This Prospectus is being displayed in this website to make the Prospectus accessible to more investors. The PSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in the Prospectus. Furthermore, the Stock Exchange makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.

PROSPECTUS

SBS Philippines Corporation

(A Corporation duly organized and existing under Philippine laws)

Primary Offer of 420,000,000 Common Shares at the Offer Price of ₱2.75 per Offer Share to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Sole Issue Manager, Lead Underwriter & Bookrunner
(A wholly owned subsidiary of BDO Unibank, Inc.)

BDO Capital & Investment Corporation

Selling Agents

Trading Participants of The Philippine Stock Exchange, Inc.

This Prospectus is dated 24 July 2015

SBS Philippines Corporation
10 Resthaven Street
San Francisco Del Monte, Quezon City
Tel No.: + 63 2 371 1111
Fax No.: + 63 2 371 1288
Website: http://www.sytengco.com

This Prospectus relates to the offer and sale to the public of 420,000,000 new Common Shares with par value of ₽1.00 per share (the "Offer Shares") of SBS Philippines Corporation ("SBS" or the "Company"), a corporation duly organized and existing under Philippine law, at an Offer Price of ₽2.75 per share (the "Offer Price"). The Offer Price for the Offer Shares was determined through a book-building process and discussions between the Company and the Sole Issue Manager, Lead Underwriter & Bookrunner, see "Determination of Offer Price" on page 49 of this Prospectus. The Offer Shares are being issued for subscription by the Company from its authorized and unissued capital stock by way of a Primary Offer (the "Offer").

The Company plans to make available 84,000,000 Offer Shares or 20% of the Offer Shares, for distribution to the Trading Participants of The Philippine Stock Exchange, Inc. ("PSE") and 42,000,000 Offer Shares, or 10% of the Offer Shares, shall be made available to Local Small Investors. The remaining 294,000,000 Offer Shares (or 70% of the Offer Shares) shall be offered by the Sole Issue Manager, Lead Underwriter & Bookrunner to the Qualified Institutional Buyers (the "QIBs") and to the general public. Prior to the closing of the Offer, any Offer Shares not taken up by the PSE Trading Participants and Local Small Investors shall be distributed by the Sole Issue Manager, Lead Underwriter & Bookrunner to its clients or to the general public. The Sole Issue Manager, Lead Underwriter & Bookrunner firmly underwrites any shares left unsubscribed after the Offer, see "Plan of Distribution" on page 145 of this Prospectus.

The Offer Shares shall be listed and traded under the stock symbol "SBS" on the Main Board of PSE.

On 28 April 2015, the Company filed a Registration Statement covering the Offer Shares and the Company's outstanding Common Shares with the Securities and Exchange Commission ("SEC"), in accordance with the provisions of the Securities Regulation Code.

The Listing of the Offer Shares is subject to the approval of the PSE. An application to list the Offer Shares and the 780,000,000 outstanding Common Shares has been filed with the PSE. Assuming approval by the PSE of the Listing, such an approval is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Offer Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. The PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus.

With the Company's EBITDA of approximately ₱194 million, ₱172 million and ₱248 million for 2012, 2013 and 2014, respectively, it is compliant with the financial requirements for listing in the PSE Main Board. Moreover, the Company has been in existence and operating in materially the same business since its incorporation in 2001 and has a proven track record of management throughout the last three (3) years prior to the date of this Prospectus.

The Company was registered with the SEC on 17 July 2001 with an initial authorized capital stock of ₱22,000,000.00 divided into 220,000 Common Shares with a par value of ₱100.00 per share. Of the authorized capital stock, 25% equivalent to 55,000 shares or ₱5,500,000.00 was subscribed and fully paid up.

On 18 November 2014, the SEC approved the Company's increase in its authorized capital stock from ₱22,000,000 to ₱1,000,000,000 divided into 1,000,000,000 common shares with par value of ₱1.00 each.

The Company again increased its authorized capital stock from ₱1,000,000,000 to its present level of ₱1,550,000,000.00 divided into 1,550,000,000 Common Shares with a par value of ₱1.00 per share which was approved by the SEC on 18 December 2014. Immediately prior to the Offer, the Company has a total of 780,000,000 outstanding and fully paid Common Shares. Immediately after the completion of the Offer, the Company will have a total of 1,200,000,000 Common Shares issued and outstanding. The Offer Shares will represent approximately 35% of the issued and outstanding Common Shares of the Company after completion of the Offer. At an Offer Price of ₱2.75, the market capitalization of the Company upon listing will be approximately ₱3.30 billion.

The Board of Directors is authorized to declare dividends. A cash dividend declaration does not require any further approval from shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

On 5 March 2015, the Company has adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) 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 (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

The Company cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company’s financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend policy depending upon the results of operations and future projects and plans of the Company, see “Dividends and Dividend Policy” on page 46 of this Prospectus.

All of the Common Shares of the Company in issue or to be issued pursuant to the Offer (collectively the “Common Shares”) are unclassified and have, or upon issue will have, identical rights and privileges.

The Company expects to raise gross proceeds of approximately ₱1,155,000,000 from the Offer. After deducting listing fees, taxes and other fees and expenses related to the Offer, the net proceeds from the Offer is estimated at ₱1,097,413,977. Net proceeds from the Offer will primarily be used by the Company to expand its product offering, invest in capital expenditures to promote operational efficiencies, partially retire a term loan from BDO Unibank, Inc. which is the parent company of BDO Capital & Investment Corporation, the Sole Issue Manager, Lead Underwriter & Bookrunner, and for working capital purposes, see “Use of Proceeds” on page 40 of this Prospectus.

The Sole Issue Manager, Lead Underwriter & Bookrunner will receive a transaction fee from the Issuer equivalent to 2.25% of the gross proceeds from the sale of the Offer Shares. This is inclusive of the amount to be paid to the PSE Trading Participants, where applicable, see “Plan of Distribution” on page 145 of this Prospectus.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that (i) this Prospectus contains all material information with regard to the Company, its business and operations and the Offer Shares, which as of the date of this Prospectus are material in the context of the Offer, (ii) to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and are not misleading in any material respect, (iii) the opinions and intentions expressed herein are honestly held, and, (iv) there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

BDO Capital & Investment Corporation, as the Sole Issue Manager, Lead Underwriter & Bookrunner, warrants that it has, to the best of its ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in the Prospectus not misleading. Except for its failure to exercise the required due diligence, the Sole Issue Manager, Lead Underwriter & Bookrunner assumes no responsibility for any breach of the representations of the Company.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Sole Issue Manager, Lead Underwriter & Bookrunner make any representation as to the accuracy and completeness of such information.

In making an investment decision, Applicants are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing potential risks in an investment in the Offer Shares:

Risk Factors Affecting the Chemical Trading Business

- Demand for chemicals is affected by general economic conditions and macroeconomic trends
- Significant disruptions in chemical supply could affect the results of the Company's operations
- Disruptions in cargo importations may adversely affect the Company's operations
- Termination of major supply and distribution relationships can affect the business of the Company
- Intense competition can limit the growth and earnings of the Company
- Volatility in prices and supply availability can affect sales and results of operations
- Pronounced cyclicality in certain markets creates complexity in inventory management
- The Company is exposed to inventory risks of obsolescence
- The goods of the Company are exposed to mechanical, climactic and other risks in the distribution process
- Changes in foreign exchange can affect financial results of the Company
- The business requires a significant amount of working capital
- The Company depends on performance of its key executives and employees to carry out its business strategy
- The business of the Company is subject to a number of operating risks
- Relationships with principal shareholders and related party transactions
- Credit risk exposure
- Changes in laws and regulations can adversely affect the business and competitive position of the Company

Risks relating to the Real Estate Operations of the Company

- Difficult market conditions can reduce the value or performance of the investments in real estate and reduce cash flow and adversely affect the financial condition of the Company
- The real estate property market is a highly competitive industry
- There is no certainty that the current growth trend in the real estate sector will continue

Risk Relating to the Company's Common Shares

- There can be no guarantee that the Offer Shares will be listed on the PSE
- There may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall
- The Offer Shares may not be a suitable investment for all investors
- The market price of the Common Shares may be volatile, which could cause the value of investors' investments in the Company to decline
- Investors may incur immediate and substantial dilution as a result of purchasing the Offer Shares
- The Company may be unable to pay dividends on the Common Shares

General Risks

- A slowdown in the Philippine economy could adversely affect the Company
- Acts of terrorism and political or social instability could adversely affect the financial results of the Company
- No assurance can be given that the political environment in the Philippines will remain stable
- Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment
- Imposition of foreign exchange controls and volatility in the value of the peso against other currencies
- Sovereign credit ratings of the Philippines
- The country might continue to experience natural catastrophes and power shortages

For a more detailed discussion on the risks in investing, see section on "Risk Factors" on page 21 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectation and projections about future events and financial trends affecting its business and operations. Words including, but not limited to "believe", "may", "will", "estimates", "continues", "anticipates", "intends", "expects", and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may or may not occur. The Company's actual results could differ significantly from those anticipated in the Company's forward-looking statements.

The Offer Shares are offered solely on the basis of the information contained and the representations made in the Prospectus. No dealer, salesman or other person has been authorized by the Company or the Sole Issue Manager, Lead Underwriter & Bookrunner to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or the Sole Issue Manager, Lead Underwriter & Bookrunner.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Company or the Sole Issue Manager, Lead Underwriter & Bookrunner to subscribe for or purchase any of the Offer Shares. Neither may this Prospectus be used as an offer to, or solicitation by, anyone in any jurisdiction or in any circumstance in which such offer or solicitation is not authorized or lawful. The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus are required by the Company and the Sole Issue Manager, Lead Underwriter & Bookrunner to inform them about, and to observe any such restrictions.

ALL REGISTRATION STATEMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at 10 Resthaven Street, San Francisco Del Monte, Quezon City with telephone numbers +63 2 371 1111. Any inquiry regarding this Prospectus should be forwarded to the Company.

SBS Philippines Corporation
By:
(original signed)
NECISTO U. SYTENGCO
Chairman of the Board & President

SUBSCRIBED AND SWORN to before me this ____th day of ___________ 2015 in __________, Philippines, affiants exhibiting to me his [●] issued on [●] in [●].

Doc. No. ______;
Page No.______;
Book No. ______;
Series of 2015.

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below:

Affiliate	means, with respect to the Company, any Person which either directly or indirectly Controls, or which is Controlled by, or is under common Control with, the Company
Associate	means a related entity to the Company linked by means of ownership of at least twenty (20%) to not more than fifty percent (50%) of its outstanding voting stock
Anesy Holdings Corporation or Anesy Holdings	means the holding company of the Sytengco Family
Applicant	means a person, whether natural or juridical, who seeks to subscribe for the Offer Shares
Application	means an application to subscribe for Offer Shares pursuant to the Offer
BIR	means the Philippine Bureau of Internal Revenue
Board of Directors or Board	means Board of Directors of the Company
BSP	means the Bangko Sentral ng Pilipinas
CAGR	means Compounded Annual Growth Rate, the year-over-year growth rate of an investment over a specified period of time
Commodity Chemicals	means chemicals manufactured in large volume or by bulk with minimal product variation from producer to producer
Common Shares or Shares	means the Company's shares of common stock, each with a par value of ₱1.00
Company, Issuer or SBS	means SBS Philippines Corporation
Control	means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the concerned entity, whether through the ownership of voting

	securities, by contract, voting trusts, through majority membership in the board of directors or governing body of a corporation or other legal entity or otherwise
Corporation Code	means Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines
EBITDA	means Earnings Before Interest, Tax, Depreciation, and Amortization
GDP	means Gross Domestic Product
Government	means the Government of the Republic of the Philippines
Listing Date	means the date of listing and when the trading of the Shares with the PSE commences
LSI	means a local small investor, i.e. a subscriber who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱25,000.00
MT	means metric ton
Metro Manila	means the metropolitan area comprising the cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Pateros, Quezon City, Valenzuela, Taguig and San Juan, which together comprise the "National Capital Region" and are commonly referred to as "Metro Manila"
Non-Commodity Chemicals	means chemicals that are not generally available from many suppliers, are usually prepared to suit the customer's application needs, and are generally covered by patents
Offer	means the offering for sale of the Offer Shares and subject to the terms and conditions stated herein
Offer Price	means ₱2.75, the price per Offer Share
Offer Shares	means the offering of 420,000,000 Common Shares
PCD	means Philippine Central Depository
PCD Nominee	means PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDS	means the Philippine Dealing System
PDS Rate	means the closing spot rate for the purchase of U.S. Dollars with Pesos, which is quoted on the PDS and published in the BSP's

	Reference Exchange Rate Bulletin and major Philippine financial press on the following business day
PDTC	refers to the Philippine Depository and Trust Corporation, the central securities depositary of, among others, securities listed and traded on the PSE
Peso or ₱	means the Philippine Peso, the lawful currency of The Republic of the Philippines
PFRS	means Philippine Financial Reporting Standards
Philippines	means the Republic of the Philippines
PSE	refers to The Philippine Stock Exchange, Inc.
PSE Main Board	refers to the PSE board in which the Company intends to list
PSE Revised Listing Rules	means the Revised Listing Rules of the PSE as amended by PSE Memorandum Circular No. 2013-0023 dated June 6, 2013, or the Main and SME Board Listing Rules
PSE Trading Participants or Trading Participants	means the duly licensed securities brokers who are trading participants of the PSE
Punongbayan & Araullo	means Punongbayan & Araullo, the Philippine member firm within Grant Thornton International Ltd.
QIBs	Qualified Institutional Buyers
Receiving Agent	means BDO Unibank, Inc. – Trust and Investments Group, a duly licensed universal bank organized and existing under the laws of the Republic of the Philippines
SCCP	means the Securities Clearing Corporation of the Philippines
SEC	means the Philippine Securities and Exchange Commission
Sole Issue Manager, Lead Underwriter & Bookrunner	means BDO Capital & Investment Corporation
Specialty Chemicals	mean chemicals produced in small volumes and are, in many instances, proprietary formulations which customers use in specific applications
SQ M.	means square meters

SRC	means the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended
Sytengco Family	means Mr. Necisto U Sytengco and his immediate family composed of his spouse, Mrs. Lali Yap-Sytengco and their children, Aylene, Necisto II and Ned Bryan all surnamed Sytengco
Underwriting Agreement	means the agreement to be dated July 23, 2015 between SBS Philippines Corporation and BDO Capital & Investment Corporation
US Dollars or US$	means United States Dollars, the lawful currency of the United States of America
VAT	means Value-Added Tax

EXECUTIVE SUMMARY

The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information, including the Company's financial statements and notes relating thereto, beginning on page 159 of this Prospectus. For discussion of certain matters that should be considered in evaluating any investment in the Offer Shares, see the section entitled "Risk Factors" beginning on page 21 of this Prospectus.

THE COMPANY

SBS Philippines Corporation (the "Company") is one of the major chemical trader-distributors in the Philippines supplying a diverse customer base of more than 1,800 customers with over 3,000 chemical products sourced from more than 500 suppliers. For the years 2014, 2013 and 2012, the Company registered total sales of ₱933,080,958, ₱785,947,148 and ₱993,927,489, respectively. As of March 2015, total sales amounted to ₱243,208,756.

The Company offers a comprehensive selection of chemical products to service its wide set of clientele in the following industries: (i) food ingredients, (ii) industrial, (iii) feeds, agriculture and veterinary care, (iv) pharmaceutical and (v) personal care and cosmetics. At present, the Company's top customers in terms of sales include RDL Pharmaceutical Laboratory, Inc., Uni-President (Phils) Corporation, Zamboanga Carrageenan Manufacturing Corporation, Empire Chemical Company, Inc. and Zeno Chemical Industries, Inc. Top products in terms of sales are monosodium glutamate, starch, potassium chloride, hydroquinone and menthol crystals. The Company's scale and distribution reach, combined with its diversified product offering, deep industry knowledge, and value-added services on logistics management provide the Company with a distinct competitive advantage as the "one-stop shop" resource for its customers' chemical requirements.

The Company also takes advantage of the opportunities in the real estate market and acquires real properties with valuable growth opportunities to (i) build its capital base, (ii) provide leverage capability, and (iii) produce a diversified income base. By investing in prime real estate properties, the Company may benefit from capital growth through land value appreciation. Moreover, the Company may leverage appreciation in property values to obtain debt financing against its portfolio of assets. Lastly, the gains from these real estate investments are meant to grow and diversify the Company's income streams and counterbalance some of the fluctuations in the chemicals business.

The Company was incorporated on 17 July 2001 and was formerly known as Sytengco Philippines Corporation. The change to its present name was approved by the SEC on 18 November 2014. The Sytengco Family owns, directly and indirectly, 99.97% of the Company immediately preceding the IPO. Post IPO, the Sytengco Family will continue to own directly and indirectly 64.98% of the Company.

HISTORY

The Company traces its roots to the 1970s when its founder Mr. Necisto U. Sytengco opened a single proprietorship merchandising firm in Sta. Cruz, Manila to engage in the import-wholesale trade of electronics spare-parts and chemicals to local and foreign-owned processors, integrators, millers, refineries and manufacturers.

In the 1980s, the chemical trading business expanded and grew. Seeing the potential for more growth in this industry, the Sytengco Family began setting up large dedicated and strategic distribution and warehousing facilities to better manage the flow of materials, gain economies of scale and have a more leveraged cost structure. These additional capabilities provided for a distinct competitive advantage as it allowed the Company to purchase bigger supply volumes and benefit from volume-based pricing as well as carry a more diversified product offering.

Since the 1990's the Company has become an important chemical supplier to leading manufacturing businesses in the country such as, but not limited to, D&L Industries Group of Companies, Uni-President (Philippines) Corporation, RDL Pharmaceuticals, Inc., Universal Robina Corporation, and San Miguel Corporation, Inc. It further expanded its distribution-warehousing facilities and product portfolio to serve the chemical requirements of high growth markets such as food ingredients, industrial, feeds, agriculture and veterinary care, pharmaceutical, personal care and cosmetics.

As it moved into the new century, the Company focused on enhancing its management system and improving the efficiency and cost effectiveness of its operations. The Company centralized its back office operations and implemented processes and procedures that led to better materials management and more cost effective logistics services. By the 2010's, the Company embarked on the professionalization of its management team and focused on core business initiatives designed to strengthen supplier and customer relationships.

PRODUCTS & MARKETS

The Company sells and distributes a wide range of chemicals to a diverse group of customers that are significant players in the following markets: (i) food ingredients, (ii) industrial, (iii) feeds, agriculture and veterinary care, (iv) pharmaceutical and (v) personal care and cosmetics. For the year ended 31 December 2014 and the three months ended 31 March 2015, the Company's product sales comprise of 90% Commodity Chemicals and 10% Non-Commodity Chemicals.

The Company generated over ₽933 million in sales in 2014, with food ingredients, industrial and feeds and veterinary care segments accounting for over 80% of the Company's total turnover for that year. Food ingredients chemicals such as food additives, processing aids, nutritional supplements, dairy and egg products, starch and bakery ingredients accounted for the largest portion of the Company's 2014 sales, contributing a 33.8% share, followed next by industrial segment at 24.5% with chemicals such as caustic soda, hydrochloric acid, absorbents, and mineral products. Feeds, agriculture and veterinary care chemicals such as feed additives and premixes, quinolones and coccidiostatics accounted for at 22.8%. As of 31 March 2015, the Company posted sales of ₽243 million, with food ingredients, industrial and feeds, agriculture and veterinary care segments accounting for 38.06%, 35.11% and 16.8%, respectively of sales turnover for the period.

The Company continually works to refresh its product offerings with chemicals that meet the key trends affecting its target end-market users such as, but not limited to, micronutrient fortification of food products and herbal extracts for cosmetics.

COMPETITIVE STRENGTHS

The Company believes that it possesses the following principal strengths enabling it to compete effectively in the industry:

Significant Scale and Scope of Business

The Company's comparative scale of operations, national geographic reach, broad product offerings, market expertise, and value-added services provide it with the competitive advantage to benefit from the expansion in the industrial and food ingredients industries and overall growing trends across markets in the Philippines. This significant scale and scope of business provide for differentiated capability.

With over 3,000 types of chemical products sourced from more than 500 suppliers and distributed to a diverse customer base of more than 1,800 customers, the Company is one of the major chemical wholesaler-distributors in the country. The Company recorded a sales turnover of ₱933.1 million in 2014, ₱786 million in 2013 and ₱994 million in 2012, for a combined turnover of ₱2.7 billion for the three year period ended December 31, 2014. As of 31 March 2015, the Company posted sales of ₱243 million.

Diversified Product Line and Presence in a Multitude of Markets

The Company currently offers more than 3,000 types of chemicals and continuously builds on its diversified product portfolio to further reinforce its presence in the chemical distribution business and enable it to service much wider industry segments. Its multiple products and diversified customer base provide for scope advantages.

Diverse Sourcing and Extensive Distribution and Warehousing Network

Its global sourcing network and storage and distribution infrastructure provide for scale effects. The Company leases and maintains a network of 15 distribution warehouses in five (5) sites in the Greater Manila Area and province of Bulacan. Seven (7) of these warehouses are situated in Marilao, Bulacan, four (4) in Mandaluyong City, two (2) in Resthaven, Quezon City, and one (1) each in Malabon City and Judge Luna Street in San Francisco del Monte, Quezon City. These storage facilities have a combined floor area of more than 46,000 SQ M. and a storage capacity of over 18,000 metric tons. Currently, the Company sources chemicals from over 500 producers and suppliers worldwide.

Strong and Long Standing Relationships with Suppliers and Customers

The Company's track record for reliability and quality service built up customers' trust that enabled the Company to develop long standing relationships with its customers, some of which extend for more than three (3) decades. San Miguel Corporation, Uni-President (Phils.) Inc., and Universal Robina Corporation are among the Company's oldest clients with relationships dating back to the 1980s up to the present. The Company's successful partnerships with the manufacturing and production sectors created for it a solid customer base.

Experienced and Entrepreneurial Management Team

The Company has an experienced senior management team whose average experience in the chemicals trading industry extends to over 30 years and represents one of the most experienced in the chemical distribution business in the Philippines. The continued success of the Company is a testimony of the proven ability of its management team to execute business plans and achieve profitable results.

BUSINESS STRATEGIES

The Company is committed to stimulate its business growth and boost its competitiveness. It aims to grow its revenues and results through organic growth.

The Company will focus on the following business strategies to promote growth and long term business success for the Company:

Focus on market and business development

The Company will strengthen its position as a major chemical distributor in the Philippines by focusing on market and business development. Firstly, the Company will focus on increasing its market share and further build its customer base by increasing market mapping and market coverage. Secondly, the Company will introduce additional products to enhance its product offerings. Thirdly, the Company will broaden its customer relationships by conducting business reviews with customers. Lastly, the Company will continue to assess market opportunities to capitalize on industry growth trends.

Capitalize on the growing industries in the Philippines

The Company will enhance its focus on industries with attractive growth trends. It will identify strategic product gaps to enhance its capacity to provide new and high value product offerings that meet the key trends in end-user markets. It will also support customer diversity initiatives by fully servicing their growing requirements for certain chemical inputs.

Enhance distribution and warehousing capabilities

The Company intends to improve its distribution and warehousing capabilities and enhance operating efficiencies by: (i) positioning its warehouse facilities for future requirements, (ii) investing in inventory planning, stocking and information technology systems, (iii) increasing its environment-specific storage facilities and (iv) acquiring additional warehouse equipment and machinery.

Reduce cost and improve profitability

The Company will focus on reducing procurement costs through volume consolidation and competitive global sourcing. Moreover, the Company will also optimize inventory planning and stocking to ensure better inventory management to meet service level commitments. The Company will likewise adopt energy saving systems to lower overhead and power costs.

For additional details of the Company's strengths and strategies, see "Business" on page 73 of this Prospectus.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

- Risk Factors Affecting the Chemical Trading Business
- Risk Relating to the Real Estate Operations of the Company
- Risk Relating to the Company's Common Shares
- General Risks

For a more detailed discussion of the risks related to the Company, see "Risk Factors" on page 21 of this Prospectus.

CORPORATE INFORMATION

The Company's principal place of business is at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City, Philippines. The Company's Investor Relations Officer is Atty. Regina Simona B. De Guzman who can be reached at +63 2 371 1111 or through email at ir@sytengco.com. Information about the Company can be obtained at www.sytengco.com.

SUMMARY OF THE OFFER

Issuer	SBS Philippines Corporation
Sole Issue Manager, Lead Underwriter & Bookrunner	BDO Capital & Investment Corporation
The Offer	The Company, through the Sole Issue Manager, Lead Underwriter & Bookrunner is offering 420,000,000 Common Shares with a par value of ₽1.00 per share (the "Offer Shares"), from its authorized and unissued capital stock. In accordance with the PSE Revised Listing Rules, allocations are made to the LSI and the Trading Participants as follows: LSI 42,000,000 Common Shares PSE Trading Participant 84,000,000 Common Shares At the completion of the Offer, the Offer Shares will comprise 35% of the Company's issued and outstanding Shares. The Offer will be firmly underwritten by BDO Capital & Investment Corporation
Offer Price	₽2.75 per Offer Share.
Offer Period	The Offer Period shall commence at 9:00 a.m. Manila time on 28 July 2015 and end at 12:00 noon, Manila time, on 3 August 2015. The Company and the Sole Issue Manager, Lead Underwriter & Bookrunner reserve the right to extend the Offer period, subject to the approval of the PSE.
Use of Proceeds	The Company intends to use the net proceeds from the Offer to (i) expand its product offering and invest in capital expenditures to promote operational efficiencies, (ii) partially retire a term loan, and (iii) fund working capital purposes, see "Use of Proceeds" on page 40 of the Prospectus for additional details on how the total net proceeds are expected to be applied.
Minimum Subscription	Each application must be for a minimum of 1,000 Offer Shares, and, thereafter, in multiples of 1,000 Offer Shares. Applications for multiples of any number of Offer Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.

Lock-up

The PSE Revised Listing Rules require an applicant company to cause its existing shareholders owning at least 10% of the outstanding shares of the company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares.

In addition, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the Offer Period, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least 365 days from full payment of the aforesaid shares.

In accordance with the foregoing lock-up rules, shares held by Anesy Holdings Corporation will be locked up as follows:

Number of Shares	Percentage	Lock Up Period
155,000,000	19.87%	180 days from listing date
353,000,000	45.26%	365 days from 5 March 2015
245,000,000	31.41%	365 days from 23 March 2015

To implement this lock-up requirement, the Company and Anesy Holdings, will enter into an escrow agreement with BDO Unibank, Inc. – Trust and Investments Group as the escrow agent thereunder, see “Plan of Distribution – Lock-up” on page 148 of this Prospectus for further details.

Listing and Trading

The Offer Shares are expected to be listed on the PSE Main Board under the symbol “SBS.” An application for listing has been filed with the PSE for the Listing of the Offer Shares being issued and sold by the Company pursuant to the Offer on the PSE, see “Description of the Shares” on page 125 of this Prospectus.

All of the Company’s outstanding and issued shares, including the Offer Shares issued pursuant to the Offer are expected to be listed on the PSE on 10 August 2015.

Trading is expected to commence on the same date.

Dividends

The Board of Directors is authorized to declare dividends. A cash dividend declaration does not require any further approval from shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

On 5 March 2015, the Company has adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) 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 (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

The Company cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend policy depending upon the results of operations and future projects and plans of the Company.

See "Dividends and Dividend Policy" on page 46 of this Prospectus.

Eligible Investor and Ownership Restriction

The Offer Shares may be purchased by any natural person of legal age residing in the Philippines, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, subject to the Issuer's right to reject an application to subscribe to and purchase the Offer Shares ("Application") or reduce the number of Offer Shares applied for subscription or purchase if the same will cause the Issuer to be in breach of the Philippine ownership requirements under relevant Philippine laws.

Applicant means a person, whether natural or juridical, who seeks to subscribe to the Offer Shares.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in nationalized or partly nationalized activities, including land ownership. As of the date of this Prospectus, the Company owns land and is therefore required by the Philippine Constitution and related statutes to be a Philippine National by limiting foreign ownership in the Company to a maximum of 40% of its outstanding capital stock.

Accordingly, the Company cannot allow the issuance or the transfer of Shares to persons other than Philippine Nationals and cannot record such issuance or transfer in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership.

Refunds for the Offer	In the event that the number of Offer Shares to be received by an Applicant, as confirmed by the Sole Issue Manager, Lead Underwriter & Bookrunner, is less than the number covered by an Application or an Application is rejected by the Company, then the Sole Issue Manager, Lead Underwriter & Bookrunner shall refund, without interest, through a check payable to the Applicant (or in case of joint Applicants to both Applicants) and crossed "Payee's Account Only", within five (5) banking days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent or the Sole Issue Manager, Lead Underwriter & Bookrunner, as applicable.
Registration and Lodgment of Shares with PDTC	The Offer Shares are required to be lodged with the PDTC at least two (2) trading days before the Listing Date. The Applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Applicant may request to receive share certificates evidencing such Applicant's investment in the Offer

Shares through his/her broker after the Listing Date. Any expense to be incurred by such issuance of certificates shall be borne by the Applicant.

Registration of Foreign Investments

The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of each foreign investor.

Application and Acceptance

Application forms and signature cards may be obtained from the Sole Issue Manager, Lead Underwriter & Bookrunner or from any participating PSE Trading Participants. Applicants shall complete the application form, indicating all pertinent information such as the Applicant's name, address, taxpayer's identification number, citizenship and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the application form may result in the rejection of the Application.

If the Applicant is a corporation, partnership or trust account, the Application must be accompanied by the following documents:

- a certified true copy of the Applicant's latest articles of incorporation and by-laws (or articles of partnership in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);
- a certified true copy of the Applicant's SEC certificate of registration or certificate of filing of its amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership); and
- a duly notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the Application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and

certifying the percentage of the applicant's capital or capital stock held by Philippine Nationals.

Foreign corporate and institutional applicants who qualify as Eligible Investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their purchase of the Offer Shares to which their Application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Offer Shares.

The Company, by itself or through the Sole Issue Manager, Lead Underwriter & Bookrunner reserves the right to reject any Application or scale down or re-allocate any of the Offer Shares applied for. An Application, once expressly accepted by the Company, shall constitute a purchase agreement between the Company and the Applicant for the subscription to/purchase of the Offer Shares in the number approved by the Company at the time, in the manner, and subject to (a) the conditions set forth herein; (b) the Company's receipt of the appropriate funds from the Applicant; and (c) the successful listing of the Offer Shares on the PSE.

Payment Terms of the Offer

The Offer Shares must be paid for in full upon submission of the Application. Payment must be made by (i) a check drawn against a bank in Metro Manila to the order of "SBS Philippines Corporation IPO" or (ii) a manager's or cashier's check issued by an authorized bank to the order of "SBS Philippines Corporation IPO". The check must be dated as of the date of submission of the Application and crossed ''Payee's Account Only".

Tax Considerations

See "Philippine Taxation" on page 153 of this Prospectus for further information on the tax consequences of the purchase, ownership and disposition of the Offer Shares.

Restriction on Issuance and Disposal of Shares

Existing shareholders owning an equivalent of at least 10% of the issued and outstanding Common Shares of the Company are required not to sell, assign or otherwise dispose of their Common Shares for a minimum period of 180 days after the Listing Date, under the PSE Revised Listing Rules.

In addition, any issuance or transfer of shares within 180 days prior to the start of the Offer Period, where the transaction price is lower than the Offer Price in the initial public offering, shall be subject to a lock-up period of at least 365 days from full payment of such shares or securities.

In accordance with the foregoing lock-up rules, shares held by Anesy Holdings Corporation will be locked up as follows:

Number of Shares	Percentage	Lock Up Period
155,000,000	19.87%	180 days from listing date
353,000,000	45.26%	365 days from 5 March 2015
245,000,000	31.41%	365 days from 23 March 2015

Expected Timetable

The timetable of the Offer is expected to be as follows:

Price Setting……………………………………	24 July 2015
Notification of Final Offer Price to PSE……………………………………………….	24 July 2015
Start of the Offer Period…………………………………………….	28 July 2015
Deadline for Trading Participants' Submission of Undertaking to Purchase………………………………………….	30 July 2015
Deadline for LSI and General Public's Submission of Application…………………………………….	3 August 2015
End of Offer Period…………………………	3 August 2015
Listing Date and commencement of Trading on the PSE…………………………….	10 August 2015

The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.

SUMMARY FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's financial statements as of and for the three months ended March 31, 2015 and for the years ended December 31, 2014, 2013 and 2012 and should be read in conjunction with the financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion & Analysis of Financial Conditions" on page 54 and other financial information included herein.

The financial statements of the Company as of and for the three months ended March 31, 2015 and for the years ended December 31, 2014 and 2013 were audited by Punongbayan & Araullo, and the financial statements of the Company as of and for the year ended December 31, 2012 were audited by Grajo and Associates and was restated in accordance with Philippine Standards on Auditing. The adjustments applied to restate the 2012 financial statements were audited by Punongbayan & Araullo. The summary financial information set forth below does not purport to project the results of operations or financial conditions of the Company for any future period or date.

Statements of Financial Position				
	For three months ended March 31, 2015	**For years ended December 31**		
		2014	**2013**	**2012**
Assets				(As restated)
Current Assets:				
Cash in Banks	237,141,532	338,132,143	48,102,505	21,986,744
Trade and other receivables	127,333,302	100,204,779	84,891,879	69,282,754
Inventories - net	1,586,795,200	1,557,928,385	1,482,859,241	1,446,003,922
Advances to related parties	-	-	740,550,680	300,073,913
Financial assets at fair value through profit or loss	35,732,525	29,259,715	51,916,950	64,182,800
Prepayments and other current assets	159,690,477	154,008,669	151,963,666	122,117,992
Total Current Assets	2,146,693,036	2,179,533,691	2,560,284,921	2,023,648,125
Noncurrent Assets:				
Property and equipment – net	20,551,209	22,212,249	23,956,421	25,387,262
Investment properties	955,287,542	955,287,542	949,016,529	943,256,656
Deferred tax assets - net	4,888,758	1,847,914	3,721,465	-
Investment in an associate	18,316,392	18,388,692	19,249,900	19,249,900
Other non-current financial assets	246,400,000	250,124,488	-	-
Total Non-current Assets	1,245,443,901	1,247,860,885	995,944,315	987,893,818
TOTAL ASSETS	3,392,136,937	3,427,394,576	3,556,229,236	3,011,541,943
Liabilities				
Current Liabilities:				
Trade and other payables	443,727,993	422,823,999	184,687,149	258,871,700
Advances from related parties	706,838,938	699,192,601	443,635,421	244,015,895
Loans payable	385,000,000	261,500,000	808,000,000	285,000,000
Dividends payable	98,321,230	265,494,338	-	-
Income tax payable	47,152,227	34,718,239	19,200,765	1,235,175
Total current liabilities	1,681,040,388	1,683,729,177	1,455,523,335	789,122,770

Noncurrent liabilities:				
Loans payable	680,000,000	1,163,500,000	1,595,000,000	1,764,500,000
Post-employment defined benefit obligation	2,299,452	2,190,431	1,188,861	913,087
Deferred tax liabilities - net	-	-	-	12,753,349
Total noncurrent liabilities	682,299,452	1, 165,690,431	1,596,188,861	1,778,166,436
TOTAL LIABILITIES	2,363,339,840	2,849,419,608	3,051,712,196	2,567,289,206
Equity				
Capital stock	780,000,000	262,000,000	22,000,000	22,000,000
Additional paid-in capital	200,000,000	200,000,000	200,000,000	200,000,000
Revaluation reserves	(726,760)	(1,400,328)	(180,407)	(114,830)
Retained earnings	49,523,857	117,375,296	282,697,447	222,367,567
TOTAL EQUITY	1,028,797,097	577,974,968	504,517,040	444,252,737
TOTAL LIABILITIES AND EQUITY	3,392,136,937	3,427,394,576	3,556,229,236	3,011,541,943

Statements of Comprehensive Income					
	For 3 months ended March 31		**For the years ended December 31**		
	2015	**2014**	**2014**	**2013**	**2012 (As restated)**
Sale of goods	243,208,756	193,513,780	933,080,958	785,947,148	993,927,489
Costs of goods sold	172,374,492	138,920,207	668,512,426	580,231,614	790,727,290
Gross profit	70,834,264	54,593,573	264,568,532	205,715,534	203,200,199
Other operating income (expenses)	(26,329,082)	(25,445,278)	(117,830,053)	(136,188,332)	(145,822,080)
Other operating expenses	(38,978,960)	(22,728,848)	(100,389,507)	(98,757,766)	(61,521,387)
Financing cost - net	(13,430,083)	(20,292,625)	(90,620,087)	(96,281,955)	(95,259,122)
Other operating income	26,079,961	17,576,195	73,179,541	58,851,389	10,958,429
Operating profit	44,505,182	29,148,295	146,738,479	69,527,202	57,378,119
Equity in net losses of an associate	72,300	471,464	861,208	-	-
Profit before tax	44,432,882	28,676,831	145,877,271	69,527,202	57,378,119
Tax expense	12,284,321	9,399,091	45,705,084	9,197,322	17,777,220
Net profit	32,148,561	19,277,740	100,172,187	60,329,880	39,600,899
Other comprehensive loss	673,568	(737,291)	1,219,921	65,577	114,830
Items that will not be reclassified subsequently to profit or loss	-	(136,588)	546,353	65,577	114,830
Items that will be reclassified subsequently to profit or loss	673,568	(600,703)	673,568	-	-
Total Comprehensive Income	32,822,129	18,540,449	98,952,266	60,264,303	39,486,069

Statements of Cash Flows				
		For the years ended December 31		
	For three months ended March 31, 2015	**2014**	**2013**	**2012 (As restated)**
Net cash provided by operating activities	14,859,069	687,324,211	(433,369,575)	(600,554,666)
Net cash provided by investing activities	1,656,129	(233,897,889)	(649,781)	(295,403,977)
Net cash provided by financing activities	(117,994,660)	(163,253,581)	458,233,569	897,530,587

Key Performance Indicators				
	March 2015	**2014**	**2013**	**2012**
Liquidity Ratio[1]	127.7%	129.4%	175.9%	256.4%
Debt to Equity Ratio[2]	229.7%	493%	604.9%	577.9%
Asset to Equity Ratio[3]	329.7%	593%	704.9%	677.9%
Return on Assets[4]	0.95%	2.9%	1.8%	1.4%
Return on Equity[5]	4.2%	18.5%	12.7%	9.3%
Cost to Income Ratio[6]	19.5%	19.0%	23.1%	15.6%
Earnings per Share[7]	₽0.06	₽1.80	₽2.74	₽1.80

Notes:

1. Liquidity Ratio is computed as current assets divided by current liabilities
2. Debt to Equity Ratio is computed as total liabilities over total equity
3. Asset to Equity Ratio is computed as total assets divided by total equity
4. Return on Assets is computed as the ratio of net income over average assets
5. Return on Equity is computed as the ratio of net income over average total equity
6. Cost to Income Ratio is the ratio of costs and expenses over revenues
7. Earnings per Share is computed as the net income over weighted average number of common shares outstanding

Earnings Before Interest Tax Depreciation and Amortization (EBITDA)

The computations for the Company's EBITDA for the years ended 2012, 2013 and 2014 are as follows:

In ₽	2012	2013	2014
Profit before **tax**	57,378,119.00	69,527,202.00	145,877,271.00
Interest	**131,254,098.00**	**96,190,483.13**	**95,086,591.00**
Depreciation and amortization	**5,361,123.00**	**6,409,048.18**	**6,746,374.20**
Total	**193,993,340.00**	**172,126,733.31**	**247,710,236.20**

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to other information contained in this Prospectus, including the Company's financial statements and notes relating thereto, before making any investment decision relating to the Offer Shares. This section does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. The Company's past performance is not an indication of its future performance. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or are currently considered immaterial could have a material adverse effect on the Company's business, result of operations, financial condition and prospects and could cause the market price of the Common Shares to fall significantly and investors may lose all or part of their investment.

The price of securities can and do fluctuate, and the price of an individual security may experience upward or downward movements, and may even lose all of their value. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. There is an extra risk of losses when securities are bought from smaller companies. There may be a significant difference between the buying price and the selling price of these securities.

This risk disclosure does not purport to disclose all of the risks and other significant aspects of investing in these securities. Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities, especially in the trading of high-risk securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity and may request all publicly available information regarding the Company and the Offer Shares from the SEC. Each investor should consult his own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares. The risks enumerated below are of equal importance and are separated into categories for ease of reference.

RISKS FACTORS AFFECTING THE CHEMICAL TRADING BUSINESS

Demand for chemicals is affected by general economic conditions and macroeconomic trends

The Company sells chemicals that are primarily required by the manufacturing and production sectors. As components predominantly for industrial and manufacturing processes, demand for the Company's chemical products is affected by fluctuations in the general level of industrial production and manufacturing output in the markets it serves.

Industrial and manufacturing activities are heavily linked to the condition of the economy and macroeconomic trends. During general economic downturns, there may be a contraction in the overall demand for chemicals as production and manufacturing activity slows down due to weak demand. Also, episodes of significant inflation, sharp fluctuations in interests and exchange rates, and changes in fiscal and monetary policies of the government could have an adverse impact on businesses, particularly manufacturing, and lead to business deterioration which could affect demand for chemical inputs**.**

While the outlook remains bright for the Philippine economy which has performed strongly in the past five years, an economic weakening could result in fluctuations in industrial production and a prolonged or deeper economic crisis can adversely affect demand for the Company's chemical products. Nonetheless, the Company believes that these risks are low since the Company operates in a stable Philippine market economy. The Philippine economy continues to perform strongly given its much improved fiscal position and strong domestic private consumption on account of the high OFW remittances and growing BPO employment.

Also, given the Company's diverse portfolio of chemical products for its various client base, such risks may not be as significant. Short-run downturns in chemical demand for certain industry sectors may be cushioned by an increase in demand in other sectors due to the diversity of the Company's customer base, which represents a multitude of industries.

Significant disruptions in chemical supply could affect the results of the Company's operations

Supply shortages may be experienced from time to time due to factors beyond the control of the Company such as severe weather conditions and natural disasters, industrial accidents and production outages, labor strikes and adverse financial conditions of the Company's suppliers.

To protect against these contingencies and mitigate the effects of such supply disruptions, the Company maintains a reasonable safety inventory position level and buffer to ensure optimal supply flexibility and operations resilience. It also holds a second-sourcing strategy to take advantage of alternative sourcing opportunities. Moreover, there is no concentration or over reliance on a particular supplier. The Company keeps and maintains good relationships with a number of suppliers for its sourcing and does not depend on a limited number of suppliers for its chemical procurement. As of the date of this Prospectus, no supplier accounts for more than 10% of the Company's inventory supply. The Company mostly deals in commodity chemicals which are either produced by, or available from, various chemical trader-distributors and chemical producers worldwide.

In addition, the Company cultivates close relationships with its suppliers who generally provide the Company with insights and information on future supply and demand trends such as potential shortfalls in supply as a result of chemical producer plant breakdowns or planned shutdowns or insufficient feedstock supply due to natural calamities. As a result of the solid relationships nurtured with suppliers, there is information sharing on market developments and trends which helps the Company identify potential bottlenecks as well as opportunities in supply conditions.

Disruptions in cargo importations may adversely affect the Company's operations

As the Company mostly imports its chemical supplies, government import restrictions, transportation troubles such as port congestion and truck bans or diversions or disruptions in voyage can result to longer lead times to meet customer requirements and possibly significant interim supply shortages that may work to reduce the financial performance of the Company. It may also cause the Company to lose business from some of its customers if it is unable to timely access adequate supplies to promptly meet the requirements of its customers.

The Company manages such risks by maintaining sufficient buffer inventory levels so it can meet its customers' requirements in reduced lead time. During the recent supply disruptions due to the port congestion, the Company was able to promptly fill customer orders as a result of buffer stock maintained by the Company in anticipation of increase in customer demand as well as to address short supply conditions. The Company will only be fully exposed to the risk if such conditions do not normalize in the long run.

Termination of major supply and distribution relationships can affect the business of the Company

The Company's business is basically a repeat order business where a significant portion of the Company's transactions are derived from a large number of suppliers and customers whose purchases and sales are typically made pursuant to purchase orders instead of long-term agreements. The Company's typical order or shipment cycle for procurement is made either on a monthly or quarterly basis depending on the expiry progression of the products while the usual order cycle time of the Company's customers ranges from weekly to monthly purchase orders.

While the Company has strong relationships with its suppliers and customers, there is no assurance that there will be no changes in the business strategies of such business partners and that the same quantities will be ordered since there are no obligated commitments for the supply or purchase of particular annual volumes. There have been instances wherein certain customers of the Company will resort to direct sourcing from chemical producers and cut back on their orders from the Company. Terminations in major supply and distribution relationships can affect the profitability and growth of the Company.

This risk is managed by the Company through a diversified sourcing and selling strategy such that no particular supplier or customer accounts for a material portion of its business. As a full-line distributor and trading company, the Company operates with a diversified supplier base and product portfolio and serves diversified customers in a variety of industries. This business model as a one-stop-shop solution provides customers with a single supplier deal for its diverse chemical requirements. This arrangement adds significant value to customers in managing complexity of dealing with several suppliers and its resulting inefficiencies. Also, the Company's highly diversified supplier and customer landscape provides for a resilient business model as the Company is able to shift resources from different product sources or industry markets that provide for the most profitability.

The Company also works to maximize customer retention through improved positive customer experience and service levels, providing for differentiated offerings, and introducing new capabilities or offerings. As in the case of shift in customer preference for direct sourcing, the Company will continue to market other products that are needed by the customer.

Intense competition can limit the growth and earnings of the Company

The Company mostly deals in commodity chemicals which are essentially fungible goods that can be purchased from a variety of sources. The Company thus competes with a number of chemical traders, brokers, wholesalers and distributors as well as certain chemical producers in the distribution of such products which includes third party local distributors such as Himmel Industries, Inc., Neco Philippines, Inc., Alysons Chemical Enterprises, Inc., subsidiaries of key global chemical distributors such as Brenntag Ingredients, Inc., DKSH and Connell Brothers and chemical producers such as BASF and Dow Chemicals. Most competition comes from domestic chemical distributors.

Most of these distributors differ in their product offerings and in their customer and industry orientation with that of the Company as these distributors generally handle a more limited number of products catering to certain specific industries compared to the Company. The Company believes that it is able to differentiate its services by offering single sourcing, speed and flexibility in delivery that are not available through specialty chemical distributors and direct distribution by overseas global producers and distributors.

With falling oil prices bringing down landed cost of imported chemical inputs, the Company expects greater competitive pressures as new competitors could enter the Philippine market. While the Company is confident that it will continue to build on its strong market position, the Company may have to resort to tactical pricing strategies that may impact its margins and limit earnings growth to address competition.

Further, notwithstanding that the current general trend is for chemical producers to outsource their distribution, growth prospects in the Philippine market may attract chemical producers to reduce their outsourced distribution, resort to direct sales to customers at lower bids and refuse to supply to third party distributors such as the Company.

Moreover, even with the present highly fragmented state of the chemical distribution market in the Philippines, certain niche players may decide to consolidate their operations and could consequently increase their scale of operations.

Any such development could affect the business, financial condition and results of operations of the Company.

To address competition, the Company continuously works to improve the quality of its services, the price competitiveness of its products, and the range of products offered by the Company. Furthermore, the Company sees its highly diversified product portfolios in comparison with the smaller product offerings carried by its competitors as a significant advantage. This product scope gives the Company a competitive advantage over its competitors who have a much smaller product portfolio as a number of customers prefer larger distributors who can supply their various chemical needs and thus reduce the number of companies with whom they have to do business with. Specifically, the Company's diversity of product offerings not only differentiates it as a single source shop but its customized volumes and flexible deliveries (which may be in the form of same day deliveries) make it an efficient and cost-effective structure for customers to source their chemical requirements.

Volatility in prices and supply availability can affect sales and results of operations

Fluctuations in prices and availability of supply of certain chemicals are experienced from time to time. The Company usually maintains significant inventories to ensure that it can timely meet its customer demands. However, in cases where general selling prices drop at a faster rate than the average purchasing costs, the Company may not be always able to pass on such incremental costs to its customers especially when the level of the higher costing inventory is much more that the expected prevailing demand for such products. If the Company is not able to average out such cost increase on subsequent sales, the Company could experience losses that can impact its earnings and financial condition.

However, the high diversity of the Company's product portfolio and the cross industry application of such product offerings allows it to generally average out pricing differentials. Furthermore, the Company's ability to purchase chemicals in bulk allows it to get favorable prices thus partly shielding it from price fluctuations.

Pronounced cyclicality in certain markets creates complexity in inventory management

For some end markets, there is a pronounced cyclicality in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months are March-April and November-December while these drier months are peak period for the requirements of the feeds and mining industries. This pronounced cyclicality creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products. Deficiencies in these estimations can either translate to an oversupply situation which makes it vulnerable to price fluctuations or a short supply situation which could create dissatisfied customers and impair the reputation for the Company. Any significant miscalculation could affect the business and results of the Company.

The Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicality of specific industries.

The Company is exposed to inventory risks of obsolescence

The Company is exposed to inventory risk that may adversely affect its operating results on account of limited product shelf life, new product launches, and changes in consumer demand and consumer tastes affecting industries and market sectors supplied by the Company. While the Company endeavors to keep track of the changing trends and adequately forecast demand and avoid overstocking, the Company's broad selection and significant inventory levels of certain products put it at risk for inventory obsolescence. However, given that the chemical products distributed by the Company are of multi-use and multi-purpose products with wide application in many industries, the Company is less affected by changing trends in certain specific end user markets. Further, while a number of chemical products sold by the Company generally have very long product shelf lives and some like inorganic chemicals are chemically stable indefinitely, certain food ingredients and pharmaceutical chemicals would have comparatively shorter shelf lives and the Company may stand at risk for product obsolescence if the products are not sold long before the expiry of its product shelf life. Still, these products, under accepted industry practice, generally have extended uses as products originally intended for human consumption may also be used for animal feeds or other agricultural uses long after the shelf life expiry date has been reached.

The goods of the Company are exposed to mechanical, climactic and other risks in the distribution process

In the forward flow of products along the distribution chain, the Company is exposed to distribution risks such as hazards and product fragility. Specifically, the goods can be subject to shocks in case of drops and tilting freight, vibrations due to road, motor, wheels and sea waves, compression due to stacking, handling equipment and strapping, and tears on account of objects and tapes. The goods also are affected by changes in temperature, humidity, air pressure and exposure to sunlight. Some of these incidents may result in damaged or broken primary containers, leaking or broken seals of closures of primary containers, mutilated or smudged labelling rendering the product unidentifiable of its name or batch number, or goods impairment based on an analytical report provided by the customer. These occurrences can result in loss of revenues, additional costs and potential customer dissatisfaction. The Company tries to avoid or control such occurrences through careful handling, storage and transport, request for more improvement in the packaging design or for product reinforcement with the manufacturer-producer, and improvements in the Company's distribution facilities.

Changes in foreign exchange can affect financial results of the Company

A considerable portion of the products distributed by the Company is imported and purchased in foreign exchange. A significant weakening of the Philippine peso versus the US dollar could affect the financial results of the Company as it will make the products more expensive and depress margins if the additional foreign exchange costs are not captured in the Company's pricing. To lessen the Company's exposure to currency risks especially sudden and severe exchange fluctuations, the Company hedges some of its foreign exchange exposure. The hedging is typically by way of a forward contract which will lock in an exchange rate currently for the currency transaction that will occur at the future date. Moreover, the Company also requires its clients to share some of the risk with pricing subjected to a foreign exchange adjustment mechanism.

The Company closely monitors movements and trends in the foreign exchange market to make necessary actions to hedge it exposure to such risks.

The business requires a significant amount of working capital

To efficiently and profitably sell to its customers, the Company requires a significant amount of working capital to finance its product inventory so the Company can readily meet the requirements of its customers. With production outputs of its client base expected to grow further, working capital needs of the Company will necessarily increase. If the Company is unable to obtain financing to support its additional capital needs, the Company may lose some product sales for orders that it may not be able to satisfy. To address working capital requirements, the Company secures and maintains diversified funding sources including short and long term financing from reputable banking institutions.

The Company depends on the performance of its key executives and employees to carry out its business strategy

The Company is managed by its key executives who have substantial experience in the chemical trading and distribution business and in the markets where it operates**.** As such, the Company has and will continue to depend on the individual and collective contribution and services of its senior management team. Further, the business results of the Company rely upon the experience, knowledge of local dynamics, customer and supplier relationship of its personnel to operate the business profitably. The loss of the services of one or a combination of these executives and employees could affect the operations of the Company if it is unable to continue to attract and retain other qualified management personnel. The Company believes that it has a qualified managerial talent pool that can be tapped to fill in possible vacancies in its senior management team. Moreover, to manage and mitigate this business risk, the Company continues to expand its pool of professional managers through development of internal and external talents to succeed senior management.

The business of the Company is subject to a number of operating risks

The business of the Company could be adversely affected by events such as accidents, power failures, fire, explosion, weather, natural disasters and other events which could lead to interruptions in business operations or could lead to significant costs. The Company maintains insurance against some, but not all, of these events from several reputable insurance agencies including MAA General Assurance Philippines, Inc., UCPB General Insurance Philippines. Inc., Asia Insurance Philippines Corporation and Western Guarantee Corporation. Such insurance covers industrial all risks such as property damage, contingency risk and crime and other liability cover. While the management considers the insurance arrangement of the Company to be adequate in terms of the insured risks and the amount insured, there can be no assurance that such events will not occur, that any insurance maintained by the Company will be adequate to cover any losses or liabilities or the occurrence of such events would not adversely affect the financial condition or operations of the Company.

Relationships with principal shareholders and related party transactions

The Company in the ordinary course of business enters into transactions with its principal shareholders and companies affiliated with them. These related transactions include those described under the section on "Related Party Transactions" on page 122 and in the notes of the Company's financial statements as provided in this Prospectus. Such arrangements are expected to continue after the completion of the Offer.

Measures have been put in place to ensure that such related party transactions will inure to the benefit of the Company and are at terms no less favorable than those entered into with unrelated parties on arms length basis. Such procedures include the conduct of regular review by the Company's Audit and Risk Management Committee of the related party transactions to ensure that they are conducted on normal commercial terms and are not prejudicial to the interests of minority shareholders.

Credit risk exposure

The Company trades only with recognized and credit worthy third parties. It is the policy of the Company that customers who wish to trade on credit terms are subject to credit verification procedures. The billing and collection division of the Company continuously provide credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. The top five customers of the Company together approximately account for 15% of the sales of the Company. As such there is no excessive concentration of credit risk. All of the Company's trade and other receivables have been reviewed for indications of impairment. As of 31 March 2015, all such receivables were assessed by management to be realizable.

Changes in laws and regulations can adversely affect the business and competitive position of the Company

The business operations of the Company involve the storage, handling and transport of chemicals. As a result, the Company is required to hold a wide range of business permits and licenses. Compliance with these laws and regulations involve certain compliance costs, the failure of which can lead to the imposition of fines and sanctions, including the revocation of permits and licenses necessary for the conduct of the Company's business and activities. As these laws and regulations change from time to time, tougher regulations may be imposed in the future which may affect the freedom to distribute and market certain chemical products carried by the Company, affecting operations, cost structures and end markets. Changes in and the introduction of new legislation have in the past affected the Company such as the ban on certain mining chemicals. In the light of changes in environmental and safety regulations to address climate change, toxic substances and scarcity of resources, the Company has adapted rigorous rationalization of its product portfolio in favor of more sustainable, compliant and/or higher performance products.

Moreover, there can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations, the introduction or inconsistent application of, or changes in, the laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. To address the foregoing risks, the Company, in conjunction with industry associations such the Chemical Industries Association of the Philippines (SPIK), is actively engaged in policy advocacy causes for the promotion and development of the chemical industry in the country, tackling regulatory and policy issues and concerns faced by the chemical industry and working to strengthen industry-government partnerships. Further, the Company employs competent legal and operating personnel, who exercise the requisite due diligence with respect to protecting the Company's business, financial condition, and results of operations from the aforementioned risks while still complying with the applicable laws and regulations. In addition, the Company on case to case basis engages external counsels to provide specialized legal advice and service.

RISKS RELATING TO THE REAL ESTATE OPERATIONS OF THE COMPANY

Difficult market conditions can reduce the value or performance of the investments in real estate and reduce cash flow and adversely affect the financial condition of the Company

The Company purchases land in order to seize capital gain opportunities from the sale of such investments. The market value of land can fluctuate significantly as a result of changing market conditions. In the event of significant adverse changes in economic, political, security or market conditions, the level of liquidity and value of the Company's real estate investments may be reduced. The Company may have to sell its real estate investments at a loss or defer the sale of the said investments and carry the cost of maintaining such assets.

While market conditions have generally been favorable in the last five years, future market conditions may not continue to be as favorable. The Company tries to mitigate such market risks by careful due diligence and research on the potential of the property. The Company acquires properties taking into account the constrained supply and eminent demand in the locality.

The real estate property market is a highly competitive industry

The Company competes with other landowners on the basis of the location, size of area and underlying value of the real estate properties it holds. While competition could affect the Company's ability to readily sell its real property investments at its desired profitable positions, the Company believes that the prime locations of its properties where there is a prevalent constraint in sizeable contiguous urban landholdings put the Company in a unique position to obtain better terms of sales and readily find offers from qualified buyers for its prime properties.

There is no certainty that there will be continuous expansion in the real estate sector

Low and stable interest and inflation rates, strong and sustained growth in residential and commercial property prices, and trends towards inner city and high density living are some of the factors driving the continued expansion in real estate sector and accordingly the demand for land property acquisitions. However, this sector is also subject to business cycles. There is risk that land property valuations may be subject to wide fluctuations in valuations over the course of the business cycle as when real estate markets have been subjected to wide cyclical swings during recessionary periods. This cyclical effect on the industry though is mitigated by the competitive conditions and the generally high quality of real estate portfolios held by the Company.

RISKS RELATING TO THE COMPANY'S COMMON SHARES

There can be no guarantee that the Offer Shares will be listed on the PSE

Subscribers to the Offer Shares are required to pay for their purchase upon submission of their Applications during the Offer Period. On July 22, 2015, the PSE has approved the Company's application to list the Offer Shares, but the Listing Date is scheduled after the Offer Period. The Company has taken steps to ensure that it fully complies with the registration and listing requirements and regulations in order to ensure that the Offer Shares will be listed. However, there can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in admission and commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. However, they would be able to sell their Shares by negotiated sale. This may materially and adversely affect the value of the Offer Shares.

There may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall

The Offer Shares will be listed in the PSE where trading volumes have been historically and significantly smaller and highly volatile compared to major securities markets in more developed countries. There can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price will be determined after taking into consideration a number of factors including, but not limited to, the Company's prospects, the market prices for shares of comparable companies and prevailing market conditions. The price at which the Offer Shares will trade on the PSE at any point after the Offer may vary significantly from the Offer Price.

The Offer Shares may not be a suitable investment for all investors

Each prospective investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Company and its businesses, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency;

- understand and be familiar with the behavior of any relevant financial markets;

- seek the advice of its legal, financial, accounting, tax and such other persons it deems necessary; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The market price of the Common Shares may be volatile, which could cause the value of investors' investments in the Issuer to decline

The market price of securities can and does fluctuate, and it is impossible to predict whether the price of the Common Shares will rise or fall or even lose all of its value. The market price of Common Shares could be affected by several factors, including:

- general market, political and economic conditions;

- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general and other retail shares in particular;
- the market value of the assets of the Company;
- changes to Government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Common Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Common Shares.

Investors may incur immediate and substantial dilution as a result of purchasing the Offer Shares

The Offer Price of the Common Shares may be substantially higher than the net tangible book value of net assets per share of the Issuer's outstanding Common Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and the Issuer's existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Common Shares they own, see "Dilution" on page 52.

The Issuer may be unable to pay dividends on the Common Shares

Although SBS intends to declare approximately 20% of the previous year's recurring net income as dividends, subject to available cash and after setting aside any capital expenditure requirements, there is no assurance that SBS can or will declare dividends on the Common Shares in the future. Future dividends, if any, will be at the discretion of the Board and will depend upon the Company's future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and loan covenants, including loan obligations and loan covenants of its subsidiaries, and other factors the Board may deem relevant (see "Dividends and Dividend Policy").

GENERAL RISKS

A slowdown in the Philippine economy could adversely affect the Company

Results of operations of the Company have generally been influenced, and will continue to be influenced, by the performance of the Philippine economy. Consequently, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy.

While the Philippine economy continues to enjoy a period of rapid growth as the business process outsourcing sector and growing remittances from overseas workers drive growth in consumer-oriented industries and construction, there remains major challenges to be overcome such as long-standing infrastructure bottlenecks and the need to develop a stronger energy and manufacturing sector. Risks exist that the remittances could stop growing or the increase in real estate prices can result in an overinvestment which could result in slower growth. These remittances also leave the country vulnerable to any negative global economic trends.

The economy experienced a long period of low growth. The 1997 Asian financial crisis caused a significant depreciation of the Philippine peso, rise in interest rates and downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. This downturn was further exacerbated during 2000 to 2001 by the political crisis resulting from the impeachment proceedings against, and the subsequent resignation of, former President Joseph Estrada. While the Philippine economy has recovered from these crises and has registered respectable positive economic growth starting 1999, certain international economic events, such as the liquidity disruptions caused by the U.S. credit and subprime residential mortgage markets in 2007, the slowdown in the economies of the U.S. and the European Union, have had significant negative effects on the global credit and financial markets. Although the United States is rebounding from its subprime mortgage crisis of 2007, the financial recession it created helped spawn the European Debt Crisis. In 2009, Greece revealed that it had been understating its deficits for years. Despite having received billions of euros in bailouts over the years, the country is still in recession. Many analysts and experts around the world remain doubtful of the country's ability to repay its debts, and are just as concerned of the possible ramifications should Greece decide to exit the Eurozone. An exit of Greece could mark the tipping point for other similarly weak European nations to depart from the European Union as well, thereby further weakening the Eurozone's economic position. However, just as many experts are worried that countries such as Greece, Ireland, Portugal, and Spain (all of which are in recession and are struggling to repay their debts) could further burden stronger EU members such as Germany. Greece recently defaulted on its 1.5 billion Euro loan with the IMF and is seen by many to likely exit the Euro.

An European Union collapse can result in a possible global financial crisis more dire than the 2007 financial crisis.

Future slowdowns or crises in the global markets caused by events such as these may in turn, adversely affect the prospective economic growth of the Philippines.

Any deterioration in the economic conditions in the Philippines as a result of these or other risk factors may materially adversely affect the Company's financial position and results of operations. There can also be no assurance that the current or future administrations will adopt economic policies conducive to sustaining economic growth. This risk is beyond the control of the Company.

Acts of terrorism and political or social instability could adversely affect the financial results of the Company

The country has also been subject to sporadic terrorist attacks in the past. The Philippine army has been in conflict with the Abu Sayyaf organization, a group alleged to have ties with the Al-Qaeda terrorist network, and identified as being responsible for kidnapping and terrorist activities. On 9 September 2013, a faction of the Moro National Liberation Front (MNLF) under the leadership of Nur Misuari seized hostages in Zamboanga and attempted to raise the flag of the self-proclaimed Bangsamoro Republik, a state which declared its independence from the Philippines earlier in August, in Talipao, Sulu. This armed incursion was met by the Armed Forces of the Philippines, which sought to free the hostages and expel the MNLF from the city. The standoff degenerated into urban warfare, bringing parts of the city to a standstill for days. On 28 September 2013, the government declared the end of military operations in Zamboanga City. Nearly a year-and-a-half following the Zamboanga siege, 44 Philippine National Police Special Action Force commandos perished in a 12-hour firefight with the Moro Islamic Liberation Front and the Bangsomoro Islamic Freedom Fighters in January 2015. The battle between the PNP and the two Muslim rebel groups was the result of a failed attempt by the former to capture Zulkifli Bin Hir (a.k.a. Marwan), a known and wanted international terrorist. Such increased tensions between the country's military and police forces and rebel groups could escalate to more fighting, terrorist acts (such as bombings), and violent crimes which may subsequently erode investor confidence in the Philippines.

The Philippines has also undergone times of political and social instability. On 12 December 2011, the House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines. The impeachment complaint accused Corona of improperly issuing decisions that favored former President Gloria Macapagal-Arroyo, as well as failure to disclose certain properties, in violation of rules applicable to all public employees and officials. The trial of Chief Justice Corona began in January 2012 and ended in May 2012, with Corona being found guilty with respect to his failure to disclose to the public his statement of assets, liabilities, and net worth, and consequently being impeached. ln July 2013, a major Philippine newspaper exposed a scam relating to the diversion and misuse of the Priority Development Assistance Fund (PDAF) by some members of Congress through pseudo-development organizations headed by Janet Lim Napoles. As a result of this expose, a number of investigations, including one in the Senate, have been launched to determine the extent of the diversion of the PDAF and the Government officials and the private individuals responsible for the misappropriation of public funds. On 16 September 2013, cases of plunder and violations of the Anti-Graft and Corrupt Practices (Republic Act No. 3019, as amended) were filed with the Office of the Ombudsman against Janet Lim Napoles, three Senators, a few members of the House of Representatives and other persons. In a resolution issued in April 2014, the Office of the Ombudsman found probable cause to indict Napoles, the said senators and others in connection with the controversy; the proceedings remain pending.

On July 1, 2014, the Philippine Supreme Court declared that certain acts done in furtherance of the Disbursement Acceleration Program (DAP) of the Executive Branch, National Budget Circular No. 541 and related executive issuances were unconstitutional for having violated the doctrine of separation of powers particularly, (a) the withdrawal of unobligated allotments and the declaration of such withdrawn unobligated allotments and unreleased appropriations as "savings" without having complied with the statutory definition of savings under the General Appropriations Act, (b) the cross-border transfers of the savings of the Executive to augment appropriations of other offices outside the Executive; and (c) the funding of projects, activities and programs that were not covered by any appropriation in the General Appropriations Act. The Supreme Court also declared as void the use of un-programmed funds despite the absence of a certification by the National Treasurer that the revenue collections exceeded the revenue targets for noncompliance with the conditions in the relevant General Appropriations Acts.

In March 2014, the Comprehensive Agreement on the Bangsamoro was signed by the Philippine government with the Muslim Islamic Liberation Front (MILF), separatist movement, to end a 40-year insurgency. The deal grants largely Muslim areas of the Southern Mindanao region greater political autonomy in exchange for an end to armed rebellion, with the end goal of creating a Bangsamoro region to replace the Autonomous Region of Muslim Mindanao. The peace process has faced hitches especially after an "accidental" clash between police forces and the MILF in Mamasapano in January 2015. The incident has forced some quarters to question the genuineness of the MILF's role in pursuing a peace pact with the government. There continues to be risks that ongoing negotiations can go awry. Failure of the peace accord can foster further Islamic extremism in the country and create political instability which can negatively impact the economy and the Company's business. On the other hand, peace in Mindanao is seen to spur further economic growth for the country and bring in an influx of new investments which can open new business opportunities for the Company.

No assurance can be given that the political environment in the Philippines will remain stable

Any political instability in the Philippines could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on the Company's business, financial condition and results of operation. This risk is beyond the control of the Company.

Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment

The Philippines has been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea (a.k.a. the South China Sea) with China as well as several other Southeast Asian nations. The Philippines maintains that its claims over the disputed territories are supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea (UNCLOS).

Despite early efforts to reach a compromise, the Philippines and China continue to dispute each other's claim over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, with both sides unilaterally imposing fishing bans thereafter. These actions threatened the disruption of trade and other ties between the two countries, causing China to issue temporary bans and suspensions on Philippine banana imports and tours to the Philippines by Chinese travel agencies, respectively. Since July 2012, Chinese vessels have been reportedly turning away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila its intention of seeking international arbitration to resolve the dispute under UNCLOS, which China subsequently rejected and returned. Recently, Chinese vessels have also confronted Philippine vessels in the area, with the Chinese government warning the Philippines against what it calls proactive actions. Tensions could be expected to increase further as recent discussions between the Philippines and the United States have broached an increase of the latter's military presence in the country, possibly through forays into and the use of Philippine military installations in particular.

In early March 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu, illegally entered Sabah, Malaysia in an attempt to enforce the Sultan of Sulu's historical claim on the territory. A three-week standoff between Malaysian armed forces and the Sultan's followers ensued, with both sides suffering casualties. Clashes between the two opposing forces resulted in the deaths of at least 98 Filipino-Muslims and 10 Malaysian policemen. Furthermore, an estimated 4,000 Filipino-Muslims in Sabah have reportedly returned to southern Philippines.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel, killing a 65-year old Taiwanese fisherman. The skirmish arose due to the Taiwanese vessel's presence in a disputed exclusive economic zone between the Philippines and Taiwan. Following the incident, Taiwan proceeded to impose economic sanctions on the Philippines, despite the latter's stance that the loss of life was unintentional. Although Taiwan eventually lifted the sanctions later that year following an apology by the Philippine Government, tensions have nevertheless heightened due to the incident.

Should such disputes (territorial or otherwise) between the Philippines and other countries in continue or escalate further, the Philippines and its economy may be disrupted. Reciprocal trade restrictions or suspensions in particular could adversely affect the Company's operations.

Imposition of Foreign Exchange Controls and Volatility in the Value of the Peso against other Currencies

Currently, the Philippines has liberal foreign exchange controls. The BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to:

- suspend temporarily or restrict sales of foreign exchange;
- require licensing of foreign exchange transactions; or
- require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings.

The Company acquires a substantial portion of its chemical supplies from abroad and may need foreign currency to make these purchases. Prospective investors cannot be assured that foreign exchange controls will not be imposed by the Government in the future. If imposed, these restrictions could materially and adversely affect the Company's ability to obtain raw materials, machinery and equipment from abroad, which could affect its financial position and results of operations. The Company has engaged the services of appropriate legal/financial advisors to timely identify potential fiscal and monetary controls to be imposed by the BSP to mitigate adverse effects of such fiscal or monetary restrictions, if any.

Moreover, the Philippines has undergone periods of volatility in the exchange rate between the Philippine Peso and other currencies, and in the stock prices of publicly listed companies traded domestically. The Company cannot assure prospective investors that either of these or more factors will not materially and adversely affect the Company's financial condition or results of operations.

Sovereign Credit Ratings of the Philippines

In 2014, the Philippines was granted credit ratings of BBB Stable and Baa2 Stable from Standard & Poor's Financial Services (S&P) and Moody's Investor Service (Moody's), respectively. Currently, the country holds investment grade ratings from S&P, Moody's, and Fitch Ratings (Fitch). The sovereign credit ratings of the Government directly and adversely affect resident companies in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that S&P, Moody's, Fitch, or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies. Any such downgrades could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies (including SBS) to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

The country might continue to experience natural catastrophes and power shortages

The Philippines has experienced a number of major natural catastrophes in recent years including typhoons, floods, volcanic eruptions, earthquakes, mudslides, and droughts. In 2013, the country suffered from Typhoon Yolanda (the deadliest typhoon on record) which claimed at least 6,268 lives. In the month prior, a devastating 7.2 magnitude earthquake struck Cebu and Bohol, causing the deaths of over 200 people, the displacement of tens of thousands of residents, and damage to various infrastructure and properties amounting to billions of Pesos.

Natural catastrophes may disrupt the Company's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons and floods. These types of events may materially disrupt and adversely affect the Company's business and operations. Prospective investors cannot be assured that the insurance coverage maintained by the Company will adequately compensate it for all damages and economic losses resulting from natural catastrophes or blackouts, including possible business interruptions. However, insurance policies are regularly reviewed with regard to scope of protection, exemptions and excepted risks and updated as deemed necessary in accordance with industry standards.

EXCHANGE RATES

The Philippine Dealing System ("PDS"), a computer network supervised by the BSP, through which the members of the Bankers Association of the Philippines effect spot and forward currency exchange transactions, was introduced in 1992. The PDS was adopted by the BSP as a means to monitor foreign exchange rates. The BSP Rate is the closing spot rate for the purchase of U.S. Dollars with Pesos, which is quoted on the PDS and published in the BSP's Reference Exchange Rate Bulletin and major Philippine financial press on the following business day. On 30 June 2015, the BSP Rate was 45.20.

The following table sets forth certain information concerning the PDS Rate between the Peso and the U.S. Dollar for the periods and dates indicated, expressed in Pesos per U.S.$1.00.

Year	Period End	Average[1]	High[2]	Low[3]
2011	43.840	43.313	44.555	41.955
2012	41.050	42.229	44.246	40.862
2013	44.400	42.446	44.660	40.564
2014	44.720	44.395	45.406	43.280
2015				
January	44.080	44.604	45.064	44.082
February	44.090	44.221	44.396	44.053
March	44.800	44.446	44.831	44.082
April	44.250	44.414	44.725	44.213
May	44.585	44.602	44.770	44.465
June	45.107	45.000	45.408	44.546

₱/US$ Exchange Rate

Notes:

(1) Simple average of daily closing exchange rates for the period.

(2) Highest closing exchange rate for the period.

(3) Lowest closing exchange rate for the period.

Source: Bangko Sentral ng Pilipinas

USE OF PROCEEDS

The Company expects to raise gross proceeds of ₱1,155,000,000 from the Offer based on an Offer Price of ₱2.75 and an offer of 420,000,000 new Common Shares. The proceeds shall be reflected in the books of accounts of the Company as follows: ₱420 million as additional equity and the balance of ₱735 million as additional paid in capital. The net proceeds from the Offer Shares, after deducting the related expenses to the Offer, are estimated to amount to approximately ₱1,097,413,977. These net proceeds will form part of the Cash in bank balances which will be deposited in a dedicated bank account and earmarked to be disbursed only in accordance with the plan of disbursement discussed below.

An estimate of the expenses relating to the underwriting and professional fees, listing and registration fees are as follows:

	Estimated Amounts (in ₱)
Gross Proceeds	**1,155,000,000**
Less: Offer Expenses	
Fees to the Underwriter for the Offer Shares	27,943,548
Taxes	13,650,000
SEC Registration and Filing Fees	1,059,238
PSE Listing and Processing Fees	3,752,000
PDTC Processing Fees	56,237
Estimated Stock Transfer Agent/Receiving Agent Fees	450,000
Estimated Costs of Printing and Publication	700,000
Estimated Legal, Audit and Other Professional Fees	9,500,000
Estimated Other Expenses	475,000
Total Expenses	**57,586,023**
Estimated Net Proceeds	**₱1,097,413,977**

After deducting the estimated applicable taxes, underwriting fees, commission and expenses related to the Offer of approximately ₱57,586,023, net proceeds to the Company from the Offer are expected to be approximately ₱1,097,413,977.

Use of Proceeds	Approximate Amount in ₽ millions	Timing of Disbursement
Product Expansion, Capital Expenditures	654.6	1st half of 2016
Retirement of Term Loan	285.0	3rd Quarter, 2015
General Working Capital	157.8	3rd Quarter, 2015
TOTAL	**1,097.4**	

The Company intends to use the net proceeds from the Offer primarily for the expansion of its product offering, investment in capital expenditures to promote operational efficiencies, retirement of a certain term loan, and for working capital purposes. Further details on the proposed used of proceeds are as follows:

Product Expansion

The Company will allot approximately 60% or ₽654.6 million of the net proceeds from the Offer for continued investments in the growth of the business. The Company intends to use a portion of the net proceeds to fund the introduction of additional new products to enhance its product offerings. These new product lines may include innovative sulfate-free chemical ingredients for cosmetic and personal care to address health and wellness trends in the beauty industry and natural flavors and ingredients and natural-based preservatives for food products which are the largest and fastest growing trend for the food and beverage industry. Some of these natural products include natural flavors and extracts, colors from natural sources, natural sweetening systems, seasonings and taste modifiers which go through non-chemical pasteurization processes. The Company will also introduce more eco-friendly plant based ingredients for detergents in line with the growing trend for green cleaning products. These new product purchases are intended to be made within the first half of 2016. This is consistent with the long-term strategy of the Company to expand and diversify its product portfolio to respond to consumer preferences and drive innovation in the food and wellness industries.

Product Expansion Particulars	Cost Estimates in ₽
Environmentally friendly raw material used in detergents	25,000,000.00
Sulfate-free chemicals for personal care industry	25,000,000.00
Natural replacements for meat preservatives	25,000,000.00
Natural or non-synthetic food ingredients	25,000,000.00
Total	**100,000,000.00**

Capital Expenditures

The Company also plans to allocate a portion of the net proceeds to finance capital expenditures to enhance operating efficiencies and bring down costs. These involve investments in (i) enhancement of information technology systems for warehouse operations for better management of warehouse inventory to minimize costs and maximize use of warehouse space as well as business processing systems to enhance productivity and increase business performance, (ii) renewable energy saving systems to reduce energy use and bring down overhead costs, (iii) construction of additional warehouse building improvements to expand warehousing space and (iv) purchase of warehouse machinery and equipment such as forklifts and pallets for more efficient warehouse operations.

The Company also intends to acquire an industrial property located at the west side of the National Road, within Barangay Tunasan, Muntinlupa City, Metro Manila, comprising an area of 19,373 square meters. This property is owned by its affiliate, Aneco Industries Corporation. The property has an appraised value of about ₽350 million as of January 2015. The Company intends to purchase this property (on an arm's length basis) and develop the property into another key distribution warehouse that will permit the expansion of the Company's operations and service regional market customers. The Company intends to put up and construct warehouse building improvements on the property which construction is estimated to cost about ₽100 million. The property is expected to provide the Company with additional warehousing space to accommodate anticipated growth requirements.

These capital expenditures are proposed to be disbursed between the second half of 2015 to the first half of 2016.

Capital Expenditures Cost Estimates	
Particulars	**Amount (in ₽)**
Information Technology Systems • Computer hardware and software systems and peripherals • System network connections with ancillary items for all warehouses • Customer Relationship Management systems	 700,000 200,000 500,000
Renewable Energy Saving Systems (for Resthaven office and warehouse facility)	4,500,000
Acquisition of property in Muntinlupa City	350,000,000
Construction of new warehouses (to be located in Muntinlupa City)	100,000,000
Construction of additional warehouse improvements in Resthaven and Marilao warehouses.	50,000,000

Capital Expenditures Cost Estimates (continuation) Particulars	Amount (in P)
Purchase of Warehouse Equipment and Machinery	
• 2.0-MT capacity Forklifts	10,800,000
• 1.6-MT capacity Forklifts	5,700,000
• Pallet Racking System for	
• Resthaven Warehouse	2,400,000
• Marilao Warehouses	14,300,000
• Air-conditioning Systems	1,000,000
Delivery Vehicles	4,000,000
Company Service Vehicles	8,000,000
Security Cameras for Warehouse and Offices	2,500,000
Total	**554,600,000**

The additional assets described above will be purchased from 3rd party vendors, which are not Affiliates nor Associates of the Company.

Debt Retirement

The Company maintains a credit facility with BDO Unibank, Inc. ("BDO"). This line comprises of a letter of credit and trust receipt line, regular loan line, and domestic bills purchase line. The Company also avails of term loans that are extended to the Company on a per approval basis, with maturities of 5 years. Interest rates of such loans are based on the approved rate for the Company and paid on a quarterly basis. These loans were used for working capital purposes, principally to finance purchase of product inventory.

The current outstanding principal balance of the long-term loan with BDO, inclusive of accrued interest, amounts to ₽285 million as of 31 March 2015. As such, the Company intends to use ₽285 million of the proceeds to repay the outstanding principal balance of one of the Company's term loan with BDO, which was availed of on 5 September 2013. This long-term loan has a maturity date of 27 August 2018 and bears an interest cost of 5% per annum (the "BDO Loan"). The Company decided to repay the BDO Loan as it carried higher interest rates compared to its other credit facilities. The Company intends to use more than 10% of the proceeds of the Offer to pay the BDO Loan. BDO is the parent company of the Sole Issue Manager, Lead Underwriter & Bookrunner. However, as BDO Capital & Investment Corporation was engaged independently as an issue manager, lead underwriter and bookrunner, the Offer Price is determined via book building process and the Offer Shares are being offered to the public. Thus, potential conflict of interest on the part of BDO Capital & Investment Corporation given its affiliation with BDO is appropriately mitigated.

General Working Capital Expenditures

The remaining balance of the net proceeds of the Offer in the amount of approximately ₱158.4 million will be used for general corporate purposes, including but not limited to use as working capital. This will be used to finance replenishment of product inventory (₱150 million) and expansion of sales force and operations team (₱7.8 million).

The proposed use of the proceeds as described above represents a best estimate of the use of such proceeds based on the current plans of the Company. It is expected that the timing and final amount of the disbursements for the proposed use of proceeds described above will be determined by the Board with a view of maximizing the benefit to the Company taking into consideration the changes in market conditions, availability of acquisition opportunities and such other future events or developments. To the extent that the net proceeds from the Offer are not immediately used for the purposes specified above, the Company will invest such net proceeds in short term fixed income securities and/or money market instruments.

Any shortfall in the amounts allocated for the product expansion & capital expenditures, retirement of term loan, and general working capital in relation to the net proceeds shall be funded by the Company from internal sources and credit facilities.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Issuer will secure the approval of its management or board of directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PSE. The Issuer shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology (PSE EDGE), any disbursements from the proceeds generated from the Offer. In addition, the Issuer shall likewise submit via the PSE EDGE the following disclosure to ensure transparency in the use of proceeds:

a. Any disbursements made in connection with the planned use of proceeds from the Offer;
b. Quarterly Progress Report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following quarter;
c. Annual Summary of the application of proceeds on or before 31 January of the year following the initial public offering;
d. Approval by the Issuer’s Board of Directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Issuer at least thirty (3) days prior to the said actual disbursement or implementation;

e. Certification by the Issuer’s Chief Financial Officer or Treasurer and of an external auditor on the accuracy of the information reported by the Issuer to the PSE in the quarterly and annual reports; and
f. A comprehensive report on the progress of its business plan on or before the first fifteen (15) days of the following quarter.

The quarterly and annual reports required in items (b) and (c) above must include a detailed explanation of any material variances between the actual disbursements and the planned use of proceeds in the Prospectus. The detailed explanation must also state that the Company‘s Board of Directors has given its approval as required in item (d) above.

The Company shall submit an external auditor‘s certification on the accuracy of the information reported by the Company to the PSE in the Company‘s quarterly and annual reports as required in items (b) and (c) above.

DIVIDENDS AND DIVIDEND POLICY

On 5 March 2015, the Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) 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 (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

The dividends may be payable in cash, property, or stock, or a combination of any of such type of dividends as the Board in its discretion may determine.

Cash and property dividend declarations require the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds (2/3) of the Company's outstanding capital stock. Such approval may be given at a general or special meeting duly called for such purpose. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Under the Corporation Code, the Company may not make any distribution of dividends other than out of its unrestricted retained earnings.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy.

Based on the financial results as of 31 December 2013, the Company declared cash dividends of ₱265,494,338 on 22 December 2014 which were paid to the stockholders on 25 March 2015. No dividends were declared for the financial years 2011 and 2012.

On 5 March 2015, the Company declared cash dividends of ₱100,000,000 or approximately ₱0.128 per share which were distributed from the earnings of 2014 and paid on 28 April 2015.

The table below sets forth the details on the dividend declaration of the Company for the past three (3) years:

Year	Dividend	Dividend Rate	Record Date	Payment Date	Total Amount Paid
2015	Cash Dividend	₽ 0.12821	03/05/2015	04/28/2015	₽ 100,000,000.00
2014	Cash Dividend	₽ 0.62176	12/29/2014	03/25/2015	₽ 265,494,338.00
2013	N/A	N/A	N/A	N/A	N/A

The Company has no subsidiary and Neschester Corporation, the sole Associate of the Company, currently has no specific dividend policy. Neschester Corporation has not declared dividends since its incorporation in 2007.

RECENT SALES OF UNREGISTRED OR EXEMPT SECURITIES

On 18 November 2014, the Company issued 250,000,000 Common Shares to the following subscribers as part of the increase in its authorized capital stock:

Name	No. of Shares	Amount paid up
Anesy Holdings Corporation	245,000,000	₽80,000,000[1]
Necisto U. Sytengco	3,850,000	3,850,000
Aylene Y. Sytengco	1,100,000	1,100,000
Edwin R. Abella	25,000	25,000
Ricardo Nicanor N. Jacinto	25,000	25,000
TOTAL	**250,000,000**	**₽85,000,000**

[1]*Anesy Holdings Corporation fully paid the ₽165,000,000 subscription balance on 23 March 2015.*

On 18 December 2014, the Company further increased its authorized capital stock to ₽1,550,000,000.00 divided into 1,550,000,000 common shares with a par value of ₽1.00 per share. Anesy Holdings Corporation subscribed to and fully paid 155,000,000 Shares equivalent to ₽155,000,000.00.

On 5 March 2015, Anesy Holdings subscribed to an additional 353,000,000 Common Shares which it fully paid by virtue of the conversion of its ₽350,000,000.00 advances as of 31 December 2014 into Common Shares of the Company and the balance paid in cash by Anesy Holdings to the Company.

The foregoing additional issuances of the Common Shares are exempt transactions under Sections 10.1(e) and 10.1(i) of the SRC. The foregoing additional issuances did not require any written confirmation of exemption from SEC pursuant to SEC-CFD Memorandum Circular No. 2, Series of 2001.

DETERMINATION OF OFFER PRICE

The Offer Price for the Offer Shares was determined through a book-building process and discussions between the Company and the Sole Issue Manager, Lead Underwriter & Bookrunner. The Offer Price range was established primarily through the use of market-based valuation methodologies, particularly the price-to-earnings (P/E) multiple valuation approach. Since the Common Shares have not been listed on any stock exchange, there has been no market price for the Common Shares derived from day-to-day trading.

The factors to be considered in determining the Offer Price will be, among others, the Company's ability to generate earnings and cash flow in the context of expected market and economic conditions, prevailing conditions in the local and international equities markets, the size of the primary issuance of Common Shares required to raise the additional capital for the Company, its short and long-term prospects and the market price and price performance of companies listed in the PSE and other exchanges and the dilution to existing stockholders.

Under the P/E multiple valuation approach, the Company and the Sole Issue Manager, Lead Underwriter & Bookrunner assessed the prevailing valuation of companies listed on the PSE and on other exchanges in other countries that the Company and the Underwriter deemed to be comparable to the Company. Specifically, the P/E multiples of these comparably listed companies were used to provide a valuation benchmark. This P/E multiple benchmark was adjusted for certain considerations, including the Company's prospective earnings growth rate, general and business risks, and other factors, and was then applied to the prospective earnings after tax of the Company.

CAPITALIZATION & INDEBTEDNESS

The following table sets forth the balances of liabilities and shareholders' equity of the Company as of December 31, 2014 and March 31, 2015 as adjusted to reflect the sale of the Offer Shares. This table should be read in conjunction with the Company's audited financial statements, including the notes thereto, included elsewhere in this Prospectus.

For the purposes of determining the effect of the Offer on capitalization, the Company has estimated that it will receive net proceeds of ₽1,097,413,977.00 from its sale of 420,000,000 Offer Shares after deducting an estimated aggregate amount of underwriting and professional fees, listing and registration fees and other certain estimated expenses the Company expects to incur in relation to the Offer. The estimate is based on an Offer Price of ₱2.75 per share.

	As of December 31, 2014	As of March 31, 2015	As of March 31, 2015 As adjusted after giving effect to the Offer
	In ₽ (audited)	In ₽ (audited)	In ₽ (unaudited)
Current Liabilities	1,683,729,177	1,681,040,388	1,681,040,388
Non-Current Liabilities	1,165,690,431	682,299,452	682,299,452
Capital Stock	262,000,000	780,000,000	1,200,000,000[1]
Additional paid in Capital	200,000,000	200,000,000	935,000,000[2]
Revaluation Reserves	(1,400,328)	(726,760)	(726,760)
Retained Earnings[3]	117,375,296	49,523,857	49,523,857
Total Capitalization	3,427,394,576	3,392,136,937	4,547,136,937

1 March 31, 2015 Capital Stock plus 420,000,000 Offer Shares multiplied by the par value of ₽1.00

2 March 31, 2015 Additional paid in Capital plus 420,000,000 Offer Shares multiplied by the difference of Offer Price of ₽2.75 and par value of ₽1.00

3 The Company registered a net income of ₽32,148,561 for the first quarter of 2015 which will form part of the Company's retained earnings upon the close of the 2015 fiscal year

On 5 March 2015, Anesy Holdings subscribed to 353,000,000 Common Shares at ₽1 per share. This was paid by virtue of the conversion of its ₽350 million advances into equity and the balance in cash. The subscription receivable outstanding as of 31 December 2014 amounting to ₽165 million from the 18 November 2014 subscription of certain shareholders (see Dividends and Dividend Policy – Recent Sales of Unregistered or Exempt Securities on page 47) was fully paid on 23 March 2015. Net borrowings of ₽400 million were also settled. The cash dividend outstanding as of 2014 amounting to P265 million was fully paid on 25 March 2015. Cash dividends payable of ₱100 million were declared on 5 March 2015 and fully paid on 28 April 2015.

The Company currently has a total of 780,000,000 issued and outstanding Common Shares. After the Offer, the Company will have 1,200,000,000 issued and outstanding Common Shares.

DILUTION

The shareholdings of current and new shareholders of the Company immediately before and after the Offer shall be as follows:

	Immediately Preceding the Offer			Immediately After the Offer		
Shareholders	Type of Shares	No. of Shares	%	Type of Shares	No. of Shares	%
Anesy Holdings	Common Shares	753,000,000	96.54	Common Shares	753,000,000	62.75
Necisto U. Sytengco	Common Shares	19, 689,700	2.52	Common Shares	19,689,700	1.64
Necisto Y. Sytengco II	Common Shares	2,200,000	0.28	Common Shares	2,200,000	0.18
Ned Byan Y. Sytengco	Common Shares	2,200,000	0.28	Common Shares	2,200,000	0.18
Aylene Y. Sytengco	Common Shares	2,200,000	0.28	Common Shares	2,200,000	0.18
Victorina B. Ladringan	Common Shares	220,000	0.03	Common Shares	220,000	0.02
Evelyn T. Ching	Common Shares	220,000	0.03	Common Shares	220,000	0.02
Lali Y. Sytengco	Common Shares	220,000	0.03	Common Shares	220,000	0.02
Ricardo Nicanor Jacinto	Common Shares	25,000	0.00	Common Shares	25,000	0.00
Edwin R. Abella	Common Shares	25,000	0.00	Common Shares	25,000	0.00
Oscar A. Innocentes	Common Shares	100	0.00	Common Shares	100	0.00
Esmeraldo A. Tepace	Common Shares	100	0.00	Common Shares	100	0.00
Wilfredo L. Bathan	Common Shares	98	0.00	Common Shares	98	0.00
Lilian S. Linsangan	Common Share	1	0.00	Common Share	1	0.00
Rosaleo M. Montenegro	Common Share	1	0.00	Common Share	1	0.00
IPO Investors	Common Shares	N/A	N/A	Common Shares	420,000,000	35.00
Total		**780,000,000**	**100%**		**1,200,000,000**	**100%**

The net tangible book value of the Company prior to the Offer is ₱1,023,908,339 or ₱1.31 per share. Net tangible book value prior to the Offer represents the amount of the Company's total tangible assets less its total liabilities. The Company's net tangible book value per share represents its net tangible book value divided by the number of Common Shares outstanding. Net tangible assets represent the Company's total assets excluding deferred tax assets.

After giving effect to the increase in the Company's total assets to reflect its receipt of the net proceeds of the Offer estimated at ₽1,097,413,977 and the addition of 420,000,000 new Common Shares subject of the Offer, the Company's pro-forma net tangible book value would approximately be ₽1.77 share.

This represents an immediate increase of ₽0.46 share to existing shareholders and dilution of ₽0.98 share to Offer investors. This dilution in net tangible book value per share represents the estimated difference between the Offer Price and the approximate pro-forma net tangible book value per share immediately following the receipt of the net Offer proceeds by the Company.

The following table illustrates dilution on a per share basis based on an Offer of 420,000,000 Offer Shares at an Offer Price of ₱2.75 per Offer Share:

Offer Price per Offer Share	2.75
Pro forma net book value per Common Share as of March 31, 2015	1.31
Increase in net book value per Common Share after the Offer	0.46
Pro forma net book value per Common Share after the Offer	1.77
Dilution to investors of the Offer Shares	0.98

The following table sets forth the shareholdings and percentage of Common Shares outstanding of existing and new shareholders of the Company immediately after completion of the Offer.

	Common Shares	
	Number	Percentage
Existing Shareholders………………………………	780,000,000	65%
New investors………………………………………	420,000,000	35%
Total…………………………………………………….	1,200,000,000	100%

MANAGEMENT’S DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS

The selected financial information set forth have been derived from the Company’s financial statements as of and for the three months ended March 31, 2015 and for the years ended December 31, 2014, 2013 and 2012 should be read in conjunction with the financial statements and notes thereto contained in this Prospectus

The financial statements of the Company as of and for the three months ended March 31, 2015 and for the years ended December 31, 2014 and 2013, were audited by Punongbayan & Araullo; and the financial statements of the Company as of and for the year ended 2012 were audited by Grajo and Associates and was restated in accordance with Philippine Standards on Auditing. The adjustments applied to restate the 2012 financial statements were audited by Punongbayan & Araullo.

The factors affecting the results of operations are discussed in detail under the section on Risks Factors – Risks Affecting the Business starting on page 21.

SALES

Sales comprise the fair value of the consideration received or to be received for the sale of goods and services in the ordinary course of the Company’s activities. Sales are shown net of value-added tax, returns, rebates, and discounts.

The Company recognizes sales when the amount of revenue can be reliably measured, or it is probable that future economic benefits will flow into the entity, or collectability of the related receivable is reasonably assured, and the specific criteria have been met for each of the Company’s business activities as described below. The amount of sales revenue is not considered to be reliably measured until all contingencies relating for the sale have been resolved.

Sales of goods are recognized when the Company has delivered the products to the customer and there is no unfulfilled obligation that could affect the acceptance of the products. Delivery does not occur until the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

INVENTORY

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method. The cost of merchandise inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

TRADE PAYABLE AND OTHER LIABILITIES

Trade payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payable and other liabilities are recognized in the period in which the related money, goods, or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payable and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of total comprehensive income on a straight-line basis over the period of the lease.

When the Company and its subsidiaries enter into an agreement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Company assesses whether the arrangement is, or contains, a lease. The Company does not have such arrangements during and at the end of each reporting period.

The future minimum lease payables under the non-cancellable operating leases for the period ended 31 March 2015 are as follows:

	2015	2014
Within one year	₽ 16,174,618	₽ 970,164
More than one year but less than 5 years	12,633,196	761,748
Over five years		
Total	₽ 28,807,814	₽ 1,731,912

The future minimum lease receivables under the non-cancellable operating leases as of the period ended 31 March 2015 are as follows:

	2015	2014
Within one year	₽ 103,092,429	₽ 79,558,727
More than one year but less than 5 years	175,909,231	272,210,700
Over five years	-	-
Total	₽ 279,001,660	₽ 351,769,427

LOAN COVENANTS

The loan agreements on long-term debt of the Company provide for certain customary affirmative and negative covenants which include, among others, certain restrictions and requirements with respect to the material changes in ownership, business operation and activity, corporate set-up or composition of top level management, payment of dividends in the event of default, acquisition of treasury shares, disposition of mortgaged assets, mergers or consolidations, incurrence of additional liabilities other than for working capital purposes, grant of loans and advances to related parties other than advances in the ordinary course of business, acting as guarantor or surety of any person unless in the ordinary course of business and incurring capital expenditures or purchase of capital equipment outside the ordinary course of business.

The Company is in compliance with these restrictions and requirements as of 31 December 2014 and as of 31 March 2015.

RESULTS OF OPERATIONS

For the three months ended 31 March 2015, compared with the three months ended 31 March 2014.

Material Changes to the Statement of Comprehensive Income for the three months ended 31 March 2015 compared to the Statement of Comprehensive Income for the three months ended 31 March 2014.

Sales for the period grew by 25.7% from ₽193.5 million in 2014 to ₽243.2 million in 2015. The increase is largely due to the higher volume sales of food ingredients, feeds and veterinary care, and industrial chemicals as the Company benefitted from (i) the increase in production requirements in such markets, (ii) existing customers expanded the scope of products they purchased from the Company, and (iii) additional sales to new customers.

The cost of goods sold increased by ₽33.5 million or 24.1% from ₽138.9 million in 2014 to ₽172.4 million in 2015. The increase mirrored the sales volume increment and some reduction in average purchase prices as the Company benefitted from volume discounts for its bulk purchases.

Gross profit grew by ₽16.2 million or an improvement of 29.7% from ₽54.6 million posted in 2014 to ₽70.8 million in 2015. The increase is largely attributed to the volume increase in demand for food ingredients, feeds inputs and industrial chemicals on account of positive market conditions and lower costs of chemicals due to bulk purchases.

Other operating expenses significantly increased by 71.5% or ₽16.2 million from ₽22.7 million in 2014 to ₽39.0 million in 2015 due to increases in sales related expenses; and due to increase in salaries, rental expenses, professional fees, trainings, advertisement, in connection with the restructuring of the Company in preparation for the Offer. However, such increase was partially compensated by a 33.82% decline in finance charges amounting to ₽6.9 million due to reduction of long term loan exposure of the current period.

Rental income increased by 48.4% or ₽8.5 million mainly due to scheduled annual escalation.

Equity in net losses of an associate significantly declined by 84.70% or ₽0.4 million mainly due to lower loss incurred by an associate.

Income tax expenses escalated by 30.7% or ₱2.9 million mirrored to sales increment and net decreased on operating expenses and other income from 2014 to the 2015 period. The total comprehensive income improved by 77.30% from ₱18.5 million in 2014 to ₱32.8 million in 2015. This is largely due to the higher sales revenue generated as the market improved from the adverse events in 2014, sales of higher margin products, and increase in other income.

Material Changes to the Statement of Financial Position as at 31 March 2015 compared to the Statement of Financial Position as at 31 December 2014

Assets

As at 31 March 2015, total assets reached ₱3,392.1 million comprising of ₱2,146.7 million in current assets and ₱1,245.4 million in non-current assets. As at 31 December 2014, the total assets registered ₱3,427.4 million comprising of ₱2,179.5 million in current assets and ₱1,247.9 million in non-current assets.

Cash in banks decreased by 29.9% from ₱338.1 million in 2014 to ₱237.1 million in 2015 due to various settlements totaling ₱649.2 million consisting of ₱360.0 million loan payments (net of availments); ₱265.5 million cash dividend declared last December 2014; ₱5.6 million purchase of financial assets at FVTPL net of disposal; ₱0.1 million worth of acquisition of office equipment; and ₱18.1 million of interest payment. The settlements were partially compensated by the total proceeds of ₱548.3 million from the following collection: ₱518.0 million collection of subscription receivable; ₱14.9 million provided from operating activities; ₱3.6 million from sale of HTM investment; ₱3.5 million cash dividend received from HTM investment; ₱7.6 million net increase of advances from related parties; ₱0.5 million on gain on foreign exchange; and ₱0.2 million net interest gain from short term placements.

Trade and other receivables increased by 27.1% from ₱100.2 million in 2014 to ₱127.3 million in 2015. This was mirrored by the 27.6% increase on gross revenue combination of sales and rental income from previous to the current period.

Inventory level slightly went up by ₱28.9 million or 1.9% from ₱1,557.9 million in 2014 to ₱1,586.8 million in 2015. The increment is aligned with the Company's plan for 2015 sales.

Financial assets at fair value increased by ₱6.5 million or 22.1% in 2015 from ₱29.3 million in 2014. The increment was the net of ₱6.1 million purchase, ₱0.4 million sale and ₱0.7 million realized gain.

Property and equipment of ₱1.7 million in 2014 dipped by 7.66% to ₱20.6 million in 2015 from ₱22.2 million in 2014 as a result of the posted ₱1.8 million depreciation net of ₱0.1 million acquisition of office equipment during the period.

Deferred tax asset lead by 164.6% or ₱3.0 million from ₱1.8 million in 2014 to ₱4.9 million in 2015 mainly contributed by increment of ₱3.2 million in advance rent net of ₱0.2 million unrealized gain in exchange of foreign currency.

Other non-current assets slightly declined by 1.5% or 3.7 million from ₱250.1M in 2014 to ₱246.4 million in 2015 due to full disposal of ₱0.1 million of Philex shares and 1.5% disposal of Ayala Corporation preferred shares net of ₱0.2 million realized gain.

Liabilities

The total liabilities as at 31 March 2015 amounted to ₱2,363.3 million comprising of ₱1,681.0 million in current liabilities and ₱682.3 million in non-current liabilities. For 31 December 2014 the total liabilities was at ₱2,849.4 million comprised of ₱1,683.7 million in current liabilities and ₱1,165.7 million in non-current liabilities.

Cash dividends of ₱98.3 million (net of ₱1.8 million withholding taxes) were declared from the unrestricted retained earnings of the Company as of 31 December 2014 payable on 28 April 2015 and thus recognized as a cash dividend payable as of 31 March 2015. The balance of ₱265.5 million in 2014 was paid in 2015.

Current loans payable accretion of 47.2% or ₱123.5 million from ₱261.5 million in 2014 to ₱385.0 million in 2014 was mainly for working capital purposes.

Long term loans payable significantly fell by 41.6% or ₱483.5 million from ₱1,163.5 million in 2014 to ₱680.0 million in 2014 due to retirement of certain long term loans.

Income tax payable increment of 35.8% or ₱12.4 million is pertaining to net income tax due for three months of 2015 and is due for payment on May 2015. The income tax payable of ₱34.7 million in 2014 refers to income tax due for year ended December 31, 2014 and is due for payment and was paid during month of April 2015.

Post-employment defined benefit obligation increased by 5% or by ₱0.1 million from ₱2.2 million in 2014 to ₱2.3 million as of 31 March 2015 on account of additional current service cost of ₱0.08 million and ₱0.02 million interest cost recognized for the period.

Total equity

The total equity as at 31 March 2015 was ₽1,028.8 million comprising of ₽780.0 million in capital stock, ₽200.0 million in additional paid in capital stock, ₽49.5 million in retained earnings net of ₽0.727 million accumulated actuarial losses. For 31 December 2014, total equity amounted to ₽578.0 million comprising of ₽262.0 million in capital stock, ₽200 million in additional paid in capital stock, ₽117.4 million in retained earnings net of ₽1.4 million accumulated actuarial losses.

Capital stock increased from ₽262.0 million in 2014 to ₽780.0 million in 2015 due to the issuance and payment of an additional ₽353 million shares and collection of ₽165.0 million subscription receivable from Anesy Holdings Corporation.

Revaluation reserve declined by 50.01% or ₽0.7 million from ₽1.4 million in 2014 to ₽0.7 million in 2015 as a result of the transfer of ₽0.7 million of realized fair value losses on AFS financial assets to profit or loss.

Retained earnings significantly decreased by 57.8% or ₽67.9 million from ₽117.4 million in 2014 to ₽49.5 million in 2015 due to the declaration of cash dividends of ₽100.0 million in 2015 out of the 2014 unrestricted retained earnings less ₽32.1 million of the current period net income.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2015 cash flows from operating activities summed up to a net inflow of ₽14.9 million. The cash receipts amounted to ₽79.4 million a large portion of which was used for inventory purchases and 10% on other current assets.

Net cash flows from investing activities

The net cash flow from investing activities summed up to a net inflow of ₽1.7 million. The total cash provided of ₽7.9 million mainly utilized for the acquisition of equity securities.

Net cash flows used in financing activities

The net cash flows from financing activities resulted in a net outflow of ₽118.0 million. The major inflows came from the new subscriptions of common shares of the Company while majority of the outflows were caused by the repayment of certain short term and long term loans, and distribution of cash dividends declared.

RESULTS OF OPERATIONS

For the Year ended 31 December 2014, compared with the year ended 31 December 2013

Material Changes to the Statement of Comprehensive Income for the period ended 31 December 2014 compared to the Statement of Comprehensive Income for the period ended 31 December 2013.

Sales for the period grew by 18.7% from ₱786 million in 2013 to ₱933.1 million in 2014. The increase is largely due to the higher volume sales of food ingredients, feeds and veterinary care, and industrial chemicals as the company benefitted from (i) the increase in production requirements in such markets, (ii) existing customers expanded the scope of products they purchased from the Company, (iii) and additional sales to new customers.

The cost of goods sold increased by ₱88.28 million or 15.2% from ₱580.2 million in 2013. The increase mirrored the volume increase in sales and some reduction in average purchase prices as the Company benefitted from volume discounts for its bulk purchases.

Gross profit grew by ₱58.85 million or an improvement of 28.6% from that posted in 2013. The increase is largely attributed to the volume increase in demand for food ingredients, feeds inputs and industrial chemicals on account of positive market conditions and lower costs of chemicals due to bulk purchases.

Other operating expenses slightly increased by 1.6% from ₱98.75 million in 2013 to ₱100.39 million in 2014 due to increases in professional fees in connection with the restructuring of the Company in preparation for the Offer. However, such increase in other operating expenses was compensated by 5.9% decline in finance charges amounting to ₱5.66 million.

Rental income increased by 24.28% or ₱14.33 million mainly due to adjustments in rental rates.

The income tax expense jumped around 4 times to ₱45.7 million from 2013 to the 2014 period.

The Company's 2014 tax expense of ₱45.7 million reflects a 397% increase from ₱9.2 million in 2013 due to higher taxable income.

The net profit increased by 66% from ₱60.3 million in 2013 to ₱100.2 million in 2014. This is largely due to the higher sales revenue generated as the market improve from the adverse events in 2013, sales of higher margin products, and increase in other income.

Material Changes to the Statement of Financial Position as at 31 December 2014 compared to the Statement of Financial Position as at 31 December 2013

Assets

As at 31 December 2014, total assets reached ₽3,427.4 million comprising of ₽2,179.5 million in current assets and ₽1,247.7 million in non-current assets. As at 31 December 2013, the total assets registered ₽3,556.2 million comprising of ₽2,560.3 million in current assets and ₽995.9 million in non-current assets.

Cash in banks increased by 600% from ₽48 million in 2013 to ₽338 million in 2014. This was due to the increase in net cash from operating activities of ₽687 million in 2014 from negative ₽432 million in 2013 net of investments in held-to-maturity securities amounting to ₽250 million and settlement loans amounting to ₽1,528.0 million.

Trade and other receivables increased by 18% from ₽84.9 million in 2013 to ₽100.2 million in 2014. This was caused by the increase in sales of 19% from the previous period to the current period.

Inventory levels slightly went up by 5.1% from ₽1,482.9 million in 2013 to ₽1,557.9 million in 2014 in line with the Company's plan to expand and increase sales in 2015.

The 2013 outstanding balance of ₽740.6 million representing Advances to related parties was fully settled in 2014.

Financial assets at fair value dropped by ₽23 million or 43.6% in 2014 from ₽51.9 million in 2013 mainly due to the disposal of equity securities held for trading.

Property and equipment of ₽24 million in 2013 dipped by 7.3% to ₽22.2 million in 2014 due to full recognition of depreciation of 2013 additional property and equipment.

Other non-current assets increased to ₽250M following the Company's purchase of Ayala Corporation preferred shares. There were no other non-current assets in 2013.

Liabilities

The total liabilities as at 31 December 2014 amounted to ₽2,849.4 million comprising of ₽1,683.7 million in current liabilities and ₽1,165.7 million in non-current liabilities. For 31

December 2013 the total liabilities was at ₽3,051.7 comprised of ₽1,455.5 million in current liabilities and ₽1,596.2 million in non-current liabilities.

Trade and other payables rose by 128.94% or ₽238 million from ₽184.7 million in 2013 to ₽422.8 million in 2014 attributable to higher trust receipts utilized for working capital requirements.

Advances from related parties increased by ₽255M or 57.61% from ₽443.6 million in 2013 to ₽699.2 million in 2014 for additional working capital uses.

Cash dividends payable amounting to ₽265 million were declared and recognized in 2014. There were no cash dividend payable in 2013.

Current loans payable significantly dropped by 67.64% or ₽546.5 million from ₽808 million in 2013 to ₽261.5 million in 2014 due to the settlement of certain short term loans.

Long term loans payable fell by 27.05% or ₽431.5 million from ₽1,595 million in 2013 to ₽1,163.5 million in 2014 due to retirement of certain long term loans.

Post-employment defined benefit obligation significantly hiked by 84% from ₽1.19 million in 2013 to ₽2.19 million in 2014 as a result of the recognition of actuarial valuation of retirement benefit costs.

Total Equity

The total equity as at 31 December 2014 was ₽577.9 million comprising of ₽262.0 million in capital stock, ₽200.0 million in additional paid in capital stock, ₽117.4 million in retained earnings gross of ₽1.4 million accumulated actuarial losses. For 31 December 2013, total equity amounted to ₽504.5 million comprising of ₽22.0 million in capital stock, ₽200 million in additional paid in capital stock, ₽282.7 million in retained earnings gross of ₽0.18 million accumulated actuarial losses.

Capital stock increased from ₽22 million to ₽262 million due to the issuance of an additional ₽240 million shares following the increase in authorized capital stock to 1,550 million shares which was approved by the Securities and Exchange Commission on 18 December 2014. The par value per share was also restructured and decreased from ₽100.00 per share to ₽1.00 per share and approved by the SEC on 18 November 2014.

Revaluation reserve increased by ₱1.22 million from ₱0.18 million in 2013 to ₱1.4 million in 2014 on account of the incremental increase in other comprehensive income arising from fair value losses in available-for-sale financial assets and re-measurements in the post employment defined benefit plan.

Retained earnings significantly decreased by 58% from ₱282.70 million in 2013 to ₱117.38 million in 2014 due to the declaration of cash dividends in 2014 out of the 2013 unrestricted retained earnings.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2014 cash flows from operating activities summed up to a net inflow of ₱687 million. A large portion of the cash receipts was used for inventory purchases.

Net cash flows used in investing activities

The net cash flow used in investing activities summed up to a net outflow of ₱234 million mainly utilized for the acquisition of equity securities.

Net cash flows from (used in) financing activities

The net cash flows from financing activities resulted in a net outflow of ₱163 million. The major inflows came from the new subscriptions of common shares of the Company while majority of the outflows were caused by the repayment of certain short term and long term loans, and distribution of cash dividends declared.

RESULTS OF OPERATIONS

For the Year ended 31 December 2013, compared with the year ended 31 December 2012.

Material Changes to the Statement of Comprehensive Income for the period ended 31 December 2013 compared to the Statement of Comprehensive Income for the period ended 31 December 2012.

Sales fell by 21% in 2013 from ₱993.9 million in 2012 to ₱785.9 million in 2013 as volume and prices normalized compared to exceptionally higher sales prices and volumes recorded in 2012 for certain food ingredients chemicals. This resulted in considerably lower average prices and volume for such products; and thus, lower sales were recorded compared to the previous period. The sales in 2013 were also partly affected by the dislocation caused by Typhoon Yolanda in the Visayas region.

The decline in sales in 2013 from 2012 is replicated in the cost of goods sold as it dipped by about 27% from ₽790.7 million in 2012 to ₽580.2 million vis-à-vis 2013 on the account of the lower sales volume and falling average purchase prices for certain food ingredient chemicals.

Notwithstanding the significant drop in sales revenues in 2013, there was a marginal improvement in gross profit margins from 2012 to 2013 as a result of some downward trend in certain chemical purchase prices.

Other operating expenses increased by 60.49% from ₽61.5 million in 2012 to ₽98.8 million in 2013 due to increases in headcount and additional professional fees incurred for the restructuring of the Company. Rental income surged to ₽58.9 million on account of additional lease arrangements.

Income tax expense in 2013 was substantially reduced from ₽17.8 million to ₽9.2 million as a result of a reversal of temporary differences between accounting and taxable income.

Profit increased by 52.27% or ₽20.7 million from ₽39.6 million in 2012 to ₽60.3 million in 2013. This was mainly contributed by the improvement in gross profit margins from 20% in 2012 to 26% in 2013 and the increase in other operating income.

Material Changes to the Statement of Financial Position as at 31 December 2013 compared to the Statement of Financial Position as at 31 December 2012.

The total assets amounted to ₽3,556.2 million as at 31 December 2013 comprising of ₽2,560.3 million in current assets and ₽995.9 million in non-current assets. As of 31 December 2012 the total assets stood at ₽3,011.5 million comprising of ₽2,023.6 million in current assets and ₽987.9 million in non-current assets.

Cash in banks more than doubled to ₽48 million in 2013 from ₽21.9 in 2012 as a result of the lower net cash used in investing activities and the higher net cash generated from financing activities.

Cash derived from financing activities amounted to ₽458 million representing net availments of short term obligations. ₽433 million of these cash proceeds were utilized for operations.

Receivables increased by 22.5% from ₽69.3 million in 2012 to ₽84.9 million in 2013 as a result of extended payment terms granted by the Company to certain customers on account of the economic disruption brought about by Typhoon Yolanda.

Short term advances to related parties grew by 146.8% from ₽300 million in 2012 to ₽740 million in 2013 as the Company provided temporary funding support to certain affiliates.

Financial assets at fair value decreased by 19.11% or ₽13M from ₽64.2 million in 2012 to ₽51.9 million in 2013 due to disposal of certain equity securities.

Prepayments and other current assets increased by 24% from ₽122.1 million in 2012 to ₽152 million in 2013. This was caused by a ₽28 million increment in VAT input and ₽1.3 million increment in creditable withholding tax.

The Property and Equipment value for the period decreased by 6% or ₽1.4 million from ₽25.4 million in 2012 to ₽24 million in 2013 mainly due to net increase in accumulated depreciation of ₽6.4 million which was partially offset by the acquisition of new transportation vehicles and office equipment worth ₽5 million.

Liabilities

The total liabilities as at 31 December 2013 amounted to ₽3,051.7 million comprising of ₽1,455.5 million in current liabilities and ₽1,596.2 million in non-current liabilities. As at 31 December 2012 the total liabilities stood at ₽2,567.3 million comprising of ₽789.1 million current liabilities and ₽1,778.2 million non-current liabilities.

Trade and other payables decreased by 28% from ₽258.9 million in 2012 to ₽184.7 million in 2013 in view of payments made of outstanding trust receipts as of 2012.

Advances from related parties increased by 82% from ₽244 million in 2012 to ₽443.6 million in 2013 to refinance certain long term loans which were retired.

Loan payables increased significantly by 184% or ₽523 million from ₽285 million in 2012 to ₽808 million in 2013 due to the reclassification of the maturing portion of the Company's long term loans to current liabilities status.

Income tax payable increased from ₽1 million to ₽19 million as a result of higher taxable income. The long term portion of loans payable declined by 10% from ₽1,764.5 million in 2012 to ₽1,595 million in 2013 resulting from the Company's retirement of certain long term debt obligations.

Post-employment defined benefit obligation increased by 30% from ₽0.9 million in 2012 to ₽1.2 million in 2013 due to the recognition of additional retirement benefit costs based on actuarial valuations.

The deferred tax liabilities balance of ₽12.7 million in 2012 was fully utilized in 2013.

Total Equity

The total equity as at 31 December 2013 was ₽504.5 million comprising of ₽22 million in capital stock, ₽200.0 million in additional paid in capital stock, ₽282.7 million in retained earnings gross of ₽0.2 million in accumulated actuarial losses. As at 31 December 2012 posted total equity stood at ₽444.3 million comprising of ₽22.0 million in capital stock, ₽200 million in additional paid in capital stock, ₽222.4 million in retained earnings gross of ₽0.1 million in accumulated actuarial losses.

Changes in total equity amounting to ₽60.3 million were attributable to net income realized in 2013.

Statement of Financial Position as at 31 December 2012.

Total assets amounted to ₽3,011.5 million as at 31 December 2012 comprising of ₽2,023.6 million in current assets and ₽987.9 million in non-current assets.

Cash in banks amounted to ₽22 million mainly derived from financing activities of ₽897.5 million less cash used in investing activities and operating activities of ₽295.4 million and ₽600.6 million, respectively and a reduction of ₽0.8 million effect of exchange rate changes. The operation started with a beginning cash balance of ₽21.2 million.

Receivables outstanding amounted to ₽69.3 million with an average of 30 days turnover.

Inventory level of ₽1,446.0 million was posted by end of 2012.

Short term advances to related parties amounting to ₽300 million was used for temporary funding support to certain affiliates.

Financial assets at fair value through profit or loss amounted to ₽64.2 million were secured during the year.

Prepayments and other current assets amounting to ₽122.1 million were mainly composed of ₽120.5 million for Input VAT and ₽1.7 million for creditable withholding tax.

Property and equipment amounted to ₽25.4 million which was the net of the total carrying value of office property and equipment of ₽35.4 million less the accumulated depreciation of ₽10.0 million.

Investment properties of ₽943.3 million refer to total acquired properties of the Company as of 2012. These pertain to 5 properties located at Fort Bonifacio, Ayala, Alabang, Latex and along EDSA.

Investment in an associate amounted to ₽19.2 million pertaining to 35% equity ownership in Neschester Corporation.

Liabilities

Total liabilities as at 31 December 2012 amounted to ₽2,567.3 million comprised of ₽789.1 million in current liabilities and ₽1,778.2 million in non-current liabilities.

Trade and other payables amounted to ₽258.9 million consisting of outstanding trust receipts amounting to ₽236.2 million, other trade payable of ₽2.6 million, security deposits of ₽19.4 million and accrued expenses of ₽ 0.7 million.

Advances from related parties amounted to ₽244 million which were used to partially finance certain investment in properties acquired during the year.

Income tax payable amounting to ₽1.2 million was posted as a result of regular tax amounting to ₽17.8 million net of deferred tax asset, quarterly income tax payments and creditable withholding taxes.

Loans payable amounted to ₽2,049.5 million comprised of ₽285 million in current and ₽1,764.5 million in non-current. This includes the net amount of ₽546.4 million secured as additional obligations during the year to partially finance the acquisition of investment in properties acquisition.

Deferred tax liabilities amounted to ₽12.7 million in 2012 comprised of ₽1.2 million unrealized foreign currency gain, ₽9.6 million fair value gain on financial assets at FVTPL, ₽2.3 million rental income, net of ₽0.3 million of retirement benefit obligation and accumulated actuarial loss on retirement plan.

Post-employment defined benefit obligation amounted to ₽0.9 million in 2012.

Total Equity

The total equity as at 31 December 2012 was ₽444.3 million comprising of ₽22 million in capital stock, ₽200.0 million in additional paid in capital stock, ₽222.4 million in retained earnings gross of ₽0.1 million in accumulated actuarial losses.

Liquidity and Capital Resources

Net cash flows used in operating activities

The 2012 cash flows from operating activities summed up to a net outflow of ₽600.6 million primarily used for inventory purchases.

Net cash flows used in investing activities

The net cash flow used in investing activities summed up to a net outflow of ₽295.4 million utilized for the acquisition of: net of ₽32.2 million in equity securities; ₽7.5 million office equipment; ₽236.5 million investment in properties; and ₽19.2 million investment in associate.

Net cash flows from financing activities

The net cash flows from financing activities resulted to a net inflow of ₽897.5 million. The major inflows came from loan proceeds with a net amount of ₽828.5 million and proceeds from advances obtained from related parties of ₽200.2 million, and a cash reduction for the interest payments of ₽131.2 million.

RESULTS OF OPERATIONS

Sales performance was ₽993.9 million in 2012. Gross profit amounted to ₽203.2 million. A gross margin of 20.44% was posted by the end of 2012.

Other operating expenses totaled to ₽61.5 million in 2012 comprised of ₽11.8 million of salaries and wages, ₽ 8.7 million for transportation and travel, ₽5.1 million for professional fees, ₽5.7 million for insurance expense, ₽1.1 million for taxes and licenses, ₽4.9 million for outside services, ₽5.4 million for depreciation and amortization, ₽6.3 million for repairs and maintenance, ₽0.9 million for representations, ₽2.8 million for commissions, ₽2.3 million for utilities, ₽2.0 million for trainings and seminars, ₽2.0 million for office supplies, ₽0.3 million for dues and subscriptions, ₽0.8 million for rental expenses, ₽0.9 million for donations, ₽0.3 million for advertising and ₽0.4 million miscellaneous expenses.

Finance cost is mainly composed of ₽131.2 million of interest expense net of fair value gain on financial assets at FVTPL of ₽35.9 million.

Other operating income of ₽11.0 million came from rental income for year 2012.

Income tax expense of ₽17.8 million was posted in 2012 computed as regular tax expense of the Company.

Other comprehensive loss amounting to ₽0.1 million consists of item that will not be reclassified subsequently to profit or loss. Total comprehensive income amounted to ₽39.5 million posted as a result of the company's operation during year of 2012.

Key Performance Indicators

	March 2015	2014	2013	2012
Liquidity Ratio[1]	127.7%	129.4%	175.9%	256.4%
Debt to Equity Ratio[2]	229.7%	493%	604.9%	577.9%
Asset to Equity Ratio[3]	329.7%	593%	704.9%	677.9%
Return on Assets[4]	0.95%	2.9%	1.8%	1.4%
Return on Equity[5]	4.2%	18.5%	12.7%	9.3%
Cost to Income Ratio[6]	19.5%	19.0%	23.1%	15.6%
Earnings per Share[7]	₽0.06	₽1.80	₽2.74	₽1.80

1. *Liquidity Ratio is computed as current assets divided by current liabilities*
2. *Debt to Equity Ratio is computed as total liabilities over total equity*
3. *Asset to Equity Ratio is computed as total assets divided by total equity*
4. *Return on Assets is computed as the ratio of net income over average assets*
5. *Return on Equity is computed as the ratio of net income over average total equity*
6. *Cost to Income Ratio is the ratio of costs and expenses over revenues*
7. *Earnings per Share is computed as the net income over weighted average number of common shares outstanding*

Off-balance sheet arrangements

In consideration of the group credit lines made available to the Company and certain of its affiliates by its bankers, the Company and said Affiliates have agreed to act as surety and cross guarantee each other's obligations for short term loans obtained under such group credit facility. The Company's management assessed that the fair value of the guarantee liability, if any, is not significant to the financial statements. As of 31 March 2015, the Company was released from acting as a continuing surety or guarantor of loans of certain affiliates and shareholder-directors.

Critical accounting policies

The Company's audited financial statements included in this Prospectus have been prepared in accordance with PFRS. The results of operations and financial condition are sensitive to accounting policies, assumptions and estimates that underlie the preparation of the financial statements.

For a complete discussion of the Company's critical accounting policies and significant accounting judgments and estimates, see Note 3 of the Company's audited financial statements included in this Prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various types of market risks in the ordinary course of business, including currency exchange rate risk and interest rate risk.

Exchange Rate Risk

The Company's foreign currency exchange rate risk exposure results from its business transactions denominated in foreign currencies relating to its importation of its chemical products.

To lessen the Company's exposure to currency risks especially against sudden and severe foreign currency fluctuations, the Company hedges some of its foreign exchange exposure. The hedging is typically by way of a forward contract which will lock in an exchange rate currently for the currency transaction that will occur at a future date. Moreover, the Company also requires its clients to share some of the foreign exchange risk by having its pricing subjected to a foreign exchange adjustment mechanism.

Interest Rate Risk

The Company's main exposure to market risk for changes in interest rates relates primarily to its loans and borrowings with floating interest rates and new financing. As of the date of this Prospectus, the Company manages this risk by maintaining a combination of fixed and floating interest rates on its loans and borrowings.

Under the Company's interest rate policy, it seeks to have approximately 60%-75% of its debt in fixed rate obligations.

OTHER DISCLOSURES

The Company is not aware of any event that will trigger a direct or contingent financial obligation that would be material to the Company, including any default or acceleration of any obligation.

Other than those discussed above, the Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Other than those discussed under the section on Use of Proceeds on page 40, there are no other material commitments for capital expenditures.

The Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. Finally, the Company is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

BUSINESS

THE COMPANY

The Company is one of the major chemical trader-distributors in the Philippines. The Company sources, markets and distributes over 3,000 chemical products sourced from over 500 producers and suppliers worldwide and sells to more than 1,800 customers all over the Philippines.

The Company distributes a comprehensive selection of chemical products to a diverse set of clientele in the following industries (i) food ingredients, (ii) industrial, (iii) feeds agriculture and veterinary care, (iv) pharmaceutical and (v) personal health care and cosmetics. The top customers of the Company in terms of sales are RDL Pharmaceutical Laboratory, Inc., Uni-President (Phils.) Corporation, Zamboanga Carrageenan Manufacturing Corporation, Empire Chemical Company, Inc. and Zeno Chemical Industries, Inc. Its top products in terms of sales include MSG, starch, potassium chloride, hydroquinone and menthol crystals.

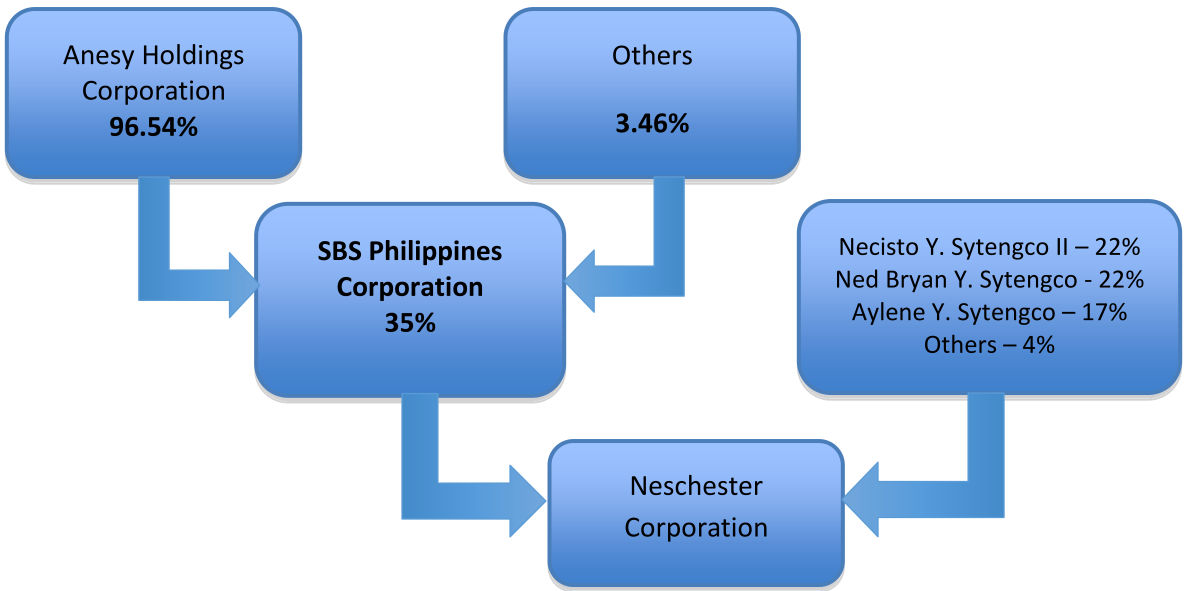
The Company's scale and distribution reach, combined with its diversified product offering and deep industry knowledge, provide the Company with a distinct competitive advantage as the "one-stop shop" resource for its customers' chemical requirements. The Company also provides value-added service to its customers by providing logistics management in sourcing, procuring, warehousing and transporting the chemical products and materials. For the years 2014, 2013 and 2012, the Company registered total sales of P933,080,958, P785,947,148 and P993,927,489, respectively. For the period ending 31 March 2015, total sales were P243,208,756.

The Company was incorporated on 17 July 2001 and was formerly known as Sytengco Philippines Corporation. The change to its present name was approved by the SEC on 18 November 2014. The Sytengco Family presently owns directly and indirectly 99.97% of the Company. Post IPO, the Sytengco Family will own directly and indirectly 64.98% of the Company.

SUBSIDIARIES AND ASSOCIATES

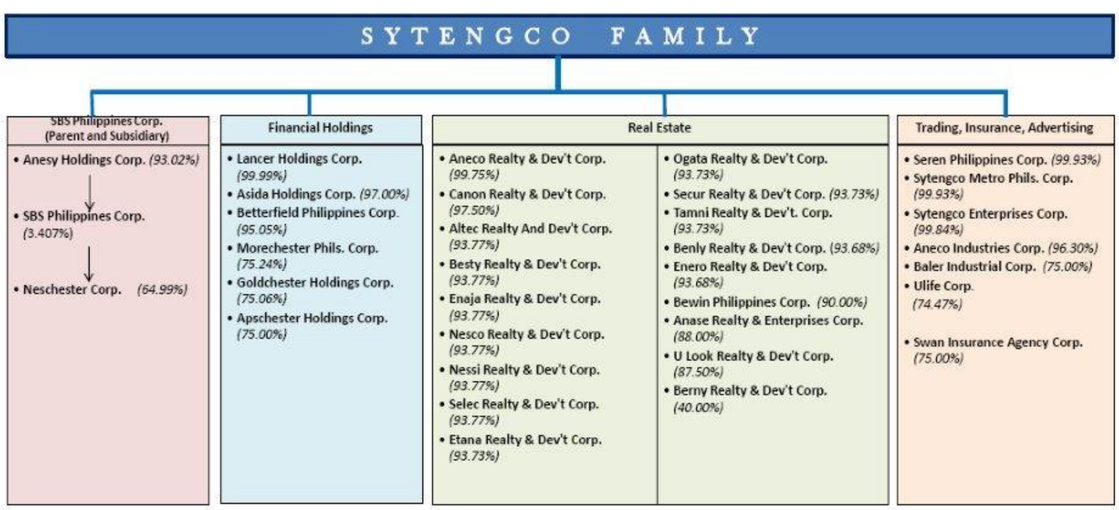
The Company has no subsidiary. The Company only has one (1) Associate, Neschester Corporation. The Company owns 35% of the issued and outstanding capital stock of Neschester Corporation, a company incorporated and registered with the SEC on December 10, 2007 primarily engaged to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

Neschester Corporation is not under any bankruptcy, receivership or similar proceedings. Further, it has not engaged in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets that is not in the ordinary course of business.



RELATED ENTITIES

The following table sets forth the conglomerate map of the Sytengco Family group of companies



HISTORY

The business of the Company was founded by Mr. Necisto U. Sytengco in 1970 which begun as a single proprietorship merchandising firm engaged in the import-wholesale trade of electronics spare-parts and chemicals. By the 1980's, the trading business obtained leasehold rights to warehousing facilities that allowed it to realize operating scale. The larger storage facility served as an important driver of growth for the business as it allowed bigger supply volumes that enabled it to benefit from volume-based pricing for its purchases as well as to carry more diversified product offerings. As this translated to improved economies of scale and better leveraged cost structures, the Sytengco chemical trading business became a major chemical trader-supplier of leading manufacturing businesses in the country, serving principally the plastics, rubber and textile industries then.

With its expanded portfolio of products and increased logistical capability, the chemical trading business matched the increasing requirements of customers and end-market users for more comprehensive products and customized deliveries. It also catered to the growing preference of chemical producers to streamline their supply chain in favor of well-established local chemical distributors.

By the 1990's, the trading business achieved substantial business growth that it increased its warehousing facilities from one (1) to three (3). In line with this, the business further expanded its distribution reach to service the chemical requirements of high growth markets such industrial manufacturing, food and beverage, pharmaceutical, personal care and cosmetics, feeds agriculture and veterinary care.

As the family business expanded from its entrepreneurial beginnings, the Company was established in 2001 to maintain and build its competitive advantage. The Company now operates 15 key distribution warehouse facilities which it leases from its affiliates. The combined storage capacity of these warehouses is capable of keeping some 18,000 MT of products. Currently, the Company sources from over 500 producers-suppliers worldwide and provides its customer base, now totaling over 1,800, with a wide portfolio of chemicals and ingredient products. It now services the chemical requirements of major industrial and manufacturing businesses in the country for cleaning and sanitation, food ingredients, chemical manufacturing, personal care and pharmaceutical, crop protection and animal care.

To support its dynamic business, the Company begun to strengthen its management team in 2010. It hired a total of seven new executives and managers since 2010 and implemented a series of measures to push growth and improve operating performance. These initiatives included:

- Focusing increased efforts in strengthening its presence in high growth user markets such as industrial manufacturing and consumer driven industries;

- Undertaking measures to enhance operations such as improving supply chain and logistics capability, trimming down procurement costs, streamlining back-office functions and improving working capital efficiency; and
- Establishing a performance driven sales culture.

Such initiatives contributed to increases in EBITDA of 44% from ₽172 million in 2013 to ₽248 million in 2014 and an 18.7% increase in sales from ₽786 million in 2013 to ₽933.1 million in 2014. The Company also registered a CAGR of 13.00% in EBITDA from 2012 to 2014.

COMPETITIVE STRENGTHS

The Company believes that it possesses the following principal strengths enabling it to compete effectively in the industry:

Significant Scale and Scope of Business

The Company is one of the major chemical wholesaler-distributors in the country. It has a product line of over 3,000 chemicals which it sources from more than 500 suppliers worldwide and distributes to a diverse customer base exceeding 1,800 clients. The Company recorded a combined sales turnover of ₽2.70 billion for the three-year period ended 31 December 2014.

Such "hour-glass" structure between the Company and its suppliers and customers create for an attractive market alignment for the Company as its broad product portfolio caters to the highly diversified needs of its different market customers. This diversity in the Company's product offerings and business partners makes for a resilient business model as the Company is not made to depend on any single market, product or industry.

By servicing a diverse set of industry markets, the business generally has the benefit of overall stable demand for its products as it is able to aggregate demand from a broad set of market customers which works to cushion the effects of industry specific cyclicality. For instance, the high demand periods for the food and industrial sectors are the first and third quarters of the year. The low demand months are in the second and fourth quarters of the year which happen to be the peak demand period for the mining and agricultural sectors. This makes the Company less vulnerable to the business fluctuations of specific industries as it is able to shift its business to other market customers. Furthermore, as the Company is able to buy and store products in large quantities, it is able to better manage short supply situations and take advantage of surplus conditions.

The large customer base of the Company likewise provides it with the critical scale in terms of sales and purchasing volumes to maintain a highly cost competitive position and deliver strong sales increases. By combining multiple customer orders, the Company is able to have stronger negotiating position vis-à-vis producer-suppliers and thus take advantage of volume-based discounts and price breaks in its sourcing as well as reduced transportation costs for bulk procurements due to less frequency in shipment order. Further, its market alignment with many of the major and high growth businesses links the Company to benefit from their increasing larger requirements for chemical inputs.

Furthermore, the Company believes that the scale and scope of its operations make it a very attractive partner of global chemical producers. Global chemical producers typically lack the critical scale in their distribution processes to handle lower quantity, higher diversity product portfolios normally needed in local markets such as the Philippines. The scope of the Company's sales coverage allows it to serve customers who require small to medium size deliveries normally involving truckload or less than truckload deliveries since chemicals comprise only a fraction of input costs for many products. Moreover, chemical producers increasingly choose larger distributors such as the Company who can serve a wider number of customers and have the resources needed for various regulatory compliances and the handling of technical sales.

Diversified Product Line and Presence in a Multitude of Markets

The Company offers more than 3,000 types of chemicals. This product scope allows the Company to supply the various chemical requirements of its market customers and serves as a one-stop-shop resource, offering choice and convenience to its customers.

It continues to build on its diversified product portfolio to further reinforce its presence in the chemical distribution business and access various markets. It refreshes its product offerings with chemicals and ingredients that meet the key trends affecting its markets. This product scope gives the Company a competitive advantage over its competitors who have a much smaller product portfolio. Customers would usually prefer to deal with bigger chemical traders who can fully supply their various chemical needs and thus reduce the number of companies with whom they have to do business with.

On account of the high diversity of products offered by the Company and its multi-industry applications, there is no concentration of risks in terms of products, industry or customers. This product diversity and cross industry application protect against specific industry market conditions and make for a financial resilient business model, with no particular product, supplier, industry or customer accounting for a significant portion of sales. As of 31 December 2014, no customer accounts for more than 4% of the Company's sales.

Diverse Sourcing and Extensive Distribution and Warehousing Network

The Company sources chemicals from over 500 producers and suppliers worldwide. With the global chemical industry having more than 100,000 producers supplying chemicals used in manufacturing a broad range of products for various end-market users, there is no major dependence on any single producer-supplier. As of 31 December 2014, no single supplier accounts for more than 10% of the Company's inventory stocks. This multiple sourcing relationships held by the Company allow the Company to benefit from the redundancy of supply and obtain more competitive pricing to ensure a low cost base.

As of the date of this Prospectus, the Company's logistics infrastructure includes a network of 15 distribution warehouses in five (5) sites in the Greater Manila Area and the province of Bulacan. These warehouses are leased by the Company from its Affiliates with seven (7) warehouses situated in Marilao, Bulacan that are leased from Anase Realty and Development Corporation, the four (4) warehouses in Mandaluyong City from Canon Realty and Development Corporation, the two (2) in Resthaven, Quezon City from Aneco Realty and Development Corporation, one (1) warehouse in Malabon City from Freight Forwarders Corporation, and another warehouse in Judge Luna Street, San Francisco del Monte, Quezon City from its shareholder, Mr. Necisto U. Sytengco. These storage facilities have a combined floor area of over 46,000 SQ M. and a storage capacity of approximately over 18,000 metric tons. This extensive warehouse network provides a source of advantage and differentiated performance for the Company. This logistics infrastructure provides the Company not only with storage scale to aggregate demand and stockpile inventory but also keep a comprehensive portfolio of products that offers a high mix low volume product selections to meet the various chemical requirements of its customers.

These warehousing and distribution capabilities differentiate the Company from its smaller competitors since its scale and distribution reach provide for opportunities for collaborations in supply chain optimization with its business partners. This logistics infrastructure provides for enormous flexibility as the Company is able to offer a variety of products to a diverse set of customers and markets. Specifically, the Company's warehousing and distribution capabilities allow the Company to service the requirements of its customers in a just-in-time delivery basis such that the Company effectively acts as if it holds the chemical inventory of their customers. Essentially, the Company's warehouse distribution network serves to integrate the Company's service and logistic capabilities with the business of its customers. "Just-in-time" deliveries provide customers with a cost-effective way to manage their inventory carrying cost which is increasingly important to customers in choosing their supply partners.

Strong and Long Standing Relationships with Customers

The Company has successful enduring partnerships, spanning over three (3) decades, with leading manufacturers which include San Miguel Corporation, Uni-President (Phil) Inc. and Universal Robina Corporation. As a responsible supply partner, the Company strives to deliver best value to its customers in terms of product and service. It tailors its product offerings to cater to the demands, interests and preferences of its customers. The Company's track record for reliability and quality service built up customers' trust that enabled the Company to develop long lasting strong relationships with its customers that typically extends for several decades.

Experienced and Entrepreneurial Management Team

The Company has a management team with a combined industry expertise and operational experience of over a hundred years in the chemical trading industry. Its management has a deep understanding of the customer and market dynamics and has established a rich network for information exchange with its suppliers and customers. It is strongly committed to value creation.

BUSINESS STRATEGIES

The Company is committed to stimulate its business growth and boost its competitiveness. It aims to grow its revenues and results through organic growth.

The Company will focus on the following business strategies to promote growth and long term business success for the Company:

Focus on market and business development

The Company plans to strengthen its position as a major chemical distributor in the Philippines by focusing on market and business development.

It will focus on increasing its market share and building its customer base by increasing market mapping and market coverage. It will continue to assess market opportunities to capitalize on industry growth trends.

The Company intends to introduce additional new products to enhance its product offerings. These new product lines may include innovative products and newly developed materials that have a wide spectrum of application in the food ingredients and industrial markets.

It also will strengthen its customer relationships by conducting business reviews with customers to present best value alternatives to improve efficiencies and productivity, and best practice suggestions gained from suppliers and producers to show how the Company can be a partner to their success and well-being.

Capitalize on the growing industries in the Philippines

The strong macroeconomic growth of the Philippine economy is providing the Company with great business momentum by driving growth in the consumer oriented manufacturing industries. With the Company catering to the chemical needs of the production and manufacturing sectors of the economy, these growth markets present the Company with opportunities to accelerate demand for the Company's products as the Company provides products needed for the continued economic expansion. The Company will also support customer diversity initiatives by fully servicing their growing new requirements for chemical inputs.

With the business of the Company heavily linked to the production and manufacturing sectors of the economy, it is strategically positioned to capture local market growth and access increasing requirements of the consumer high growth markets. The Company will focus on population driven industries such as food and nutrition sectors, agriculture business, water treatment, mining, pharmaceutical, household and personal care.

The Company will strive to increase its market share of certain key products where increased volume provides for enhanced margin opportunities. It will capitalize on industry market growth trends and opportunities to grow its market shares and operating margins. For instance, to address health and wellness trends in the beauty industry, the Company will introduce sulfate-free chemical ingredients for cosmetic and personal care. For the food and nutrition markets, the Company will offer more natural chemical products as this is the largest and fastest growing trend for the food and wellness industry. The Company will also introduce more eco-friendly plant based ingredients for detergents in line with the growing trend for green cleaning products.

This is consistent with the long-term strategy of the Company to expand and diversify its product portfolio to respond to consumer preferences and drive innovation in the food and wellness industries.

Enhance distribution and warehousing capabilities

As a business driven by scale, the Company intends to continue to out invest competition and provide for differentiated capability. To be well placed to handle growth, the Company will enhance its distribution and warehousing capabilities and improve operating efficiencies by positioning its warehouse facilities for future requirements, investing in inventory planning, stocking and information technology systems, increasing its environment-specific storage facilities and acquiring additional warehouse equipment and machinery. It plans to increase its warehouse facilities to be able to sustain current and future requirements given the strong growth in manufacturing output and chemical consumption not only in the Philippines but in the Asian region as a whole.

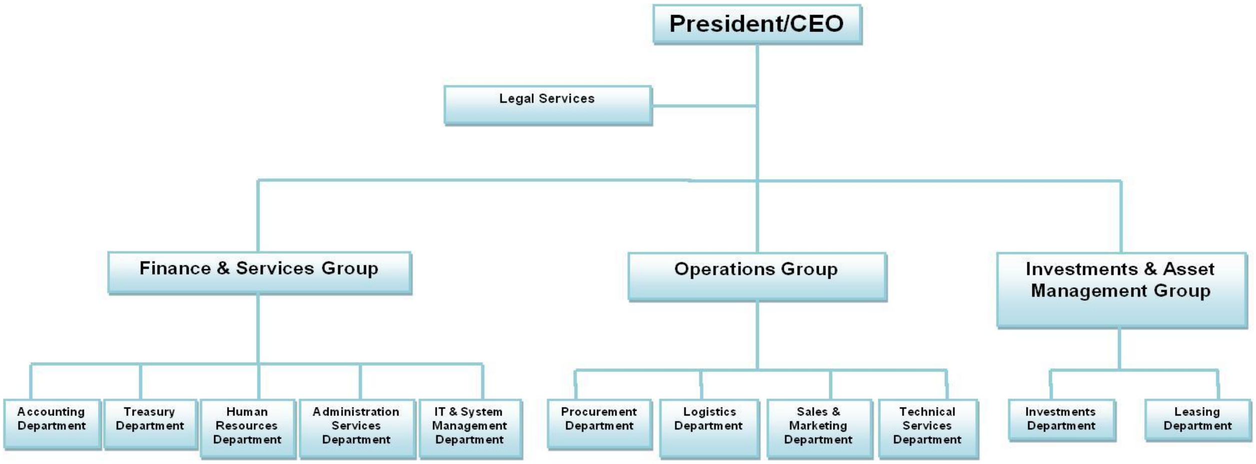
Reduce cost and improve profitability

The Company will focus on reducing procurement costs through volume consolidation and competitive global sourcing to tap low cost sources for chemicals. It will also optimize inventory planning and stocking to ensure better inventory management to meet increasing service level commitments. It will adopt energy saving systems to lower overhead and power costs.

ORGANIZATION STRUCTURE

The business of the Company is organized and managed under three functional departments, namely: the Operations Group, the Finance and Services Group, and the Investments Group.

The following illustration provides an overview of the Company's organizational structure and the different functional departments.



Operations Group

The Operations Group comprises the procurement, warehouse & logistics, sales & marketing, and technical services departments. The procurement department handles the planning, sourcing and purchasing of chemical materials to be distributed and sold by the Company while the logistics department performs the inventory, warehousing and distribution of the products sold by the Company. Sales & Marketing attends to the actual selling and order fulfillment, customer account management as well as new products and market development. Technical Services carries out the quality audit of suppliers and products and the implementation of quality management system.

Finance and Services Group

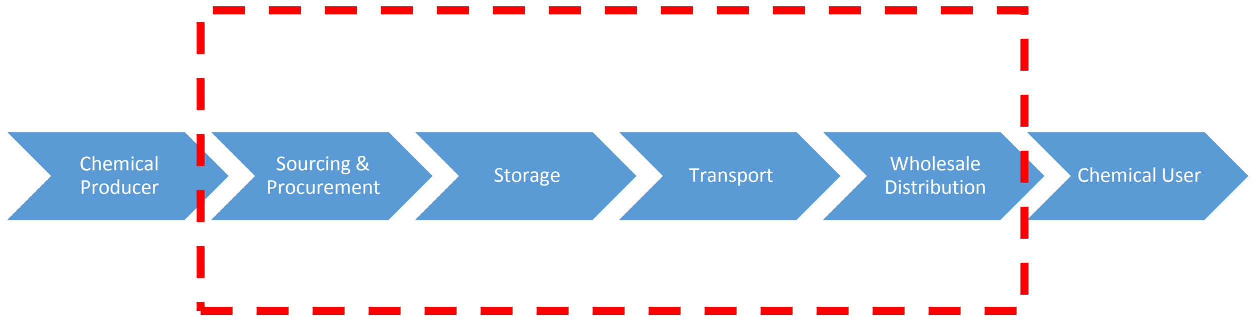
The Finance and Services Group attends to financial reporting, budget planning, cash management, bank financing, and regulatory compliances. It also performs HR activities such as recruitment and placement, performance & compensation management, learning and development, and community services. The Group also includes the office administration and IT and systems management services.

Investments Group

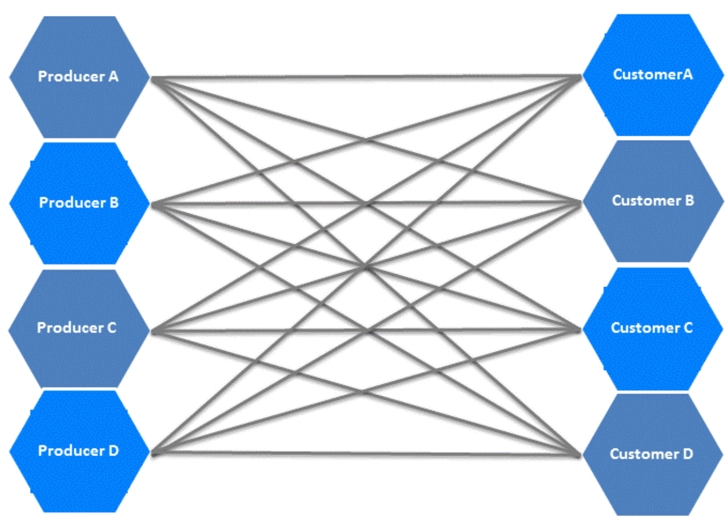
The Investments Group oversees the selective asset acquisition. It identifies, negotiates and executes strategically beneficial acquisitions to build capital for the business, accelerate earnings growth and for Company value enhancement. It conducts due diligence and attends to regulatory compliances. Real property investments are provisionally offered for commercial leasing until such time that these properties are eventually sold. The Investments Group administers the leases over these property investments.

DESCRIPTION OF BUSINESS

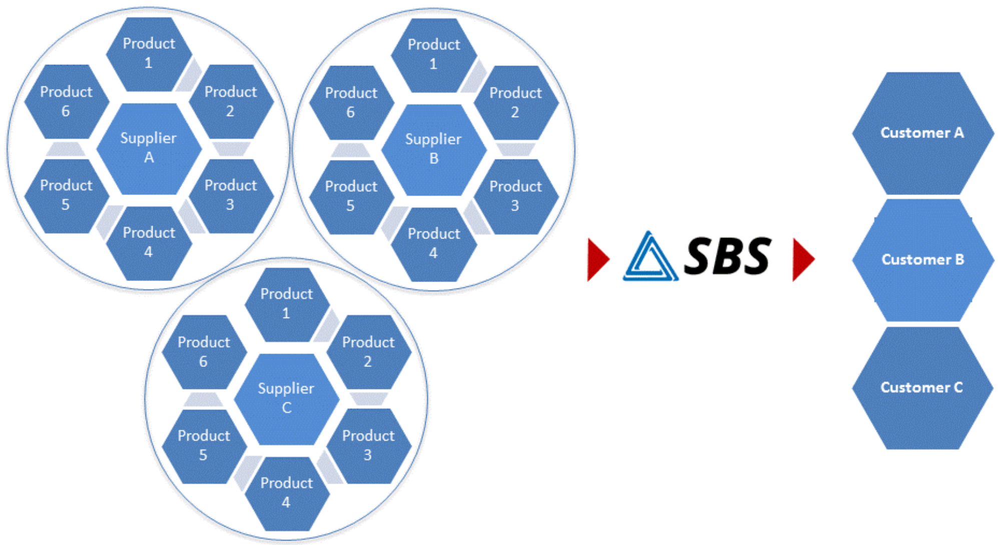
SBS BUSINESS MODEL



The Company is engaged in the chemicals trading business. As a trader-wholesaler, it serves as an important intermediary between chemical producer-suppliers and end market customers that use a wide range of chemicals and ingredient products. It connects large chemical producers to users of chemicals and fulfills a value added function in the supply chain by offering the following services: sourcing from multiple producers to ensure a broad and complementary product offering; taking physical ownership of products, warehousing and managing the product inventory, sorting and bundling the products for distribution, and then selling and physically transporting the products to customers.



A typical procurement involving direct sourcing from chemical producers requires numerous transactions to be individually negotiated, concluded and tracked. This generally creates for inefficiencies as more resources and time are required and the likelihood for confusion is higher for multiple orders.



However, as a full line distributor, the Company provides a one-stop-shop business solution to remove this web of inefficiency. The Company engages in multiple sourcing from different chemical producers and sells a diverse and broad range of chemical products and ingredients. Its highly diversified portfolio of products allows the Company to bundle and combine multiple orders of different products in smaller volumes, providing for a convenient stable source and "one-stop shop" single partner for the various chemical needs of its market customers. This arrangement allows for choice and convenience to the Company's customers since they only have to deal with the Company for their various chemical needs, for a more efficient and economical sourcing than if they dealt with multiple chemical producers.

The Company adopts an asset light strategy. Its network of 15 warehouses are all leased from its affiliates. A significant portion of its hauling requirements are outsourced to third party providers. The following assets are maintained by the Company for its business: four closed delivery vans or trucks to accommodate urgent and unscheduled deliveries, service vehicles for sales servicing, communication facilities to transact with suppliers and customers, information systems for data storage, and equipment and machinery like forklifts and pallet racking systems for materials handling.

Trading and Distribution

The core of the Company's operations is in the trading and warehouse distribution business as the Company generally procures chemicals by bulk or by truckloads from chemical producers and global chemical distributors, and sells and distributes them to local market customers in relatively smaller quantities. The Company neither repacks, refills or re-labels its product inventory nor mixes, blends or formulates chemical products. The Company markets the chemical products to domestic customers through direct selling efforts and through other traders on wholesale basis. The products are delivered to the customers either through warehouse distribution or direct distribution.

A great majority of the business of the Company is in warehouse distribution where customers are offered a full line of chemical and ingredient products on stock for which they can order in great variety and programmed for dispatch and delivery in accordance with their requirements. The warehouse business requires the Company to procure chemicals on large volume truck-load basis and store at its warehouses for subsequent sale and distribution at smaller quantities to customers.

Currently, the Company maintains a network of 15 distribution warehouses in five (5) sites in and around the Greater Manila Area and nearby provinces. These dedicated warehousing facilities have a combined warehousing space reaching almost five (5) hectares (over 46,000 SQM.) and an approximate storage capacity of almost 18,000 MT. This extensive warehouse network provides the Company not only with an inventory stocking scale that allows it to aggregate demand and stock up on product items but also keep a comprehensive portfolio of products that offers a high mix, low volume product selections to meet the various chemical requirements of its customers. Furthermore, such warehouse distribution network, which is situated close to major transportation arteries, allows the Company to service its customers' requirements from multiple locations for enhanced "just-in-time" deliveries for the latter's better inventory management. Among others, these extensive warehousing and logistics infrastructure provide important distribution and value-added services to the customers of the Company which make the Company the supplier of choice for several leading manufacturers and end-users such as D&L Industries Group of Companies, Uni-President (Philippines) Corporation, RDL Pharmaceutical Laboratory, Inc., Universal Robina Corporation, and San Miguel Corporation, Inc. group of companies.

The Company also engages in direct distribution wherein the Company mainly provides its customers with sourcing and logistics services, with the product orders delivered directly from the producer-supplier facilities to end-market customer without the products entering the warehousing system of the Company. These direct distribution sales are made pursuant to indent and commission sales where the Company generally does not take title to the goods. For these forward sales, the Company leverages on its strong partnerships with suppliers and customers and its procurement support services. While with lower capital and servicing requirements on the part of the Company, this supply arrangement usually involve larger volume sales with typically lower gross profit margins. As direct distribution allows chemical producers to develop specific markets and have access to local customers, this service is provided in certain instances only such as special product deliveries and after careful business selection.

Products and Markets

The Company sells chemicals that are used in manufacturing processes and as components of or ingredients in other products. It has a diversified portfolio of chemical products which includes: (i) food ingredients, (ii) industrial, (iii) feeds, agriculture and veterinary care, (iv) pharmaceutical, and (v) personal care and cosmetics chemicals. For the year ended December 2014, the Company's product sales comprise of 90% Commodity Chemicals and 10% Non-Commodity Chemicals. Food ingredient chemicals accounted for 33.8% of 2014 sales while industrial chemicals accounted for 24.5% of sales. For the three months ended 31 March 2015, the industrial chemicals accounted for 38.06% of sales, food ingredients for 35.11% of sales and Feeds at 16.80% of sales. The Company continuously works to refresh its product offerings with chemicals that meet the key trends affecting its target market sectors.

The Company sells and distributes its products to a diverse group of significant industry market customers that includes food ingredients, industrial, feeds and veterinary care, pharmaceutical, personal care and cosmetics, and veterinary health. These are composed of small to mid-sized companies as well as multinational and big conglomerates with global sourcing and production.

For the food ingredients market, the Company offers a wide variety of food ingredient chemicals such as food additives, processing aids, nutritional supplements, dairy and egg products, starch and bakery ingredients. These include sweeteners, texturants, thickeners, preservatives, colorants, flavors and extracts, stabilizers and emulsifiers, phosphate and natural spices.

For the industrial sector, the Company distributes caustic soda, hydrochloric acid, absorbents, and mineral products.

In the case of feeds, agriculture and veterinary care, the product lines include feed additives and premixes, quinolones and coccidiostatics.

For the pharmaceutical segment, the Company sells active chemical ingredients for antihistamines, antibiotics, anti-diabetics, anti-fungals, antiviral, antihemintics, steroids and drugs for the central nervous, cardio-vascular, and gastroenteric systems, and mineral products, to name a few.

For the personal care and cosmetics markets, the Company supplies various chemicals used in making lotions, shampoos, conditioners, coloring, and other beauty and cleansing products, including natural oils, herbal and plant extracts.

No single significant customer contributed for more than 4% of sales. The Company is also not dependent on the sales of specific products as its top ten best selling products accounted for less than 40% of total sales.

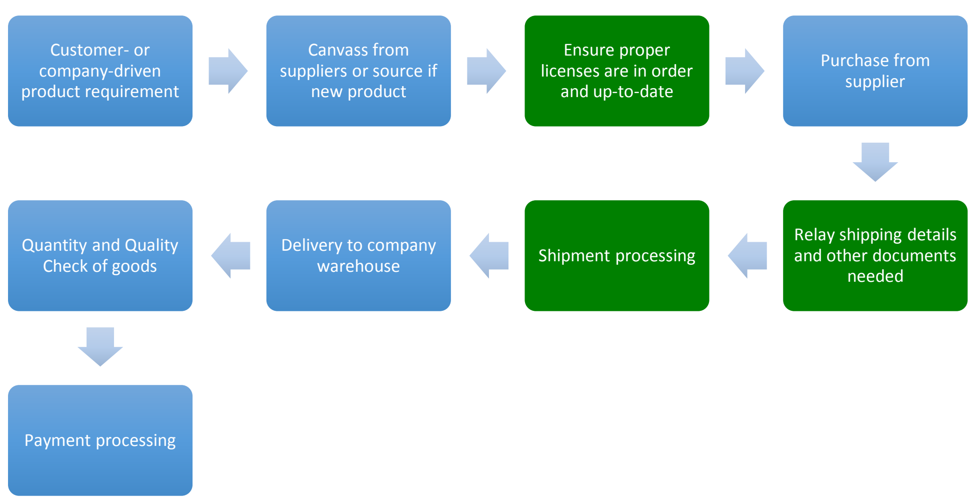
Domestic sales accounted for 99.5% of sales for the year 2012 to 31 March 2015, with exports merely constituting a meager fraction of sales at 0.50%. These export sales were delivered to customers in Japan, Singapore, Malaysia and Vietnam. The Company is considering expanding exports in the Asian region to take advantage of the market opportunities presented by the ASEAN integration.

While the Company does not export to the Americas, Europe, Middle East and Indian-Subcontinent regions at present, it is open to explore opportunities for further export sales in such regions.

Procurement and Sales Planning Process

Purchase Orders

Business Process: Procurement



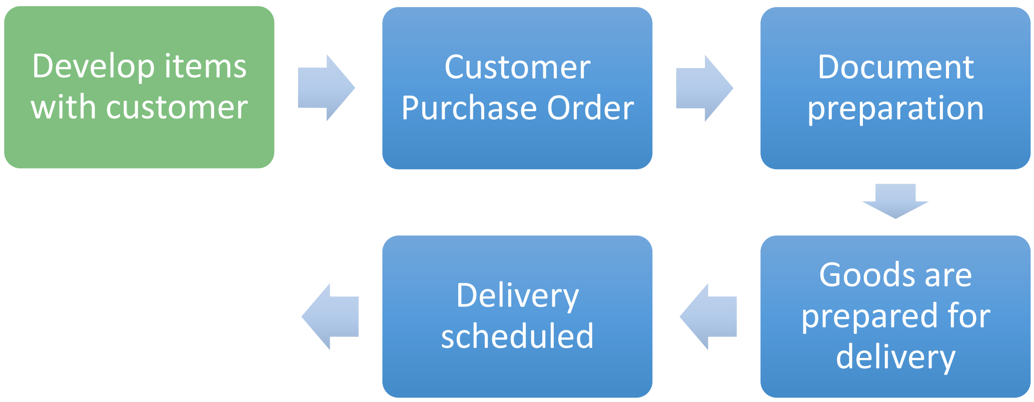
The Company's product supplies are purchased generally in accordance with a product demand forecast. To estimate and determine the quantities to be ordered, the Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. The Company typically provides for a 10-20% buffer stock before replenishing product inventories. Higher inventory levels are maintained for big volume items with brisk turnovers. In certain instances, the Company may stock up on certain products to take advantage of volume discounts and favorable pricing conditions as well as a protection against disruptions in supply to provide for a reliable and stable source of chemical products for its customers.

The Company engages in multiple sourcing from different chemical producers and global distributors. It sources a wide range of chemicals and ingredients to have high product diversity. The sourcing process is initiated by the canvassing and assessment of potential suppliers. From time to time, new and current local and international suppliers are evaluated on the basis of their capabilities, suitability of product quality, record of performance and service and pricing. Supplier verification programs such as site inspections and hazard assessment processes are conducted especially for manufacturers of food ingredients and chemicals for use in humans and animals. The pre-qualified suppliers are entered into the pool or list of accredited suppliers from which selection the order canvassing will be made. As of 31 March 2015, importations comprise 99.36% of the Company's product inventory and the balance of 0.64% were acquired from local sources.

Quotes or price proposals are obtained from selected accredited suppliers and compared with prevailing industry market price trends for the product to determine its competitiveness. As a general rule, purchases are made on the basis of best competitive value determined principally in terms of competitive pricing, quality, suitability, ready availability and reliability of service and delivery. Once the price, quantity and payment terms for the product orders are agreed, the Company issues the Purchase Order and schedules the dispatch and delivery dates. Payment terms for foreign orders or importations are usually on Cost, Insurance, and Freight (CIF) or Cost and Freight (CNF) basis and made through Letters of Credit, Document Against Payment, Document Against Acceptance, and Direct Remittance. In some instances, it is made on the basis of an Open Account subject to a 60 to 90 days credit term. The Company has no history of any payment default to its supplier. For product importations, the Company, with the assistance of its customs brokers, attends to the customs processing and import clearances.

Sales Orders

Business Process: Sales



The Company sells to a diverse group of market customers that includes industrial manufacturing, food and beverage, pharmaceutical, personal care and cosmetics, agriculture and veterinary health. It competes on the basis of price, product diversity, supply availability, product reliability and market compatibility.

Its sales strategy is aimed at accessing various industry segments which have need for chemical inputs. To gain entry, market mapping is initiated to identify the businesses covered by such market segment. This involves reviewing the business profile of potential customers and ascertaining the chemical product needs and gaps of such customer. Such assessments serve as basis for sales presentations to customers that showcase the functions and benefits of products offered by the Company to address such requirements and/or deficiencies. The Company's sales personnel conduct periodic sales calls to deepen and strengthen its relationship with its customers.

The scope of the Company's product portfolio provides for a comprehensive mix of chemicals and ingredients which, in effect, functions as a one-stop-shop source for various chemical requirements. Its customers include traders and wholesalers as well as institutional accounts composed of processors, integrators, producers and manufacturers. To determine the sales requirements, traders and wholesalers normally provide the Company with their supply forecasts while institutional accounts present the Company with their rolling production forecasts for their chemical input requirements, which are provided to the Company at least three to six months in advance. Sales orders received by the Company are either spot orders or regular orders for quarterly, semi-annual and annual requirements of its customers.

Prices for products sold to customers are determined on the basis of its cost base, prevailing market prices and historical price trends, and the competitive circumstances in the particular market industry. For imported products, pricing is further subject to a foreign exchange adjustment mechanism. Depending on the size and frequency of the sales order, the sale prices may be fixed on a semi-annual or annual basis. Payment terms for stock items may be on cash-on-delivery basis, or subject to a credit term between seven (7) to 90 days depending on the market industry. In case of indent and forward sales and special product deliveries, where the products are shipped directly to customers and do not enter the warehousing system of the Company, a down payment is typically required for the order. Stock movements are on the basis of first-in, first out (FIFO) or first expiry, first out (FEFO) basis.

Product returns or rejects from customers are generally attributed to the following causes: (i) damaged or broken primary containers; (ii) leaking or broken seals of closures of primary containers; (iii) mutilated or smudged labeling rendering the product unidentifiable of its name, or batch number; (iv) returned goods for any voluntary reason; and (v) returned goods for any impairment in analytical report reported by customer. A representative from the Company will physically inspect the products rejected for return. Once verified, the products will be returned to the Company warehouse and placed in a secured area and adequately segregated and labelled as returned product. The returned product will again be examined to determine if the product will be considered for re-use, rectification or destruction.

Pricing

Together with its suppliers and customers as the case may be, the Company agree on the order quantities, which are reviewed from time to time as necessary. The Company and its suppliers agree on prices on the basis of a price list that is amended from time to time, or on a case-by case basis. In turn, the Company determines the price of the products to be sold to its customers on the basis of its cost base, prevailing market prices and historical price trends, and the competitive circumstances in the particular market industry and after taking into account internal margins and sales targets. For imported products, pricing is further subject to a foreign exchange adjustment mechanism. Depending on the size and frequency of the sales order, the sale prices may be fixed on a semi-annual or annual basis.

Suppliers

The Company sources chemicals from premier chemical producers and global chemical distributors, many of whom have been supplier-partners of the Company for several decades already, some since the 1980s. The Company sources a majority of its products from Asia (75.40%) and a smaller percentage of its products from Europe (19.37%) and the Americas (3.77%). The Company has a highly diversified supplier base which is currently made up of over 500 suppliers, with no single supplier accounting for more than 10% of the Company's chemical inventory for 2014 and no single supplier is relied upon to supply any particular chemical or group of chemicals. The Company's business is not dependent on one or limited number of suppliers.

While the Company holds some distributor arrangements with certain chemical producers, it generally maintains strong long-term relationships with various chemical producers to ensure flexibility in sourcing and protection against disruptions in supply. By and large, the Company usually procures its chemical supplies through spot purchase orders rather than through long term supply contracts. For key producers, the Company normally enters into supply framework agreements which operate on an annual basis and provide for a credit term. These agreements provide for an annual order volume forecast subject to shipment orders issued by the Company. Except for some uncommon orders which are shipped directly to certain customers, the chemicals purchased are more commonly shipped to the Company's distribution warehouses. Deliveries to customers are either undertaken by the Company or contracted to third party logistics providers.

Customers

The Company sells to a broad and diverse range of customers comprising of manufacturers, integrators, processors, refineries, millers and traders. These entities vary from small and mid-sized companies to multinational corporations and conglomerate businesses involved in industrial manufacturing, food and beverage, agriculture, pharmaceutical, personal care and cosmetics, and veterinary health. With over 1,800 customers, no single customer is material to the business of the Company. As of 31 December 2014, the largest customer of the Company accounted for only less than 4.5% of sales revenues.

Competition

The Company mostly deals in commodity chemicals which are either produced by, or available from, various chemical producers and chemical distributors worldwide. As these chemicals are typically made to standard industry specifications and are essentially fungible goods, commodity chemicals can be purchased from a variety of sources which include chemical traders, brokers, wholesalers and distributors and also directly from producers. As a result, the

Company sees the chemical trading and distribution business to be highly competitive in the Philippines as well as internationally.

The Company basically competes with both local traders and regional distributors which may have comparable range of chemical products sold by the Company as well as with niche players focusing on a specific industry market or a particular chemical product market. It competes on the basis of price, service, variety of product items and its availability, compatibility with industrial production trends and market requirements. Among the local key competitors of the Company include Connell Brothers Company, Trans-World Trading, Brenntag Ingredients, Inc. and Himmel Industries Inc. These are engaged in the trading and distribution chemical raw material commodities and services the chemical requirements of various market segments.

The Company's network of warehouses and logistics capability provide it with operating and scale efficiencies that allow it to store and market a comprehensive inventory of products. Combined with its financial strength, the Company believes that is has a unique significant competitive advantage over global competitors due to its considerable domestic warehouse and logistics infrastructure, high procurement scale and purchasing power, attractive pricing due to volume discounts its receives, and strong long-standing relationships with a wide set of chemical suppliers and market customers. Further, its scale and broad portfolio of products offerings vastly differentiate it from small competitors. This competitive advantage enabled the Company to have a prominent Philippine market position in the chemical trading industry. It also fostered strong relationships with a wide set of producers and customers as it provided for opportunities to integrate the Company's procurement and logistic capabilities in their business processes and promote collaborations for supply chain optimization.

Investments in Real Properties

To build its capital and have some recurring income base, the Company takes advantage of the opportunities in the real estate market and buys real properties for Company's value enhancement. These non-core assets are financed through internally-generated cash, borrowings and proceeds from sale of some investments. Such assets are held as investments for capital gains and provisionally offered for commercial leasing for passive cash flows until such time that these properties are eventually sold. The Company engages in and adjusts such selective land acquisition program in response to competition as well as the prevailing and anticipated economic conditions. The gains from these real estate investments would grow and diversify the Company's income streams and work to counterbalance some of the fluctuations in the chemicals business. For the year ended 31 December 2014, investments in real properties contributed 7.23% in revenue while chemical sales contributed 92.17%. For the quarter ended March 31, 2015, revenues from property investments amounted to 9.56% of total revenues while 89.11% were accounted by chemical sales.

Since 2002, the Company has been intensifying its land acquisition program with prime land acquisitions as the real estate market is seen to offer rich opportunities for Company's asset value creation given the robust economy, rising foreign exchange inflows, availability of credit and lower financing terms, and the growing requirements of the property development industry. To improve return on capital, the Company seeks to make more efficient use of its resources and capital by aiming its land acquisition program towards net value asset accretion.

The Company believes that it has achieved successful investment performance as the total fair value of these properties as of 31 December 2014 determined by reference to current and most recent prices for similar property in the same location amounts to ₱2.9 billion from an investment carrying amount of ₱955 million.

To be financed primarily from the net proceeds of the Offer, the Company intends to undertake the following capital expenditures to enhance operating efficiencies and bring down costs:

Capital Expenditures Cost Estimates **Particulars**	**Amount (in ₱)**
Information Technology Systems • Computer hardware and software systems and peripherals • System network connections with ancillary items for all warehouses • Customer Relationship Management systems	 700,000.00 200,000.00 500,000.00
Renewable Energy Saving Systems (for Resthaven office and warehouse facility)	4,500,000.00
Acquisition of property in Muntinlupa City	350,000,000.00
Construction of new warehouses (to be located in Muntinlupa City)	100,000,000.00
Construction of additional warehouse improvements in Resthaven and Marilao warehouses.	50,000,000.00

Purchase of Warehouse Equipment and Machinery
• 2.0-MT capacity Forklifts
• 1.6-MT capacity Forklifts
• Pallet Racking System
  • Resthaven Warehouse
  • Marilao Warehouses
• Air-conditioning Systems
	
	10,800,000.00
	5,700,000.00
	
	2,400,000.00
	14,300,000.00
	1,000,000.00

Delivery Vehicles	4,000,000.00
Company Service Vehicles	8,000,000.00
Security Cameras for Warehouse and Offices	2,500,000.00
Total	**554,600,000.00**

INTELLECTUAL PROPERTY

The Company mostly trades and deals with commodity chemicals in the following industry segments (i) food ingredients, (ii) industrial, (iii) feeds, agriculture and veterinary care, (iv) pharmaceutical, (v) personal care and cosmetics. As such, it does not own any trademarks or rights to use any trademarks in connection with the products it sells. Neither is it dependent on any intellectual property rights for its business. Its distributor arrangements with its principals likewise do not provide for any licensing rights for the branded products it carries.

RESEARCH AND DEVELOPMENT

Strictly a chemical trading company, the Company is not engaged in the business of repacking, mixing, blending and formulation of chemicals. Neither does the Company undertake research and development activities as part of its operations. At times, the Company may extend some application support or technical assistance for its customers' product development activities, but in no case does the Company engage in any product research and development for its own.

PROPERTIES

The Company is leasing its principal place of business, including certain warehouses, at No 10 Resthaven St., San Francisco Del Monte, Quezon City from Aneco Realty & Development Corporation, an Affiliate. The monthly rental for the 2,976 SQ M. property is ₱345,000, inclusive of VAT. The lease is valid until December 31, 2016 and is extendible by mutual agreement of the parties. There is no lien or encumbrance on this leased property.

Over the years, the Company took advantage of the opportunities in the real estate market and bought certain parcels of land, some with ready-built facilities, for Company value enhancement. These prime non-core assets are described as follows:

<u>Ayala Avenue Property</u>
This property consists of two (2) adjoining lots located at 6790 Ayala Avenue, Makati City and containing a combined area of Two Thousand Four Hundred (2,400) SQ M. This property was acquired for ₱ 390 million and as of 2013, the property was appraised to have an estimated fair market value of ₱1.166 billion. This property is being provisionally leased out for use as a temporary parking lot.

<u>Las Piñas Latex Property</u>
This property consists of seven (7) contiguous lots situated along the Zapote Road, in Barangay Pamplona, Las Piñas City, with an old office building improvement and for a combined area of

Thirty Four Thousand Two Hundred Sixty Three (34,263) SQ M. This property was acquired for ₱266 million and as of 2013, the property was appraised to have an estimated fair market value of P753.78 million.

Las Piñas LNC Property

This property consists of a parcel of land located along Alabang-Zapote Road, Barangay Almanza, Las Piñas City with an area of Fifteen Thousand Three Hundred Eighteen (15,318) SQ M. This property was acquired for ₱162 million and as of 2013, the property was appraised to have an estimated fair market value of ₱386 million.

EDSA-Pascual Property

This property consists of two (2) adjoining lots, with an office building improvement and one-storey warehouse facility located in Barangay South Triangle, Quezon City for a total area of Three Thousand Three Hundred (3,300) SQ M. This property was acquired for ₱ 72 million and as of 2013, the property was appraised to have an estimated fair market value of ₱ 355 million. This property is being provisionally leased out for road billboard advertising.

Fort Bonifacio Property

This property consists of a parcel of land located in McKinley Business Park, Bonifacio Global City, Taguig City with an area of One Thousand Eighty Three (1,083) SQ M. This property is not encumbered but subject to jurisdictional boundary dispute between Makati City and Taguig City. This property was acquired for ₱ 57 million and as of 2013, the property was appraised to have an estimated fair market value of ₱275 million.

Gapan, Nueva Ecija Property

This property consists of a parcel of land located at Barangay Sta.Cruz, Gapan, Nueva Ecija with an area of Forty Nine Thousand Nine Hundred Sixty Six (49,966) SQ M. This property was acquired for ₱ 1 million and as of 2004, this property was appraised to have an estimated value of ₱7.5 million.

Avida Asten Towers

One studio unit with an area of 22.4 SQ M. and one-bedroom unit with an area of 37.49 SQ M., located at the 25/F and 27/F, respectively and two (2) parking slots of the Avida Asten Towers condominium building located at Malugay corner Yakal Streets in Makati City. These properties were acquired for a combined price of ₱6.2 million. The condominium building project is currently under construction and the Company expects turnover of possession of the units by 2016.

The above-described properties in Fort Bonifacio, EDSA and Las Pinas are subject to a lien to secure certain bank financing obligations of the Company discussed under Material Agreements.

LABOR MATTERS

Significant Employees

No single person is expected to make a significant contribution to the Company's business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

As of 31 March 2015, the Company has a workforce of 87, broken down as follows:

Position	Headcount
Executive	12
Manager and Supervisors	10
Staff	65
TOTAL	**87**

The Company is committed to promoting the safety, well-being and professional development of its employees. All regular personnel are provided with health and insurance benefits. Learning opportunities are provided to staff to improve professional competence, to keep abreast of new business innovations and market trends, and comply with regulatory requirements. Performance merit pay adjustments are awarded to deserving employees.

There is no organized labor union in the Company since its organization in 2001 and there has been no record of strike or threat of a strike. The Company continues to nurture open, cooperative and harmonious relationship with its personnel.

The Company intends to increase its headcount by 10% by the end of 2015.

INSURANCE

For reasons of cost efficiency, the Company participates in the group coverage for industrial all risk insurance with some of its Affiliates in relation to its own risks for, among other risks, fire, earthquake, flood, robbery, and other acts of nature, with respect to its equipment, machinery and goods inventory. It also maintains public liability insurance for accidental bodily injury including death and property damage to third parties arising from the Company's ownership, possession or use of its premises or business operations. Cargo marine insurance coverage is also provided for chemical products of the Company which are transported by sea, land and air. These insurances are renewed annually. The principal insurers of the Company are MAA General Assurance Phils., Inc. and UCPB General Insurance Corporation.

MATERIAL AGREEMENTS

Credit Facilities

Short Term

The Company, by itself or together with its Affiliates, obtained short-term credit facilities from various banking institutions to finance its working capital requirements, which include a trust receipt line, a foreign exchange settlement line, a bills purchase line and other short-term facilities.

The following are the Company's current short-term credit facilities:

Bank	Amount Available to SBS and Affiliates	Expiry Date	Outstanding Amount (as of 31 March 2015)
BDO Unibank, Inc.[1]	₽500 Million	31 October 2015	US$ 3,989,121
Security Bank Corporation[1]	₽500 Million	31 March 2016	US$ 3,158,115
China Banking Corporation[2]	₽100 Million	21 September 2015	US$ 339,200
Metrobank[3]	₽420 Million	27 November 2015	₽ 385 Million
Total[4]			₽ 722 Million

[1]The credit facility is made available to the Company and its Affiliates, Sytengco Enterprises Corporation, Baler Industrial Corporation and Ulife Corporation.

[2]The credit facility is made available to the Company and its Affiliate, Baler Industrial Corporation.

[3]The credit facility is made available to the Company and its Affiliate, Baler Industrial

[4] 1 US Dollar = 44.6298 Philippine Pesos on 3/31/2015

These credit lines provide for competitive floating interest rates and are made available to the Company as well as certain of its Affiliates. The drawings or drawdowns from these credit facilities are the liability of the respective borrowers. As of 31 March 2015 the Company no longer provides for cross guarantees of the credit line availments of any of its affiliates.

Long Term

In addition to the foregoing short-term facilities, the Company has the following long-term credit facilities with BDO Unibank, Inc. and Security Bank Corporation.

BDO Unibank Term Loan

The Company was granted a 5-Year Term Loan Facility of up to ₽1.5 billion secured by real estate assets with the interest rate initially fixed at 5% per annum for the first two years and three months payable on a quarterly basis and with the quarterly amortization payment of the principal commencing on November 2015. The 5-year term loan was originally drawn at ₽1.2 Billion in 2013 but has been subject to prepayments. Outstanding balance as of 15 April 2015 is ₽280 million. Part of the proceeds from the Offer will be used to repay this term loan which has an outstanding balance to date of ₽280 million.

On 31 October 2014, the Company drew on the unused balance of the ₽1.5 billion term loan facility and availed of another ₽200 million term loan, payable on 31 October 2019 and which remains outstanding to date. The term loan carries a floating rate initially set at 3.125% for 92 days and subject to re-pricing every 30 to 180 days.

Security Bank Corporation

The Company was granted a ₽200 million term loan by Security Bank Corporation on 1 April 2014 with the interest rate fixed at 4.25% per annum for the entire term of the loan. Said term loan has a duration of five (5) years with one (1) year grace period on principal payment and equal quarterly principal amortization. The outstanding balance as of 15 April 2015 is ₽200 million.

Lease Contracts

Lease for its Business Operations

The Company is leasing its principal place of business, including certain warehouses, at No 10 Resthaven St., San Francisco Del Monte, Quezon City from Aneco Realty & Development Corporation, an Affiliate. The monthly rental for 2,976 SQ M property is ₽345,000, inclusive of VAT. The lease is valid until December 31, 2016 and is extendible by mutual agreement of the parties.

The Company leases its warehouse facilities from its Affiliates as follows:

Location	Use	Lessor	Area (in SQ M.)	Monthly Rental (Inclusive of VAT)	Expiration
Resthaven, San Francisco Del Monte, Quezon City	Corporate Offices and warehouse facility & distribution depot	Aneco Realty & Development Corporation	2,976	₱345,000	31 December 2016
Barangay Namayan, Mandaluyong City	Warehouse facility & distribution depot	Canon Realty & Development Corporation	13,727	₱50,000	31 December 2015
Marilao, Bulacan	Warehouse facility & distribution depot	Anase Realty and Enterprises Corporation	25,675	₱641,875	31 December 2016
Malabon	Warehouse facility & distribution depot	Canon Freight Forwarders Corporation	1,800	₱180,000	31 December 2016
Judge Luna, San Francisco Del Monte, Quezon City	Warehouse facility & distribution depot	Necisto U. Sytengco	1,890	₱236,250	31 December 2016

Lease contracts for the warehouses are extendible for one year by mutual agreement of the parties.

The Company is also leasing a parcel of land with an area of 61,096 SQ M. located at Otis and Mendiola Streets, Paco, Manila (“Otis Property”) from Joune Capital Holdings. The contract is effective until 31 December 2017. The Company is authorized to introduce leasehold improvements at its sole cost and expense.

<u>Other Lease Contracts</u>

In connection with land banking program, the Company provisionally leases out of some its properties for commercial purposes:

Location	Lessee	Area (in SQ M.)	Expiration
Mother Ignacia cor. EDSA, Quezon City	Road Cascade Advertising	1,145.74	1 October 2015
Ayala Avenue	Professional Parking Management Corporation	2,400	31 December 2015

In addition, the Company sub-leases its Otis property to Coca Cola FEMSA Philippines, Inc. The contract, covering 28,470 SQ M., is effective from 6 December 2014 to 5 December 2017.

Property Acquisitions

The Company intends to use portions of the net proceeds from the Offer to acquire the following properties by the year 2016.

Capital Expenditures Cost Estimates Particulars	Amount (in ₱)
Information Technology Systems • Computer hardware and software systems and peripherals • System network connections with ancillary items for all warehouses • Customer Relationship Management systems	 700,000.00 150,000.00 500,000.00
Renewable Energy Saving Systems (for RH office and warehouse facility)	4,500,000.00
Acquisition of property in Muntinlupa City	350,000,000.00
Construction of new warehouses (to be located in Muntinlupa City)	100,000,000.00
Construction of Additional Warehouse/s	50,000,000.00

Purchase of Warehouse Equipment and Machinery
• 2.0-MT capacity Forklifts
• 1.6-MT capacity Forklifts
• Pallet Racking System
  • RH Warehouse
  • Marilao Warehouses
• Air-conditioning
	
	10,800,000.00
	5,700,000.00
	
	2,400,000.00
	
	14,300,000.00
	1,000,000.00

Delivery Vehicles	4,000,000.00
Company Service Vehicles	8,000,000.00
Security Cameras for Warehouse and Offices	2,500,000.00
Total	**554,600,000.00**

Business Service and Resource Sharing Agreement

The Company entered into Business Service and Resource Sharing Agreements with its Affiliates, namely: Aneco Realty and Development Corporation, ULife Corporation, Canon Realty and Development Corporation, Anase Realty and Enterprises Corporation, Asida Holdings Corporation, Sytengco Enterprises Corporation, Baler Industrial Corporation, and Anesy

Holdings Corporation to benefit from the operating efficiencies created from the pooling of certain manpower resources and the sharing of services.

The Agreements have been effective beginning January 1, 2015 and will expire on December 31, 2020 or after five (5) years. The shared services provided by the Company will continue even after the Company becomes a publicly listed company.

Under these shared services agreements, the Company has agreed to extend back office services and assistance to its Affiliates and make available certain business support services pertaining to operational and financial matters for a period of five years. These include provision for corporate services to attend to the statutory and regulatory reportorial obligations of the affiliate as well as the provision of general company secretarial, legal advisory, MIS, HR and administrative services. It also covers treasury services relating to cash management, trade finance and foreign exchange transactions as well as accounting and tax services such as records keeping, billing and collection, order processing, preparation of financial reports and tax return preparation. A similar agreement was executed with Tanlok Corporation, Lancer Holdings Corporation and Aneco Industries Corporation. However, the services are limited to general company secretarial services, treasury services and accounting and tax services. The shared services operations provide for a centralized delivery of back-office services previously dispersed to the different affiliates. These shared services strategy is intended to manage costs and increase efficiency and effectiveness through the sharing of facilities and equipment and the standardization of business processes for greater efficiency especially on compliance matters. In consideration for the provision of services, the Company is compensated a monthly service fee ranging from ₱2,000 to ₱20,000 per serviced affiliate, depending on whether the serviced entity is inactive or operating.

LEGAL PROCEEDINGS

As of 31 March 2015, the Company is not involved in litigation regarding an event that occurred in the last five years which is considered material.

REGULATORY & ENVIRONMENTAL FRAMEWORK

The operations of the Company are subject to a number of regulatory requirements which relate to product regulation, environmental protection, storage, handling, transportation and disposal of hazardous chemicals and controlled substances, and occupational health and safety matters. Provided below are the significant regulatory requirements applicable to the business of the Company:

PRODUCT REGULATORY APPROVALS

As an importer, trader, marketer and distributor of diverse line of chemical products, the Company is subject to extensive product regulations by a number of government agencies including the Food and Drug Administration (FDA), Fertilizer and Pesticides Authority (FPA), Philippine National Police - Firearms and Explosives Office (PNP-FEO), Bureau of Animal Industry (BAI), Bureau of Plant Industry (BPI), Philippine Drug Enforcement Agency (PDEA), the Environmental Management Bureau (DENR-EMB), Bureau of Customs (BOC) and BIR-Excise Tax Division with respect to importation, registration, product attributes, storage and distribution. These agencies prescribe standards and requirements for product safety, purity, performance and labelling.

The FDA regulates the chemicals used in food, food processing and pharmaceutical applications while the FPA controls the chemicals used in the distribution and sale of pesticides and biocides. Similarly, the BAI regulates the importation of animal-derived products, and the BPI regulates the importation of plant-derived chemicals. Relatedly, the PNP-FEO polices the importation, storage and distribution of chemicals for use in explosives while the PDEA oversees the use of essential chemicals in regulated drugs. Furthermore, the DENR-EMB regulates the handling, storage and transportation of hazardous chemicals, the BOC regulates importations through the collection of customs duties and the issuance of clearances, and the BIR-Excise Tax Division manages the importation and distribution of mineral chemical products through the collection of excise tax.

All the foregoing required permits and licenses have been duly obtained by the Company and are currently valid and existing, and/or currently being processed for renewal with the pertinent government agency.

ENVIRONMENTAL, HEALTH AND SAFETY

The operations of the Company are subject to various laws related to the protection of the environment, human health, and safety of employees. These safety regulations govern the treatment, handling, and storage of food chemicals and ingredients, pharmaceuticals, veterinary and feed chemicals as well as certain hazardous chemicals. Compliance with these regulations requires some testing, special policies and procedures and segregation of products. In addition, the warehousing facilities of the Company are subject to periodic inspections by national and local authorities to ensure compliance with such business permits, operating licenses and health and safety regulations.

Further, the Company is required to obtain an Environmental Clearance Certificate ("ECC") for its warehouses that store flammable and hazardous chemicals. In this regard, the Company holds an ECC registered under its former name, Sytengco Philippines Corporation, with registration number ECC-NCR-0303-0172, issued on December 19, 2014. The ECC was issued for Warehousing and Trading of Industrial Chemicals located on a 3,000 SQ M. parcel of land at Lot 3, Gozon Compound, Letre Road, Tonsuya, Malabon City.

The Company is committed to comply with all current regulatory requirements and the Company believes that its facilities and practices are sufficient to materially comply with all applicable laws and regulations. The Company similarly requires its third party service providers to comply with the health, safety and environmental legal requirements. As a trading company, costs related to environmental compliance have been minimal and not material.

All the foregoing required permits and licenses have been duly obtained by the Company and are currently valid and existing, and/or currently being processed for renewal with the pertinent government agency.

EFFECT OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE COMPANY'S BUSINESS

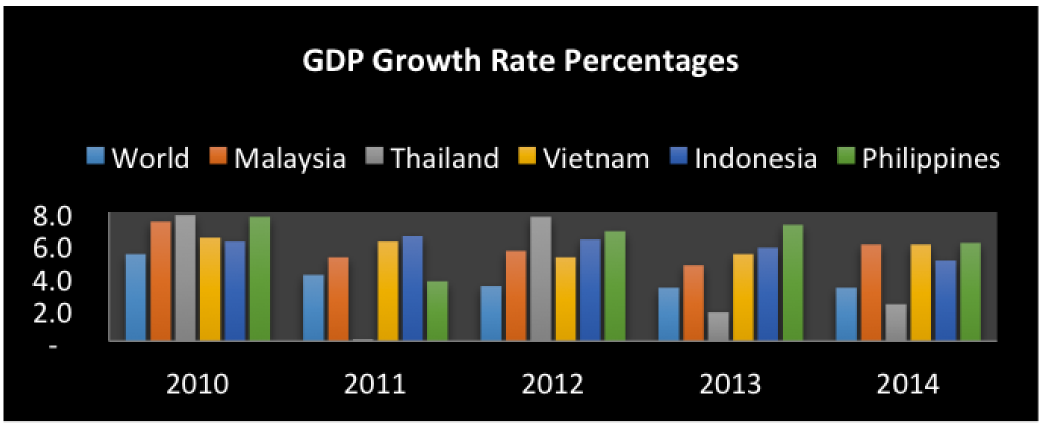
The Company is required to comply with the laws discussed above, and to follow strictly the terms of the permits and licenses from the various government authorities. Violation of the government permits and licenses can result to forfeiture thereof while failure to renew said permits and licenses will bar the Company from distributing the products covered by said permits and licenses.

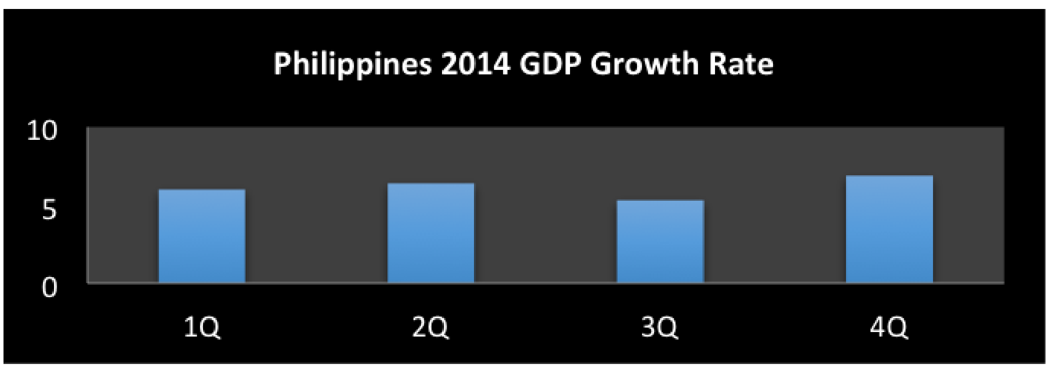
There can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations, the introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

INDUSTRY

THE PHILIPPINES

The Philippine economy continued its robust growth in 2014, albeit registering decelerated growth rates for the first three quarters of 2014. The country's real GDP growth stood at 6.1% for 2014, the second highest growth rate in Asia. The growth rate in 2014 puts the 5-year compounded annual growth rate of the country at 10.07% which translates to the real GDP growing from $168.33 billion in 2010 to $272.02 billion in 2014. Bloomberg composite data forecasts the continuance of the trend in 2015 and 2016 with real GDP growth forecasted to be at 6.35% and 6.30% for the said years.

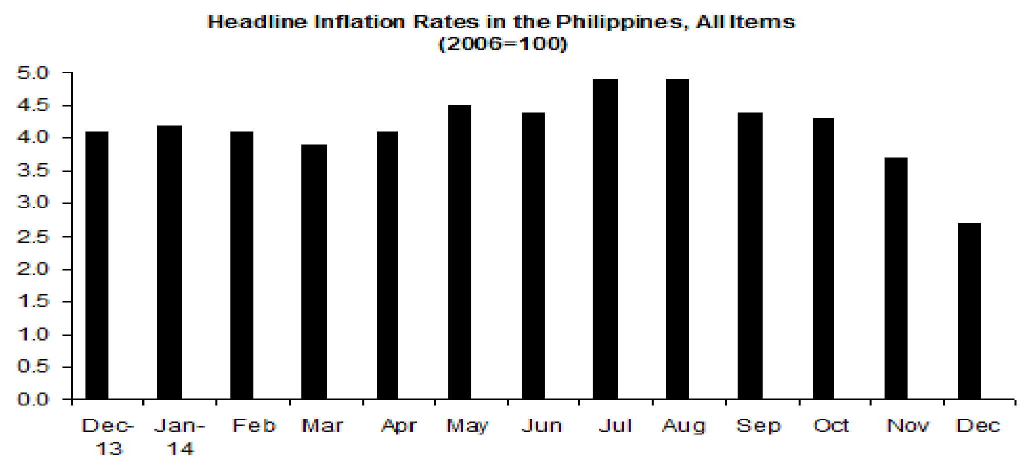




Based on data gathered from National Statistical Coordination Board, the Industry sector posted a 7.5% growth, the largest increase among the three major sectors spearheaded by growth in construction and manufacturing. This is followed by Services at 6.0% and Agriculture, Hunting, Forestry, and Fishing at 1.9%. The Transport, Storage, & Communication grew at higher growth rates compared to 2013 at 6.6% compared to 5.6% while Trade and Repair of

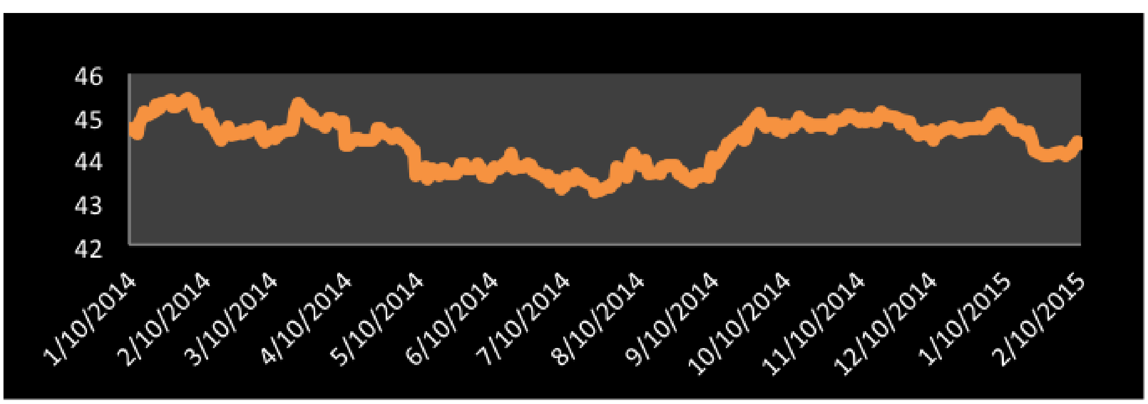
Motor Vehicles, Motorcycles, Personal and Household Goods subsectors under Services grew to 6.0% compared to 5.7%, respectively.

Inflation rates eased during the latter part of the third quarter of 2014 and continued during the fourth quarter with headline inflation settling at 2.7 percent by December 2014 resulting to an annual headline inflation of 4.1 percent. The trend was partly a result of reduction in global oil prices, a trend that is seen to continue within 2015.



Source: Philippines Statistics Authority, National Statistics Office

The Philippine peso is expected to remain stable against the US dollar and within the range of ₱44-46 in 2015.



2015 Outlook on Chemical Distribution

The global economic and chemical output growth is expected to accelerate in 2015 due to improving economic prospects, with the strongest growth to be in the developing nations of Asia such as the Philippines.

The chemical industry produces essential raw materials and supplies for companies in the manufacturing and industrial sectors. The chemicals are supplied not only to all manufacturing sectors but also to companies within those sectors varying from large multinational conglomerates to small local manufacturers. All of these, however, create for a challenging environment for chemical producers as they are required to supply a wide range of products in differing quantities to a hugely diverse customer base. This is particularly true in the case of the Philippine market where it has a larger share of small to medium size customers which typically do not have the critical mass in sales and purchasing volumes to be serviced directly by chemical producer. Accordingly, global chemical producers rely on third party distributors like the Company to distribute their products in the Philippine market.

Based on research of the Boston Consulting Group for the period 2006-2008, about 9% of global chemical consumption is distributed by third party distributors and this third party distributor market have grown at an annual compounded growth rate of 10% for the period under review. Based on the survey conducted, this chemical distribution market is expected to grow at a much faster growth rate from 10 to 13% given the growth of industrial output and the increasing demand for chemicals.

Larger distributors like the Company are also expected to gain market share from relatively smaller competitors as customers and chemical producers rationalize their distribution relationships by decreasing the number of chemical distributors with whom they interact. Further, owing to the higher importation costs brought about by the additional charges imposed by shippers on account of the post congestion, more and more manufacturers are preferring to obtain their chemical requirements from local distributors who have the capability to invest in the resources needed for regulatory compliances, handling their importations and vendor-manage their inventories, reducing complexity and systems costs.

BOARD AND SENIOR MANAGEMENT

The Board of Directors is responsible for the overall direction of the Company and management of the Company. The Company's By-Laws provide that board meetings be held monthly to review and monitor the Company's financial position and operations.

To assist the Board on its responsibilities, the Board established an Executive Committee who may act on corporate matters which are within the competence of the Board except the following authorities that are specially reserved for the Board: (a) approval of any action of which shareholder approval is also required; (b) amendment or repeal of By-Laws or adoption of new By-Laws; (c) approval of the annual report and accounts; (d) exercise of powers delegated by the Board to other committees; (e) board appointments and removals; (f) selection of the Chairman and President & Chief Executive Officer; nominations for Board membership following recommendations from the Nomination Committee; (g) appointment or removal of the Corporate Secretary and Treasurer; (h) appointment, reappointment or removal of the external auditor; and (i) distribution of cash dividends to shareholders.

The Board of Directors is composed of nine (9) directors, two (2) of whom are independent directors. The directors hold office for a term of one year until their successors are elected and qualified in accordance with the Company's By-Laws.

As of the date of this Prospectus, the Board of Directors of the Company is composed of the following individuals:

Name	Age	Nationality	Position	Year Elected/ Appointed	Date of Last Election
NECISTO U. SYTENGCO	62	Filipino	Chairman of the Board	2001	5 March 2015
ESMERALDO A. TEPACE	62	Filipino	Executive Director	2013	5 March 2015
VICTORINA B. LADRINGAN	63	Filipino	Executive Director	2001	5 March 2015
AYLENE Y. SYTENGCO	31	Filipino	Executive Director	2008	5 March 2013
NECISTO Y. SYTENGCO II	30	Filipino	Executive Director	2010	5 March 2015

RICARDO NICANOR N. JACINTO	54	Filipino	Non Executive Director	2015	5 March 2015
EDWIN R. ABELLA	57	Filipino	Non Executive Director	2015	5 March 2015
LILIAN LINSANGAN	65	Filipino	Independent Director	2015	5 March 2015
ROSALEO M. MONTENEGRO	56	Filipino	Independent Director	2015	9 July 2015

The day to day operations of the Company are entrusted to the Officers and Senior Executives responsible for the different functions of the Company. As of the date of this Prospectus, the following are the Officers and Senior Executives of the Company:

Name	Age	Nationality	Position	Date Last Appointed
NECISTO U. SYTENGCO	62	Filipino	President	5 March 2015
ESMERALDO A. TEPACE	62	Filipino	Executive Vice President & General Manager	5 March 2015
VICTORINA B. LADRINGAN	63	Filipino	Executive Vice President - Finance & Chief Investments Officer	5 March 2015
AYLENE Y. SYTENGCO	31	Filipino	Chief Financial Officer & Treasurer	5 March 2015
NECISTO Y. SYTENGCO II	30	Filipino	Senior Vice President for Sales and Marketing & Assistant Treasurer	9 July 2015
LALI Y. SYTENGCO	64	Filipino	Vice President for Procurement	5 March 2015
NED BRYAN Y. SYTENGCO	30	Filipino	Vice President for Investments	5 March 2015
EVELYN T. CHING	50	Filipino	Vice President & Assistant Corporate Secretary	9 July 2015

REGINA SIMONA B. DE GUZMAN	52	Filipino	Corporate Secretary and Compliance Officer & Chief Information Officer	5 March 2015

Below is the list of the members of the Board, and the corporate officers and their business experience during the past five (5) years:

Necisto U. Sytengco is the founder of the business of the Company and has been its Chairman of the Board since the organization of the Company in 2001. He has over 40 years experience in the chemical trading business and has been responsible for shaping the Company strategy and leading the growth of the Company. He also currently serves as Board Chairman of the corporations owned by the Sytengco Family which includes Aneco Industries Corporation, Anesy Holdings Corporation, Sytengco Foundation, Baler Industrial Corporation, Sytengco Enterprises Corporation, and Swan Insurance Agency Corporation. Mr. Sytengco earned his degree in Mechanical Engineering from the Mapua Institute of Technology.

Esmeraldo A. Tepace joined the Company in 2004 and has served as its General Manager since 2004. Prior to joining the Company, he was the Sales & Marketing executive of Baler Industrial Corporation, JY International Marketing Corporation, CAWC, Inc. and Chemphil Manufacturing Corporation. Mr. Tepace has over 35 years experience in the chemical distribution business in the Philippines. He also currently serves as President of the following corporations owned by the Sytengco Family: ADZ on Wheels Corporation, Aneco Industries Corporation, Baler Industrial Corporation, Johny Realty & Enterprises Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. Mr. Tepace graduated from Manuel L Quezon University with a degree on BS Chemical Engineering.

Victorina B. Ladringan joined the Company in 1988 as Executive Vice President for Finance. She has over 27 years of experience in managing the financial affairs of chemical trading business. In March 2015, she was appointed Chief Investments Officer. As Executive Vice-President – Finance & Chief Investments Officer, she is responsible for overseeing the investments program of the Company which includes the acquisition and sale of the asset investments of the Company. She also currently serves as executive director of the corporations owned by the Sytengco Family which includes Anesy Holdings Corporation, Baler Industrial Corporation, Etana Realty Development Corporation, Neschester Corporation, Ogata Realty & Development Corporation, Secur Realty & Development Corporation and Tamni Realty & Development Corporation. Ms. Ladringan earned her accounting degree from the University of Sto.Tomas.

Aylene Y. Sytengco joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013. She is responsible for the day to day management of the financial affairs of the Corporation which covers accounting, financing & treasury, budget & financial planning and investment management. She also currently serves as an executive director (Director & Treasurer) of the corporations owned by the Sytengco Family which includes Anesy Holdings Corporation, ADZ On Wheels Corporation, Bewin Philippine Corporation, Jonne Holdings Corporation, IGOLD Holdings Corporation, Anase Realty & Enterprises Corporation, Baler Industrial Corporation, Canon Realty & Development Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. She holds a degree in BS Management of Applied Chemistry from the Ateneo De Manila University.

Necisto Y. Sytengco II joined the Company as Purchasing Officer in 2008 and was appointed as VP Sales in 2010 and SVP Sales & Marketing in 2015 and Assistant Treasurer on 9 July 2015. He is responsible for planning and implementing sales and marketing programs of the Company. He also currently serves as an executive director (Director & Vice President) of the corporations owned by the Sytengco Family which includes Aneco Realty & Development Corporation, Benly Realty & Development Corporation, Bernly Realty & Development Corporation, Besty Realty & Development Corporation, Nessi Realty & Development Corporation, Nesso Realty & Development Corporation, Selec Realty & Development Corporation, Anesy Holdings Corporation and Tamni Realty & Development Corporation. He earned his BS Entrepreneurial Management Degree cum laude from the University of Asia and the Pacific.

Edwin A. Abella is a non-executive director of the Company starting March 2015. He is a CPA-lawyer with post graduate degree in International Taxation from the Harvard Law School and Masters of Laws from the Manuel L. Quezon University. He is currently the Managing Partner of E. R. A. & Associates and was the former Assistant Commissioner of the Bureau of Internal Revenue from 2001-2011. He was also a former senior partner and head of the tax division of BDO Alba, Romeo & Company, CPAs from 2011 -2014.

Ricardo Nicanor N. Jacinto was elected as non-executive director of the Company on 9 July 2015. He is currently the Chief Executive Officer of the Institute of Corporate Directors. He was formerly a Managing Director of Ayala Corporation and President & CEO of Habitat for Humanity Philippines and a former director of LLL Holdings, Inc. He also served as a director of Manila Water Corporation from 2011-2014. Mr. Jacinto earned his BS Business Economics magna cum laude from the University of the Philippines and holds a Masters in Business Administration from the Harvard Business School.

Lilian S. Linsangan was elected as an independent director of the Company on March 2015. She is currently a director of the Women's Business Council of the Philippines. Prior to her retirement in 2011, she was Head of the Advisory Services Division (formerly also head of the Audit Division) of Punongbayan & Arraullo. She also served as Chairman and President of the Association of Certified Fraud Examiners Philippines in 2013-2014 and 2009-2012, respectively. She has been a speaker and lecturer in various local and international conferences and seminars on risk management, corporate governance, best practices of Audit Committees, and fraud detection and prevention.

Rosaleo M. Montenegro was elected as an independent director of the Company on 9 July 2015. He is currently President of Data Land, Inc., a real estate development company. Prior to his retirement in 2011, he was President of Avida Land Corporation, Amaia Land Corporation, Avida Sales Corporation and Amicassa Process Solutions, Inc. and Vice–President of Ayala Land Inc. of the Ayala Corporation group of companies. He also previously served as the Chief Financial Officer of Makati Development Corporation, Laguna Technopark Inc, Ayala Hotels, Inc., Ayala Greenfields Development Corp. and Avida Land Corporation, all subsidiary companies of Ayala Land Inc.

Lali Y. Sytengco joined the Company in 2001 and has since served as the VP for Purchasing. She is responsible for product sourcing and supplier relationship management. She has over 20 years experience in chemical procurement business. She is a graduate of University of Sto. Tomas, with a degree in BS Medical Technology.

Ned Bryan Y. Sytengco served as director of the Company from 2008 to 2015 and was appointed VP for Investments in 2015. He assists the Chief Investment Officer in overseeing the investments portfolio of the Company and sourcing for financing of investments acquisitions. He also serves as director of the corporations owned by the Sytengco Family which includes Swan Insurance Agency Corporation, Seren Philippines Corporation, Berny Realty & Development Corporation, Enaja Realty & Development Corporation, Lancer Realty & Development Corporation, and Altec Realty & Development Corporation.

Evelyn T. Ching was appointed as Vice President of the Company on 9 July 2015. She served as director of the Company from 2001 to 2015. She was Corporate Secretary of the Company from 2001-2014. She also currently serves as an executive director (Director & Corporate Secretary) of the corporations owned by the Sytengco Family which includes Aneco Industrial Corporation, Anesy Holdings Corporation, Sytengco Metro Philippines Corporation, Baler Industrial Corporation, Sytengco Enterprises Corporation, and Swan Insurance Agency Corporation.

Regina Simona B. De Guzman is the General Counsel and Corporate Secretary, Compliance Officer and Chief Information Officer of the Company. Prior to this, she served as the Compliance Officer and General Counsel of a local industrial conglomerate group listed on the PSE and as General Counsel of a multinational food and beverage group listed on the PSE and Singapore Stock Exchange. She earned her LLB degree from the Ateneo De Manila University and her BS Business Economics Degree from the University of the Philippines.

OWNERSHIP AND FAMILY RELATIONSHIPS

Mr. Necisto U. Sytengco, Company Chairman and President, is the father of Aylene Y. Sytengco, Director & Treasurer, Necisto Y. Sytengco II, Director & EVP Sales & Marketing and Ned Bryan Y. Sytengco, VP Investments. Aylene Y. Sytengco, Necisto Y. Sytengco II and Ned Bryan Y. Sytengco are brothers and sisters. Ms. Lali Y. Sytengco, VP Purchasing is the wife of Mr. Necisto U. Sytengco. Ms. Evelyn T. Ching, Vice President & Assistant Corporate Secretary, is the sister of Mr. Necisto U. Sytengco.

COMMITTEES OF THE BOARD OF DIRECTORS

a. Executive Committee

To assist the Board with its responsibilities, the Board established an Executive Committee who may act on corporate matters which are within the competence of the Board except the following authorities that are specially reserved for the Board: (a) approval of any action of which shareholder approval is also required; (b) amendment or repeal of By-Laws or adoption of new By-Laws; (c) approval of the annual report and accounts; (d) exercise of powers delegated by the Board to other committees; (e) board appointments and removals; (f) selection of the Chairman and President & Chief Executive Officer; nominations for Board membership following recommendations from the Nomination Committee; (g) appointment or removal of the Corporate Secretary and Treasurer; (h) appointment, reappointment or removal of the external auditor; and (i) distribution of cash dividends to shareholders. The Committee is composed of at least five (5) directors, and majority of whom shall be executive directors. The charter of the Executive Committee was adopted by the Board of Directors on 5 March 2015. The following are the members of the Executive Committee:

a. Necisto U. Sytengco – Chairman
b. Esmeraldo A. Tepace – Member
c. Aylene Y. Sytengco – Member
d. Victorina B. Ladringan - Member
e. Necisto Y. Sytengco II – Member

b. Audit and Risk Management Committee

To assist the Board in fulfilling its oversight responsibilities to shareholders and other stakeholders, the Audit and Risk Management Committee was established to monitor the integrity of the Company's financial statements, review its internal control and risk management systems, to monitor and review the independence of the external auditor and the effectiveness of its audit process and make recommendations to the shareholder for the appointment of external auditors and the terms of their engagement.

The Committee is to be composed of at least three (3) members, and at least one of whom must be an independent director. The independent director is designated as the Chairman of the Committee. Currently, majority of the members of the Committee is composed of independent directors. The Committee meets on a quarterly basis or as often as may be necessary. The following are the members of the Audit and Risk Management Committee:

a. Lilian S. Linsangan – Chairperson
b. Rosaleo M. Montenegro – Member
c. Victorina B. Ladringan – Member
d. Ricardo Nicanor N. Jacinto – Member
e. Aylene Y. Sytengco – Member

The Charter of the Audit and Risk Management Committee was adopted by the Board of Directors on 5 March 2015. Under its Charter, the Committee has the following principal duties and responsibilities

(i) Review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results;

(ii) Monitor and review, together with the Company's internal audit division, the quality of the Company's management, financial and accounting controls;

(iii) Review the scope of the audit program for the Company in line with the objectives of the Company as well as the outcomes of such audit procedures, and for this purpose, ensure that both internal and external auditors of the Company have access to the records, properties and personnel of the Company in connection with their audit;

(iv) Report to the Board on the adequacy of the Company's internal controls and results of the auditor's reports, with particular focus on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concerns assumptions, compliance with accounting standards, and compliance with tax, legal and regulatory requirements;

(v) Monitor and review risk exposures and risk mitigation plans of the Company and evaluate the Company's risk management systems for its effectiveness and adequacy; and

(vi) Make recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement; In case of a potential engagement for non-audit work of the external auditor, to evaluate and determine if such work will have some conflict with their independent audit role.

The Committee is tasked to conduct an annual evaluation of its performance to ensure that the Committee is in compliance with its Charter, the Revised Manual of Corporate Governance, listing standards and other regulatory requirements.

c. Nomination and Corporate Governance Committee

To lead the screening process for nominations for election to the Board of Directors, the Nomination and Corporate Governance Committee evaluates the qualifications of all persons nominated for election to the Board of Directors in accordance with the requirements of the Company's By-Laws, Manual of Corporate Governance and applicable legal and regulatory listing requirements. The Committee also coordinates the annual evaluation of the effectiveness of the Board and develops and recommends policies on corporate governance.

The Nomination and Corporate Governance Committee is composed of at least three (3) members, at least one of whom must be an independent director. The independent director is designated as the Chairman of the Committee. The following are the members of the Nomination and Corporate Governance Committee:

a. Rosaleo M. Montenegro – Chairman
b. Ricardo Nicanor N. Jacinto – Member
c. Victorina B. Ladringan - Member

d. Remuneration Committee

To assist the Board in ensuring that the compensation framework for the organization is aligned to the long-term interests of the Company, the Compensation Committee reviews the structure and competitiveness of the Company's compensation program and recommends the remuneration package for directors and key executives. The Committee may also administer the stock option plan if and when one is adopted by the Company.

The Remuneration Committee is composed of at least three (3) members, at least one of whom must be an independent director. The independent director is designated as the Chairman of the Committee. The following are the members of the Nomination and Corporate Governance Committee:

a. Rosaleo M. Montenegro – Chairman
b. Aylene Y. Sytengco – Member
c. Victorina B. Ladringan - Member

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

There has been no occurrence of any of following events during the past five (5) years up to the date of this Prospectus which are material to an evaluation of the ability or integrity of any director, any person nominated to become a director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such persons was a general partner or executive officer either at the time of insolvency or bankruptcy or within two years prior to that time;

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

There are no material legal proceedings to which the Company or its Associates and Affiliates or any of their properties is involved in or subject to any legal proceedings which would have a material adverse effect on the business or financial position of the Company or its Associates and Affiliates.

CORPORATE GOVERNANCE

On 5 March 2015 the Company adopted its Manual of Corporate Governance in compliance with the Revised Code of Corporate Governance or SEC Memorandum Circular No. 6 Series of 2009, issued on June 22, 2009.

The Corporate Governance Manual serves to supplement the Articles and By-Laws of the Company in providing standards of governance in the performance of the duties and responsibilities of the Board of Directors, Management and employees to shareholders of the Company and other stakeholders. The trust of the Company's stakeholders, especially its shareholders, customers and business partners, is very important to the Company. In preserving this trust, the Company is committed to conduct its business in a responsible manner and carry out sound corporate governance practices.

The Manual outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness.

A Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members, officers and employees. Specialized committees were also established in order to aid in monitoring, assessing, and complying with the principles of good governance.

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual and the SEC Code of Corporate Governance, each committee is required to report regularly to the Board of Directors. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the SEC Code of Corporate Governance. Any violation of the Company's Corporate Governance Manual shall subject the responsible officer or employee to the following penalties:

- For a first violation, the offender shall be reprimanded.
- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.
- For a third violation, the maximum penalty of removal from office shall be imposed on the offender. In case the offender is a member of the Board of Directors, the provisions of Section 28 of the Philippine Corporation Code shall be observed.

INVESTOR RELATIONS

The Company's investor relations officer is Atty. Regina Simona B. De Guzman who can be reached at +63 2 371 1111. The investor relations officer is primarily responsible for communicating to the investment community regarding the Company's performance and investment merits, handling inquiries from shareholders and stock analysts, undertaking preparation of annual reports, SEC-PSE filings, other company reports and disclosures.

EXECUTIVE COMPENSATION SUMMARY

Director and Executive Compensation

Each Director receives a fixed per diem of ₱10,000 for each Board meeting attended. In addition, the directors also receive a fixed per diem of ₱5,000 for each Board Committee meeting attended. The total remuneration paid to the President & CEO and the top four senior officers as well as to the other directors and officers is disclosed in the table herein below provided. The total annual compensation reported includes the basic salary and 13th month bonus pay.

The officers of the Company are covered by appointment letters which describe their responsibilities, compensation package and other conditions of work. Except for the legally mandated benefits for termination of employment or retirement from office, there are no special arrangements for compensation to be paid to executive officers in the event of termination of employment or resignation or change in control of the Company. No options or stock warrants are payable to executives.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Other Annual Compensation
1. Necisto U. Sytengco - Chairman & President **2.** Esmeraldo A. Tepace - EVP & General Manager **3.** Victorina B. Ladringan - EVP- Finance & Chief Investments Officer **4.** Aylene Y. Sytengco - Chief Financial Officer & Treasurer **5.** Necisto Y. Sytengco II - SVP – Sales & Marketing	2015 (estimate)	₱15,000,000.00	₱1,250,000.00	n.a.
	2014	-	-	n.a.
	2013	-	-	n.a.
All other officers and directors as a group unnamed	2015 (estimate)	7,680,000.00	640,000.00	n.a
	2014	-	-	n.a.
	2013	-	-	n.a.

Note:
**The majority of the current senior executives of the Company did not receive salaries from the Company prior to 2015. The top five highest paid employees of the Company received the following aggregate compensation: ₱1,513,268 in 2012, ₱1,848,682 in 2013 and ₱2,014,817 in 2014.*
***For President and top 4 executive officers are named*

Standard Arrangements

Other than payment of reasonable per diem allowance of ₱10,000 for every attendance of a director in Board Meetings and a per diem allowance of ₱5,000 for every attendance of Board Committee members in Board Committee meetings, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, for any services provided as a director.

Employment Contracts with Executive Officers

There are no special employment contracts between the Company and its named executive officers.

Warrants and Options Held by the Executive Officers and Directors

As of the date of this Prospectus, there are no outstanding warrants or options for the Common Shares held by the executive officers and directors of the Company. Except as described above, there are no other arrangements pursuant to which any of the Company's directors and executive officers was compensated, or is to be compensated, directly or indirectly.

Certain Relationships and Related Transactions

Except as described elsewhere in this Prospectus, there are no significant related party transactions involving the Company.

OWNERSHIP

As of the date of this Prospectus, the Company has fifteen (15) stockholders. The table below sets out the security ownership of record and beneficial owners of the Company's voting securities as of the date of this Prospectus:

Class of Shares	Name of Record Owner	Citizenship	Number of Shares (Direct)	Direct Ownership Percentage	Number of Shares (Indirect)	Indirect Ownership Percentage
Common	Anesy Holdings Corporation[1]	Filipino	753,000,000	96.54%	-	-
Common	Necisto U. Sytengco	Filipino	19,689,700	2.52%	417,915,000	53.6%
Common	Necisto Y. Sytengco II	Filipino	2,200,000	0.28%	94,125,000	12.07%
Common	Ned Byan Y. Sytengco	Filipino	2,200,000	0.28%	94,125,000	12.07%
Common	Aylene Y. Sytengco	Filipino	2,200,000	0.28%	94,125,000	12.07%
Common	Evelyn T. Ching	Filipino	220,000	0.03%	52,559,400	6.80%
Common	Lali Y. Sytengco	Filipino	220,000	0.03%	-	-
Common	Victorina B. Ladringan	Filipino	220,000	0.03%	-	-
Common	Ricardo Nicanor N. Jacinto	Filipino	25,000	0.003%	-	-
Common	Edwin R. Abella	Filipino	25,000	0.003%	-	-
Common	Oscar A. Inocentes	Filipino	100	0.001%	-	-
Common	Esmeraldo A. Tepace	Filipino	100	0.001%	-	-
Common	Wilfredo L. Bathan	Filipino	98	0.001%	-	-
Common	Lilian S. Linsangan	Filipino	1	0.000%	-	-
Common	Rosaleo M. Montenegro	Filipino	1	0.000%	-	-

[1]Anesy Corporation is owned and controlled by Necisto U Sytengco (55.5%) and his children, Aylene, Necisto II and Ned Bryan all surnamed Sytengco (12.5% each respectively) and his sister, Evelyn T. Ching (7%)

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The table set forth below describes the security ownership of the Company's directors and officers. Except as shown above, no director or key officer of the Company directly owns at least ten percent (10%) of the Company's issued and outstanding shares of common stock.

Class of Shares	Name of Director/Officer	Position	Citizenship	Number of Shares (Direct)	Ownership Percentage
Common	Necisto U. Sytengco	Chairman and President	Filipino	19,689,700	2.52%
Common	Necisto Y. Sytengco II	Senior Vice President for Sales and Marketing & Assistant Treasurer	Filipino	2,200,000	0.28%
Common	Ned Bryan Y. Sytengco	Vice President for Investments	Filipino	2,200,000	0.28%
Common	Aylene Y. Sytengco	Chief Financial Officer and Treasurer	Filipino	2,200,000	0.28%
Common	Evelyn T. Ching	Vice President and Assistant Corporate Secretary	Filipino	220,000	0.03%
Common	Lali Y. Sytengco	Vice President for Procurement	Filipino	220,000	0.03%
Common	Victorina B. Ladringan	Executive Vice President – Finance and Chief Investments Officer	Filipino	220,000	0.03%
Common	Ricardo Nicanor N. Jacinto	Director	Filipino	25,000	0.003%
Common	Edwin R. Abella	Director	Filipino	25,000	0.003%
Common	Esmeraldo A. Tepace	Executive Vice President and General Manager	Filipino	100	0.001%
Common	Lilian S. Linsangan	Independent Director	Filipino	1	0.000%
Common	Rosaleo M. Montenegro	Independent Director	Filipino	1	0.000%
Common	Regina Simona B. De Guzman	Corporate Secretary, Compliance Officer and Chief Information Officer	Filipino	0	0.000%

VOTING TRUST HOLDERS OF 5% OR MORE

The Company knows of no person holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Prospectus.

LOCK-UP

The Revised Listing Rules of the PSE, as amended (the "PSE Listing Rules") require an applicant company to cause its existing shareholders owning at least 10% of the outstanding shares of the Company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. In addition, under the PSE Listing Rules, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the listing date, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least 365 days from full payment of the aforesaid shares.

In accordance with the foregoing lock-up rules, shares held by Anesy Holdings Corporation will be locked up as follows:

Number of Shares	Percentage	Lock Up Period
155,000,000	19.87%	180 days from listing date
353,000,000	45.26%	365 days from 5 March 2015
245,000,000	31.41%	365 days from 23 March 2015

To implement this lock-up requirement, the Company and Anesy Holdings, prior to the Offer are subject to this lock-up requirement, and, for this purpose, will enter into an escrow agreement with BDO Unibank, Inc. – Trust and Investments Group as the escrow agent

CHANGE IN CONTROL

As of the date of this Prospectus, there are no arrangements which may result in a change in control of the Company.

RELATED PARTY TRANSACTIONS

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company, in the regular course of business, engages in transactions with its affiliates and other related parties, principally in the form of advances and reimbursement of expenses, leasing and management, and administrative service agreements.

An individual or entity is related to the Company if they are subject to common control or the party exercises control or significant influence over the Company. For transactions with related parties, the Company considers all relevant factors that are in the best interest of the Company and its shareholders.

The following are major transactions of the Company with related parties:

Leases

Lease of the Principal Office

The Company is leasing its principal place of business, including a certain warehouse, at No 10 Resthaven St., San Francisco Del Monte, Quezon City from Aneco Realty & Development Corporation, an Affiliate. The monthly rental for the 2,976 SQ M. property is ₱345,000, inclusive of VAT. The lease is valid until 31 December 2016 and is extendible by mutual agreement of the parties.

The Company leases its warehouse facilities from its Affiliates as follows:

Location	Lessor	Area (in SQ M.)	Monthly Rental (Inclusive of VAT)	Expiration
Resthaven, San Francisco Del Monte, Quezon City	Aneco Realty & Development Corporation	2,976	₱345,000	31 December 2016
Barangay Namayan, Mandaluyong City	Canon Realty & Development Corporation	13,727	₱50,000	31 December 2015
Marilao, Bulacan	Anase Realty and Enterprises Corporation	25,675	₱641,875	31 December 2016
Malabon	Canon Freight Forwarders Corporation	1,800	₱180,000	31 December 2016
Judge Luna, San Francisco Del Monte, Quezon City	Necisto U. Sytengco	1,890	₱236,250	31 December 2016

Lease contracts for the warehouses are extendible for one year by mutual agreement of the parties.

The Company is also leasing a parcel of land with an area of 61,096 SQ M. located at Otis and Mendiola Streets, Paco, Manila from Joune Capital Holdings. Monthly rental for the property is ₽75,000,00, VAT inclusive and the contract effective until December 31, 2017. The Company is authorized to introduce leasehold improvements at its sole cost and expense.

Total rentals paid to affiliates in 2014 amounted to ₽970,164.

Advances

The Company, from time to time, borrows and lends certain portion of its funds to related parties as temporary financing measures to address short term funding gaps, or as part of its working capital management for the enhanced ability to manage inventory and cash flow. These are non-interest bearing and unsecured transactions that are payable on demand and in cash. These payables normally have no fixed repayment dates. The advances are generally settled between the parties within a brief period of time. As at 31 December 2014, there were no outstanding advances to related parties, following the repayment of prior period outstanding advances.

Meanwhile, the outstanding advances from related parties stood at ₽699,192,601 as of 31 December 2014 of which ₽350,000,000 were converted to common shares of the Company on 5 March 2015. As of 31 March 2015, advances from related parties amounted to ₽706,838,938. Except for the ₽20.8 million unpaid agency fees owed to Swan Insurance Agency, Inc., insurance brokers of the Company, all other advances from Affiliates and shareholders were used to pay down and retire certain bank loans of the Company.

Business and Management Services Agreement

The Company and its Affiliates have entered into a resource sharing arrangement to benefit from the operating efficiencies created from the pooling of certain manpower resources and the sharing of services. These Affiliates are Anase Realty & Enterprises Corporation, Aneco Realty & Development Corporation, Anesy Holdings Corporation, Asida Holdings Corporation, Baler Industrial Corporation, Canon Realty & Development Corporation, Sytengco Enterprises Corporation, Ulife Corporation, Tanlok Corporation, Lancer Holdings Corporation and Aneco Industries Corporation. All these Affiliates are directly owned by the Sytengco Family who indirectly owns the Company.

The Agreements have been effective beginning January 1, 2015 and will expire on December 31, 2020 or after five (5) years. The shared services provided by the Company to its Affiliates will continue even after the Company becomes a publicly listed company.

Under these shared services agreements, the Company extends back office services. These include provision for corporate services to attend to the statutory and regulatory reportorial obligations of the affiliate as well as the provision of general company secretarial, management information systems, and administrative services. It also covers treasury services accounting and tax services such as records keeping, billing and collection, order processing, preparation of financial reports and tax return preparation. The shared services operations provide for a centralized delivery of back-office services and are intended to manage costs through the sharing of facilities and equipment and the standardization of business processes for greater efficiency especially on compliance matters.

Under this arrangement, the Company is paid a service fee ranging from ₱2,000 to ₱20,000 per month which take into consideration the fully allocated or distributed costs of the services provided depending whether the serviced company is an inactive company or an operating company.

DESCRIPTION OF THE SHARES

Information relating to the Common Shares is set forth below. The description is only a summary and is qualified by reference to Philippine law and the Company's Articles of Incorporation, as amended ("Articles") and By-Laws ("By-Laws"), copies of which are available at the SEC.

The Shares to be offered shall be common shares of the Company.

The Company has an authorized capital stock of One Billion Five Hundred Fifty Million Pesos (₱1,550,000,000.00) divided into One Billion Five Hundred Fifty Million (1,550,000,000) common shares with a par value of One Peso (₱1.00) each. After the completion of the Offer, the issued share capital will comprise 77.42% of the authorized capital stock of the Company. The issued share capital of the Company are fully paid-up.

OBJECTS AND PURPOSES

Based on its amended Articles of Incorporation, the principal purpose of the Company is to engage in the business of trading goods and to conduct and carry on the business of general merchandising activities but not limited to buying, selling, distributing and marketing at wholesale in so far as may be permitted by law, of all kinds of goods, commodities, wares, merchandise and products of every kind and description, such as but not limited to, chemicals, fertilizers, foodstuffs, agricultural products, feed ingredients, industrial products and medical device, to enter into all kinds of contracts for export, import, purchase, acquisition, sale at wholesale and other disposition for its own account as principal or in representative capacity as manufacturer's representative, merchandise brokers, indentor, commission, merchant, factors or agents, upon consignment of all kinds of goods, wares, merchandise or products whether natural or artificial.

SHARE CAPITAL

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation.

Under Philippine law, the shares of stock of a corporation may either be with or without a par value. All of the Shares currently issued or authorized to be issued have a par value of ₱1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the SEC, a corporation may increase or decrease its authorized capital stock, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has unrestricted retained earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of stock dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below), and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

VOTING RIGHTS

Under the Company's By-Laws, each holder of the Company's common share has full voting rights. Each stockholder is, in every meeting of stockholders, entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy, provided and except in cases in which it is by statute, charter or by the By-laws, otherwise provided, a majority of the votes cast by the stockholders present in person or by proxy at any meeting shall be sufficient for the adoption of any resolution. The vote at the elections of Directors is by stock vote and by ballot unless by unanimous vote of all the stockholders present in person or by proxy, the said stockholders shall, by resolution, agree to a *viva voce* vote.

However, the Philippine Corporation Code and the Company's By-Laws provide that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal as discussed below.

FUNDAMENTAL MATTERS REQUIRING STOCKHOLDER APPROVAL

The Corporation Code considers certain matters as significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require Board approval and the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the Company in a meeting duly called for the purpose (except for the amendment of By-Laws and approval of management contracts in general, which require approval of shareholders representing a majority of the Company's outstanding capital stock), include:

- Amendment of the Articles;
- Extension or shortening of corporate term;
- An increase or decrease of capital stock and incurring, creating or increasing bonded indebtedness;
- Delegation to the Board the power to amend or repeal or to adopt new By-Laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the Company's assets;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation or for a purpose other than the primary purpose for which the Company was organized;
- Dissolving the Company;
- Declaration or issuance of stock dividends;
- Ratifying a contract between the Company and a Director or officer where the vote of such Director or officer was necessary for approval;
- Entering into a management contract where (a) a majority of Directors of the managing corporation constitutes the majority of the board of the managed company or (b) stockholders of both the managing and managed corporations represent the same interest and own or control more than one third of the outstanding capital stock entitled to vote;
- Removal of Directors;
- Ratification of an act of disloyalty by a Director; and
- Ratification of contracts with corporations in which a Director is also a member of the board, where the interest of the Directors is substantial in one corporation and nominal in the other.

The approval of shareholders holding a majority of the outstanding capital stock of a Philippine corporation, including the preferred non-voting shares, is required for the adoption or amendment of the by-laws of such corporation. The approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation entitled to vote is required for the removal of directors and the execution of management contracts by a managed corporation (where a majority of the members of the board of directors of the managing corporation also constitute a majority of the members of the board of directors of the managed corporation)

TREASURY SHARES

The Company may acquire its own shares, provided that, it has unrestricted retained earnings or surplus profits to pay for the shares to be acquired or purchased and only for a legitimate corporate purpose/s, including but not limited to the following causes:

- Elimination of fractional shares arising out of stock dividends;

- Satisfaction of an indebtedness to the corporation arising out of unpaid subscription; and
- Payment of shares of dissenting or withdrawing stockholders.

The treasury shares have neither voting rights nor dividend rights as long as they remain as treasury shares.

As of the date of this Prospectus, the Company does not hold any treasury shares.

PRE-EMPTIVE RIGHTS

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The Amended Articles of Incorporation of the Company denies the pre-emptive rights of its stockholders to subscribe to any or all dispositions of any class of shares.

DERIVATIVE RIGHTS

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

APPRAISAL RIGHTS

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of changing or restricting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension or shortening of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and

- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

DIVIDENDS

The Shares have full dividend rights. Dividends on the Company's Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Shares held by them, each Share being entitled to the same unit of dividend as any other Share. Dividends are payable to Shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Shares which are traded through the PSE, which are lodged with the PCD Nominee as required for scripless trading.

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Dividends may be declared by the board of directors except for stock dividends which may only be declared and paid with the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. However, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) 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 (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

The Company has adopted a dividend policy of declaring approximately 20% of its prior year's net income as a dividend in favor of its stockholders of record date to be determined by the Board, to be paid from the Company's available unrestricted retained earnings. This dividend shall be payable in cash, stock or property, or a combination of the three, as may be determined by the Board and subject to applicable laws, rules and regulations. The dividend payout rate is based on recommendation by the Board and is subject to the Company's requirements from time to time for capital expenditures, working capital, debt servicing and/or repayment and such applicable laws and regulations. The Company's Board, may, at any time, modify such dividend policy depending on the earnings, financial conditions, operating results, capital requirements, any contractual restrictions and other factors that the Board deems relevant.

Based on the financial results as of 31 December 2013, the Company declared cash dividends of ₽265,494,338 or approximately ₽0.62 per share on 22 December 2014 which were paid to the stockholders on 25 March 2015. On 5 March 2015, the Company declared cash dividends of ₽100,000,000 or approximately ₽ 0.128 per share which were distributed from the earnings of 2014 and paid on 28 April 2015. No dividends were declared for the financial years 2011 and 2012.

CHANGE IN CONTROL

There are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company. As discussed above, stockholders of the Company do not have pre-emptive rights to subscribe to any share issuances of the Company.

BOARD OF DIRECTORS

Unless otherwise provided by law or in the Amended Articles of Incorporation, the corporate powers of the Company are exercised, its business is conducted, and its property is controlled by the Board. The Company has seven Directors, at least two of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital stock of the Company are present, either in person or by proxy.

Directors may only act collectively; individual directors have no power as such. Five directors, which is a majority of the Directors, constitute a quorum for the transaction of corporate business. In general, every decision of a majority of the quorum duly assembled as a Board is valid as a corporate act.

Any vacancy occurring in the Board other than by removal of a director prior to expiration of such director's term may be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum. Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

SHAREHOLDERS' MEETINGS

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The Amended By-laws of the Company provide for annual meetings on the last Friday of June of each year to be held at the principal office or at any other place designated by the Board in the city or municipality where the principal office of the Company is located, at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following: (1) the Chairman of the Board; (2) by the President of the Company; (3) by the Board of Directors; or (4) upon written request of a majority of the registered owners of at least a majority of the outstanding capital stock.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Under the Amended By-laws of the Company, notices for regular and special meetings shall be sent to each stockholder at least two weeks prior to such meeting. In addition, the Company is required under the SRC to send its shareholders of record at least 15 business days prior to the date of the annual or special meeting, an information statement and proxy form (in case of proxy solicitation) relating to such shareholders' meeting. Notices of regular or special meetings may be waived in writing by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted at the original date of the meeting.

Quorum

Unless otherwise provided by law, in all regular or special meeting of shareholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum, except in those cases where the Corporation Code provides a greater percentage vis-à-vis the total outstanding capital stock. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be represented.

Meetings of the shareholders shall be presided over by the Chairman of the Board, or in his absence, the President, or in the absence of the Chairman and the President, by a temporary chairman to be chosen by the shareholders. The Corporate Secretary, or, in his absence, the Assistant Corporate Secretary, or in the absence of both, any person appointed by the Chairman of the meeting, shall act as secretary of such meeting.

Voting

At all meetings of shareholders, a shareholder may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

The Company's amended By-Laws provide that for the purpose of determining the shareholders entitled to notice of, or to vote at, any meeting of shareholders or any adjournment thereof or to receive payment of any dividend, or making any other proper determination of shareholders, the Board may provide that the stock and transfer books be closed for a stated period, which shall not exceed, in any case, 25 days immediately preceding such meeting.

Notwithstanding the provisions of the amended by-laws of the Company on the setting of record dates, the SEC may, from time to time, promulgate rules for listed companies such as the Company relating to the fixing of such record dates. Under existing SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 nor more than 30 days from the date of declaration. With respect to stock dividends, the record date shall not be less than 10 nor more than 30 days from the date of shareholder approval. However, the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of cash or stock dividends. In the event that stock dividends are declared in connection with an increase in the authorized capital stock, the corresponding record date shall be fixed by the SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to the Corporate Secretary before the time set for the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

TRANSFER OF SHARES AND SHARE REGISTER

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a certificate of stock will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company. See "The Philippine Stock Market."

Philippine law does not require transfers of the Shares to be effected exclusively on the PSE, but any off exchange transfers will subject the transferor to capital gains tax and documentary stamp tax that may be significantly greater than the stock transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

ISSUES OF SHARES

Subject to otherwise applicable limitations, the Company may issue additional Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

SHARE CERTIFICATES

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's stock transfer agent, BDO Unibank Inc. – Trust and Investments Group, which maintains the share register. Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

ACCOUNTING AND AUDITING REQUIREMENTS

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the SEC. Those corporations whose shares are listed on the

PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company or the Sole Issue Manager, Lead Underwriter & Bookrunner or any of their respective affiliates or advisors in connection with sale of the Offer Shares.

BRIEF HISTORY

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government and undertaken over the last few years have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bids and ask quotations from the bourses.

In June 1998, the SEC granted the PSE a Self-Regulatory Organization (“SRO”) status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the Securities Regulation Code. The PSE has an authorized capital stock of ₱36.8 million, of which ₱15.3 million is subscribed and fully paid-up. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, mining and oil sectors, companies are listed either on the PSE’s Main Board, or the Small and Medium Enterprises Board. Each index represents the numerical average of the prices of component stocks. The PSE has an index, referred to as the PSEi, which as at the date hereof reflects the price movements of 30 selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

SELECTED STOCK EXCHANGE DATA

in ₽ billions

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
1999	2,142.9	226	1937.7	713.9
2000	1,494.5	230	2577.6	357.6
2001	1,168.1	232	2142.6	159.5
2002	1,018.4	234	2083.2	159.7
2003	1,442.4	236	2973.8	145.4
2004	1,822.8	236	4766.2	206.6
2005	2,096.0	237	5984.4	383.5
2006	2,982.5	240	7172.8	572.6
2007	3,621.6	244	7978.5	1338.2
2008	1,872.8	246	4069.2	763.9
2009	3,052.7	248	6029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,717.7
2013	5,898.8	257	11,931.3	2,564.3
2014	7,230.57	263	14,251.7	2,130.1
*2015	7,230.57	263	14,496.4	1,084.3

** as of June 8, 2015*

TRADING

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. The trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading date). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade. For Small-Denominated Treasury Bonds, settlement is on the day the trade was made.

Trading on the PSE pre-opens at 9:00 am and opens from 9: 30 am to 12:00 p.m., then recesses until 1:29 pm. The market re-opens at 1:30 pm. At 3:15 pm the market pre-closes then enters a run-off period at 3:20 pm, finally closing at 3:30 pm. Trading days are Monday to Friday, except legal and special holidays.

Minimum trading lot size shall be 1,000 shares or ₱2,750 . Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50.0% or down by 50.0% in one day (based on the last traded price), the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading will be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

SETTLEMENT

The Securities Clearing Corporation of the Philippines (SCCP) is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment (DVP) clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the Exchange; (b) guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund (CTGF); and (c) performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a 3-day rolling settlement environment, which means that settlement of trades takes place three (3) days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under PDTC's book entry system. Each Trading Participant maintains a Cash Settlement Account with one of the seven (7) existing Settlement Banks of SCCP which are Banco De Oro Unibank, Inc., Metropolitan Bank and Trust Company, Deutsche Bank, Union Bank of the Philippines, HSBC, Maybank, and Rizal Commercial Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called Central Clearing and Central Settlement (CCCS) last May 29, 2006. CCCS employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-Eligible trade cleared through it.

CENTRAL DEPOSITORY

In 1995, the Philippine Depository & Trust Corporation (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and BDO Unibank, Inc.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation (''PCD Nominee''), a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. ''Immobilization'' is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of PCD Nominee through the PDTC participant will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a stockholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

In the depository set-up, shares are simply immobilized, wherein customers' certificates are canceled and a confirmation advice is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current ''de facto'' custodianship role.

AMENDED RULES OF LODGEMENT OF SECURITIES

One June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the PSE's Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

a. The offer shares/securities of the applicant company in the case of an initial public offering;
b. The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Commission in the case of a listing by way of introduction;
c. New securities to be offered and applied for listing by an existing listed company; and
d. Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

"For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee Corp. but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.

On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Issuer's registry as a confirmation date."

PHILIPPINE FOREIGN INVESTMENT & FOREIGN EXCHANGE CONTROLS

FOREIGN OWNERSHIP

Foreign investors are permitted to invest in the securities of a Philippine corporation unless otherwise limited by restrictions on foreign ownership imposed under the Constitution and Philippine statutes, as provided in the Foreign Investment Negative List. Among the principal restricted business activities is the ownership of private land where the Constitution, in relation to Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.00% of whose capital is owned by such citizens.

The SEC and the Department of Justice have consistently applied the so-called "Control Test" in determining the required Filipino equity in restricted business activities. The Control Test states that shares belonging to corporations or partnerships at least 60.00% of the capital of which is owned by Filipino citizens shall be considered as of Philippine nationality. Thus, although such corporation has foreign shareholdings, it shall be considered as 100.00% Filipino-owned.

However, in December 2010, the SEC issued an opinion concerning Medusa Mining Ltd., where it indicated that the "Grandfather Rule" should be utilized in determining compliance with the allowable limits of foreign equity in an entity which seeks to comply with nationality requirements provided by the 1987 Philippine Constitution. The Grandfather Rule states that, in determining whether an entity is compliant with the limit provided for in the Constitution, the SEC is mandated to look into the citizenship of the individual stockholders (i.e. natural persons) of an investor corporation of an entity engaged in a nationalized or partly-nationalized activity. If shares in said investor corporation are in turn held by another investor corporation, the SEC must also inquire into the citizenship of the individual stockholders of said second tier investor corporation and so on and so forth. Thus, under the Grandfather Rule, only the number of shares actually held by the ultimate individual stockholders who are Filipino citizens shall be counted as of Philippine nationality.

Moreover, the Court of Appeals recently promulgated a decision in the case of *Redmont Consolidated Mines Corporation v. Narra Nickel Mining and Development Corporation, et al.*, wherein it pronounced that the Grandfather Rule applies when there is doubt in the 60-40 Filipino-equity ownership in a corporation. When there is none, the control test is applied.

However, on October 9, 2012, the Supreme Court, in the case of *Wilson P. Gamboa v. Finance Secretary Margarito Teves, et.al.,* ruled that if a corporation, engaged in a partially nationalized industry, issues a mixture of common and preferred non-voting shares, at least 60 percent of the common shares and at least 60 percent of the preferred non-voting shares must be owned by Filipinos. Hence, the 60-40 ownership requirement in favor of Filipino citizens must apply separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares. The Supreme Court went on to declare that this uniform application of the 60-40 ownership requirement in favor of Filipino citizens clearly breathes life to the constitutional command that the ownership and operation of public utilities shall be reserved exclusively to corporations at least 60 percent of whose capital is Filipino-owned. Applying uniformly the 60-40 ownership requirement in favor of Filipino citizens to each class of shares, regardless of differences in voting rights, privileges and restrictions, guarantees effective Filipino control of public utilities, as mandated by the Constitution.

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, a foreign investment in listed Philippine securities (such as the Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon will be sourced from the banking system. If the foreign exchange required for servicing such capital repatriation or dividends, profits, and earnings remittance will be sourced outside the banking system, registration with the BSP is not required. The application for registration must be filed by a stockbroker/dealer or an underwriter directly with the BSP or with a custodian bank designated by the investor. A custodian bank may be any commercial bank or offshore banking unit in the Philippines appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) a purchase invoice, or subscription agreement and/or proof of listing in the PSE; and (ii) a credit advice or bank certification showing the amount of foreign currency inwardly remitted and converted to Pesos through a commercial bank; and (iii) in certain instances, transfer instructions from the stockholder and/or dealer, as the case may be. Upon submission of the required documents, a Bangko Sentral Registration Document ("BSRD") will be issued by the BSP or the investor's custodian bank.

Proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately in full through the Philippine commercial banking system, net of applicable tax, without need of BSP approval. Remittance is allowed upon presentation of the BSRD, at the exchange rate applicable on the date of actual remittance. Pending repatriation or reinvestment, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, is also remittable in full. Remittance of divestment proceeds of dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent or in times of national emergency.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

PLAN OF DISTRIBUTION

DISTRIBUTION OF THE OFFER

The Company will offer 420,000,000 Common Shares in line with the Offer through the Sole Issue Manager, Lead Underwriter & Bookrunner. The Company plans to make available 84,000,000 Offer Shares or 20% of the Offer Shares, for distribution to the Trading Participants of the PSE and 42,000,000 Offer Shares, or 10% of the Offer Shares, shall be made available to Local Small Investors. The term “Local Small Investors” is defined as a share subscriber or purchaser who is willing to subscribe or purchase a minimum board lot or whose subscription or purchase does not exceed ₱25,000.00. Should the total demand for the Offer Shares in the Local Small Investors’ subscription exceed the allocation of 10%, the Sole Issue Manager, Lead Underwriter & Bookrunner shall allocate, in coordination with the PSE, the Offer Shares by balloting. Should the total demand from Local Small Investors be less than the 10% allotted to them, the unsold allocation shall be reallocated back for distribution to the general public.

On or before 11:00 am Manila time, on 30 July 2015, each Trading Participant shall submit to the Sole Issue Manager, Lead Underwriter & Bookrunner its firm orders and commitments to purchase the Offer Shares (the “Firm Order”). The payment for the Firm Orders shall be made not later than 3 August 2015. Firm Orders from the Trading Participants will be confirmed by the Sole Issue Manager, Lead Underwriter & Bookrunner through the PSE by 9:30 a.m . on 3 August 2015. In no case shall a Trading Participant be awarded more than the Offer Shares indicated in its Firm Order and covered by its payment.

The Offer Shares will be firmly underwritten by BDO Capital & Investment Corporation. The Trading Participants shall act as Selling Agents for the Offer, pursuant to the distribution guidelines of the PSE. Offer Shares not taken up by the Trading Participants and Local Small Investors will be distributed by the Underwriter directly to its clients and the general public.

The Offer Shares shall also be distributed to Qualified Institutional Buyers that may be invited to participate in the book-building process. As defined in the PSE Revised Listing Rules, “Qualified Institutional Buyers” are limited to the following: mutual funds, pension or retirement funds, commercial or universal banks, trust companies, investment houses, insurance companies, investment companies, finance companies, venture capital firms, government financial institutions, trust departments of commercial or universal banks, non-bank quasi banking institutions, Trading Participants of the PSE for their dealer accounts, non-stock savings and loan associations, educational assistance funds and other institutions of similar nature determined as such by SEC. None of the Offer Shares have been designated for sale to specified individuals.

THE UNDERWRITER

BDO Capital & Investment Corporation is the wholly owned investment banking subsidiary of BDO. It obtained its license from the SEC to operate as an investment house in 1998 and is licensed by the SEC to engage in the underwriting and distribution of securities to the public. BDO Capital & Investment Corporation is primarily involved in equity management, underwriting and placement, debt management, underwriting and syndication, financial advisory services, project finance and securities trading. Its senior executives have extensive experience in the capital markets and performed lead roles in a substantial number of major equity and debt issues, both locally and internationally. BDO Capital & Investment Corporation has underwritten several public and private offerings of equity and debt in the Philippines since 1998. As of December 2014, BDO Capital & Investment Corporation has an authorized capital stock of ₽400,000,000.00 and paid up capital stock of ₽300,000,000.00. In its sixteen (16) years of existence, BDO Capital & Investment Corporation has undertaken capital markets transactions for both the Government and the private sector.

UNDERWRITING COMMITMENT

The Offer Shares will be underwritten on a firm commitment basis at the Offer Price. The Sole Issue Manager, Lead Underwriter & Bookrunner and the Company will enter into, on or before the start of the Offer Period, an Underwriting Agreement wherein the Sole Issue Manager, Lead Underwriter & Bookrunner will agree to subscribe for or procure subscribers for, or to purchase, or procure purchasers for the Offer.

The Sole Issue Manager, Lead Underwriter & Bookrunner will receive a transaction fee from the Issuer equivalent to 2.25% of the gross proceeds from the sale of the Offer Shares. These are inclusive of the amounts to be paid PSE Trading Participants, where applicable.

BDO Capital & Investment Corporation does not have any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) and, other than as underwriter for the Offer, it does not have any relationship with the Company. Neither does BDO Capital & Investment Corporation have any right to designate or nominate a member to the Board of Directors of the Company. The Issue Manager, Lead Underwriter & Bookrunner does not have any contract or other arrangement with the Company by which BDO Capital & Investment Corporation may put back to the Company any unsold securities of the Offer.

However, the Company has existing credit lines with BDO Unibank, Inc., the parent company of BDO Capital & Investment Corporation. Furthermore, a portion of the proceeds from the offering will be used to settle the Company's outstanding loan amount with BDO Unibank, Inc. Such existing credit lines with BDO Unibank, Inc. and the intended use of proceeds stated had no effect on the due diligence conducted by BDO Capital & Investment Corporation on the Company.

THE SELLING AGENTS

Pursuant to the rules of the PSE, the Issuer will make available 84,000,000 Offer Shares comprising 20.0% of the Offer for distribution to PSE Trading Participants. The total number of Offer Shares allocated to the 132 PSE Trading Participants will be distributed following the procedures indicated in the implementing guidelines for the Offer Shares to be distributed by the PSE. Each PSE Trading Participant will be allocated 636,000 Offer Shares. The Sole Issue Manager, Lead Underwriter & Bookrunner will allocate the unallocated 48,000 Offer Shares to the Trading Participants.

PSE Trading Participants who take up the Offer Shares shall be entitled to a selling fee of 1% of the Offer Shares taken up and purchased by the relevant trading participant. The selling fee, less a withholding tax of 10%, will be paid to the PSE Trading Participants within ten (10) banking days after the Listing Date.

The PSE Trading Participants may be allowed to subscribe for their dealer accounts provided that, if they opt to sell the Offer Shares to the clients during the Offer period, it must be at a price not higher than the Offer Price per share. Likewise, the Trading Participants are prohibited from selling the Offer Shares during the period after the Offer period and prior to the Listing Date.

The balance of the Offer Shares allocated but not taken up by the PSE Trading Participants will be distributed by the Sole Issue Manager, Lead Underwriter & Bookrunner to its clients or to the general public.

THE LOCAL SMALL INVESTORS

A total of 42,000,000 Offer Shares, or 10% of the Offer, shall be made available to Local Small Investors. Local Small Investors is defined as a subscriber to the Offer who is willing to subscribe to a maximum of ₱25,000 worth of Offer Shares under the LSI program. In the event that total demand for the Offer Shares in the LSIs' subscription exceeds the maximum allocation of 10.0%, the Sole Issue Manager, Lead Underwriter & Bookrunner shall allocate the Offer Shares by way of balloting.

The balance of the Offer Shares allocated but not taken up by the LSIs will be distributed by the Sole Issue Manager, Lead Underwriter & Bookrunner to its clients or to the general public.

SUBSCRIPTION PROCEDURES

On or before 30 July 2015, the PSE Trading Participants shall submit to the designated representative of the Sole Issue Manager, Lead Underwriter & Bookrunner their respective firm orders and commitments to purchase Offer Shares. Offer Shares not taken up by PSE Trading Participants will be distributed by the Sole Issue Manager, Lead Underwriter & Bookrunner directly to its clients and the general public and whatever remains will be purchased by the Sole Issue Manager, Lead Underwriter & Bookrunner.

With respect to the LSIs, all applications to purchase or subscribe for the Offer Shares must be evidenced by a duly accomplished and completed application form. An application to purchase Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Sole Issue Manager, Lead Underwriter & Bookrunner or such other financial institutions that may be invited to manage the LSI program. Payment for the Offer Shares must be made upon submission of the duly completed application form.

Lodgement of Shares

All of the Offer Shares are or shall be lodged with the PDTC and shall be issued to the investors in scripless form. Investors may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the closing of the Offer. The investor shall bear any expense to be incurred by such issuance of certificates.

Lock-up

The PSE rules require an applicant Issuer to cause its existing shareholders owning at least 10% of the outstanding shares of the Issuer not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares.

In addition, if there is any issuance of shares or securities (i.e., private placements, asset for shares swap or a similar transaction) or instruments which leads to issuance of shares or securities (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the offer period, and the transaction price is lower than that of the offer price in the initial public offering, all shares or securities availed of shall be subject to a lock-up period of at least 365 days from full payment of the aforesaid shares or securities.

In accordance with the foregoing lock-up rules, shares held by Anesy Holdings Corporation will be locked up as follows:

Number of Shares	Percentage	Lock Up Period
155,000,000	19.87%	180 days from listing date
353,000,000	45.26%	365 days from 5 March 2015
245,000,000	31.41%	365 days from 23 March 2015

To implement this lock-up requirement, the Company and Anesy Holdings, prior to the Offer are subject to this lock-up requirement, and, for this purpose, will enter into an escrow agreement with BDO Unibank, Inc. – Trust and Investments Group as the escrow agent.

INTERESTS OF NAMED EXPERTS

The financial statements of the Company as of and for the three (3) months ended March 31, 2015 and for the years ended December 31, 2014 and 2013 were audited by Punongbayan & Araullo; and the financial statements of the Company as of and for the year ended 2012 were audited by Grajo and Associates and was restated in accordance with Philippine Standards on Auditing. The adjustments applied to restate the 2012 financial statements were audited by Punongbayan & Araullo. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

The validity of the Offer Shares and other matters concerning the Offer and the tax matters were passed upon for the Company by Farol & Verayo Law Offices, the independent legal and tax counsel of the Company. The independent counsel has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The named external auditors and the independent legal and tax counsel have not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Farol & Verayo Law Offices, independent legal counsel to the Company, and by Martinez Vergara Gonzalez & Serrano, legal counsel to the Sole Issue Manager, Lead Underwriter & Bookrunner.

Each of the foregoing legal counsel has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for securities in the Company. None of the legal counsel will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS

The financial statements of the Company as of and for the three (3) months ended March 31, 2015 and for the years ended December 31, 2014 and 2013 were audited by Punongbayan & Araullo; and the financial statements of the Company as of and for the year ended 2012 were audited by Grajo and Associates and was restated in accordance with Philippine Standards on Auditing. The adjustments applied to restate the 2012 financial statements were audited by Punongbayan & Araullo. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Punongbayan & Araullo has been the auditor of the Company since 2013. The Company has not had any material disagreements on accounting and financial disclosures with the said external auditor.

EXTERNAL AUDIT FEES AND SERVICES

The following table sets out the contracted audit fees for professional services rendered by the Company's external auditors:

Particulars	**Nature**	**2013**	**2014**
Punongbayan & Araullo.	Audit of the Company's Financial Statements and Consolidated Reporting Package	420,000	550,000

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

The name of the handling partner of the Company is/are as follows:

Auditor	**Year**	**Handling Partner**
Punongbayan & Araullo.	2013 & 2014	Renan A. Piamonte

The Company has not had any disagreements with its external auditors/independent accountants on any matter of accounting principles or practices, financial statement of disclosure or auditing scope or procedure.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. This discussion is based on laws, regulations, rulings, income tax conventions (tax treaties), administrative practices and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investments in shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the shares under applicable tax laws of other applicable jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the shares in such other jurisdictions. This summary does not purport to address all tax aspects that may be important to a holder of the Common Shares.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL AND NATIONAL TAX LAWS.

CORPORATE INCOME TAX

A domestic corporation is subject to a tax of 30% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 7.5% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary income tax for the taxable year.

Nevertheless, any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure or legitimate business reasons.

TAX ON DIVIDENDS

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to income tax at the rate of 10%. Cash and property dividends received from a domestic corporation by domestic corporations or resident foreign corporations are not subject to tax.

Cash and property dividends received from a domestic corporation by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% tax on the gross amount thereof. Cash and property dividends received from a domestic corporation by non-resident alien individuals not engaged in trade or business in the Philippines are generally subject to tax at 25% of the gross amount but may be subject to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals provided that a prior application for tax treaty relief has been properly filed with the appropriate office of the Philippine tax authorities. A non-resident alien who comes to the Philippines and stays in the country for an aggregate period of more than 180 days during any calendar year will be deemed a non-resident alien engaged in trade or business in the Philippines.

Cash and property dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to tax at the rate of 30%, which may be reduced to 15% when the country in which the non-resident foreign corporation is domiciled (i) imposes no taxes on foreign–sourced dividends or (ii) allows a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to the difference between the regular income tax of 30% on corporations and the 15% tax on dividends. Alternatively, non-resident foreign corporations may avail of the preferential tax rates applicable to cash and property dividends received from a domestic corporation under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign corporations provided that a prior application for a tax treaty relief has been properly filed with the appropriate office of the Philippine tax authorities.

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	**Dividend (in %)**	**Stock transaction tax on sale or disposition effected through the PSE (in %)**	**Capital gains tax Due on disposition of Shares outside of the PSE (in %)**
Canada	25[1]	0.5%[8]	Exempt [8]
France	15[2]	0.5%	Exempt[8]
Germany	15[3]	0.5%	5/10[9]
Japan	25[4]	0.5%[8]	Exempt
Singapore	25[5]	0.5%[8]	Exempt
United Kingdom	25[6]	0.5%[10]	Exempt[10]
United States	25[7]	0.5%	Exempt [8]

Notes:

(1) 15.0% if recipient company controls at least 10.0% of the voting power of the company paying the dividends.

(2) 10.0% if the recipient company holds directly at least 10.0% of the voting shares of the company paying the dividends.

(3) 10.0% if the recipient company owns directly at least 25.0% of the capital of the company paying the dividends.

(4) 10.0% if the recipient company holds directly at least 25.0% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the six-month period immediately before the date of payment of the dividends.

(5) 15.0% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.0% of the outstanding shares of the voting stock of the paying company was owned by the recipient company.

(6) 15.0% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends.

(7) 20.0% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 10.0% of the outstanding shares of the voting stock of the paying corporation was owned by the recipient corporation. The withholding tax on dividends paid to corporations domiciled in the United States may be further reduced to 15.0% under the tax-sparing clause of the Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, as amended (the ''Philippine Tax Code'').

(8) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, In which case the sale is subject to Philippine taxes. Under Philippine tax regulations, the term "principally" means more than 50% of the entire assets of the Philippine corporation in terms of value.

(9) Under the RP-Germany Tax Treaty, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5.0% on the net capital gains realized during the taxable year not in excess of ₱100,000.00 and 10.0% on the net capital gains realized during the taxable year in excess of ₱100,000.00.

(10) Under the RP-UK Tax Treaty, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident.

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax. A stock dividend constitutes income if it gives the shareholder an interest different from that which his former stockholdings represented. A stock dividend does not constitute income if the new shares confer no different rights or interest than did the old.

Any availment of tax treaty relief should be preceded by an application for tax treaty relief filed in accordance with regulations issued by Philippine tax authorities. Thereafter, if the regular tax rate is withheld by the paying corporation instead of the reduced rates applicable under a tax treaty, the nonresident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

SALE, EXCHANGE OR DISPOSITION OF SHARES

Capital Gains Tax, if sale was made outside the PSE

The net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares of stock (i.e. secondary sale of common shares by the holder to another party) outside the facilities of the PSE are subject to tax as follows: 5% on gains not exceeding ₱100,000.00 and 10% on the gains over ₱100,000.00. If an applicable tax treaty exempts the gains from tax, an application for tax treaty relief must be properly filed with the Philippine tax authorities and should precede any availment of an exemption under a tax treaty.

Stock Transaction Tax

A sale or other disposition of shares of stock through the facilities of the PSE by a resident or a nonresident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the Philippine Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax and although it is paid in lieu of a capital gains tax, it is not a tax on income, hence, cannot be subject of the tax exemption or preferential rates provided under tax treaties as discussed herein. This view is consistent with the position taken by the Bureau of Internal Revenue in DA-ITAD BIR Ruling No. 022-07 dated 9 February 2007.

Value Added Tax

Value Added Tax (VAT) of 12% may generally be imposed on the gross income earned by dealers in securities and on the commission earned by the PSE-registered broker from services provided in connection with the sale of shares. VAT is generally passed on to the client.

Documentary Stamp Tax

The original issue of shares of stock is subject to documentary stamp tax (DST) of ₽1.00 for each ₽200.00, or a fractional part thereof, of the par value of the shares of stock issued. The secondary transfer of shares of stock outside the facilities of the PSE is subject to a documentary stamp tax of ₽0.75 for each ₽200.00, or a fractional part thereof, of the par value of the share of stock transferred.

On June 30, 2009, Republic Act No. 9648 was signed into law and it permanently exempted the sale, barter, or exchange of shares of stock listed and traded through the local stock exchange from DST retroactive to March 20, 2009.

In addition, the borrowing and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from DST. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

Estate and Donor's Tax

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine situs, and any transfer thereof by way succession or donation, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's tax, respectively.

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to Philippine estate taxes at progressive rates ranging from 5% to 20%, if the net estate is over ₽200,000.00. On the other hand, individual stockholders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donor's tax on such transfer of shares ranging from 2% to 15% of the net gifts during the calendar year exceeding ₽100,000.00. The rate of tax with respect to net gifts made to a stranger (i.e., one who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) is a flat rate of 30%. Donations between business organizations, and between individuals and business organizations are considered donations made to a stranger.

The sale, exchange or transfer of shares outside the facilities of the PSE may also be subject to donor's tax when the fair market value of the shares of stock sold is greater than the amount of money received by the seller. In this case, the excess of the fair market value of the shares of stock sold over the amount of money received as consideration shall be deemed a gift subject to donor's tax.

Estate and donor's tax, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax. For the same reason, the transfer of such shares by way of donation (gift) or succession is subject to Philippine donor's or estate taxes, respectively as stated above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Philippines.