2.4. External Auditor

- 3.2.4.1. The External Auditor shall ensure transparency in the financial records and reports to the Company. The External Auditor shall be selected and appointed by the stockholders of the Company, upon recommendation of the Audit Committee.
- 3.2.4.2. The reason/s for the resignation, dismissal, or cessation from the service and the date thereof of the External Auditor shall be reported on the Company's annual and current reports. The said reports shall include the discussion of any disagreement with the former External Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope and procedure.
- 3.2.4.3. The External Auditor of the Company shall not, at the same time, provide for the services of an Internal Auditor to the Company. The Company shall ensure that other non-audit work performed by the External Auditor shall not be in conflict with its functions as External Auditor.
- 3.2.4.4. The Company's External Auditor shall be rotated, or the handling partner be changed, every five (5) years or earlier.
- 3.2.4.5. If the External Auditor believes that the statements made in the Company's annual report or information or proxy statement filed during his engagement is incorrect or incomplete, the External Auditor shall present his views in the said report or statement.

3.2.5. Internal Auditor

- 3.2.5.1. The Company 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 the Board, officers, senior management, and stockholders shall be provided with reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate, and complied with.
- 3.2.5.2. The Internal Auditor shall report to the Audit Committee.
- 3.2.5.3. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the Company's organizational and procedural controls.
- 3.2.5.4. 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. These factors shall be taken into consideration every review, or in the event of total revision, of the Company's Controller's Policies and Procedures Manual.

4. COMMUNICATION PROCESS

- 4.1. This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.
- 4.2. All directors, executives, and division and department heads of the Company are tasked to ensure the thorough dissemination and communication of this Manual to all employees and related third parties, and to enjoin compliance in the process.
- 4.3. An adequate number of printed copies of this Manual must be reproduced by the Human Resource Department, or its equivalent, of the Company, with a minimum of at least one (1) hard copy of the Manual for every department.

5. TRAINING PROCESS

- 5.1. If necessary, funds shall be allocated for the purpose of conducting an orientation program or workshop to implement this Manual.
- 5.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance, which shall be conducted by a duly recognized private of government institute.

6. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

- 6.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible committee or officer through the Company's Compliance Officer.
- 6.2. All material information shall be publicly disclosed. Material information shall be anything that could potentially affect share price, and shall include earnings result, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors, and changes in ownership.
- 6.3. Other information that shall always be disclosed includes remuneration, including stock options, of all directors and senior management and off-balance sheet transaction.
- 6.4. All disclosed information shall be released via the approval of the approved stock exchange procedure for the company announcements, as well as through the current and annual reports.
- 6.5. The Board shall commit at all times to fully disclose material information dealings. The Board shall cause the filing of all required information for the interest of the stakeholders.

7. SHAREHOLDERS' BENEFIT, RIGHTS AND PROTECTION

The Company recognizes that the most cogent proof of corporate governance is that which is visible to the eyes of its shareholders. Therefore, the provisions hereunder are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its shareholders.

7.1. For the protection of shareholders and minority interests, the Board shall be committed to respect the following rights of the stockholders:

7.1.1. Voting Right

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

4.5.1.2. Cumulative voting shall be used in the election of directors.

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

7.1.2. Power of Inspection

Subject to reasonable restrictions in accordance with the Corporation Code and jurisprudence, all shareholders shall be allowed to inspect the corporate books and records of the Company, including minutes of Board meetings and stock registries, and shall be furnished with annual reports, including financial statements without cost.

7.1.3. Right to Information

7.1.3.1. The shareholders shall be provided, upon request, with periodic reports that disclose personal and professional information about the directors and officers of the Company, and certain other matters such as the Directors' and officers' holdings of the Company's shares, dealings with the Company, relationships among directors and key officers of the Company, and the aggregate compensation of the directors and officers.

7.1.3.2. The minority shareholders shall have the right to propose the holding of a stockholders' meeting, and the right to propose items in the agenda of the meeting, provided that the items in the agenda are for legitimate business purposes. Legitimate business purposes shall include information on matters under the immediately succeeding subsection.

7.1.3.3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and should disclose to the shareholders.

7.1.4. Right to Dividends

7.1.4.1. All shareholders shall have the right to receive dividends, subject to the discretion of the Board.

7.1.4.2. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except in the following cases:

- a. When justified by definite corporate expansion projects or programs approved by the Board;
- b. When the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
- b. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for a special reserve for probable contingencies.

7.1.5. 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 the following circumstances:

7.1.5.1 In case an amendment to the Articles of Incorporation of the Company 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.

7.1.5.2 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

7.1.5.3 In case of merger or consolidation.

7.2. It shall be the duty of the Board to promote shareholder rights, remove the impediments to the shareholders' rights, and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments for shareholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

8. MONITORING AND ASSESSMENT

- 8.1. Each Committee shall report regularly to the Board of Directors.
- 8.2. The Compliance shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 9 of this Manual.
- 8.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's Annual Report (SEC Form 17-A). The adoption of such performance evaluation system must be covered by a Board approval.
- 8.4. This Manual shall be subject to annual review, unless the same frequency is amended by the Board.
- 8.5. All business processes and practices being performed within any department or business unit of the Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the Compliant extent.


9. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 9.1. For the strict observance and implementation of the provisions of this Manual, the following penalties shall be imposed after notice and hearing, on the Company's directors, officers, employees, and subsidiaries and affiliates' respective directors, officers, and employees, in case of violation of any of the provisions of this Manual:
 - 9.1.1. In case of first violation, the subject person shall be reprimanded:
 - 9.1.2. In case of second violation, suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation; and
 - 9.1.3. For the third violation, the maximum penalty of removal from office shall be imposed.
- 9.2. The commission of a third violation of this Manual by any member of the Board of the Company or its subsidiaries or affiliates shall be a sufficient cause for removal for directorship in the Company and the Company's subsidiaries.
- 9.3. The Compliance Officer shall be responsible for determining any violation, through notice and hearing, and shall recommend to the Chairman of the Board the impossible penalty for such violation, subject to further review and approval of the Board.

OPTIMUM QUALITY HEALTH VENTURES INC.

Doing business under the name and style of Camarin Doctors Hospital

By:


RICARDO LAVISON
President