



SEC News Service

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Belle may sell part of stake in Sinophil

BELLE Corp., the property and gaming arm of the SM Group, is considering the sale of part of its stake in Sinophil Corp. for \$150 million to \$200 million to "maximize the liquidity" of Sinophil's shares.

"[There is] no timetable yet. There's really no urgent need to do the placement for cash-raising purposes, except that it may be good to provide liquidity & wider research coverage for the stock," Willy N. Ocier, Belle's vice-chairman, said in a text message on Monday.

"\$150m to \$200m would be a reasonable placement amount. Note that Sinophil has no capital expenditure requirements [be-

cause] Belle still owns the building structures and land, thus it still collects on the rent," he added.

Belle currently owns 90% of Sinophil.

In a brief disclosure on Monday, Belle said it has tapped Hong Kong-based investment bank CLSA Ltd. to analyze the possible share sale.

"CLSA has been tasked to study the feasibility of such sale of shares and, if feasible, to study options to optimize the liquidity of the Sinophil shares and maximize value to Belle's shareholders," Belle said in the disclosure.

CLSA provides security brokerage and investment banking

services, and offers mergers and acquisition, restructuring, deal structuring, private placement, valuation, due diligence, and take-over advisory services.

Belle said the possible share sale will take place "at some future date, subject to market conditions."

In a text message, Belle Executive Vice-President and Chief Financial Officer Manuel A. Gana said: "No target date yet as we are just studying it right now. We might still end up not doing anything."

"No comment also on portion to sell, if any, except that Belle will continue to maintain control of

Sinophil until further notice," he added.

It was earlier announced that Sinophil will take over the gaming business of Belle Corp., while the latter's operations will now focus on real estate development, in a bid to make Sinophil, a dormant holding firm, profitable.

Sinophil said its board of directors authorized the acquisition of Belle's 34.5% stake in Pacific Online Systems Corp. (LÓTO) and its 100% ownership in Premium Leisure and Amusement, Inc. (PLAI).

LOTO is the provider of gaming solutions for the Philippine Charity Sweepstakes Office in the Visayas and Mindanao.

PLAI, on the other hand, is part of the consortium that holds the Philippine Amusement and Gaming Corp. (PAGCOR) license for the \$1.3-billion City of Dreams Manila, a joint venture of Belle and Melco Crown Philippines. It is among the four integrated resorts being developed at PAGCOR's Bagong Nayong Pilipino in Parañaque City and will have a casino, high-end restaurants, and three luxury hotels.

In a separate statement, Belle said it will retain direct ownership of the land and building of City of Dreams Manila, from which it will continue to receive rental income.

— **Daphne J. Magturo**

Paxys, Inc. receives takeover offer

THE BOARD of directors of business process outsourcing (BPO) firm Paxys, Inc. has received a proposal from its wholly owned subsidiary Paxys NV, offering to buy out the minority shareholders at P3.20 per share, the company said in a disclosure.

In a filing to the local bourse yesterday, the company said "they believe that the minority shareholders should be given this op-

tion mainly because Paxys has been looking at various alternatives for about two years now to redeploy the cash reserves of the Paxys Group (which are substantially held by Paxys NV), and as of date, there are still no definite or attractive opportunities that have been identified."

Paxys, Inc.'s consolidated assets mostly consist of cash placed in short-term money market investments.

The BPO company clarified in the statement that "there are no concrete plans that would result in merger, reorganization or liquidation involving the company and its subsidiaries."

In July 2012, Paxys, Inc. formed a joint venture with Toronto-based BPO Simpro Solutions, Inc., forming a new company called Simpro Solutions Philippines, Inc. — **Chrisee Jalyssa V. Dela Paz**

PBCom's public float shrinks to 16% after sale to Lucio Co

By Raymund Luther B. Aquino

PUBLIC ownership in listed mid-sized lender Philippine Bank of Communications (PBCom) will be reduced to 16.01% with the entry of a new investor, retail magnate Lucio L. Co, the bank said yesterday.

Next year's tighter public float rules and speculation over being folded into Mr. Co's listed conglomerate, however, are unlikely to force the bank to take the delisting route, one analyst said.

In a disclosure to the Philippine Stock Exchange (PSE) yesterday, PBCom said: "From 25.70%, the float will be decreased to 16.01%."

Shares of PBCom's existing shareholders, including those held by the public, have been diluted after the bank sold new shares to accommodate Mr. Co.

Mr. Co, through his holding firm P.G. Holdings, Inc., is subscribing to 181,080,608 newly issued common shares of the bank at P33 apiece, in a P5.976-billion deal first announced last month.

That transaction expanded PBCom's outstanding shares to 480,645,164 from 299,564,556. The bank has an authorized capital stock of 760,000,000.

Just last Friday, a major PBCom shareholder, ISM Communications Corp., announced it is selling

most of its stake to further raise Mr. Co's bank holdings to nearly 50% from the 37.67% he first acquired in July.

Mr. Co bought the ISM shares for the same discounted price tag of P33 each, so that the second deal was valued at P1.95 billion.

PBCom shares were last traded at P63.45 apiece, up 6.6% from Friday's closing price.

NOTHING DEFINITE

PBCom's lower public float of 16.01% brings it near the bottom rung of that metric among publicly listed banks, as the number is higher only than the Philippine Trust Co.'s 14.01% free float level.

This is of interest as the Securities and Exchange Commission had said last month that it could raise the public float requirement to 20% by 2015.

"We're still conducting the study on raising the public float ... but 2015, that's the earliest we can do it," SEC Chairman Teresita J. Herbosa told BusinessWorld in July. "The ideal level, I think, is 20%, but if we cannot do it in one big increase, we'll do it gradually."

Public companies are currently required to maintain a public ownership level of at least 10% to remain listed.

PBCom, S2/3

PBCom, S2/1

PBCom corporate secretary Jovita D.S. Larrazabal said that the bank does not yet have plans to raise its public float.

"No definite plans yet. We will make the necessary disclosures as and when there are more definite plans," Ms. Larrazabal told BusinessWorld.

Ms. Larrazabal declined to comment on the possibility of PBCom folding into Mr. Co's listed holding firm, Cosco Capital, Inc.

An analyst said, however, that increasing the bank's public float should not be a big issue.

"Some of the other investors or even Mr. Co would have to divest if they want to increase the float, unless they issue more shares," said ND Fernandez, analyst at Philequity Management, Inc. "So either someone disposes or they issue more shares. But it shouldn't be a major issue."

Mr. Fernandez said it makes sense, however, for PBCom to be consolidated with Cosco's operations, noting that any such move would not necessarily mean PBCom would have to delist.

Mr. Co's stake in PBCom is cur-

rently held by P.G. Holdings and VFC Land Resources, Inc.

"If ever they do that, that will promote synergies within the group," Mr. Fernandez said. "PBCom for example could provide banking services to Cosco's certain subsidiaries. Since Lucio Co's the owner of Cosco and PBCom, it's just an issue of transfer pricing."

"Delisting could happen, but it's not a high possibility," Mr. Fernandez said. "It depends what strategy they want to follow. It's not yet very clear, so we will have to wait and see," he added.

Globe P10B shares oversubscribed

GLOBE Telecom Inc. yesterday said the sale of its preferred shares worth P10 billion which will be used to partly finance its capital expenditure this year, was oversubscribed.

In a disclosure to the Philippine Stock Exchange (PSE), Globe said the company's series A non-voting perpetual preferred shares, with an aggregate issue size of P7 billion and an oversubscription option of up to P3 billion, were fully subscribed as of the end of the offer period last August 15.

The preferred shares will be listed in the PSE on August 22, 2014 for the full amount of P10 billion.

BPI Capital Corp. was tapped as issue manager for the offer. Joining the Ayala-led firm as underwriters were BDO Capital & Investment Corp. and SB Capital Investment Corp.

Aside from the P10 billion preferred shares, the company also plans to raise another P2 billion in the fourth quarter of the year.

For this year, Globe is setting aside \$600-\$650 million in capex, the bulk of which will go to network expansion and resiliency.

Earlier, Globe signed a P7 billion 7-year term loan with state-owned Land Bank of the Philippines to fund its capex for 2014.

The company's net income grew by almost four-fold in the first half of the year

to P6.8 billion from P1.4 billion in the same period last year, driven by strong growth of the data and mobile business.

Globe recorded EBITDA (earnings before interest, taxes, depreciation and amortization) of P19.1 billion in the first semester of 2014, 1 percent higher compared to the same period last year. The company's core net income grew by 18 percent in the first half of the year to P7.6 billion, from P6.4 billion a year earlier.

As of the first six months of the year, Globe spent approximately P11 billion in capex to support the growing subscriber base and its demand for data. About 54 percent was spent on data-related access and transport infrastructure, including transmission capacities and international cable facilities.

Data-related access investments included deployments in Globe's wireless 3G broadband, HSPA+ (high speed packet access) and LTE (long-term evolution) access and roll-outs for fixed broadband and LTE @ Home solutions, while 16% of the capex was for core-related services including payments for the network transformation program and coverage solutions.

Globe ended the first half with a total mobile subscriber base of 42.7 million, up 18% from 36.1 million subscribers in the same period last year. The company's gross debt stood at P68.8 billion as of end June 2014.

Del Monte Pacific fundraising OKd

DEL MONTE Pacific Limited said it has received regulatory approval "in principle" from the Singapore Stock Exchange for its planned P125.6 million fund through the Philippine Stock Exchange. Del Monte is listed with the Singapore Stock Exchange, which necessitated the regulatory approval.

Del Monte's fund raising involves 5.5 million shares that will be offered at an indicative price of up to P22.84 per share, for a gross value of P125.62 million.

The proceeds of the offer, will be used to refinance the \$15.6 million bridge loan Del Monte tapped from Metropolitan Bank and Trust Co., to finance its acquisition of cousin Delaware-based Del Monte Foods, Inc., early this year.

The acquisition is seen to provide Del Monte greater access to a well-established, attractive and profitable branded consumer food business in the world's biggest market and will provide longer term opportunities in the emerging markets of South America.

The loan bears an interest of 1.5 percent per annum for the next 180 days, and is repriced every month.

Stocks up slightly; Bloomberg gains

THE stock market rose slightly Monday in mixed trading, with gains capped by index heavyweight Philippine Long Distance Telephone Co.

The Philippine Stock Exchange index climbed 19.07 points, or 0.3 percent, to 7,027.58 on a value turnover of P8.2 billion. Losers beat gainers, 118 to 70, with 41 issues unchanged.

Most emerging-market stocks declined as Chinese data showed the nation's housing slump deepened, overshadowing a rally by telecommunication shares.

About two stocks fell for each that rose in the MSCI Emerging Markets Index, which slid less than 0.1 percent to 1,074.32 at 2:37 p.m. in Hong Kong.

Bloomberg Resorts Corp., the company operating Solaire Resorts & Casino on a reclaimed area in Manila Bay, rallied 2.7 percent to P11.50, while Ayala Land Inc. gained 1.9 percent to P32.60.

Manila Electric Co., the biggest electricity retailer, advanced 1.5 percent to P272.

Energy Development Corp., the biggest geothermal steam producer, advanced 2.5 percent to P6.60, while parent First Gen Corp. increased 2.9 percent to P23.45.

PLDT, the largest telecommunications firm, slipped 0.4 percent to P3,236, while Puregold Price Club Inc. of tycoon Lucio Co sank 5 percent to P34.25.

Alliance Global Group Inc. of tycoon Andrew Tan fell 4.6 percent to P24.80.

China's new-home prices, meanwhile, declined in July in almost all cities that the government tracks as tight mortgage lending deterred buyers even as local governments eased property curbs. The Hang Seng China Enterprises Index climbed to an eight-month high last week on speculation the government will act to shore up growth.

"While the continued flow of negative data out of China supports the outlook for stronger stimulus, some investors are getting jittery about what this weakness poses to global growth amid geopolitical risk," said Jonathan Ravelas, chief market strategist at BDO Unibank Inc.

With Bloomberg

Globe sells ₱10b in bonds

GLOBE Telecom Inc. has successfully raised P10 billion through the issuance of preferred shares amid strong demand from investors.

Globe said in a disclosure to the stock exchange it sold non-voting shares amounting to P7 billion and an oversubscription of P3 billion at the end of the offering period Friday.

Globe will list the preferred shares with the Philippine Stock Exchange Friday at a price of P500 apiece.

It plans to use proceeds from the sale to partially finance the company's \$600 million to \$640 million in programmed capital expenditure this year.

Capital spending includes investment in Long Term Evolution and fixed broadband, network and information technology transformation and other general administrative costs. **Jennifer B. Austria**

Belle eyes Sinophil sale to raise \$200m

By Jenniffer B. Austria

BELLE Corp. plans to sell as much as \$200 million worth of shares in gaming unit Sinophil Corp. to improve liquidity and widen the public ownership of the stock.

Belle vice chairman Willy Ocier said in a text message the company might raise between \$150 million and \$200 million through the share sale.

Ocier said there was no timetable yet for the share sale.

"There is really no urgent need to do the placement for cash raising purposes, except it may be good to provide liquidity and widen research coverage for the stock. \$150 million

to \$200 million would a reasonable placement amount," Ocier said.

Belle said in a disclosure to the stock exchange Monday it tapped the services of CLSA Limited to sell a portion of its current equity ownership in Sinophil, subject to market conditions.

"CLSA has been tasked to study the feasibility of such sale of shares and, if feasible, to study options to optimize the liquidity of the Sinophil shares and maximize value to Belle's shareholders," Belle said.

Ocier said Sinophil had capital expenditure requirements.

Belle, which currently owns a 90-percent stake in Sinophil, earlier said it might sell 20-percent to 30-percent stake in Sinophil to widen the company's public float.

"We don't need to own 90 percent. We will be happy with 60- to 70-percent stake," Ocier said.

Sinophil, which will soon be renamed Premium Leisure Amusement Inc., earlier

acquired Belle's 100-percent stake in Premium Leisure Amusement Inc. and 34.5-percent interest in lotto operator Pacific Online Systems Corp.

PLAI is a part of the consortium that holds the Philippine Amusement and Gaming Corp.'s license for "City of Dreams Manila," which will be operated by Melco Crown Philippines in Pagcor Entertainment City.

Pacific Online, meanwhile, holds the exclusive license to distribute equipment for lotto operations in the Visayas and Mindanao.

Belle is set to get Sinophil's property assets, including membership shares in Tagaytay Midlands Golf Club Inc., a lot located within the Asean Business Park at the Manila Bay reclamation area, several parcels of land in Tagaytay and undeveloped land in Tanauan City, Batangas.

Belle will also continue to develop its other assets, particularly the Tagaytay Highlands and Midlands complexes.

Index climbs as investors accumulate stocks

By RICHMOND S. MERCURIO

Investors decided yesterday to amass more shares in the market, lifting the bellwether index from its dip last week.

The Philippine Stock Exchange index rebounded 0.27 percent or 19.07 points to finish at 7,027.58, while the broader all shares index rose 0.08 percent or 3.40 points to 4,171.72.

"Different investors opted to accumulate more shares in the market, especially on stocks that are expected to do well for the year," said Astro del Castillo, managing director of First Grade Finance Inc.

Castillo added that dissipating concerns overseas like that in the Middle East as well as in Africa also played a part in sending both the PSEi and all shares index in positive territory.

Asian stocks, meanwhile, stalled as Ukrainian conflict continued to weaken investor confidence.

Industrial firms posted the highest growth at 0.99 percent or 105.84 points while holding firms declined by 0.46 percent or 28.72 points.

Pancake House Inc. was yesterday's biggest

gainer seeing its share prices surge to 38.67 percent.

Market breadth, however, was negative as decliners beat advancers, 118 to 70, while 41 issues were unchanged. Value turnover slid to P8.25 billion from last Friday's P9 billion as 1.57 billion shares changed hands.

Most actively traded stocks were PLDT, Puregold, Alliance Global, Ayala Land and Meralco. Top gainers were Pancake House, Transpacific Broadband and Paxys, while the biggest losers were Bogo Medellin, Euro-Med and ISM.

COL Financial profit slides 31%

Leading online stockbroker COL Financial Group Inc. said its first half profit fell 31 percent despite the resurgence in its second quarter earnings.

In a report, COL said its net income in the first half stood at P153.3 million, nearly a third lower from P222.25 million posted a year ago.

The company attributed its lower earnings during the six-month period to the weak trading activity during the first quarter of the year as well as to the high base in 2013.

During the first quarter, COL reported that average daily value turnover dropped 27.9 percent year-on-year to P7.4 billion while average daily value turnover of local investors fell even more signifi-

cantly by 34.6 percent.

The brokerage firm added that average daily turnover during the first half of 2013 reached a record of P11.5 billion as the Philippine Stock Exchange index (PSEi) hit an all-time high of 7,392.2 in May of that year.

For the April to June period alone, COL's profits surged 60.6 percent quarter-on-quarter to P94.5 million from P58.8 million as it benefited from the recovery of the Philippine stock market.

However, the rebound in the second quarter was not enough to offset the slowdown in the January to March period.

"We are pleased to announce that our profits for the second quarter recovered.

However, we are more excited about the new service that we will soon be able to provide Filipino investors," said COL president and CEO Dino Bate.

The company said COL clients can start accessing various professionally managed funds through its website before the year ends, a move aimed at encouraging more Filipinos to invest as buying funds become more convenient.

"By making funds accessible online, we will also be able to address the needs of more Filipino investors, particularly those who do not have the time to actively manage their investments and those that are looking to diversify their portfolio through fixed income investments," Bate said.

- Richmond Mercurio

SSI Group aims to open more than 900 retail stores in 2015

By **MADELAINE B. MIRAFLOR**

SSI Group, Inc., the largest specialty retailer in the Philippines, is targeting to open more than 200 stores until 2015 in line with its anticipated entry to the country's capital market, which would bring the total number of its branch network to more than 900 stores.

The group, which includes Stores Specialists, Inc., retails 103 international brands in the country including Hermès, Prada, Gucci, Burberry, Salvatore Ferragamo, Lacoste, Michael Kors, Kate Spade, Gap,

Old Navy, Zara, Stradivarius, Ber-shka, Aeropostale, Samsonite, Nine West, Payless Shoe Source, Beauty Bar, Marks and Spencer, Pottery Barn and TWG, among others.

As of end of June 2014, the group already has 655 retail locations in 68 malls throughout the country.

In its prospectus submitted to the Securities and Exchange Commission (SEC), SSI Group said it is targeting to open as much as 188 stores this year, 67 of which were already opened as of June 30, and another up to 115 new stores in 2015 alone.



If all the stores the company intends to open by 2015 were built as scheduled, the company would have as much as 958 retail locations in the country in less than two years.

"The average size of these new stores is higher than the current average size of existing stores and we expect the new store openings to increase our total gross selling area by approximately 40,000 square meters to 47,000 square meters in 2014," SSI Group told SEC.

The company also assured that while the exact opening date for its new stores depends on "certain factors" that it does not control, it is confident that the remaining new stores will be opened as the firm already signed lease agreements or entered into discussion with landlord on the new stores.

Merely a week ago, SSI Group has sought for the approval of the SEC for its plan to raise as much as ₱12.4 billion through an initial public offering (IPO) in the Philippine Stock Exchange (PSE) in October.

With proceeds of as much as ₱12.4 billion, the company's maiden share sale would involve selling as much as 864.2 million worth of common shares at ₱12.50 apiece to the public, with an over-allotment option of ₱129.6 million common shares.

SSI Group allotted ₱3 billion or the 37.2 percent of this ₱12.4 billion to its specialty retailing or new store development.

"We intend to capitalize on our strong brand portfolio and market leadership in the specialty retailing industry by further increasing our market penetration through an aggressive yet systematic store expansion strategy," the company further said.

The offer period for the shares is scheduled from October 23 to 29, while the official listing date at the PSE is set on November 5, depending when the company would get the approval of the SEC and PSE.

PLDT trims stake in German Internet company to 8.6%

By KRIS BAYOS

Ownership of the Philippine Long Distance Telephone Company (PLDT) in Rocket Internet AG (Rocket) was reduced to 8.6 from 10 percent due to the recent entry of United Internet AG (United Internet) into the Berlin-based internet company.

United Internet announced last Friday its strategic investment of €435 million for a 10.7 percent stake in Rocket. The investment consists of €333 million in cash and €102 million represented by United Internet's equity participation in the portfolio of Global Founders Capital funds.

Global Founders Capital is a portfolio of over 50 venture capital investments held jointly by United Internet and Global Founders Fund GmbH ("Global Founders Fund", formerly European Founders Fund GmbH), the personal investment vehicle of Rocket Founder and CEO Oliver Samwer and his brothers.

As part of this recent transaction, the equity participation of Global Founders Fund in Global Founders Capital, valued at €153 million, will also be contributed into Rocket in exchange for new shares, which will bring Global Founders Fund's stake in Rocket to 53.7 per cent. The total

value of the new funds invested and the Global Founders Capital portfolio is €588 million. The investment and contributions imply a €4.3 billion post-transaction valuation for Rocket.

Following this investment, PLDT's resultant ownership in Rocket will be 8.6 percent, with the balance held by United Internet (10.7 percent), Investment AB Kinnevik (18.5 percent), Access Industries (8.5 percent), and the Global Founders Fund (53.7 percent).

PLDT welcomed the development especially since it plans on developing online payment solutions for emerging markets with Rocket. PLDT will bring to the table the experience of its wireless subsidiary, Smart Communications Inc., which has pioneered mobile payment innovations such as online money transfers, payments, disbursement, banking and security through its mobile money subsidiary, Smart eMoney.

Meanwhile, Rocket provides a platform for the rapid creation and scaling of consumer internet businesses outside the U.S. and China. Rocket has reportedly employed more than 20,000 in its network of companies across over 100 countries, with aggregated revenues in excess of €700 million in 2013.

Tender offer made for ₱964-M Paxys shares

By JAMES LOYOLA

Business process outsourcing firm Paxys Inc. reported that its subsidiary Paxys N.V. is making a tender offer for Paxys Inc. shares held by minority shareholders for about ₱964 million.

In a disclosure to the Philippine Stock Exchange, Paxys said its board of directors has received a proposal from its subsidiary to buy minority shares at an offer price of ₱3.20 per share — a premium over last Friday's close of ₱2.81 per share.

PSE data shows that Paxys has 1.15 billion outstanding shares and a free-float level of 26.23 percent or about 301 million shares.

Paxys said its board has endorsed the proposal because it believes that "minority shareholders should be given this option mainly because Paxys has been looking at various alternatives for about two years now to redeploy the case reserves of the group (which are substantially held by Paxys N.V.)."

It added that, "as of date, there are still no definite or attractive opportunities that have been identified" not are there any "concrete plans or proposals which relate to or would result in extraordinary corporate transaction, such as merger, reorganization or liquidation, involving Paxys or its subsidiaries."

Paxys said there are also no plans or proposals which would result in the transfer of a material amount of assets of the Paxys group. The consolidated assets of Paxys currently consists mostly of cash and these funds are placed in short-term market investments.

Paxys is a holding company that focuses on investments in the business process outsourcing (BPO) industry within the Asia Pacific region.