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Macay may raise some P1B from a stock-rights offer

BY VG CABUAG

MACAY Holdings Inc. (MHI), the holding firm of former Ambassador Alfredo Yao, is giving one right for every 50 common shares in its stock-rights offering. In its disclosure to the Philippine Stock Exchange, the company said it will offer as much as 21.36-million shares for the measure.

MHI did not state the price for the said stock-rights offer but at Wednesday's close of P47.90 per share, it can raise as much as P1.02 billion.

Proceeds of the offer will go to the company's expansion of bottling facilities.

The stock-rights offer was approved by its board last month and is open to all current

shareholders of the company. The offer will come from MHI's the company's unissued capital stock, the company said.

Macay's board, also last month, approved the acquisition of ARC Holdings Inc. in a move to consolidate all the licensing and trademark of the RC Cola brand in the Philippines under one roof.

ARC Holdings is the holder of trademark licenses of Royal Crown Cola Inc., owner of the RC Cola brand, in the Philippines.

The company did not state how much it will buy ARC Holdings. Yao, however, controls both Macay and ARC Holdings.

The company earlier said it seeks to expand in northern Luzon, the Visayas and Mindanao for its primary product RC Cola, a soft-drink becoming popular in far-flung areas outside Metro Manila and the country's key cities.

"On the short term, our plan is to expand the core business.

I think you've seen the areas we have not covered yet. And I think based on your observation, RC is not as big as Coke. That's very obvious. And therefore, there's a huge potential. Because if you have a growing population, naturally you have to grow with it," Antonio Panajon, the company's president, earlier said.

The company said it plans to eat the market share of Pop-cola in the Philippines, a brand owned by Coca-Cola but has been rapidly losing presence in the provinces.

COL to distribute Philequity shares

By RODERICK L. ABAD

ONLINE investment firm COL Financial Group Inc. has partnered with Philequity Management Inc. for the issuance of the latter's equity.

COL disclosed on Thursday that both parties signed a memorandum of agreement (MOA) for the distribution of shares of the Philequity Fund Inc., Philequity PSE Index Fund Inc., Philequity Dividend Yield Fund Inc., Philequity Peso Fund Inc. and Philequity Dollar Income Fund Inc.

In this regard, COL Financial will file an application for amendment of mutual-fund distributor license to the Securities and Exchange Commission (SEC).

To date, the firm formerly known as Citiseconline.com Inc. has already executed MOAs with asset management companies, which together account for around 80 percent of the assets under management of the collective investment-scheme industry outside of money-market funds.

In July 2014, the SEC granted it a license for issuing the mutual funds of Sun Life Asset Management and ATR Kim Eng Asset Management.

Stock-trading gains in the local stock market has pushed up the company's profits by 60.6 percent to P94.5 million in the second quarter of 2014 from P58.8 million generated in the first three months of this year. The Philippine Stock Exchange index rallied to 6,844.31 by end-June, 6.5 percent than the first quarter, driving the 21.1-percent improvement in the average daily value turnover of the local bourse to P8.9 billion. Consolidated revenues grew by 34.8 percent quarter-on-quarter to P193.9 million.

COL Financial sustained its popularity among Filipino investors given that its client base rose to 96,430 as of June 30 from 89,093 as of end-March this year.

Client equity hit P54.9 billion from P51.7 billion quarter-on-quarter. It remained a leader in volume of transactions in the PSE with a market share of 28.5 percent.

SSI to venture into e-commerce next month

SPECIALTY retailer SSI Group Inc. said it will venture into e-commerce by next month, but not necessarily to grow its customer base that is mostly from the upper class of Philippine society.

Anthony Huang, the company's president, said SSI currently looks at the new service from a customer-service stand and not for further growth since e-commerce in the country is still at its "very early stage" of development.

"The new service is mainly for the domestic market and for those who are living outside of key cities," the company said.

Huang did not give the sales projections for the new service since it will be on an experimental basis. He said about 20 of its brands will be available for purchase online and will use the system of Commerce Asia, a company that has presence in top Southeast Asian economies, such as Singapore, Thailand and Indonesia. He said the company is using the facilities of Asiapay for its payment system.

Huang said the company will have a soft launch of the new service next month, but it will not coincide with the company's initial public offering, also to be held by early November. SSI, controlled by the Tantoco family, has reduced its offer price for its initial public offering (IPO) to P7.50 per share from P12.50. It is selling as much as 864.22 million common shares of primary and secondary offer and an over-allotment option of up to 129.63 million shares. According to revised prospectus, some P2.5 billion of the proceeds will be for store development of its specialty retailing; P1.5 billion to pay its existing debt; equity investments in both FamilyMart and Wellworth department stores at 146.3 million and P253.8, respectively; and P395.7 million for other corporate purposes.

The company said that 34 percent of its IPO shares will be sold to cornerstone investors that include Bank of the Philippine Islands Asset Management and Trust Group, Government Service Insurance System, Havenport Asset Management Pte. Ltd., Macquarie Asia New Stars Fund, MLIS-York Asian Event-Driven Ucits Fund and York Asian Opportunities Investment Master Fund. All shares offered for sale approximately amount to 26.1 percent of the company post-IPO. At the moment, it has 105 international brands in its stable and 655 stores all over the country. *VG Cabuag*

COL Financial signs deal to distribute Philequity mutual funds

ONLINE brokerage COL Financial Group, Inc. said it signed a memorandum of agreement with Philequity Management, Inc., to distribute the latter's mutual funds.

"Under the Agreement, COL may, subject to the approval by the Securities and Exchange Commission (SEC) of its application for amendment of mutual fund distributor license, distribute shares of the Philequity Fund, Inc.; Philequity PSE Index Fund, Inc.; Philequity Dividend Yield Fund, Inc.; Philequity Peso Bond Fund, Inc.; and Philequity Dollar Income Fund, Inc.," COL Financial said in an SEC filing.

On July 28, COL Financial secured regulatory approval to distribute mutual funds to retail clients through its Web-based trading platform.

The SEC authorized it then to distribute the following mutual funds:

Sun Life of Canada Prosperity Bond Fund, Inc.;

Sun Life of Canada Prosperity Balanced Fund, Inc.;

Sun Life of Canada Prosperity Philippine Equity Fund, Inc.;

Sun Life Prosperity Dollar Advantage Fund, Inc.;

Sun Life Prosperity Money Market Fund, Inc.;

Sun Life Prosperity Dollar Abundance Fund, Inc.;

Sun Life Property GS Fund, Inc.;

ATRKE Equity Opportunity Fund, Inc.;

ATRKE Philippine Balanced Fund, Inc.; and

ATRKE Alpha Opportunity Fund, Inc.

A mutual fund pools money from individual investors for investment in stocks, bonds, and money market instruments.

COL Financial's online trading platform, www.citiseconline.com, features research and analysis on stock investing for beginning as well as experienced investors. It owns 100% of COL Securities (HK) Ltd., a member of the Hong Kong Exchanges and Clearing Ltd. — **Daphne J. Magturo**

Trans-Asia moves to take 10% stake in Palawan SC 50

TRANS-ASIA Petroleum Corp. (TAPET) has moved a step closer to becoming a minority shareholder in Service Contract (SC) 50 located in waters northwest of Palawan.

In a disclosure on Thursday, the company announced that it signed three agreements for the acquisition of a 10% participating interest in SC 50, which is owned by Frontier Oil Corp. (FOC).

The deals involve a farm-in agreement with Frontier Energy Ltd. (FEL) and FOC; a deed of assignment with FEL; as well as a loan agreement with FOC.

"The assignment of the 10% participating interest in and under SC 50 is subject to the approval of the Department of Energy," TAPET said.

A memorandum of agreement for the same purpose was signed last August. TAPET Executive Vice-President Raymundo A. Reyes, Jr. had said last month that Trans-Asia Petroleum committed to participate in the project given its proven reserves.

A timeline earlier presented by Mr. Reyes showed that drilling activities within the contract area will take place in the first

two months of 2015. Testing and production will follow afterwards.

Another contract where TAPET has an option for a 10% interest is SC 52 located onshore Cagayan, but the company has yet to decide if it will pursue the project.

The company's option will be exercised upon completion of work over activities within the contract area, which will be undertaken by operator FOC.

Of TAPET's existing contracts, the most advanced is SC 55 (with 6.82% stake) — a project under-

taken in partnership with Australia's Otto Energy Ltd.

The company also holds interests in SC 51 (6.67%), SC 6A (2.33%) and 6B (4.06%), and SC 69 (6%). All these projects, according to Mr. Reyes, are under various stages of exploration.

TAPET joined its parent, Trans-Asia Oil and Energy Development Corp., at the main board of the Philippine Stock Exchange just last Aug. 28 via listing by way of introduction.

TAPET shares closed at P4.58 on Thursday, down 17 centavos or 3.58%. — **Claire-Ann Marie C. Feliciano**

Stocks extend gains but volatility remains

LOCAL SHARES rose for a second straight session as investors continued to hunt for bargains but analysts said the market has yet to entirely shake off volatility.

The benchmark Philippine Stock Exchange index (PSEi) climbed 37.39 points or 0.53% to close at 7,028.58.

The broader all-shares index also edged up 4.80 points or 0.12% to settle at 4,163.09.

"The positive news on overseas remittance may have caused the

market to go up. As we all know, remittance is one of the pillars of Philippine growth along with the BPO (business process outsourcing) sector," Alexander Adrian O. Tiu, research analyst at AB Capital Securities, Inc., said in a phone interview yesterday.

In August, cash Filipinos sent home through banks hit \$2.053 billion, 6% more than the \$1.938 billion recorded in the same month last year.

Mr. Tiu, however, noted vola-

tility continued to hit the market.

Lexter L. Azurin, research head at Unicapital Securities, Inc., said in a separate phone interview: "The market closed up 37 points, but it opened down 44 points following the big drop in US markets overnight."

The Dow Jones industrial average index plummeted 173.45 points or 1.06% to 16,141.74. The Standard and Poor's 500 index dropped 15.21 points or 0.81% to 1,862.49; while the tech-heavy

Nasdaq index declined 11.85 points or 0.28% to 4,215.32.

"At midday, the market recovered as investors took advantage of the stocks that were beaten down during the past few days," Mr. Azurin added.

Four subindices ended in the green, led by services, as heavy-weight Philippine Long Distance Telephone Co. rose P86 or 2.80% to 3,160 per share.

The property counter also gained 29.14 points or 1.07% to

2,747.10 with Ayala Land, Inc. adding P1 or 3.08% to P33.50 each.

Conglomerates and mining stocks, however, slipped into negative territory.

"We closed above the resistance but there is still a bearish bias, decliners still outnumbered gainers. The main index was just pulled up by big caps," Mr. Tiu said.

More than two stocks fell for each that advanced, while 50 issues did not move. Value turnover shrank to P8.09 billion from

Wednesday's P12.52 billion.

Foreign investors resumed dumping shares, with net outflow recorded at P759.31 million — a reversal of Wednesday's net foreign buying worth P211.36 million.

"The market is quite volatile. We will continue to monitor developments in the US and in euro zones in the coming days," Mr. Azurin said.

A "bearish bias" is expected in the coming days, Mr. Tiu said. —

Daphne J. Magturo

Metrobank to sell more deposit certificates amid strong demand

LISTED lender Metropolitan Bank & Trust Co. (Metrobank) said it is returning to the debt market "in the coming weeks" to offer anew long-term negotiable certificates of deposits (LTNCDs) after raising P8 billion from the first tranche.

In a disclosure to the Philippine Stock Exchange yesterday, the Ty-led lender said it closed the offer of LTNCDs maturing in five-and-a-half years ahead of schedule.

The offer was supposed to run from Oct. 7 to Oct. 17, but "[t]he issue was already more than 2x oversubscribed prompting Metrobank to close the offer early," a statement dated Oct. 15

attached to the disclosure released yesterday read.

"The bank decided to cap the issue size at PHP8 billion for the 5.5-year tranche to manage its debt maturities," it added.

Despite the earlier-than-expected close of offering, the issue date set for Oct. 24 remains the same.

According to the same disclosure, Metrobank said it is now considering to sell LTNCDs with a tenor of 7 years "to satisfy unmet client demand."

Shares of Metrobank yesterday closed at P82.95 apiece, down five centavos or 0.06% from its previous closing price.

Asked to comment about the market's quick absorption of the LTNCDs, the chief of First Metro Investment Corp. (FMIC), which Metrobank hired as a selling agent, cited the LTNCD being easily traded after regulators required the listing of such instruments on the country's fixed income market.

"Banks are viewed by the market as very reputable institutions so it attracts a lot of investors who participated in LTNCD issuances," Roberto Juanchito T. Dispo, president of FMIC, said on the sidelines of a business forum yesterday.

FMIC was appointed as the selling agent for the transaction,

along with Multinational Investment Bancorporation.

Hongkong and Shanghai Banking Corp. Ltd. and ING Bank N.V. - Manila Branch were both the lead arrangers as well as selling agents.

Metrobank will be working with the same parties for the additional 7-year tranche, according to the disclosure.

The bank has enough wiggle room to issue more LTNCDs as its clearance from the Bangko Sentral ng Pilipinas (BSP) set an offer size of up to P20 billion, with tenors ranging from 5.25 years up to 10 years. Metrobank has up to the first quarter of next year to max out that limit.

LTNCDs, like regular time deposits, offer higher interest rates. Unlike time deposits, however, LTNCDs cannot be pre-terminated. They are called "negotiable" because they can be sold at the secondary market.

The trading platform for LTNCDs - solely operated by Philippine Dealing and Exchange Corp. (PDEX) - only started running last Sept. 1.

Before PDEX was designated to become the trading platform for LTNCDs, these hybrid deposit products were traded over the counter, BSP Deputy Governor Nestor A. Espenilla, Jr. said last month. — **Jillianne Viel E. Castillo**

Philippine insurance market tagged an 'outlier'

By Daryll Edlson D. Saclag
Reporter

STANDARD & POOR'S (S&P) has tagged the Philippines as the "downside outlier" in the Asia-Pacific for having the poorest regulatory environment for insurance companies.

In a report released yesterday, S&P said: "The institutional framework in the Philippines insurance market lags behind the Asia-Pacific region, with a "weak" assessment reflecting the less-developed nature of the insurance market and the supporting legislative frameworks, which undermine the Philippines' Insurance Commission's (IC) ability to effectively implement prudential policies and measures."

"Further, the legal protection offered to supervisory staff in the performance of their duties appears to be lacking," added the report titled "Amid Sweeping Changes to Insurance Regulation, Where Does Asia-Pacific Stand Within the Global Regulatory Landscape?"

Elsewhere in Asia Pacific, regulatory sophistication appears to be on the rise in the region, particularly in the more developed markets, S&P said, "after having implemented the risk-based capital solvency regimes in most key insurance markets in the region."

Australian and Singaporean insurance markets lead the region in terms of regulatory sophistication.

"We currently score Australia's life and non-life insurance sectors as each having a "very strong" institutional framework--the highest assessment possible under our IICRA (Insurance Industry and Country Risk Assessment) and the highest assessment assigned in the Asia-Pacific region," S&P said.

For Singapore, the debt watcher said the regulatory developments implemented by the Monetary Authority of Singapore--the country's regulator--helped lift its assessment of the institutional framework to "strong" from "moderately strong."

S&P expects Japan to narrow the gap over the coming years,

while other markets--such as Hong Kong, China, Taiwan, Malaysia, and Thailand--are also said to be increasing their efforts to comply with global standards.

Sought for comment yesterday, IC Commissioner Emmanuel F. Dooc said: "Let me just say this: the Philippines is recognized as having the most developed and advanced legal framework in microinsurance, which serves as a model for many countries."

"Last year, we succeeded in getting passed the much-needed amendments to our Insurance Code. The amended code introduced several provisions to keep us at par with international standards and practices such as those dealing with risk-based capital and solvency requirement, reserve valuation, and financial reporting," he added.

Last week, IC Deputy Commissioner Vida T. Chiong said the agency is revisiting the country's nearly-decade old risk-based capital framework for the local industry in line with next year's ASEAN economic integration.

Mackay to raise funds

MACAY Holdings Inc. said it is raising funds through a rights issue.

The company is looking at giving shareholders the right to subscribe to one additional share for every 50 common shares it holds, out of the 21.36 million shares allocated for the sale.

The company declined to reveal how much each share will be.

Macay, the holding company of the Yao family for its beverage business particularly the RC Cola franchise, closed Thursday at P48.10. Using the closing price, it can raise as much as P1.03 billion in the rights offer.

Macay said the proceeds of the offer will go to the company's expansion of bottling facilities.

Last month, the company's board approved the acquisition of ARC Holdings Inc.

in a move to consolidate all the licensing and trademark of the RC Cola brand in the Philippines under one roof.

ARC Holdings is the holder of the trademark licenses of Royal Crown Cola Inc., owner of the RC Cola brand in the Philippines.

The company did not state how much it will pay for ARC Holdings.

Macay earlier said it plans to expand its beverage business in the country.

"On the short term, our plan is to expand the core business. I think you've seen the areas we have not covered yet. And I think based on your observation RC is not as big as Coke. That's very obvious. And therefore there's a huge potential. Because if you have a growing population, naturally you have to grow with it," said Antonio Panajon, Macay president.

₱15-B proceeds from Ayala Corp.'s preferred shares sale to pay debt

By **MADELAINE B. MIRAFLORE**

The ₱15-billion preferred shares issuance of listed conglomerate Ayala Corp. will be used largely to pay its debt in contrast with previous reports that the proceeds from the fund-raising activity will be used to finance the group's projects.

The holding firm particularly intends to issue and offer up to 30 million new series of Preferred Class B shares for an aggregate amount of ₱15 billion.

To be listed in the Philippine Stock Exchange before year ends, the shares that will be issued is priced at ₱500 each with a fixed quarterly dividend rate.

Based on a filing with the Securities and Exchange Commission (SEC), Ayala said it expects to use the proceeds from the offer "solely to refinance certain peso

denominated debt obligations".

The company specifically has maturing debts this month, one of which is its ₱5-billion bank loan with BDO Unibank, Inc. (BDO) and the other one is its ₱1.46-billion bank loan with Metropolitan Bank and Trust Company.

Ayala Corp. is also planning to use part of the offer's proceeds to prepay debt through corporate notes from three "various lenders" which amounts to ₱1.49 billion. The debt will still mature in February, 2018.

Likewise, the group will prepay another bank loan from BDO worth ₱5 billion, which will still mature on November, 2019.

"The terms of each of these debt obligations have provisions that allow for prepayment by Ayala of outstanding amounts prior to their final maturity," Ayala Corp. told the SEC.

"To the extent that the net proceeds

exceed the total above, such excess will be used for general working capital of Ayala," it added.

It was reported earlier that the company is conducting such fundraising activity in order to bankroll its projects specifically in the infrastructure and power sectors.

The shares that will be sold can be redeemed by the investing public on the fifth, seventh or 10th years upon official issuance.

This series of preferred shares will be non-convertible and will have no voting and pre-emptive rights, while the benchmark rate for it will be based on either the five- or seven-year PDST-P2 rates plus a spread.

BPI Capital Corporation is the issue manager for the transaction.

The fund-raising follows a similar ₱10 billion issuance of the group in November 2013.

SSI Group mulls e-commerce venture

By MADELAINE B. MIRAFLOR

To boost its sales, SSI Group, Inc., a local specialty retailing firm set to make its market debut next month, is gearing up for its first e-commerce venture, which will involve setting up a web portal where it can sell its foreign branded products to its domestic consumers via online.

E-commerce is a commercial transaction that is being done through the net.

To do its ₱7-billion initial public offering (IPO) at the Philippine Stock Exchange next month, SSI Group set a price range for its IPO at ₱7.50.

SSI Group vice president for investments Marti Atienza said the company will set its price within that

range because it reflects its earning potentials.

"We feel it is a reasonable valuation comparable to other companies. They [our cornerstone investors] are ok with that," Atienza further said.

SSI will particularly sell to the public as much as 864.22 million shares, divided into 695.7 million unissued common shares and 168.52 million shares.

These shares, which will supposedly be offered to the investors from October 23 to 29, will now be offered to the public from 24 to 30 and will be officially listed at the local bourse to November 6, instead of November 5. The shares will be priced on October 21.

The company is scheduled to do international roadshows in Singapore, Hong Kong, and London.

Anton Huang, SSI Group president,

said during the company's investors briefing held in Makati that the company is set to launch its first e-commerce venture next month wherein the company will make its portfolio of products available online.

"e-commerce is a sector that has been growing. We're the only e-commerce participant that will actually allow the consumers shop to have options whether they shop at our stores or online," Huang said, adding the company intends to launch its online shopping website called 'SSI Life' next months.

SSI Life will serve as the integrated omni-channel to the group's specialty retail business, which encompasses retail stores, mobile devices and the internet.

"We expect to drive sustainable long-term sales growth by improving

our retail positioning, through expanding our marketing channels to include more social media and mobile efforts, such as enhancement to our SSI Life application to roll out sales initiatives," the company said in a prospectus submitted to the Securities and Exchange Commission.

The company will initially start off selling its 20 international brands online, including Beauty Bar, MakeRoom, TWG, and many more.

Moving forward, Huang is hoping to end this year with a strong sales growth.

"If things turned steady, we expect the fourth quarter of this year to be strong," he said.

During the first six months of the

year, the company's net income grew to ₱486 million from the ₱295 million it had last year, while its net sales increased from ₱5.8 billion to ₱6.7 billion during the first half of 2014.

SC final act sought on coco shares

THE Supreme Court has been prodded to execute its 2012 decision that awarded to the government the ownership of the 753.8 million shares of stocks of San Miguel Corporation worth P60 billion so that it would be used for the benefit of the country's coconut industry and its farmers.

In a motion, Solicitor General Florin Hilbay stressed that an entry of judgment should now be issued by the SC to pave the way for the execution of its 2012 decision.

The chief state lawyer said the government's ownership over the more than 753.8 million SMC Series 1 preferred shares has been made final since September 4, 2014.

"If granted, the government's motion will translate decades of litigation into public funds amounting to around P60 billion that can be used to support the country's coconut farmers and their industry," Hilbay argued.

In 2012, the SC sustained the Sandiganbayan decision that re-conveyed to the government the 24 per cent block of SMC shares or 753.8 million shares acquired through coconut levy and registered in the names of the Coconut Industry Investment Fund (CIIF) and its holding companies.

The ruling specifically mandated that the proceeds from the 753.8 million SMC shares should be used for the benefit of the country's coconut industry and its farmers.

Earlier on September 17, 2009, the SC had ordered the conversion of the 24 per cent SMC shares in the names of CIIF and its companies from common shares to preferred shares.

The SC stressed that the conversion was necessary to preserve the value of the 753,848,312 sequestered CIIF SMC common shares in light of the worldwide economic crisis that had adversely affected the country's banks and financial institutions.

In 1986, the 24 per cent SMC shares in the names of CIIF and its holding companies was ordered sequestered by the Presidential Commission on Good Government (PCGG) on suspicion that the shares were illegally acquired by the associates of the late President Ferdinand Marcos. **Rey Requejo**

Stock index climbs back to 7,000 level

STOCKS rose for the second day, bucking the global downtrend, after the government reported that money sent home by Filipinos working overseas rose 6 percent in August, lifting prospects for industries that depend on remittances.

The Bangko Sentral ng Pilipinas said remittances grew 6 percent to \$2.1 billion in August and 5.8 percent to \$15.5 billion in the first eight months, reflecting a continuous flow of funds that fuel consumer spending.

The Philippine Stock Exchange index, the 30-company benchmark, rose 37 points, or 0.5 percent, to close at 7,028.58 on Thursday. The index was up 19.3 percent since the start of the year.

The heavier index, representing all shares, added 4 points, or 0.1 percent, to settle at 4,163.09, on value turnover of P8 billion. Losers outnumbered gainers, 111 to 54, while 50 issues were unchanged.

Property developer Ayala Land Inc. climbed 3.1 percent to P33.50 while Philippine Long Distance

Telephone Co. gained 2.8 percent to P3,160. Distributor Manila Electric Co. advanced 1.8 percent to P262.60.

Vista Land and Lifescapes Inc., the property developer headed by former senator Manuel Villar, rose 1.5 percent to P6.18 while JG Summit Holdings Inc., the investment company of tycoon John Gokongwei, added 1.2 percent, to close at P56.45.

Meanwhile, Asian markets mostly sank Thursday, led by another huge sell-off in Tokyo, following a disappointing set of US data that fueled fears about the world's top economy.

Traders took their lead from New York and Europe, where equities and the dollar sank, while oil prices are rooted at multi-year lows.

Tokyo plunged 2.22 percent,

or 335.14 points, to 14,738.38 as exporters were stunned by the stronger yen and Seoul fell 0.37 percent, or 7.08 points, to 1,918.83 while Shanghai sank 0.72 percent, or 17.17 points, to 2,356.50. And in late trade, Hong Kong was 0.64 percent lower.

However, Sydney dip-buying helped reverse initial losses, allowing the index to end 0.18 percent, or 9.29 points, up at 5,254.9.

The US Commerce Department said retail sales fell in September for the first time in seven months. Total retail and food services sales dropped 0.3 percent from August, slightly more than the 0.2 percent expected on average by analysts.

Also Wednesday, the Labor Department said US producer prices fell last month for the first time since August 2013. Analysts had expected a rise.

The news led to fears that the US economy, which has been showing strong signs of recovery this year, may be feeling the effects of a torpid eurozone, a slowdown in China and stuttering Japanese growth. **With AFP**

FRIDAY October 17, 2014

PSEi advances on higher Aug remittances

THE Philippine Stock Exchange index (PSEi) climbed back above 7,000 points on continuing bargain hunting, as well as favorable data on overseas Filipino workers (OFW) remittances for month of August.

The benchmark stock index was up 0.53 percent or 37.39 points at 7,028.58, while the All Shares index inched up 0.12 percent or 4.80 points to 4,163.09.

The market bucked the trend of most Asian markets, which tracked the US markets' overnight declines. Analysts said Thursday's optimism was led by reports of OFW cash remittances improving 5.93 percent to \$2.053 billion in August from \$1.938 billion a year ago. Remittances for January to August likewise were up 6.47 percent to \$17.232 billion from \$16.185 billion in the corresponding period in 2013.

"The market rallied due to investors' continued bargain hunting of the index's heavyweights. I think it is just a short-term rally," Juan Rafael Supangco, research head at Angping & Associates Securities Inc., said in a

phone interview.

"Yesterday, we also saw bargain hunting. But for today, it was driven by positive data of the OFW remittances for August," he added.

Supangco said that the market is expected to have few leaps along the way in the short term, but the negative sentiment will linger until the release of the third-quarter corporate earnings and the quarterly MSCI Philippines index rebalancing in November.

"The rally will stay a bit longer, but a lot of negative factors will affect the market in the near term. The appreciation is just short-term. In long-term, there will be some downside—maybe one or two weeks," Supangco said.

"But it will be good once the third quarter earnings will be released. The third quarter MSCI rebalancing will also bring optimism, but only for a short while," he added.

Among the sectoral indices, mining and oil lost more than 200 points and holding firms edged down, while the remaining indices gained.

► Stocks B5

STOCKS FROM B1

PSEi advances on higher Aug remittances

Supangco said the mining and oil counter was driven by the joint declines by Semirara Mining and Power Corp. as well as Nickel Asia Corp., which are heavyweights on the mining and oil index.

The mining and oil counter slumped 1.43 percent or 231.73 points to 15,970.61, while holding

firms dipped 0.18 percent or 10.94 points to 6,091.36.

Financials and industrials were both up by 0.08 percent to end at 1,648.49 and 11,230.39, respectively; services gained 1.37 percent or 28.80 points to 2,136.18; and property went up 1.07 percent or 29.14 points to 2,747.10.

The top gainer among the most

active issues on the day was PLDT, which added 2.80 percent or P86 to P3,160 per share, while the active loser was Megaworld Corp., down 1.26 percent or P0.06 at P4.69 per share.

Advancers outnumbered decliners, 111 to 54, while 50 issues were unchanged. Total was somewhat lighter than earlier in the week at 6 billion

shares, valued at P8.08 billion.

On Wednesday, the PSEi increased 0.65 percent or 45.13 points to 6,991.19 on bargain hunting in the wake of sharp declines to start the week. The wider All Shares index also went up 0.54 percent or 22.31 points to 4,158.29.

KRISTYN NIKA M. LAZO

■ PEREZ FROM A1

Leave private companies alone!

Today, the most crucial question that begs an answer about this case is this: Who benefited from the unusual surge in the price of BWRC shares? Perhaps Alan and Pia Cayetano would know the answer. Even Teofisto Guingona 3rd is welcome to volunteer a response if he had listened to his old man's "I accuse" privilege speech in the Senate. He might even know the direct object of the transitive verb his father used.

Perhaps it would do the public some good if the Cayetanos would review the events that led to the alleged manipulation in the trading of BWRC shares. Imagine a listed company without so much to show for financials that its stock price even plunged below its par value of P1. Yet BWRC recovered very fast that it even topped P100



DUE
DILIGENCER

EMETERIO
Sd. PEREZ

per share!

These honorable senators, particularly Cayetano the son and Guingona, should look back to the events that led to the ouster of President Joseph Ejercito Estrada. They should be studious enough to learn a lesson or two on how to kill a business, like what the senators had done to BWRC. Of course, to them and their fellow senator, Antonio Trillanes IV, BWRC would not ring even a bell. Neither would anyone of them be expected to know that a foreign investor from

Macau was once the chairman of the company's board.

Incidentally, though not surprisingly, Trillanes would be remembered as the soldier turned rebel. Would he and his supporters have shown the same bravery if they were not armed and did not have the guns that they tried to use against the more peace-loving Filipinos? In the first place, those guns were bought with taxpayers' money.

Yes, the adventure made Trillanes famous. He ran for senator and—unluckily for me and possibly a few others who also do not believe in him—he won.

By the way, I beg Trillanes not to send me Christmas card. I don't collect mementoes from politicians. Besides, I feel guilty whenever I remember the holiday card.

►Perez B5

Leave private companies alone!

that he sent me last year because I am afraid my name would appear in the list of beneficiaries of his pork barrel.

Back to BWRC. The present breed of lawmakers, including the fastest readers among district representatives who decided to send the impeachment complaint against Chief Justice Renato Corona to the Senate, should finish an unfinished business. If the legislators back in 2000 and 2001 used BWRC only for media mileage, their counterparts today should make it their responsibility to enact a law that would protect the investing public from stock market manipulators.

The Cayetanos, Trillanes, and other more talkative senators should search for the truth behind the BWRC manipulation scandal. Who knows, this truth might lead them to a better understanding of the stock market, the listed companies and closed but family-owned corporations. They might even decide to focus their energy on people-oriented legislation and would hopefully leave private business alone.

Meanwhile, here is the truth as this writer knows it to be: BWRC, where BW stands for Best World, did not die; it only changed identity. It has changed names. When I wrote about it, its name was - and still is - Suntrust Home Developers Inc., which belongs to the group of companies controlled by businessman Andrew Tan, who is not related to Dante Tan.

Suntrust, however, was also known briefly among market

investors as Fairmont Holdings Inc., which, took over Ramie Textiles Inc. The takeover enabled Tan - Dante - to list his business via what is known as backdoor listing.

The story of the death of BWRC as a listed company is retold here to remind the members of Congress to leave the investigation of private companies to Securities and Exchange Commission (SEC) officials who, no doubt, have used their expertise not for media exposure as politicians like Trillanes, Cayetano the son have been doing. What for are the five members of the regulatory agency if legislators would continue arrogating to themselves the duty of policing the private sector?

Trillanes and Alan Cayetano may be eyeing higher elective posts, but they should not project their ambitions at the expense of business. Why don't they try accessing www.pse.com.ph and look for the listed company owned by businessman Antonio Tiu and other stockholders, some of them foreigners.

If they are honestly working for the people, then these honorable legislators should turn their inquiries on the Bureau of Internal Revenue and ask Commissioner Kim Henares why she had not collected or refused to collect the P1.51 billion tax deficiency of Golden Donuts Inc. for the year 2007. Is she afraid of the owners of the company because they also control The Philippine Daily Inquirer?

esdperez@gmail.com

Phl stocks buck Wall St weakness

The local benchmark index climbed its way back above the 7,000 level yesterday despite the slump in global markets.

The PSEi picked up 0.53 percent or 37.39 points to close on a positive note for the second straight day at 7,028.58, while broader all shares index likewise gained 0.12 percent or 4.80 points to finish at 4,163.09.

"Market surprisingly rebounded despite the bearish market. However, the market remains very volatile," said Alex Tiu, analyst at AB Capital

By RICHMOND S. MERCURIO

Securities Inc.

Tiu said the positive growth of remittances from overseas Filipino workers (OFWs) in August released yesterday helped push the market up despite a slow morning trading.

The local market has also bucked downtrends abroad, especially in the US market where all three indexes in Wall Street ended in the red, led by the Dow which lost 1.06 percent or 173.45

points.

Locally, four counters were in the green while only two finished in the negative territory. Services firms led those in the green as it jumped 1.37 percent while mining and oil firms took the biggest drop at 1.43 percent.

Market breadth was negative as decliners dominated advancers, 111 to 54, while 50 stocks did not change. Turnover value fell to P8.09 billion from P12.52 billion the previous day.

SSI taps into e-commerce, fixes price range for IPO

Tantoco-owned SSI Group Inc., the largest specialty retailer in the Philippines, is venturing into e-commerce next month in a move seen to further boost accessibility of its products to customers.

SSI president Anthony T. Huang, said the company is set to launch next month an e-commerce website called SSIlive.com.ph.

The platform will allow SSI to sell its imported luxury brands that the company retails through electronic channels.

Huang said SSI plans to take advantage of the growing popularity of e-commerce as a trading platform in the country.

"While e-commerce is still relatively small at this point in time in the country, it is one of those industries that once it reaches its inflection point it will just keep on growing. With our brand portfolio, naturally, it makes sense for us to start giving our customers the option to either buy from us through our physical stores or buy from us online," he said.

"We want to really grow with our customers evolving lifestyles. If e-commerce is part of that, then we want to be there," he added.

As the leading specialty store retailer in the country, SSI at present operates 103 international brands which includes Hermès, Prada, Gucci, Burberry, Salvatore Ferragamo, Lacoste, Michael Kors, Kate Spade, Gap, Old Navy, Zara, Stradivarius, Bershka, Aeropostale, Samsonite, Nine West, Payless Shoe Source, Beauty Bar, Marks and Spencer, Pottery Barn and TWG, among others.

It has presence in 68 major malls across the country through 655 specialty stores.

Once the new platform becomes avail-

By **RICHMOND S. MERCURIO**

able, Huang said SSI would become the only e-commerce player in the country that can allow consumers to do their shopping either through stores or through the website.

"We're probably starting with 20 brands and we will progressively add to that roster as we move along. We're going to do a soft launch first next month and by the first quarter of next year we'll do a formal launch," he said.

Huang said some of the products that would initially be available through the website include its beauty brands, footwear brands, home furnishing, and food offerings.

"Our target market for SSIlive.com.ph is purely the domestic market. Our target are our customers who not only live within the vicinity of our stores but also customers who likewise live outside Metro Manila or live outside the key cities in the Philippines that frequent our stores when they are in those key cities. So now, we have the option for them to buy online and for the products be shipped to them," he said.

SSI is tapping a regional firm called aCommerce to run the back-end operations of the e-commerce platform.

aCommerce is a provider of end-to-end e-commerce solutions for start-ups, retailers, brands and manufacturers in Southeast Asia.

Aside from making its presence felt online through the e-commerce venture, SSI intends to continue beefing up its physical outlets as well for the remaining months of the year and next year.

SSI is eyeing to end the year with a total of 740 specialty stores, with another 100

to 115 more stores targeted to be opened next year.

SSI, the fourth company to be listed on the local bourse this year, has set the price range of its maiden share sale at P7 to P7.50 each.

With the price range set, SSI is looking to raise between P6.96 billion and P7.45 billion.

"The basis of the valuation was set following consultations with our underwriters and after having discussions with large institutional investors and we feel it's a reasonable valuation that is in line with the valuations from other comparable companies," said Marti A. Atienza, SSI vice president, during the Manila leg of its roadshow.

Atienza said SSI would hold a roadshow in Singapore, Hong Kong and London as well.

SSI intends to sell 864.23 million primary and secondary shares, with an over-allotment option of up to 129.63 million shares.

Offer period is on Oct. 27 to Oct. 31, with listing on the Philippine Stock Exchange set on Nov. 7.

SSI intends to use the proceeds from its initial public offering (IPO) to fund capital spending for business expansion as well as cut down debt.

The company said it is not worried that its IPO would come in a time when global and local stock markets have been on downtrend.

"We're naturally hoping that things would stabilize in the next couple of weeks. Taking into account the fundamentals in the Philippines today, there's really no reason for any downtrend for this point in time. We'll be fortunate that things will stabilize in the next few weeks," Huang said.

Macay Holdings sets stock rights offering

Macay Holdings Inc., the investment vehicle of Zest-O founder Alfredo Yao, will undertake a stock rights offering to raise funds for the expansion of its bottling facilities, the company said yesterday.

In a disclosure to the local bourse, Macay Holdings said its board approved a stock rights offer at a ratio of one share for every 50 common shares held.

The company intends to offer 21.37 million shares at a value yet to be announced.

Macay Holdings said the shares to be offered shall be taken from the company's unissued capital stock.

The record date and other details of the stock rights offer are still subject to the approval of securities regulators, the firm said.

Macay's board of directors has also approved the full acquisition of subsidiary ARC Holdings Inc., which owns the rights to the trademark of RC Cola in the Philippines.

The move is seen to fully consolidate under Macay all the licensing, trademark and related

rights currently held by ARC Holdings on the RC Cola brand.

Macay Holdings early this year created ARC, making it the owner of all assets of Asiawide Refreshments Corp., owner of the exclusive license from RC Cola USA to distribute RC Cola in the Philippines, and Mega Asia Corp., operator of RC Cola bottling operations in the country.

Last June, the firm infused more than P2 billion in ARC to finance the acquisition of machinery, equipment, and other assets to be used in the beverage unit's bottling operations.

The firm is targeting to become a diversified food and beverage company in the next five years through a local expansion program that will take advantage of the improving consumer spending in the Philippines.

Macay Holdings targets to expand its core business through ARC, which holds the exclusive license to manufacture and distribute RC Cola, Fruit Soda Orange, Juicy Lemon and Arcy's Rootbeer.

- Richmond Mercurio